



# Pilot Program Design

## Australian Agricultural Sustainability Framework

FINAL REPORT



June 2023

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# 01 Executive summary

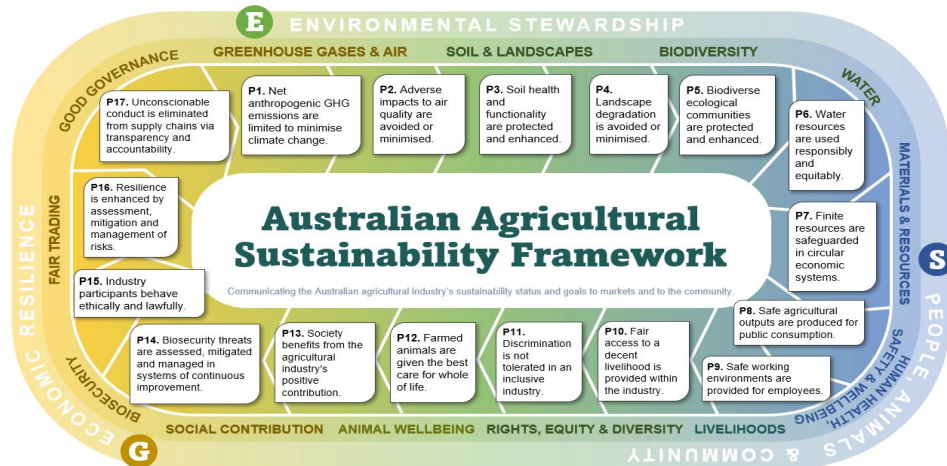




# The Australian Agricultural Sustainability Framework

The Australian Agricultural Sustainability Framework (AASF) is a voluntary framework which serves as a central source of information on Australian agricultural sustainability, providing a translation layer between farm practices, markets and the community. Its development is led by the National Farmers' Federation (NFF).

The AASF is the first country-specific framework that provides a trusted source of holistic information about Australian agricultural sustainability.



The AASF has been developed to communicate the sustainability status and goals of the Australian agricultural sector to markets and the community. The aim of the AASF is to enable alignment between existing and emerging programs at the national level. It has been informed by, and aligned with, relevant domestic and global sustainability schemes and standards.

The current (third) iteration of the AASF is structured around the pillars of Environmental Stewardship; People, Animals & Community; and Economic Resilience. The development of the AASF has been informed by consultations with stakeholders from across the agricultural sector.



Source: National Farmers' Federation, [www.nff.org.au](http://www.nff.org.au)



# Pilot co-design to inform the operationalisation of the AASF

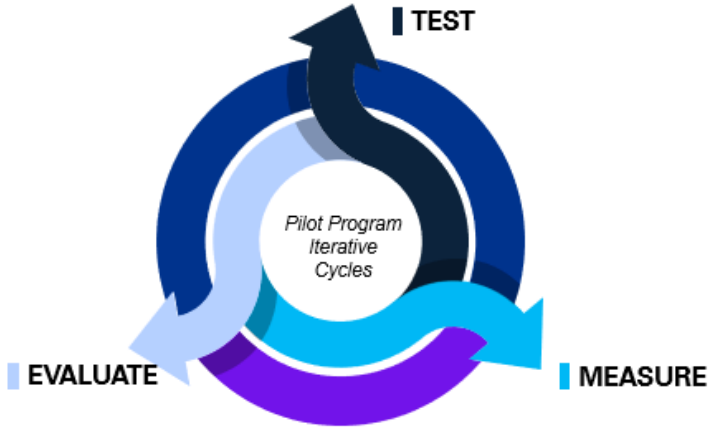
A key activity of Phase 3 of the development of the AASF was the co-design of a pilot program which could test the AASF in practice. The pilot co-design process, which included a range of input from relevant stakeholders in the agricultural sector, and allowed feedback to be captured on the ongoing development of the AASF moving forward.

Prior to any implementation or operationalisation of the AASF, it is essential to ensure that the use or application of the AASF is robust and clearly understood. Similar to the development process used by other sustainability frameworks locally and globally, a pilot program could create the ability to test and refine the AASF components and inform how the sector will report and measure progress against it moving forward.

Conducting a pilot program for the AASF could deliver many benefits, including:

- the ability to test the implementation of the AASF in a 'controlled environment' that highlights operational challenges or areas for enhancement or refining; and
- creates a mechanism by which feedback about the future design and iterations of the AASF can be received.

To guide the design of a pilot program for the AASF, a set of proposed principles, objectives and success criteria were developed by KPMG and tested with stakeholders throughout a range of consultation touch points (*see below*). These principles, objectives and success criteria were used as the foundation by which to design a method to deliver pilots of the AASF in practice moving forward.



## INDUSTRY CONSULTATIONS

Engagement with key stakeholders to determine their level of understanding of the AASF, the perceived value of the AASF and a pilot, and to confirm appetite to participate in the pilot co-design process.



## SUPPLY CHAIN WORKSHOP

Post farm-gate supply chain workshop designed to capture commercial opportunities and value drivers to inform pilot approach, including a review of the principles, proposed objectives and success criteria.



## SECTOR-WIDE WORKSHOP

Workshop to outline the pilot design and identify critical aspects of the AASF implementation, including key requirements, gaps and challenges.



# Key insights uncovered through the pilot co-design process

The pilot co-design process involved stakeholder consultations and workshops with Australian agricultural supply chain companies, industry bodies and financial institutions. Through these conversations, insights surrounding the objectives, design and outcomes of pilot processes were identified and these have been summarised below.

## 1. PILOT DESIGN COMPONENTS

As initial input, stakeholders believed that a pilot should commence by capturing the current state sustainability status of the pilot participants and any specific data they have which aligns to the AASF.

## 2. PERCEIVED VALUE OF THE AASF

The unique value proposition of the AASF was not immediately clear to stakeholders. Stakeholders emphasised the need for clarity regarding the value of the AASF and provided suggestions to demonstrate its value in a practical manner.

## 3. AUDIENCE AND USE CASES

The possible AASF audience included governments, shareholders, financiers, consumers and stakeholders across supply chains. Three recommended, initial pilot use cases were identified: testing the AASF across multiple stakeholders across supply chains, financial institutions and interaction with existing frameworks. *Note: this list is not exhaustive and other stakeholders may wish to support pilots of the AASF.*

## 4. PRINCIPLES, OBJECTIVES & SUCCESS CRITERIA

There was positive sentiment towards the need for a pilot, which stakeholders believed should be focused on determining how the agricultural supply chain can demonstrate outcomes/progress against the principles of the AASF.

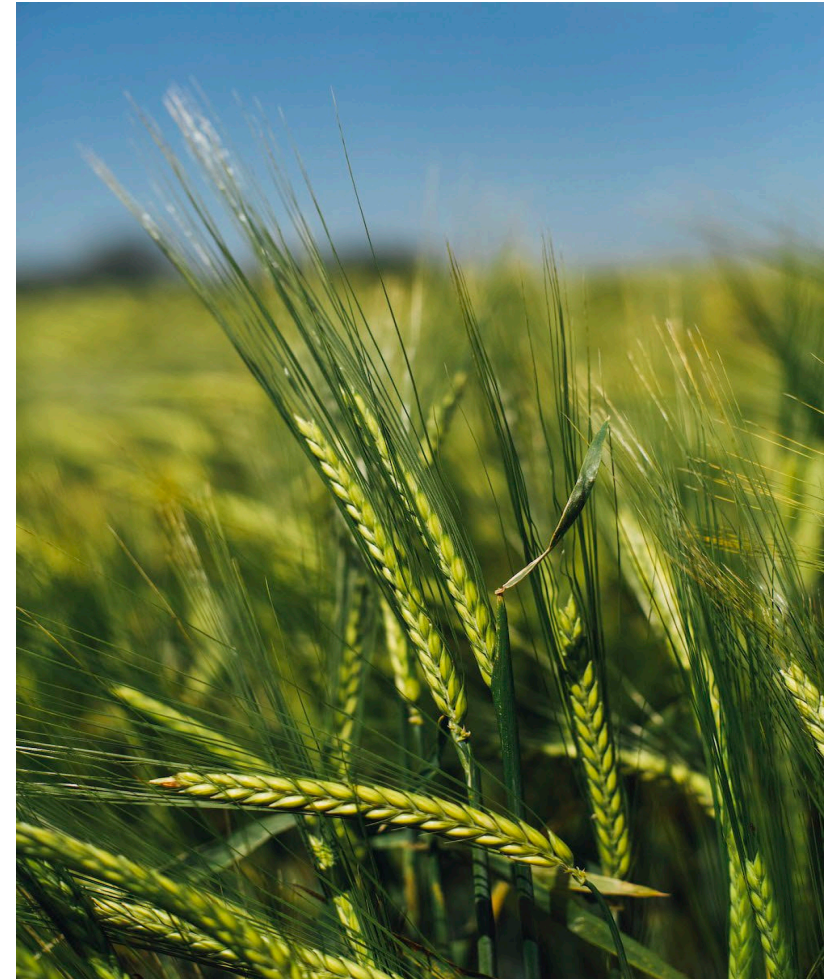
## 5. FRAMEWORK ITERATION(S)

The AASF principles should be underpinned by a minimum baseline or threshold and verifiable information (to be credible). To do this, the AASF requires an ISO level materiality assessment.

## 6. CURRENT GAPS AND CHALLENGES

The primary gaps and challenges that the AASF should address include a materiality assessment, data and reporting measures and the governance/ongoing leadership and operation of the AASF.

*Note: these have since been addressed in the Phase 4 Workplan prepared by the NFF and AASF Project Consortium Team.*





# Evolution of pilot principles, objectives and success criteria

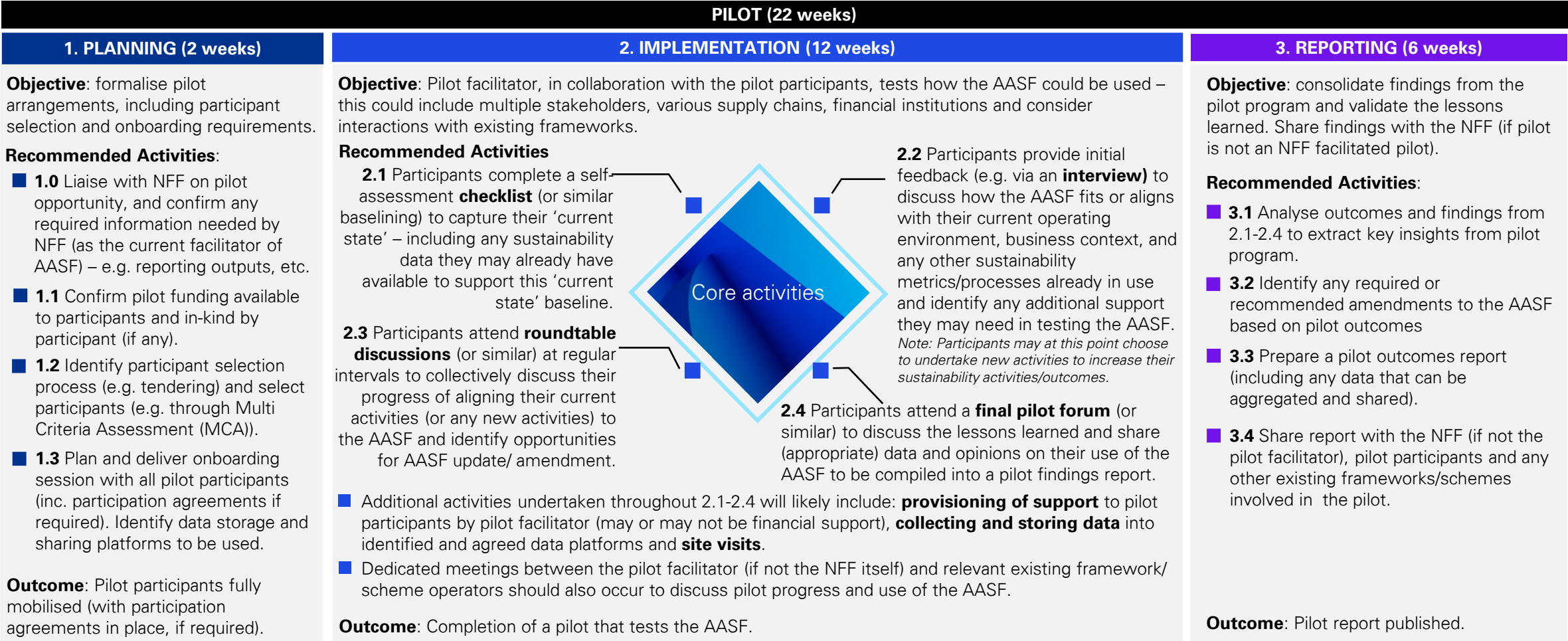
During the pilot co-design process, stakeholders were presented with proposed pilot principles, objectives and success criteria (left hand side). The stakeholder feedback was used to refine the principles, objectives and success criteria into a final approach (right hand side).

Version	1	2
	PRE STAKEHOLDER REVIEW	POST STAKEHOLDER REVIEW
<b>Pilot Principles</b>	<ul style="list-style-type: none"> <li>• Demonstrate how the AASF provides value to the agricultural supply chain</li> <li>• Test the data, measurement, and reporting capabilities of the AASF</li> <li>• Demonstrate how the AASF is able to translate domestic and international frameworks</li> <li>• Provide ESG support across the Australian agricultural supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Test the practicalities and operationalisation of the AASF across the agricultural supply chain</li> <li>• Inform data, measurement, and reporting capabilities of the AASF</li> <li>• Determine requirements to further advance the AASF development</li> <li>• Validate how the AASF works with domestic, industry sustainability frameworks and production obligations</li> </ul>
<b>Pilot Objectives</b>	<ul style="list-style-type: none"> <li>• Showcase the AASF as a value generating tool</li> <li>• Facilitate stakeholder-led testing of the AASF</li> <li>• Pressure test the alignment of the AASF with existing frameworks</li> <li>• Socialise the AASF with the Australian agricultural industry</li> <li>• Determine data requirements of the AASF: <ul style="list-style-type: none"> <li>◦ Which existing data can be leveraged?</li> <li>◦ What new data need to be generated?</li> </ul> </li> <li>• Provide guidance on the potential governance structure of the AASF</li> </ul>	<ul style="list-style-type: none"> <li>• Determine how the agricultural supply chain demonstrates and evidences outcomes/progress against the principles of the AASF</li> <li>• Align and map evidence and outcomes from existing industry schemes and frameworks – uncover alignment, gaps and opportunities</li> <li>• Define how the supply chain captures evidence and reports (current and in the future) against the AASF</li> </ul>
<b>Pilot Success Criteria</b>	<ul style="list-style-type: none"> <li>• Identified areas for improvement within the AASF</li> <li>• Positive socialisation of the AASF</li> <li>• Provided guidance on potential governance structure of the AASF</li> <li>• Tested the implementation of the AASF: <ul style="list-style-type: none"> <li>◦ Across all commodities</li> <li>◦ Along the Australian agricultural supply chain</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Identified the current evidence, reporting across the sector and the alignment to the AASF</li> <li>• Identify data that could contribute to reporting on the industry's sustainability status using pilot evidence</li> <li>• Identified value capture opportunities to: <ol style="list-style-type: none"> <li>1) Enhance and support AASF reporting and provide feedback on how this aligns to existing framework's and their reporting outputs;</li> <li>2) Enhance the current AASF iteration; and</li> <li>3) Define broader governance requirements</li> </ol> </li> <li>• Draft Guidance Document for the AASF – 'how to' guide for AASF future users</li> </ul>



# Proposed pilot design methodology

Based on the findings of the pilot co-design process, a universal pilot program methodology is proposed below. The methodology breaks down how pilot's should be delivered over three phases, with each phase having specific objectives, activities and outcomes and a recommended duration of ~20 weeks. The proposed pilot methodology should be considered as a general methodology that is applicable across any use cases or applications (i.e. including those pilots that may not be directly facilitated by the NFF).



# Next steps to advance the AASF

Below is a summary of a number of priority areas identified by the stakeholders engaged during the pilot co-design process as being important to support the further development of the AASF (including those that are not related to the pilots specifically).



## VALUE PROPOSITION

Communicate the **unique value proposition of the AASF in maintaining and enhancing Australian agriculture’s sustainability position.**

The unique value proposition should consider both the immediate value, along with the longer-term value creation opportunities the AASF could provide the industry.



## MATERIALITY

Conduct a **materiality assessment** based on international materiality standard/methodology, to underpin the robustness of the AASF and inform the prioritisation of principles within the AASF for the industry to drive collective action.

Materiality assessment is the process of identifying and prioritising numerous potential ESG issues that could affect a business, industry or commodity and/or their stakeholders.



## DATA & REPORTING

Clarify the types of **existing data and data repositories available to be leveraged by the AASF**, what new data stakeholders may need to collect and how to store and disseminate these data (if at all).

It is also going to be important for the AASF operator to determine any data sources/reporting processes used by existing industry frameworks/schemes which the AASF operator may be able to use to support sector-wide reporting on sustainability.



## PILOT PROGRAM

The pilot co-design process developed a proposed, universal **pilot program methodology.**

By running pilots using this program methodology, further **considerations for the AASF will be identified** in a consistent and agreed manner.



## OPERATING MODEL

Design of the underlying **Operating Model of the AASF** is required to further inform the operationalising and embedding of the AASF within the Australian agricultural industry. A AASF operating model would consider all aspects relating to governance, process, service delivery model, people, technology and performance insights and data ownership, access and use including privacy requirements.



# 02 Project background



# Project Background

The Australian Government has recognised the need to support the agricultural industry to develop new tools and solutions to improve its sustainability performance. As part of this, the NFF is leading the design and development of the AASF.



The AASF is a project being managed by the NFF. This project has been funded by the Australian Government as part of the \$34 million Agriculture Biodiversity Stewardship Package.



Research has indicated the need for farmers to be better supported as they work towards improving their sustainability performance. By engaging with industry specific, existing frameworks and schemes, the AASF could play a role in supporting and assisting agricultural industries to continuously improve on-farm management practices and reporting, enabling cohesion across these initiatives into the future.



There have been several major developments in the Australian agricultural industry over the last three years, predominantly relating to sustainability, carbon, natural capital and biodiversity. As these areas gain traction across the sector, new tools and mechanisms are being developed. Amongst this changing landscape, the AASF plays a valuable role as a tool to communicate the sustainability status and goals of the Australian agricultural sector to markets and the community.



To date, the AASF is currently available for viewing in its third iteration since its conception in 2020, a fourth iteration is in development currently. This report provides a proposed, consistent pilot methodology for stakeholders to test the AASF across the Australian agricultural supply chain.

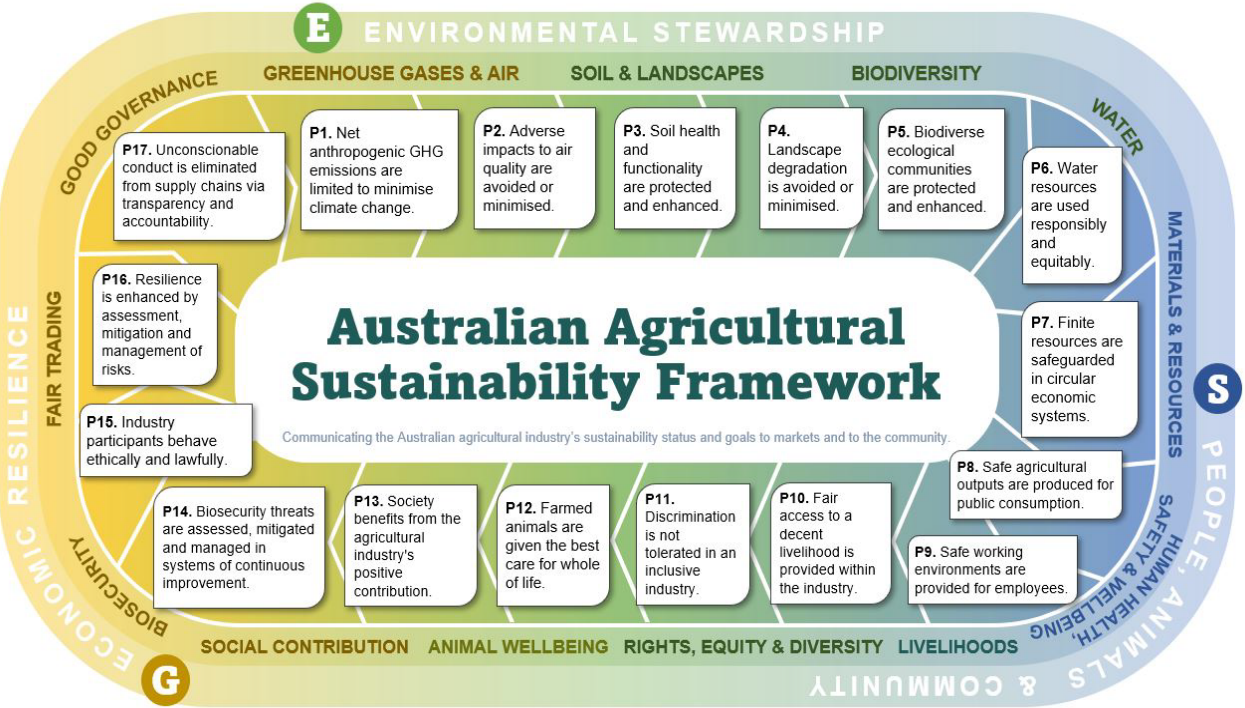




# The Australian Agricultural Sustainability Framework

The AASF has been developed as an industry-wide sustainability framework for Australian agriculture, to help position Australia as a world-leader in agricultural sustainability and ensure the economic, environmental and social sustainability of Australian agriculture.

The AASF seeks to demonstrate how Australian agriculture is aligned to international sustainability requirements, showcasing our credentials on a national, whole-of-agriculture sector basis. The AASF works with existing Australian commodity-specific sustainability frameworks and schemes to demonstrate alignment.



The current AASF iteration (third iteration) comprises **17 principles** (i.e. a desired outcome or ideal state) which are underpinned by **43 criteria** and grouped within environmental stewardship; people, animals and community; and economic resilience.

The AASF principles and criteria are **high-level**, to allow for diversity across commodities, geography and production systems. The aim is to enable **alignment** across existing and emerging programs at a national level.

The AASF has been informed by and aligned with relevant **global sustainability schemes** and standards. It is intended to be applied or used **voluntarily**, with **no additional direct costs** to producers.

The design of the AASF is not meant to enforce compliance but to **improve consistency and recognition** of sustainability in agriculture.

# Developing the AASF

From conception in 2020, the AASF has progressed through three Phases of work.

## 2020 – DISCOVERY

Australian and international sustainability frameworks and best management practices were audited to identify the areas of commonality and build recommendations.

Research established that the most effective results were likely to come from an overarching sustainability framework that connected and verified current and emerging programs, providing agricultural industries with choices.



>500  
individuals  
contributed

Desktop  
Review



## 2021 – DEVELOPMENT

Six separate streams of work were identified and delivered by different project partners.



### Framework Development

Completed Iteration 3 of the AASF and completed the initial report on options for a future governance structure for the AASF.



### Financial Incentives & Accounting Systems

KPMG published *The Time is Now* report, exploring the AASF across sustainable supply chains.



### Industry Program Benchmarking

Industry and environmental frameworks and schemes were mapped for their alignment with the AASF. Findings informed the design of the AASF Iteration 3.



### Data Needs Analysis

Assessed the available national data set for the AASF criteria to advise on data needs for reporting against all criteria.



### Communication & Engagement

Conducted a survey of 600 farmers which found high awareness and participation in sustainable practices, but there is inconsistency and confusion about how it is defined.



### Legal & Policy Analysis

Initial assessment of legal, tax and policy barriers, and assessing proposed legislative changes and their effect on the Australian taxation as a barrier to the uptake of sustainability payments.

## 2022 – GOVERNANCE AND TESTING

Targeted at informing how the AASF might be operationalised in the future.



### Governance

Aimed to explore the most appropriate long-term governance, funding and management structure for the AASF and its operation.



### Community of Practice (CoP)

Host a Community of Practice for industry and environmental frameworks and schemes to work together on increasing alignment and addressing shared challenges including a focus on data.



### Communications campaign

Continued communications to raise awareness of the AASF.



### Pilot Co-design

Conduct a co-design process to identify a pilot program to test the AASF in various contexts.

Data is a priority for the AASF to support framework reporting. Limits to available funding precluded a major data project in Phase 3, however all Phase 3 projects continued to touch on data needs and challenges with stakeholders.



# The Unique Value Proposition (UVP) of the AASF

The AASF has an overarching UVP to define and articulate the sustainability status and goals for the Australian agricultural industry. This UVP is underpinned by the clearly defined roles of the two most specific ‘activities’ delivered by the AASF – the Forum and the Framework.

UVP\*

To support Australian agriculture to continually build its environmental, social, and governance sustainability credentials and to demonstrate how it is aligned to international and domestic sustainability requirements.



Developed and supported by industry, government, and commercial partners, the AASF supports Australian agriculture to continually build its environmental, social, and governance sustainability credentials.



The **Forum** supports Australian agriculture meet the range of emerging requirements through a community of collaborative expertise.



The **Framework** demonstrates how Australian agriculture is aligned to international sustainability requirements, showcasing Australia’s sustainability credentials on a national, whole-of-agriculture basis





\* Note: this UVP has been summarised from the full UVP presented to the NFF by Revolve Consulting and has been shortened for presentation purposes only.

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# Defining the AASF

The current iteration of the AASF has been developed with input from a range of stakeholders over three consecutive years of work. There is a continued focus on ensuring the AASF delivers against its current UVP: To support Australian agriculture to continually build its environmental, social, and economic sustainability credentials and be able to demonstrate how these credentials clearly align to evolving international sustainability requirements.



## CURRENT 'DEFINITION' OF THE AASF

- The AASF articulates the sustainability of Australian agriculture on a national basis.
- The AASF differs from the commodity-specific, industry sustainability frameworks (IFWs) which demonstrate on-farm best practices for that commodity.
- The AASF is comprised of two key elements;
  - A **Forum** – the Community of Practice (CoP) which supports the shared learning, collegiality, trust, and evolution of the AASF and IFWs to meet emerging issues.
  - A **Framework** – aligned to national and international sustainability requirements, supporting Australia's sustainability credentials on a national, cross-commodity basis.



## TARGET ROLE & PURPOSE

- To support Australian agriculture to be sustainable: environmentally, socially, and economically.
- To prepare the sector and industries for a range of emerging requirements and issues.
- To communicate the sustainability credentials of Australian agriculture in a nationally consistent manner.



## DEVELOPMENT REQUIRED TO REACH AMBITION

The NFF is aware that there are a range of future components and activities that need to be addressed prior to the AASF being implemented on a larger scale:

- Detail the priority principles in depth and identify the most material criteria and principles for the AASF (and how these may be monitored and amended over time)
- Develop data and reporting standards.
- Complete the AASF's governance structure, ongoing leadership/ownership and overall operationalisation of the AASF

\* Note: this definition information has been summarised from the full UVP presented to the NFF by Revolve Consulting and has been shortened for presentation purposes only.



# 03 Pilot co-design process



# Advantages of conducting a pilot program

Conducting a pilot program to test the implementation of the AASF will have a series of advantages including: cost/risk reduction, creation of cohesion between potential future AASF adopters and those who wish to know more about the sectors sustainability activities and provide momentum to progress the AASF's development and adoption.



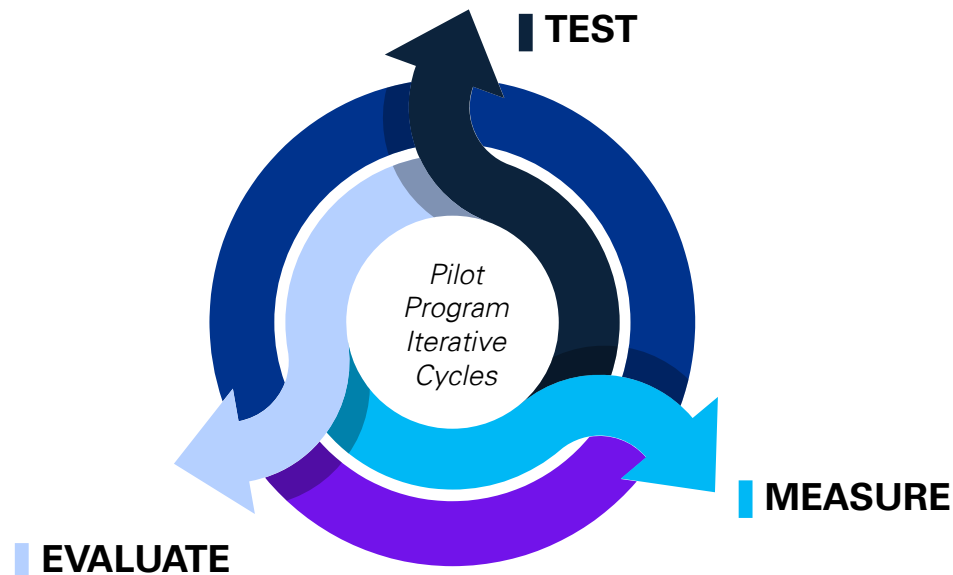


# What is a co-design process for a pilot program?

Conducting a pilot program is a common approach to test the implementation of a framework or scheme. A 'co-design' process, as opposed to 'design' process, provides an approach that allows potential future users to take an active part in the development and design phases of a product or service alongside the developers of that product or service – in this instance the NFF – so that agreed outcomes can be achieved efficiently and effectively.

## A PILOT PROGRAM

A pilot program to test the implementation of the AASF is an effective way to ensure it is fit for purpose as part of an iteration process (consisting of testing, measuring and evolving). A pilot can highlight implementation gaps and challenges, enabling refinement prior to the launch and adoption of the AASF on a national scale.



## A CO-DESIGN PROCESS

### Relevance of using a co-design process:

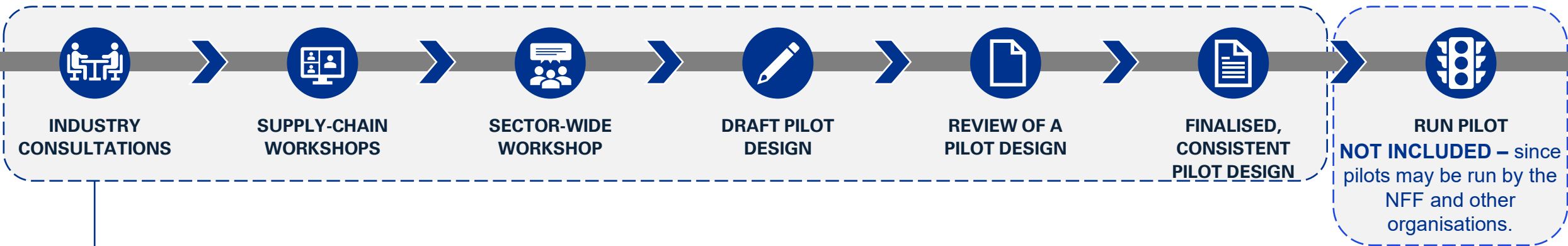
A co-design process allows potential future users of the AASF (including supply chain participants, market actors and all stakeholders) to provide input into pilot objectives, activities and reporting considerations to ensure that if pilots are run (by any entity) then they would be appropriate for both the users, the AASF and the NFF as the current AASF operators.


### Why having multiple stakeholders involved in the co-design process was important:

The aim of the co-design process was to ensure that any testing of the AASF along all Australian agricultural supply chains and across multiple commodities would be appropriate for a range of sub-sectors and value-chains. Having a co-designed, universal and agreed pilot methodology also means that any future pilots delivered can be replicated or referenced consistently across any supply chains.

# AASF pilot co-design process

The pilot co-design approach was designed to take into consideration the current agricultural operating environment and to allow for sufficient review before a final pilot program methodology was agreed. KPMG led the pilot co-design process and ran various industry consultations throughout the pilot co-design process. The findings are summarised in the following slides.



Collect and collate broad insights	Inform the pilot’s objective, principles and success criteria	Co-design a pilot program methodology	Report
<b>Industry Consultations</b> <ul style="list-style-type: none"> <li>13 consultations were held with a range of stakeholders including financial institutions, food, fibre and beverage manufacturers, retailers, and industry framework and scheme owners.</li> <li>The main objective of these consultations was to obtain initial insights on the AASF value proposition and to evaluate the appetite of stakeholders to be involved in co-designing the pilot.</li> </ul>	<b>Supply chain workshop</b> <ul style="list-style-type: none"> <li>A workshop was held with post farm-gate representatives to discuss the overall progress of Phase 3 and understand the level of interest in contributing to the pilot design and any onboarding requirements.</li> </ul>	<b>Pilot co-design meeting</b> <ul style="list-style-type: none"> <li>A sector-wide workshop was held to discuss the ‘current state’ of sustainability in the sector, gaps/challenges of existing frameworks, and the practical aspects of co-designing a pilot.</li> </ul>	<b>Pilot Co-Design findings report</b> 



# Key areas of discussion for the co-design process

Based on a benchmarking exercise with selected case studies (see Appendix 4), a list of eight pilot design components were developed to be the guardrails for the co-design process. These components were stress-tested with stakeholders during the [supply chain workshop](#) and the pilot [co-design meeting](#) to effectively inform the pilot design.

01



## SET PILOT OBJECTIVE

Independently from the broader goals of the AASF, the AASF Pilot should have its own clear set of objectives, such as demonstrating the additional value capture of the AASF.

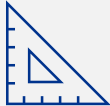
02



## ESTABLISH PILOT DURATION

Clarify the recommended duration of the pilot. Pilots of sustainability schemes/frameworks generally run from 4 to 16 weeks. There are both cost and risk implications that correlate with Pilot duration.

03



## SET SUCCESS METRICS

Metrics and KPIs will need to be set to allow for measurement of the pilot's outcomes. Metrics can be adjusted to suit all participants but they will need to remain relevant to the overall AASF goals.

04



## DEFINE THE TESTING GROUP SIZE

Select an appropriate number of participants: a large group enhances comprehensive feedback representative of the entire agricultural sector, however too many participants can make Pilot implementation overwhelming.

05



## SELECT PARTICIPANTS

Participation is voluntary, however, participants should be an appropriate mix of all agricultural industries and supply chain nodes.

06



## DEVELOP AN ONBOARDING PLAN

An agreement (for example a contract) should be developed to set expectations and define how the pilot's objective will be achieved: what data will need to be collected, how often participants will need to report on progress, when feedback will be due, how privacy will be addressed etc.

07



## PROVIDE SUPPORT

Dedicate resources to provide support to pilot participants, including a kick-off training session that will set participants up for success from day one. Support must be provided for the entire pilot duration.

08



## REVIEW PILOT DATA AND FEEDBACK

Review data and gather feedback from pilot participants. Are the metrics, KPIs, timelines and outcomes still relevant? Will additional pilots need to be run? Communicate findings to industry and update relevant AASF principles/criteria.

# 04 Findings of the pilot co-design process





# Outcomes of the co-design process

Once the eight key design components were stress-tested with stakeholders during the workshops (page 21), a number of findings and reflections about each of these components were observed. These are summarised below:

01



SET PILOT OBJECTIVE

The objective of an initial pilot should be to:

- 1) Capture the ‘current state’ of sustainability goals and progress; and
- 2) Develop a uniform method to aggregate and share information and test alignment with the AASF principles.

02



ESTABLISH PILOT DURATION

Stakeholders did not express a particular view over the desired pilot duration, as it was perceived to be of secondary importance. Cost implications were considered more important.

03



SET SUCCESS METRICS

For the purpose of testing the AASF, it was suggested that the pilot adopts the metrics and KPIs that directly relate to the AASF principle(s) being tested. These remain to be defined.

04



DEFINE THE TESTING GROUP SIZE

The testing group size for the pilot will match the size of the stakeholder group that took part in the pilot co-design process, with the possibility to include additional pilot participants based on their level of interest (between 5 and 15 organisations).

05



SELECT PARTICIPANTS

Participants should be selected to represent various commodities. Given the ‘whole-of-industry’ nature of the AASF, there is a need to test multiple commodities and supply chain nodes and to potentially include financial institutions and existing frameworks.

06



DEVELOP AN ONBOARDING PLAN

The pilot onboarding plan will need to cater to the needs of all pilot participants, which may differ across commodities and supply chains. The onboarding plan will need to outline the pilot objective and set clear expectations for all participants.

07



PROVIDE SUPPORT

Pilot participants require support through the pilot to ensure positive outcomes, however what type of support should be provided and how it will be made available requires further discussion.

08



REVIEW PILOT DATA AND FEEDBACK

The outcomes of the pilot should directly inform further iteration of the AASF. Additionally the overall operation of the AASF remains unclear and needs to be confirmed.

# Perceived value of the AASF

During the stakeholder consultations on the pilot co-design a number of other observations were shared by stakeholders. The perceived observations are summarised below:



## ALIGNMENT

The AASF aligns Australian and global sustainability targets for all Australian agricultural commodities.



## CAPITAL ACCESS

The AASF supports access to capital acting as a sustainability credential.



## VERIFICATION

While the AASF does not intend to become a certification tool, stakeholders believed that the AASF is intended to verify Australian agriculture's sustainability status and goals on the global stage. The NFF and engaged AASF consultants may need to provide ongoing clarity to stakeholders on this point.



## COMMUNICATION

The AASF informs interested parties on the sustainability status of the Australian agricultural industry.



## DATA

While the AASF does not intend to become a central database for sustainability data, stakeholders indicated a belief that the AASF is intended to function in that regard. The NFF and engaged AASF consultants may need to provide ongoing clarity to stakeholders on this point.



## EDUCATION

The AASF educates all community members on best practice sustainability in agriculture.



## MARKET ACCESS

The AASF supports access to local and global markets.



## VERIFICATION

The AASF supports the verification of sustainability data for the agriculture industry.



# Use cases and audiences

Through the pilot co-design process, engagement with stakeholders allowed KPMG to clearly define a number of appropriate, initial pilot use cases and audiences (see below). It should be noted, that while these use cases and audiences are seen as the primary pilot use cases, other organisations may wish to pilot the AASF – the pilot program methodology should be followed to ensure consistency in process and outcomes.



## USE CASES

- As a whole-of-industry framework, the AASF intends to be **fit for purpose in translating the sustainability activities and outcomes of multiple commodities** – including any existing industry frameworks these users may have in place.
- The AASF can be used as a sustainability credential by **financial institutions** that provide services (e.g. sustainable lending) to the Australian agricultural industry.
- **Existing frameworks** use the AASF as a reference piece to continue to evolve in their iterations and ensure continuous improvement towards sustainability goals. Where industries don't have a specific, individual framework in place then the AASF may provide a useful reference point for their development in a consistent manner.

## AUDIENCE

- The AASF is used as a tool to clearly demonstrate to Local, State and Australian **Governments** the status of Australian agriculture's sustainability status, progress and goals.
- The AASF gives confidence to **investors, financial institutions and consumers** about the sustainability status and goals of Australian agriculture.
- The AASF tells the story of Australian agriculture sustainability on the global stage by showcasing to **global communities** what the industry is currently doing and where it is heading.

# Pilot principles, objectives and success criteria

During the pilot co-design process, stakeholders were presented with proposed pilot principles, objectives and success criteria (left hand side). The stakeholder feedback was used to refine the principles, objectives and success criteria into a final approach (right hand side).

Version	1	2
	PRE STAKEHOLDER REVIEW	POST STAKEHOLDER REVIEW
<b>Principles</b>	<ul style="list-style-type: none"> <li>• Demonstrate how the AASF provides value to the agricultural supply chain</li> <li>• Test the data, measurement, and reporting capabilities of the AASF</li> <li>• Demonstrate how the AASF is able to translate domestic and international frameworks</li> <li>• Provide ESG support across the Australian agricultural supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Test the practicalities and operationalisation of the AASF across the agricultural supply chain</li> <li>• Inform data, measurement, and reporting capabilities of the AASF</li> <li>• Determine requirements to further advance the AASF development</li> <li>• Validate the AASF as a translation layer with domestic frameworks and production obligations</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Showcase the AASF as a value generating tool</li> <li>• Facilitate stakeholder-led testing of the AASF</li> <li>• Pressure test the alignment of the AASF with existing frameworks</li> <li>• Socialise the AASF with the Australian agricultural industry</li> <li>• Determine data requirements of the AASF: <ul style="list-style-type: none"> <li>◦ Which existing data can be leveraged?</li> <li>◦ What new data need to be generated?</li> </ul> </li> <li>• Provide guidance on the potential governance structure of the AASF</li> </ul>	<ul style="list-style-type: none"> <li>• Determine how the agricultural supply chain demonstrates and evidences outcomes/progress against the principles of the AASF</li> <li>• Align and map evidence and outcomes from existing industry schemes and frameworks – uncover alignment, gaps and opportunities</li> <li>• Define how the supply chain captures evidence and reports (current and in the future) against the AASF</li> </ul>
<b>Success Criteria</b>	<ul style="list-style-type: none"> <li>• Identified areas for improvement within the AASF</li> <li>• Positive socialisation of the AASF</li> <li>• Provided guidance on potential governance structure of the AASF</li> <li>• Tested the implementation of the AASF: <ul style="list-style-type: none"> <li>◦ Across all commodities</li> <li>◦ Along the Australian agricultural supply chain</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Identified the current evidence, reporting across the sector and the alignment to the AASF</li> <li>• Identify data that could contribute to reporting on the industry's sustainability status using pilot evidence</li> <li>• Identified value capture opportunities to: <ol style="list-style-type: none"> <li>1) Enhance and support AASF reporting and provide feedback on how this aligns to existing framework's and their reporting outputs;</li> <li>2) Enhance the current AASF iteration; and</li> <li>3) Define broader governance requirements</li> </ol> </li> <li>• Draft Guidance Document for the AASF – 'how to' guide for AASF future users</li> </ul>



# Recommendations for future AASF iterations

General feedback on the AASF third iteration was also captured throughout the pilot co-design. When prompted for feedback surrounding types of information the AASF should include or consider, stakeholders emphasised the broader narrative the AASF builds on, its credibility and the sustainability principles that underpin the AASF. The eight key recommendations are summarised below.

The AASF needs to be able to **communicate the story of Australian agriculture** on both national and international stages.

Some stakeholders expressed that the **principles** of the third AASF iteration **may require prioritisation**. The AASF requires a **materiality assessment**.

The next AASF iteration should set a **minimum or threshold for each of the sustainability principles** (minimum requirement that determines if a specific principle has been met or not).

The AASF should be supported by **robust, verified data** to be credible and to provide confidence to any audience.

As a new Framework, the AASF will need to build **trust and credibility**.

The AASF should place greater focus on the **value of ESG outcomes for agricultural industries** to adopt it.

Data collected from existing frameworks should flow directly into the AASF to **avoid repetition and additional data collection/reporting**.

# Current challenges and priorities

While both interest and momentum are building for piloting the AASF, stakeholders did recognise that since the AASF is still in development it is still working through a number of challenges as it moves toward operationalisation. From the perspective of the pilot co-design stakeholders the following challenges were identified and assigned a level of priority.

<b>MATERIALITY</b>	There is a need for the AASF to be able to have an approach to continuously reviewing, identifying and redefining material issues for consideration in the AASF. A materiality assessment and review process would provide underlying robustness and rigour to the AASF and act as a tool for ensuring future iterations of the AASF are made in line with the evolving ESG landscape.
<b>DATA</b>	There is a need for more work to be done to understand what the AASF data and reporting requirements are, where the data will come from, and how information will be shared and accessed. There is an opportunity to do a build upon the CSIRO Phase 2 stocktake of existing data capture and reporting processes across existing schemes/frameworks and within the public domain to inform the underpinning AASF data sources, and gaps and opportunities for a collective approach to data and reporting.
<b>COMMUNICATIONS &amp; MARKETING</b>	How the AASF and its operationalisation actually occurs remained unclear to pilot co-design stakeholders. In the future, the AASF operator should develop a targeted communications plan that includes consistent messaging and the articulation of the AASF's value proposition.
<b>GOVERNANCE</b>	At present, the ongoing governance and ownership aspects of the AASF are a work in progress. Outcomes of other Phase 3 programs of work will inform the governance considerations however a holistic operating model is required to fully operationalise the AASF, which would include further enhancements on the governance considerations to date.
<b>FUNDING</b>	Additional funding is required to accelerate the operating model design, materiality and data components including the implementation of a pilot and the ongoing iteration to AASF based on these outcomes.
<b>CREDIBILITY</b>	As the AASF is a new Framework and the first time a holistic country, sector specific sustainability framework has been developed, there is an ongoing priority to continue to enhance the credibility of the AASF through monitoring and reporting on it's use across the industry, the value / impact in market access and trade discussion, and where new value has been provided to the industry through its existence.

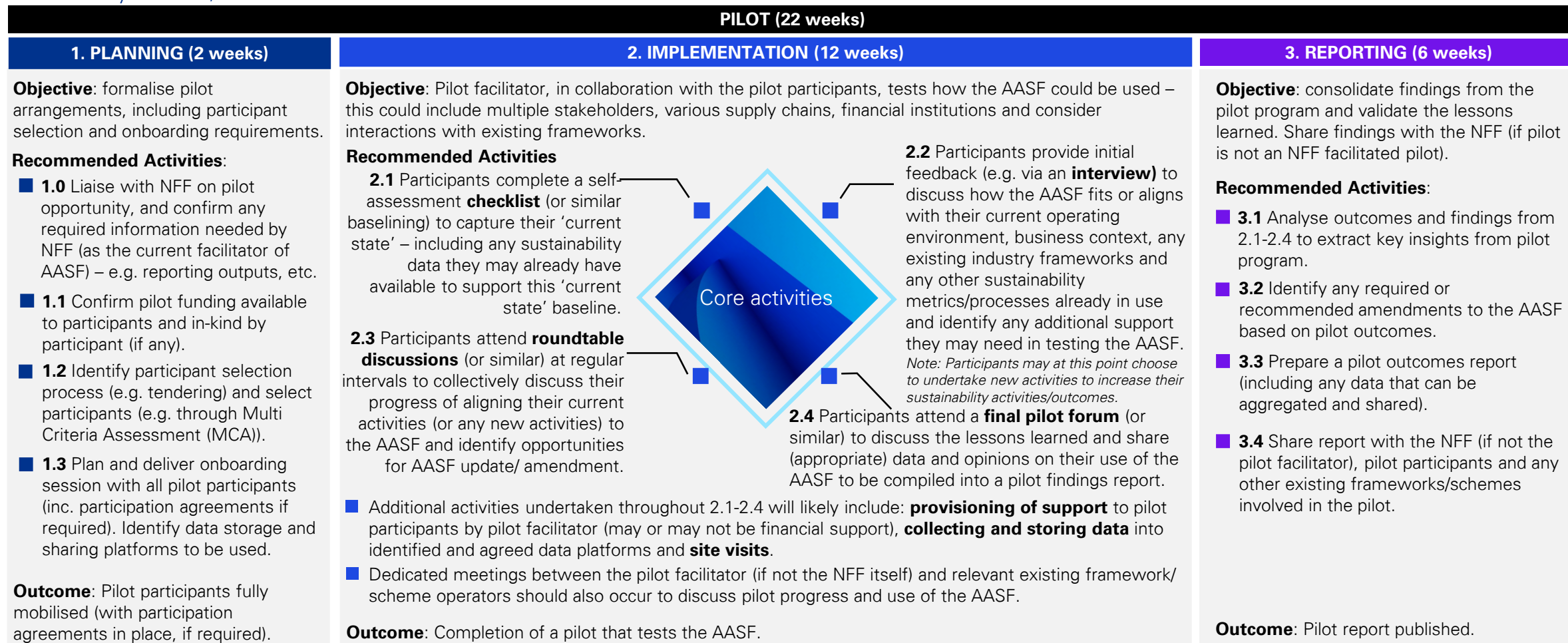
Priority level as expressed by stakeholders: ■ High ■ Medium ■ Low



# 05 Proposed pilot program methodology

# Proposed pilot design methodology

Based on the findings of the pilot co-design process, a universal pilot program methodology is proposed below. The methodology breaks down how a pilot should be delivered over three phases, with each phase having specific objectives, activities and outcomes and a recommended duration of ~20 weeks. The proposed pilot methodology should be considered as a general methodology that is applicable across any use cases or applications (i.e. including those pilots that may not be directly facilitated by the NFF).



# 1. Pilot planning

The first phase of a pilot program should be to formalise the pilot arrangements prior to launch and will involve participant selection, onboarding activities and planning interactions with the NFF (as AASF operator).

Any planning of pilots should be guided and informed by the NFF's pilot principles developed during the co-design process. These principles provide the rationale for pilots and useful indications on who should be involved, what data should be captured and what the pilot should be able to demonstrate by the time it has been undertaken.

## PRINCIPLES

- Test the practicalities and implementation of the AASF across the agricultural supply chain
- Inform data, measurement, and reporting capabilities of the AASF and its operation in the future
- Determine any further changes required to future iterations of the AASF
- Understand how the AASF interacts with other industry frameworks and schemes

1.0

### Liaise with NFF (as the current AASF operator)

To confirm any specific activities and inclusions that should be considered for the pilot and confirm reporting and participation outputs required by the NFF upon pilot completion.

1.1

### Funding availability

Confirm the funding available to pilot participants (e.g. grants or participation incentives) and confirm in-kind or other funding supplied by the pilot participants.

1.2

### Participant selection

Pilot participants should be selected based on either:

- relevance for the success of the pilot based on the pilot facilitator) or
- (if NFF led) representation across multiple nodes and supply chains within the agriculture industry.

*If NFF led*, participants should be categorised into one of three suggested, initial use cases:



**Multiple stakeholders across supply chains**



**Financial institution**



**Existing frameworks**

1.3

### Onboarding session

A pilot onboarding session is planned and delivered with the selected pilot participants. All aspects of pilot and post-pilot activities are discussed, including the appropriate data platforms that will be used to share information (if any).



### RECOMMENDED ITEMS TO COVER

- Expectations / minimum requirements for pilot participation – including the sharing of pilot progress and outcomes with the NFF
- Selection of the priority AASF principles to test during the pilot based on relevance for participants
- Pilot operating rhythm based on the needs of participants (e.g. frequency of touchpoints)
- Who is the primary data collector and what platform will be used to store and share pilot data
- Pilot milestones/timeframes and reporting requirements



# 2. Implementation

The second phase of a pilot program should involve testing of the AASF and should be grounded in the pilot objectives outlined below. The focus of this phase will be to discuss, test, record and report back on how the AASF works for the participants.

The pilot implementation phase should capture the ‘current state’ of sustainability activities (including evidence data), goals and progress of the pilot participants in relation to the criteria and principles of the current iteration of the AASF, and in particular to those priority principles that were selected by participants during the onboarding session of the planning phase.

## OBJECTIVES

- Determine how the agricultural supply chain (within and across) demonstrates and evidences outcomes/progress against the principles of the AASF
- Align and map evidence and outcomes from existing industry schemes and frameworks – uncover alignment, gaps, opportunities
- Define how the supply chain captures evidence and reports (current or future) against the AASF

### 2.1

#### ‘Current state’ checklist or baselining

Each pilot participant is provided with a ‘current state’ checklist that should be used to benchmark the sustainability status of each participant. The checklist will contain questions based on their adoption or use of existing frameworks, business policies, reporting, sustainability targets and data collected and will reference the AASF criteria and principles selected in the planning phase. An example of a ‘current state’ checklist is provided in **Appendix 5**

### 2.2

#### Participants provide initial feedback

Each pilot participant should partake in a one-on-one consultation or interview to discuss:

- A review of the answers provided in the ‘current state’ checklist and recap on their sustainability activities and baseline; and
- Applicability and demonstration of the selected AASF criteria and principles within the context of the participant’s business, operating environment and any existing industry frameworks, schemes and metrics already in use.

Examples of pilot questions are provided in **Appendix 6**.

*Note: Participants may at this point choose to undertake new activities to increase their sustainability outcomes – these should still be mapped or aligned to the AASF criteria and principles (if possible).*

### 2.3

#### Roundtable discussions

Roundtable discussions (or similar) are hosted to allow pilot participants to collectively discuss the application of the AASF, how the selected AASF principles work in practice within their organisations and as part of the pilot any opportunities and challenges with implementing the AASF.

Within the roundtable discussion participants are able to share their perspectives on the value of opportunities that AASF could create for them based on current implementation, within the context of specific commodity supply chains, and to the broader industry.

### 2.4

#### Final pilot forum

All pilot participants share findings on what they have learned through the pilot and any desired or required amendments to inform future iterations of the AASF.

If possible, participants will be asked to share data (if appropriate) on challenges and gaps between their current practices or reporting capabilities and the AASF’s criteria and principles.

#### Additional activities performed throughout 2.1 to 2.4

Through the pilot implementation phase the following additional activities will be performed:

- Provision of support to pilot participants, based on their needs (by the pilot facilitator, which may not necessarily always be the NFF)
- Data collection and storage based on the approach agreed during the planning phase of the pilot.
- Visits at pilot participants’ sites to capture current sustainability activities and observe (literally) how AASF is being implemented (*OPTIONAL – dependent upon the pilot facilitator*).
- Dedicated meetings between the pilot facilitator (if not the NFF itself) and relevant existing framework/ scheme operators should also occur to discuss pilot findings and how use of the AASF intersects with them.

# 3. Pilot reporting

The final phase of a pilot program should be to collate and consolidate the participant findings from the pilot program and capture the lessons learned to inform any considerations for the AASF.

The outcomes of the reporting phase should align to the pilot's success criteria that outline the intended goals of the pilot. This will enable positive contribution to be made to the continued development of the AASF.

## SUCCESS CRITERIA

- Identified the current evidence, reporting across the sector and the alignment to the AASF, IFWs and other sustainability frameworks / metrics etc
- Identify data that could contribute to reporting on the industry's sustainability status using pilot evidence
- Identified value capture opportunities to:
  - 1) Enhance and support AASF reporting and provide feedback on how this aligns to existing framework's and their reporting outputs;
  - 2) Enhance the current AASF iteration; and
  - 3) Define broader governance requirements
- Draft Guidance Document for the AASF – 'how to' guide for AASF future users

### 3.1

#### Outcome analysis

Analyse outcomes and findings from 2.1-2.4 to extract key insights from pilot program.

All pilot participants should be invited to provide feedback on these outcomes and findings.

*Note: this report has outlined a number of possible pilot groups to focus on – commodity supply chains, financial institutions, etc. – however feedback should be sought from any pilot participants not just those in the initially observed areas.*

### 3.2

#### AASF considerations and recommendations

The key insights obtained from 3.1 are used to determine any required considerations or recommendations on future iterations of the AASF.

### 3.3

#### Draft pilot report

A draft pilot report should be prepared based on the 3.1 and 3.2. The report should clearly reference the pilot success criteria (above) to establish if the pilot achieved the original objectives.

If the pilot was able to obtain sharable data or datasets (not producer specific data – for privacy reasons - but overall whole-of-pilot data) then these should be aggregated and may be able to be used to inform, test and develop industry wide sustainability reporting that the operational AASF may undertake in the future.

### 3.4

#### Share pilot feedback with the NFF (as the current operator of the AASF)

Consolidate pilot findings and share with the NFF (if not the pilot facilitator), pilot participants and any exiting frameworks/schemes involved throughout the pilot.

The report should outline pilot findings, any considerations for future iterations of the AASF and offer insights on how pilots may be facilitated differently in the future.



# 06 Key takeaways & next steps



# Next steps to advance the AASF

Below is a summary of a number of priority areas identified by the stakeholders engaged during the pilot co-design process as being important to support the further development of the AASF (including those that are not related to the pilots specifically).



## VALUE PROPOSITION

Communicate the **unique value proposition of the AASF in maintaining and enhancing Australian agriculture's sustainability position.**

The unique value proposition should consider both the immediate value, along with the longer-term value creation opportunities the AASF could provide the industry.



## MATERIALITY

Conduct a **materiality assessment** based on international materiality standard/methodology, to underpin the robustness of the AASF and inform the prioritisation of principles within the AASF for the industry to drive collective action.

Materiality assessment is the process of identifying and prioritising numerous potential ESG issues that could affect a business, industry or commodity and/or their stakeholders.



## DATA & REPORTING

Clarify the types of **existing data and data repositories available to be leveraged by the AASF**, what new data stakeholders may need to collect and how to store and disseminate these data (if at all).

It is also going to be important for the AASF operator to determine any data sources/reporting processes used by existing industry frameworks/schemes which the AASF operator may be able to use to support sector-wide reporting on sustainability



## PILOT PROGRAM

The pilot co-design process developed a proposed, universal **pilot program methodology.**

By running pilots using this program methodology, further **considerations for the AASF will be identified** in a consistent and agreed manner.



## OPERATING MODEL

Design of the underlying **Operating Model of the AASF** is required to further inform the operationalising and embedding of the AASF within the Australian agricultural industry. An AASF operating model would consider all aspects relating to governance, process, service delivery model, people, technology and performance insights and data ownership, access and use including privacy requirements and the sustainable / ongoing funding model.

# Next steps to advance the AASF

To progress the AASF a range of priority activities were identified throughout the pilot program co-design process. *Note: the NFF has coordinated the AASF Project Consortium team to continue to progress on these priority actions since the drafting of this findings report.*

	UNIQUE VALUE PROPOSITION (UVP)	MATERIALITY ASSESSMENT	DATA & REPORTING	PILOT PROGRAM	OPERATING MODEL
PRIORITY ACTIONS	<ul style="list-style-type: none"><li>Drive momentum through engagement with the AASF Community of Practice (CoP) and key stakeholders to enable two-way insights as the AASF UVP evolves</li><li>Communications plan to articulate and promote the value, role and definitions of the AASF</li></ul>	<ul style="list-style-type: none"><li>Conduct a materiality assessment to enhance the underlying robustness and credibility of the AASF</li></ul>	<ul style="list-style-type: none"><li>Review the previous CSIRO Phase 2 assessment of existing data capture by industry frameworks and schemes that can support AASF reporting and identify if there are any new gaps or opportunities to be addressed.</li><li>Identify existing data sources that can be leveraged outside of existing industry frameworks and schemes (via public sources including government) to support AASF reporting</li><li>Identify data gaps based on AASF desired/required reporting and determine process to capture data</li></ul>	<ul style="list-style-type: none"><li>Implement pilot program to further test and refine the AASF including informing further the unique value proposition, data and reporting processes, along with providing a validation point for prioritisation of material issues as identified via the materiality assessment process</li></ul>	<ul style="list-style-type: none"><li>Define and design the required AASF operating model – considering governance, funding, processes, people, technology, service delivery model and performance insights and data – to inform and confirm how AASF is operationalised / implemented to deliver ongoing value to the industry.</li></ul>
OUTCOMES	<ul style="list-style-type: none"><li>Build and maintain positive stakeholder engagement across the industry to inform the ongoing evolution and operationalising of the AASF through clear articulation and demonstration of the value/role of the AASF</li><li>Position the AASF as a trusted, central resource that demonstrates the sectors sustainability</li></ul>	<ul style="list-style-type: none"><li>Identify, refine and assess the importance of the 17 objectives of the AASF</li><li>Understand priorities to guide the focus of communications and marketing of the AASF</li><li>Share findings with industry frameworks and schemes to inform commodity level assessments</li><li>Inform the long term data capture and management plan of the AASF</li></ul>	<ul style="list-style-type: none"><li>Contribute to a data baseline for sustainability across the Australian agricultural industry; including the identification of data sources and/or gaps</li><li>Influence the long-term data capture and management and reporting process for the AASF</li><li>Utilise the pilot implementation to test specific data capture streams</li><li>Inform whole of industry approach to data needs and exchange</li></ul>	<ul style="list-style-type: none"><li>Deliver a AASF pilot program as part of best practice AASF development</li><li>Inform the AASF implementation plan (operating model) and unique value proposition iteration</li><li>Guide further iterations of the AASF, including an AASF guidance document ('How to use')</li></ul>	<ul style="list-style-type: none"><li>A clearly defined and agreed, longer-term view, of how the AASF will continue to be facilitated, delivered and iterated in response to the changing operating environment going forward (i.e. how the AASF itself will be operated) – <i>note this has already been commenced</i></li><li>Informs the ongoing governance and resourcing needs of the AASF to ensure the AASF continues to deliver value to the industry</li></ul>



# 07 Appendices





# Appendix 1 – Domestic ESG Landscape References (1/2)

## Australian Commodity Sustainability Frameworks and/or Initiatives:

Framework	Organisation	Link
Australian Beef Sustainability Framework	Meat and Livestock Australia (MLA)	<a href="https://sustainableaustralianbeef.com.au">Home   The Australian Beef Sustainability Framework (sustainableaustralianbeef.com.au)</a>
Australian Dairy Sustainability Framework	Australian Dairy Products Federation Australian Dairy Farmers	<a href="#">Australian Dairy Sustainability Framework – Australian Dairy Farmers</a>
Australian Pork Sustainability Framework	Australian Pork Limited	<a href="#">APL Sustainability Framework Web.pdf (australianpork.com.au)</a>
Australian-grown Horticulture Sustainability framework	Hort Innovation	<a href="#">Hort Innovation   The Australian-grown Horticulture Sustainability Framework</a>
Behind Australian Grain	Grain Growers	<a href="#">About - Behind Australian Grain</a>
Cotton Australia myBMP	Cotton Australia	<a href="#">Cotton Australia   myBMP</a>
Planning and environment guidelines for establishing meat chicken farms	AgriFutures	<a href="#">Planning and environment guideline for establishing meat chicken farms: Guide 1 - Assessment guide   AgriFutures Australia</a>
Rice Sustainability Framework	Ricegrowers Association	<a href="#">Rice Sustainability Framework (rga.org.au)</a>
Sheep Sustainability Framework	Sheep Producers Australia WoolProducers Australia	<a href="#">Sheep Sustainability - Home   Sheep Sustainability (sheepsustainabilityframework.com.au)</a>
Smartcane BMP	CANEGROWERS Organisation	<a href="#">Smartcane BMP – Best Management Practices For The Cane Industry</a>
Sustainable Winegrowing Australia	Australian Grape & Wine Wine Australia Australian Wine Research Institute	<a href="#">Sustainable Winegrowing Australia   Let's make a world of difference in wine</a>
The Australian egg industry sustainability framework	Australian Eggs	<a href="#">Sustainability Framework Report 2022 - Australian Eggs</a>

# Appendix 1 – Domestic ESG Landscape References (2/2)

## Supply chain company sustainability initiatives:

Organisation	Link
Australian Agricultural Company	<a href="#">Environment &amp; Sustainability   AACo</a>
Australian Country Choice	<a href="#">Home - ACC (accbeef.net.au)</a>
Coles	<a href="#">Sustainability   Coles Group</a>
Fonterra	<a href="#">Embracing Sustainability (fonterra.com)</a>
JBS Foods	<a href="#">Sustainability — JBS Foods (jbsfoodsgroup.com)</a>
McDonalds	<a href="#">Our planet   McDonald's Australia (mcdonalds.com.au)</a>
SunRice	<a href="#">Sustainability (sunrice.com.au)</a>
Thomas Foods	<a href="https://thomasfoods.com/sustainability/">https://thomasfoods.com/sustainability/</a>
Woolworths Group	<a href="#">Sustainability (woolworthsgroup.com.au)</a>

## Industry owned tools and certification:

Framework	Organisation	Link
Australian Organic	Australian Organic Limited	<a href="#">Australian Organic Limited   The Industry Peak Body (austorganic.com)</a>
Hort360	Growcom	<a href="#">Hort360 – The health check card for your farm business</a>
Responsible Wool Standard	Textile Exchange	<a href="#">Responsible Wool Standard (RWS) - Textile Exchange</a>
The Australian egg industry sustainability framework	Australian Eggs	<a href="#">Sustainability Framework Report 2022 - Australian Eggs</a>

# Appendix 2 – Pilot Co-design Methodology (1/2)

## INDUSTRY CONSULTATIONS

Consultations were conducted to determine the suitability and appetite of the targeted organisations to participate in the pilot co-design process.

KPMG contacted sixteen organisations from across the agricultural supply chain and hosted **thirteen, virtual 45-minute consultations**.

The objective of the consultation process was to gauge the following:

- Stakeholders' understanding of the AASF
- Stakeholders' perceived value of the AASF
- Sustainability in various business contexts
- Questions/thoughts/challenges seen with the implementation of the AASF
- Interest in involvement in the co-design of the AASF pilot

Consultations were designed to have a conversational tone and to be led by the consulted organisations predominantly. KPMG utilised a set of questions to guide the direction of consultations.

### Questions

1. Is your company currently reporting on sustainability? If so, what do you use as a reference for your reporting?
2. Based on your understanding of the AASF, what value do you perceive to obtain from the Framework?
3. Based on your understanding of the AASF, do you envision any challenges or hindrances if your business was to adopt the AASF?
4. Would you be interesting in being involved in the pilot co-design?



# Appendix 2 – Pilot Co-design Methodology (1/2)

## SUPPLY CHAIN WORKSHOP

Organisations involved in consultations were invited to participate in the pilot co-design workshops. From the thirteen consultations, **nine participated in the supply chain workshop hosted online**. All companies that chose not to participate in the group workshop requested a one-on-one catch-up meeting to discuss the outcomes found. The workshop was held virtually and spanned across two hours. Feedback from the workshop was collected through group discussion.

Only private supply chain organisations were included in the initial workshop, it was decided that the initial forum would not include the industry framework and scheme owners as its purpose was to be introductory for supply chain participants whom had not been involved in any recent (12months) updates of the AASF.

The aim of the workshop was to create an open discussion for supply chain participants, designed to allow for an unbiased view on pilot approaches from key supply chain actors.

### Workshop objective:

- Discuss the pilot principles, objectives and success criteria
- Discuss the eight components of pilot success

## INDUSTRY-WIDE WORKSHOP

Organisations involved in the supply chain workshop were invited and participated in the first pilot co-design workshop. **Twelve of the consulted organisations participated** in the initial co-design workshop with the corresponding **industry framework owners, by commodity**, being invited once confirmed. The workshop was **held in person**, with a small number of individuals participating online, and was conducted over four hours. Feedback from the workshop was collected from focus group discussions arranged by commodity groups.

### Co-design meeting objective:

- Discuss objectives, principles and success criteria
- Identify existing reporting and evidence-based sustainability initiatives in the sectors involved
- Identify any existing supply chain pilots and/or activities from within the sectors involved
- Identify the most appropriate pilot approach in relation to the eight pilot design components for each supply chain involved
- Identify any gaps and/or challenges that exist with capturing evidence of sustainability targets across each supply chain stakeholders involved

# Appendix 3 – Stakeholders Involved

## Organisations consulted during the pilot co-design process

Organisation
Australian Agricultural Company
Australian Country Choice
CBA
Costa Group
Dairy Australia
Fonterra
Fulton Market Group
GrainCorp
Grain Growers Limited
Grains Australia
Grains Research and Development Corporation (GRDC)
JBS Foods
MLA
NAB
Nutrien Ag Solutions
Regen Ag
SunRice
Woolworths

# Appendix 4 - Informing Pilot Design: 'Better Practice' Case Studies

The design of an effective pilot can be informed by global sustainability schemes and frameworks that were successful in implementing a pilot program prior to scaling up. A high-level benchmarking exercise was run with select case studies to establish the 'better practice' principles for pilot design.

**TNFD**



TNFD is an international cross-sector initiative to develop a risk management and disclosure framework for organisations to report and act on nature-related risks. The TNFD reporting framework is now under development. Its beta versions are being tested through iterative Pilot programs.

**Who can participate in the Pilots?**

A wide range of market participants across jurisdictions and sectors can participate in the Pilots. Collaboration is encouraged.

**Type of Pilot programs**

- 1. Independent** (self-guided and self-paced Pilot testing)
- 2. For TNFD Forum member organisations** (technical support is provided, learnings shared with the community)
- 3. Partnership Pilot** (5 selected organisations help Pilot participants by providing them with support on behalf of the TNFD)


**Pilot duration**

Four pilots are planned, each Pilot runs from 2 to 4 months approximately.

**How it works**

Interested parties are required to be familiar with the TNFD and self-assess their own readiness. If ready, mobilisation of internal resources begins and an agreement is signed. Post-Pilot implementation, feedback is provided to TNFD.

**Global Animal Partnership**



Global Animal Partnership (G.A.P.) is a farm animal welfare assurance scheme. Farms on the scheme must comply with high animal welfare standards which cover every aspect of the animals' lives from birth through to slaughter. The standards are continuously updated and Pilot-tested before being published.

**Who can participate in the Pilots?**

Farmers already participating in the scheme (for standards being updated) or all farmers wishing to adopt a new standard which was not published before. All standards are species-specific, i.e. only chicken farmers can Pilot-test the chicken standard.

**Type of Pilot program**

Pilots are called 'Field Trials' which function as independent Pilots. Each Field Trial consists of a farm implementing specific practices in line with the new standard requirements. Support is provided through qualified field staff. Data are collected and shared with G.A.P. to verify improved animal welfare outcomes and feasibility.


**Pilot duration**

The length of the Pilot varies depending on the species and is notified to the farmer by G.A.P. before beginning participation.

**How it works**

Once the draft of a standard is available, G.A.P. runs multiple Pilot with independent farmers to gather data and revise the standard to ensure it can achieve its objectives. Supply chain participants (manufacturers, distributors, retailers) can take part in a dedicated Pilot to test their chain of custody standard for food products.

**Department of Climate Change, Energy, the Environment and Water**



The Department of Climate Change, Energy, the Environment and Water (DCCEEW) launched the Carbon + Biodiversity Pilot (C+B Pilot) to trial market arrangements for farmers to create new income from plantings that deliver biodiversity improvements and carbon abatement. This Pilot is a component of the Australian Government's Agriculture Biodiversity Stewardship Package.

**Who can participate in the Pilot?**

Farmers who are eligible to conduct an Emission Reduction Fund (ERF) project through the planting method and that are located within selected regions across Australia.

**Type of Pilot program**

The Pilot is testing the concept of buying and selling biodiversity services from farmers and is primarily designed to collect carbon and biodiversity data. By conducting specific practices on land, farmers are rewarded with additional value streams. At the same time, the Pilot helps DAFF in identifying further research and focus areas to advance Australia's sustainability agenda.

**Pilot duration**

Ongoing

**How it works**

Candidates verify their eligibility through a check-list and apply by submitting an application when a round opens. If successful, they commit to complying with ERF project requirements and improve biodiversity on their land in exchange for payments.

<https://www.dcceew.gov.au/environment/environmental-markets/agriculture-stewardship/c-b-pilot>



# Appendix 5 – Pilot ‘Current State’ Checklist

Below is an example of a ‘current state’ checklist used during the AASF pilot program.

PART 1 – GENERAL QUESTIONS		
Question	Answer (yes/no)	Details (if you answered yes)
Are you adopting any sustainability frameworks/schemes?		<i>Please provide the name of the frameworks/schemes that you are adopting and if accreditation or certification are obtained.</i>
Have you set specific sustainability targets?		<i>Please indicate your sustainability targets</i>
Are you collecting any data to monitor your sustainability status and progress?		<i>Please indicate what data you are collecting, how data are collected and stored and if you are sharing them with any entities</i>
If collecting data, is it being verified by an independent third party?		<i>Please indicate how the data verification process is carried out</i>
Do you regularly report on sustainability?		<i>Please indicate if you publish a sustainability report or an integrated report and with what frequency</i>

PART 2 – THE AASF PRINCIPLES	
AASF Principle X	Answers
Is this principle relevant/applicable for your organisation?	
If you could implement actions to progress towards meeting this principle, what would you do?	
Are you collecting any data (directly or indirectly) that could be used to assess if you are meeting this principle?	
Do you think this principle is already met by your organisation for adopting another existing sustainability framework/scheme?	

# Appendix 6 – Pilot Interview

Below are sample questions used during the AASF pilot program. The questions were used as a reference only and were dependent on the selected pilot participants and AASF principles to test in the pilot.

## **Follow up questions from 'current state' checklist - Part 1:**

1. If adopting any frameworks/schemes, why?
2. Have you found there to be any barriers/issues with the framework or scheme that you are currently interacting with?
3. Why may you not be using the relevant commodity-specific frameworks/schemes?
4. What are the drivers for adopting sustainability practices for your organisation?
5. What do you think similar organisations are doing, and how do you think they compare to your organisation?
6. How are you using the sustainability data that you collect, and how does it inform your business strategy?

## **Follow up questions from 'current state' checklist - Part 2:**

1. Is this principle relevant to your organisation/industry, and is there anything missing?
2. Do you have any immediate concerns on the effectiveness of this principle?
3. How are you collecting the data that supports this principle?
4. For this principle, what should the industry baseline (minimum requirement) be?
5. Do you collect any data to support this principle from any of your supply chain partners?
6. Is there a continuous improvement mechanism in place to build your capability in this area?
7. Do you have the resources, skills, capability to improve on your current state of this principle?

## **Broader AASF discussion questions:**

1. How do you see the AASF being implemented/operationalised?
2. How do you see the ongoing leadership of the AASF to best suit your organisation?
3. What do you think the value of implementing the AASF to be for your organisation and the broader industry?



# 08 Glossary



# Glossary

Terms & Acronyms	Description
<b>AASF</b>	Australian Agricultural Sustainability Framework
<b>AFI</b>	Australian Farm Institute
<b>C+B Pilot</b>	Australian National University (ANU) Carbon + Biodiversity Pilot
<b>CoP</b>	Community of Practice
<b>DAFF</b>	Department of Agriculture, Fisheries and Forestry
<b>ERF</b>	Emission Reduction Fund
<b>ESG</b>	Environmental, Social and Governance
<b>G.A.P.</b>	Global Animal Partnership
<b>ISO</b>	International Organization for Standardisation
<b>IFW</b>	Industry Sustainability Framework
<b>KPI</b>	Key Performance Indicator
<b>MCA</b>	Multi-criteria assessment
<b>NFF</b>	National Farmers' Federation
<b>TNFD</b>	Taskforce on Nature-related Financial Disclosure
<b>UVP</b>	Unique Value Proposition



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