



Terms of Reference for Red Tractor Sector Boards

1. Purpose

The Red Tractor Board of Directors delegates responsibility for development of Sector Strategy to individual Sector Boards. Each Sector Board is a vital element of Red Tractor's governance process and structure. Their purpose is to contribute to the overall delivery of the Red Tractor Vision and Purpose; translating this into the co-creation of strategy and standards that meet the individual needs of the sector.

To develop strategy and standards and to ensure balanced decision-making, Red Tractor seeks breadth and depth of knowledge and an equitable balance of interests throughout its Boards and Committees. As every farm sector is different, the Sector Board Chair – with the support of Board members – will determine how best to achieve this balanced representation and harness the distilled wisdom of the whole sector supply chain within the sector they represent. This document also defines duties and responsibilities of Sector Board members; in recognition that this is a vital component of ensuring Sector Boards operate in an effective and equitable way.

2. Duties

Sector Boards are accountable to the Red Tractor Board of Directors to:

- Identify and advise on issues within the sector where relevant to assurance
- Support the Sector Chair in providing sector input into the overall strategy and direction of Red Tractor
- Maintain links with the industry, facilitating stakeholder and organisational awareness of relevant workstreams and topics under consideration
- Develop and support implementation of sector strategy
- Oversee the development and maintenance of Red Tractor standards
- Make recommendations on Sector Board appointments and Chairs
- Guide the functioning of the sector Technical Advisory Committee (TAC)

3. Composition and Membership Criteria

- a. Red Tractor's success is dependent upon utilising the distilled wisdom of the whole supply chain. Achieving an equitable balance of interests across all supply-chain bodies is critical to successful decision making.
- b. Board members should be supportive of Red Tractor and where possible facilitate the delivery of its Vision and Purpose.

- c. Board members should have a wide understanding of the practicalities and challenges within the sector including where relevant, different farming/production systems or supply chain businesses.
- d. Board members should be able to draw upon a wide network of contacts, relevant to their sphere of expertise.
- e. Members must have good communication and influencing skills, command respect within the Sector and act as ambassadors for Red Tractor.
- f. The composition of the Sector Board must reflect the balance required in developing a sector strategy and the co-design of practical, proportionate standards that meet the evolving needs of consumers and all parts of the supply chain within the sector. The Sector Board – led by the Sector Chair – will use the following tools to achieve this balance:
 - i. Periodic comparison of Sector Board composition with the knowledge and skills required to effectively develop sector strategy and standards
 - ii. Such comparison can be made whenever deemed appropriate but will most commonly be made in response to, or in anticipation of change – e.g. the appointment of a new Sector Chair or standard review.
 - iii. Recognition that increased representation will typically be pursued to provide additional knowledge – not to increase representation for one stakeholder group.
 - iv. The Sector Board Chair and Board members collectively work to cultivate an atmosphere of transparency, good faith and common purpose where changes are made. While change is led by the Sector Chair, Sector Board members will be provided with visibility and the opportunity to raise an objection if they disagree with the changes proposed to make-up of the Sector Board.

4. Recruitment Process

Sector Chair

- a. The Sector Board Chair must be appointed to the main Board of the Company by the Ownership Body at the AGM (but may be co-opted by the Board if it is necessary to fill a vacancy in the middle of the year).
- b. The position should be advertised either in appropriate media and/or trade sector publications. Soundings may be taken to ensure that potentially interested parties are aware of the vacancy but this should not be a substitute for an open advertisement.
- c. The first interview panel will comprise representatives from the Sector Board to include a spread of interests, one member of the Nominations Committee or Senior Leadership Team. The panel should not include the outgoing chair. Candidates recommended by the first interview panel will then be interviewed by the Nominations Committee. Their recommendation is to be ratified by the Sector Board.
- d. Having regard for the reputational risk, if any candidate is involved in any business which forms part of the Red Tractor assured chain, the interview panel should be provided with information on the assurance history of that business or businesses. This criterion should be considered in the selection process.

- e. A recommendation will be made via the Red Tractor Nominations Committee to the Red Tractor Board of Directors, so the nominee can be appointed as a Director of the Company, to the Ownership Body.
- f. The term is limited by the Assured Food Standards Memorandum and Articles of Association to a 3-year appointment which might be renewed for one additional term, following the procedure in 4.i below.
- g. The Sector Board should have a contingency plan to elect, where necessary, an acting chairman from within its members:
 - i. To chair meetings of the Sector Board when the Chair is unavailable.
 - ii. Where necessary to attend meetings of the Standards Committee and / or the Red Tractor Board of Directors (as an observer) on behalf of the sector.

Second term

- h. Sector Chairs, as Directors of the Company may be re-appointed for one additional 3-year term.
- i. At the end of the first term, it is usual for continuity to assume that the default will be the reappointment of the incumbent subject to the checks and balances below:
 - i. Step 1: CEO to establish if the incumbent is willing to serve for a second term.
 - ii. Step 2: The CEO to consult with the Sector Board and the Main Board if they would be content with the re-appointment.
 - iii. Step 3: If positive responses at both previous steps, propose the re-appointment at the AGM.
 - iv. If at Step 2 either the Sector or Main Board fails to express confidence in the incumbent Chair, the process for appointing a new Chair will be invoked.
- j. In exceptional circumstances and with the approval of the Red Tractor Board of Directors, membership may be extended beyond 2 terms.

5. Sector Board Members

- a. Ownership Bodies (the Farming Unions, BRC and where appropriate, AHDB and Dairy UK) will be represented on Sector Boards wherever they choose to participate. Representatives selected should meet the composition and membership criteria outlined in section: **3. Composition and Membership Criteria**.
- b. It is desirable that prominent trade bodies who offer additional/different expertise and operate within the sector are represented on the Sector Board. These representatives should meet the composition and membership criteria outlined in section: **3. Composition and Membership Criteria**.
- c. As vacancies occur, the Sector Board led by the Chair, will determine whether that specific expertise needs to be replaced and/or whether it presents an opportunity to bring new or different skills to the Sector Board.
- d. The process for **recruitment** will comprise the following steps:
 - i. If a direct replacement is required, then the Ownership Body organisation or trade body will identify and propose a suitable candidate to the Sector Chair. If the incumbent is not a representative of an Ownership Body organisation or

- trade body, the Sector Chair and Red Tractor Technical Manager will determine an appropriate selection process to identify a suitable candidate.
- ii. If it is determined that a new or different skills are required, the Sector Board will define the role and the Sector Chair and Red Tractor staff will identify an appropriate selection process to identify a suitable candidate.
 - iii. The Sector Chair and Red Tractor Technical Manager will identify any due diligence steps to ensure compatibility with the Composition and Membership Criteria – this will typically include an interview and liaison with current Sector Board members in accordance with 3.f.iv.
 - iv. Once other process steps have been satisfied, the Sector Chair will make a recommendation to the Red Tractor Nominations Committee.
- e. Membership will be limited to a 3-year appointment which may, if the incumbent and the Sector Chair agree, be renewed for one or more additional terms. The twin objectives are to ensure continuity and best use of the expertise available in the sector, whilst at the same time providing some rotation and fresh perspectives. The following criteria will be considered as a guide to rotation of membership:
- i. Attendance record
 - ii. Support for Red Tractor and help in facilitating its Vision and Purpose
 - iii. Any conduct or behaviour contrary to expectations in section 7 and section 8
- f. Membership of the Sector Board and TAC should be distinct and separate. With the exception of the TAC Chair, an individual should not typically be a member of both bodies. Where there are compelling reasons to relax this requirement, the decision to do so should be reviewed and agreed by other members of the Sector Board.
- g. Members unable to attend meetings may, with the agreement of the Sector Chair, designate a deputy with similar expertise and a broadly equivalent, representative perspective to attend.

6. Meetings

- a. Sector Boards will meet at least three times per year. Meetings are conducted in-person by preference but may also be conducted via video link or in a hybrid format at the discretion of the Sector Chair.
- b. Additional Board briefings and additional, *ad hoc* Sector Board meetings may be used at the discretion of the Sector Chair, to support the work and ambitions of the Board.
- c. A quorum will be one third of the members, providing that the Sector Chair is satisfied that the balance of decision making is not adversely weighted.
- d. The Sector Board will aim to reach decisions by consensus wherever possible and will explore adjustments and compromise where needed to build a broad coalition of support. As a last resort, if a consensus cannot be found, the Sector Chair may refer decisions to Standards Committee, who will determine the appropriate recommendation to the Red Tractor Board of Directors. Where Standards Committee input is sought, the Sector Chair will ensure that Sector Board members remain adequately informed of process and outcome.

7. Outputs

The Sector Board recommends sector specific enhancements – particularly changes to standards – to the Red Tractor Board of Directors for approval. Sector Board recommendations will be reviewed by Standards Committee to allow for cross-sector implications to be considered and to ensure the recommendations made are consistent with the responsibilities of directors of the business. Any adjustment made to Sector Board recommendations must be transparently communicated to the Red Tractor Board of Directors as a Standards Committee amendment to the Sector Board recommendation. Where changes to Sector Board recommendations are made, the Sector Chair will ensure that Sector Board members are adequately informed of the process and outcome.

8. Responsibility and Conduct

It is recognised that members of Sector Boards are often also representatives of food chain bodies or associations and have a responsibility to act in the interests of their organisations. Members should be mindful of any potential conflicts of interest and always role-model high standards of personal conduct.

Sector Board members should:

- a. Familiarise themselves with the Red Tractor Governance Handbook and act in accordance with all relevant sections: [Governance - Red Tractor](#)
- b. Endeavour to understand the policy position of organisations they represent (where applicable) and declare any conflict of interest.
- c. Act in accordance with applicable anti-trust and competition regulations.
- d. Be clear in discussion whether views expressed are personal or those of an organisation, especially where the two might differ.
- e. Communicate non-confidential Sector Board outputs to organisations they represent for wider dissemination.
- f. Where necessary, facilitate dialogue between the organisation and Red Tractor executive team to clarify any points of concern.
- g. Where a Sector Board member represents an Ownership Body organisation, the need for gathering and disseminating views will encompass a wider stakeholder body and this additional responsibility should be supported by the organisation they represent.
- h. Conduct discussions with respect and courtesy for fellow Sector Board members. While members must be free to disagree with one another and present alternative views, all members should observe high standards of personal conduct and refrain from any behaviour that may be construed as offensive, aggressive or personally abusive.
- i. Out of courtesy and under the principle of collective responsibility, if organisations or individuals intend to issue public statements that disagree with policy positions agreed by the Sector Board, then these should be discussed with the Sector Chair or Red Tractor CEO before the statement is issued.
- j. Make all reasonable effort to attend Sector Board meetings and provide apologies to the Sector Chair as soon as reasonably practical where it is not possible to attend. While

reasonable accommodations and understanding will be employed, acceptance of apologies for non-attendance is at the discretion of the Sector Chair.

9. Confidentiality

From time-to-time, information provided to Sector Board members may be deemed sensitive and confidential. Papers should be marked accordingly, and instructions should be given by the Chair as to how they may be shared. Members should respect the level of confidentiality requested. Other information can and should be shared more freely, and it will often be beneficial to convey information to colleagues where members also represent a business or organisation. Members should however always communicate with discretion and transparency and in a manner that supports the overarching aims and reputation of Red Tractor and does not undermine its governance process.

10. Sanctions

Should any Sector Board member be found to have behaved contrary to the expectations set out in sections 8 and 9 of this document they may be removed from the Board. The decision to remove a Board member can be proposed by the Sector Chair and be approved or rejected by the Red Tractor Nominations Committee. Where it is deemed that further input would be beneficial in ensuring fairness, a decision may be shared with or referred to other members of the Sector Board. Any decision to remove a Board member will be communicated in writing (via email) to the affected individual.

Should an individual wish to challenge a decision to remove them from the Board, they may invoke the grievance process (section 10). The recruitment process detail in section 4 will be invoked to determine if a replacement is needed and how this process will proceed.

11. Grievance Process

Sector Board members may raise a formal grievance if they have a complaint or feel they have been subject of or witness to unfair or unacceptable behaviour, bullying or harassment. Members are encouraged to seek informal resolution as a first step. Where an informal approach has not resolved the issue or where the person identifying a grievance deems a formal approach to be more appropriate, they should raise a grievance in writing with the Red Tractor Chair or Red Tractor CEO. Formal grievances will be managed in accordance with applicable elements of the **Acas Code of Practice on disciplinary and grievance procedures**.