
AASF Strategy, Operations & Governance Advisory Committee (Advisory Committee)

TERMS OF REFERENCE

Background

The Australian Agricultural Sustainability Framework (AASF) is a joint initiative led by the National Farmers' Federation (NFF) and currently supported by the Australian Government. The Framework sets out a unified understanding of sustainability objectives through a standard set of themes, principles and criteria.

The themes encompass environmental stewardship, wellbeing of people, animals and the community, and bolstering economic resilience. The Framework is designed under an environmental, social and governance (ESG) structure.

The AASF has been in a developmental phase since 2020. The Framework now has a strong value proposition and stakeholder support, and is acknowledged for being the single, consistent source of truth in outlining the principles and evidence-based approaches being taken by Australian agriculture to deliver sustainability outcomes.

A consortium of parties have been involved in delivering the program of work to develop the AASF from design and inception, through to activities now underway such as an industry-wide materiality assessment, the creation of a sustainability data ecosystem and pilot projects all of which are supported by a strong group of stakeholders within a Community of Practice (CoP).

The AASF has reached a critical junction. It needs to evolve from being separate programs of work to under the control of a dedicated operational entity capable of providing sustainability services to the industry – including updating the Framework itself.

To this end a five-year Strategic Plan, operational and governance model and initial Investment Plan (Plans) are required to enable implementation.

NFF (the Project Sponsor) has tasked KPMG Australia (KPMG) and Schuster Consulting Group (the Project Team) to develop the Plans in collaboration with an impartial (i.e. unbiased), expert Advisory Committee and other stakeholders (the Project – refer Appendix 1). The Project is expected to be completed by May 2025 (refer Appendix 2).

Considerations must be given to:



- future institutional structures in light of short, medium and long-term ambitions and functions of the AASF and the application of a principles-based approach for assessing these structures; and
- a collaborative process to review these institutional arrangements that is also definitive and clear in the pathway forward so that the future operational capabilities for the AASF can be clearly defined.

Committee Purpose

The purpose of the Committee is to provide information and advice to the Project Sponsor and Project Team as to the practical implications of aspects of the Plans as they are developed.

Committee Term

The Committee is to fulfil its Role (outlined below) for the duration of the Project outlined in Appendix 1. The Committee will be disbanded following this Project. This does not mean that the Committee members cannot be involved in any future AASF related activities.

Role of the Strategy, Operations and Governance Committee

The role of the Committee is to provide guidance on:

- the overall strategic direction of the AASCo, including its vision, objectives, purpose and guiding principles;
- the feasibility of the governance, operational and financial considerations for the future of the AASF as they progress through development and provide feedback to the Project Team;
- any emerging and/or pressing risks to the AASF or the Plans and advise on possible mitigation actions to address specific risks;
- information about projects and programs that are linked or support the AASCo;
- stakeholder engagement approaches designed to seek feedback on the Plans and gain support for the AASCo, AASF and any implementation activities;
- the need to advocate for the AASCo and AASF in a supportive and collegiate manner; and
- the final Plans and commend them to NFF for implementation.



Role of individual Committee members

The role of individual members of the Committee includes:

- understand the strategic implications and outcomes of the AASF and the Plans;
- appreciate and respect the significance of the project for some or all key stakeholders and consider their interests;
- participate in all meetings of the Committee and provide comment and input when requested by the Project Team and Project Sponsor;
- seek to achieve a consensus opinion in relation to input and feedback provided as well as on the Plans;
- be genuinely interested in the initiative and the outcomes being pursued;
- be committed to, and actively involved in pursuing the outcomes of the AASF and the Plans; and
- be an advocate for the AASF.

In practice this means they:

- ensure the relevant requirements of stakeholders are considered in the development of the Plans;
- help balance conflicting priorities and resources;
- provide guidance to the Project Team in relation to the development of the Plans;
- consider ideas and issues raised and provide constructive input; and
- work together, and with, the Project Sponsor and Project Team respectfully and collegiately.

Composition of the Committee

Membership of the Committee shall be skills and competency based, comprised of up to eight impartial (i.e. unbiased) parties who have at least three of the following priority skills:

- in depth understanding and/or direct experience in relation to:
 - sustainability in the agricultural landscape;
 - governance structures and operating models;



- investment planning and financial management;
- strategic and operational planning;
- the Australian agricultural industry – including the food and fibre value chain;
- international trade and market access;
- Indigenous perspectives on sustainability; and
- sustainability reporting; and
- experience in the commercialisation of research and development outcomes.

Individual members shall be recognised for their expertise in:

- the agricultural or related primary production industries;
- government, policy and international trade relations;
- governance, investment and commercialisation;
- private sector, corporate agribusiness; and/or
- research, innovation and development.

The Project Sponsor shall be responsible for recruiting, assessing and appointing members in consultation with the Project Team.

Convening and chairing meetings

The Project Sponsor shall appoint an independent Chair, from the Committee membership, with responsibility for convening and chairing the meetings.

The Committee shall appoint a Vice-chair who shall be responsible for convening and chairing the meetings in the absence of the Chair.

Guests and observers

Other advisors or observers may attend upon invitation from the Committee and approval from the Project Sponsor.

Agenda and schedule

Meetings will be held at strategic points in the Project and be agenda driven.

Minutes and meeting papers

The Minutes of each Committee meeting will be prepared by the Project Team.



The Minutes of each Committee meeting will be monitored and maintained by the Project Team as a complete record.

Committee papers

Items circulated for consideration, feedback or discussion during Committee meetings shall not be distributed further than Committee members.

Committee members may seek approval from the Project Sponsor if they desire to circulate such items either in their entirety or in part. It will be at the Project Sponsor's discretion as to whether approval or otherwise shall be granted.

Proxies to meetings

Members of the Committee shall not nominate a proxy to attend a meeting if the member is unable to attend.

Determinations

The Committee's role is advisory in nature and as such no formal directions or determinations shall be made. Recommendations may be passed by the Committee for consideration as the Project progresses. The final Plans shall be endorsed by the Committee to the Project Sponsor.

Chatham House Rule

In order to promote open and frank discussion within the Committee, meetings may be subject to the Chatham House Rule¹.

When a meeting, or part thereof, is held under the Chatham House Rule, members are free to use the information received in performing their duties as a member, but neither the identity nor the affiliation of the speaker/s, nor that of any other member, may be revealed.

When meetings, or part thereof, are held under Chatham House Rule, the discussion may be recorded in the Minutes but the identity of the speaker will not be recorded.

Feedback

During the course of the Project, items shall be circulated to the Committee for their review and feedback. All such feedback shall be required within a timeframe specified when the item is circulated.

¹ <http://www.chathamhouse.org/about/chatham-house-rule#sthash.wLi9ZWnY.dpuf>



Should feedback not be received by the specified timeframe it shall be taken to mean the member has no feedback to provide and accepts the item as circulated or concedes to other members feedback.

Conflicts of interest

Members of the Committee should identify and promptly declare any actual or potential conflicts of interest affecting them on any said agenda item proposed, including conflicting loyalties which may arise.

The Project Team will maintain a Conflicts of Interest record for review and updating at each meeting.

Member replacement

Members who are absent without advice from two successive meetings will be deemed to have resigned from the Committee.

Where a Committee member's conduct is considered to be inappropriate or they do not follow the terms of reference, or they resign, the Project Sponsor may seek to appoint a replacement.

Public announcements

While members are expected and encouraged to discuss the Project with stakeholders, members shall not report opinions expressed in meetings, nor shall they report independently on Committee actions in the public arena.

Should opportunities arise for more public announcements, Committee members must seek approval from the Project Sponsor before making such announcements.

Appendix 1: Summary of project approach

| Project phase | Description | Deliverables and Delivery | Timeframe |
|--|---|--|---|
| 1. Project establishment and management | <p>Finalise project scope including outcomes to be achieved, project governance arrangements, approach, timeline and responsibilities.</p> <p>Regular remote project update meetings with NFF.</p> <p>Facilitate up to three Advisory Committee meetings over the course of the project.</p> <p>Develop project plan.</p> | <p>Project Plan, WIP Meetings, Advisory Committee meetings, Milestone reports</p> <p>Delivery: KPMG and SCG Lead jointly</p> | <p>Project Plan: August 2024 – Milestone 2</p> |
| 2. Stakeholder engagement | <p>An initial stakeholder engagement plan will be developed that outlines a process for receiving and considering feedback throughout the project aimed at fostering support for the final outcomes. This plan will be expanded on as the project evolves.</p> | <p>Stakeholder Engagement Plan</p> <p>Delivery: SCG and KPMG co-delivered</p> | <p>Stakeholder Engagement Plan: August 2024 – Milestone 2</p> |
| 3. Establish vision, purpose and objectives | <p>Review existing work to date and establish firm vision, purpose and objectives of the entity (“AASCo”) to inform the strategic imperatives for the AASF.</p> <p>Test, refine and obtain firm agreement on these aspects with NFF and Advisory Committee.</p> | <p>Final vision, purpose and objectives for AASCo</p> <p>Delivery: SCG Lead, KPMG Co-contribute</p> | <p>Deliverable Timing: September 2024 – Milestone 3</p> |
| 4. Agree principles the institutional structures will be founded on | <p>To ensure that the future AASF strategy, institutional design and operations are fit for purpose it will be important to establish and agree a set of principles by which the institutional</p> | <p>Foundational principles for AASCo</p> <p>Delivery: SCG Lead, KPMG Co-contribute</p> | <p>Deliverable Timing: November 2024 – Milestone 4</p> |



| | | | |
|--|---|--|--|
| | <p>arrangements and operations will be evaluated within and ultimately founded upon.</p> <p>Agree the principles with NFF and the Advisory Committee, socialise the principles with key decision-making stakeholders.</p> | | |
|--|---|--|--|

DRAFT

| Project phase | Description | Deliverables and Delivery | Timeframe |
|--|---|--|--|
| 5. Identify appropriate institutional arrangements and validate their fitness for purpose | <p>Outline a range of institutional arrangements that span from the current state (i.e. Business as Usual persists) through to an entity operating in and of itself.</p> <p>For each model, outline the governance structures, advantages and disadvantages, alignment with principles, implementation delivery and risks, legal considerations, timing</p> <p>Out of scope: Detail required on technology, data/KPIs, back office support functions, etc.</p> <p>Institutional arrangements considered by NFF, Advisory Committee.</p> <p>Most preferred entity or series of entities over time identified to move forward to next project phase (go/no go).</p> | <p>Matrix of institutional models assessed for fitness for purpose and most suitable model (or models over time) agreed.</p> <p>Delivery: KPMG Lead, SCG Co-contribute</p> | <p>Deliverable Timing: February 2025 – Milestone 5</p> |
| 6. Design and develop the optimal service delivery model | <p>For the preferred institutional entity (or series of entities over time), prepare a detailed 5-year strategy that outlines functions, processors, delivery, target markets, indicative costs and benefits, etc.</p> <p>Develop an operational plan for first year of operations that establishes the order in which these activities should be delivered.</p> <p>Prepare requirements for suggested institutional documentation – including AASF Constitution,</p> | <p>AASCo Strategic Plan (including governance structures), first Annual Operating Plan and institutional documentation</p> <p>Delivery: KPMG Lead, SCG Co-contribute</p> | <p>May 2025</p> |

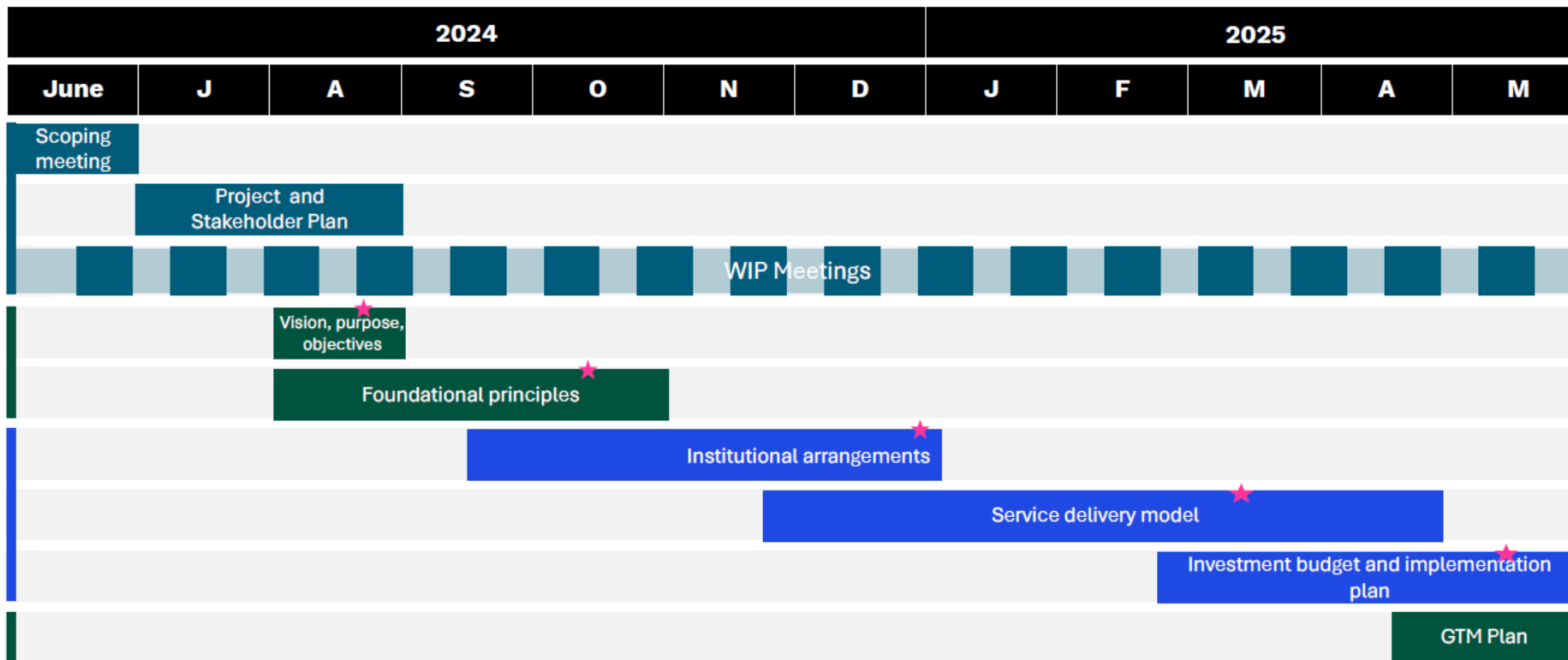
| | Terms of Reference (for leadership/governance roles) etc. Workshop functions and processes with NFF and Advisory Committee. | | |
|---|---|---|-----------|
| Project phase | Description | Deliverables and Delivery | Timeframe |
| 7. Investment Budget, Implementation Plan, Go to Market Plan | <p>Investment Budget</p> <ul style="list-style-type: none"> Build an investment budget based on the initial, overarching 5-year strategy Identify possible funding sources including both private and public (and who may be the strategic partnerships to deliver this) Outline any risks related to funding the future institutional entity and its service delivery <p>Limitation on scope: this is not a full investment prospectus, e.g. P/L, 5 yearly forecasts or terms sheets.</p> <p>Implementation Plan</p> <ul style="list-style-type: none"> Prepare an implementation plan that outlines the steps required to transition AASCo in the near-term, medium-term and long-term, this will include milestones, outcomes to be achieved, resourcing, transitional arrangements, communication messages, risks and mitigation approaches, responsibilities and accountabilities etc. | <p>Deliverable: Final investment budget and implementation plan</p> <p>Delivery: KPMG Lead, SCG Co-contribute</p> | May 2025 |
| 8. | 'Go-To-Market' Plan | Go-To-Market Plan | |

| | | | |
|--|--|---|--|
| | <ul style="list-style-type: none"> • Develop a plan to communicate the AASCo Strategy and institutional arrangements and implementation plans to key AASF stakeholders. • Support the NFF with developing appropriate content and materials to secure endorsement and communicate the AASCo Strategy, institutional arrangements and implementation plans. | <p>Delivery: SCG Lead, KPMG Co-contribute</p> | |
|--|--|---|--|

DRAFT



Appendix 2: Project timeframe



★ Likely opportunities for engagement with key stakeholders