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Today's EPRs. Tomorrow's Superior Grains.™

END POINT ROYALTIES ADD ESSENTIAL VALUE TO AUSTRALIAN
GRAIN GROWERS AND INDUSTRY PARTICIPANTS, VIA BREEDING
THAT DELIVERS CROPS WORTH GROWING.



Australian Crop
Breeders Ltd



End Point Royalties (EPRs) are critical for the ongoing development of high performance, superior grain varieties for Australian conditions and markets.

It is the primary way the Australian grains sector funds its breeding activities, aimed at improving the adaptation, disease and yield attributes of our crops.

The EPR is a set amount per tonne of harvested grain which is paid to the breeding company who created that variety. It is then reinvested to fund ongoing breeding activities.

In Australia, it applies to grain crops including wheat, barley, canola, pulses and other cereals under the Plant Breeder's Rights (PBR) Act 1994.

Every time a farmer pays an EPR, they are contributing to the current and future success of the Australian grains sector.

Why EPRs are important

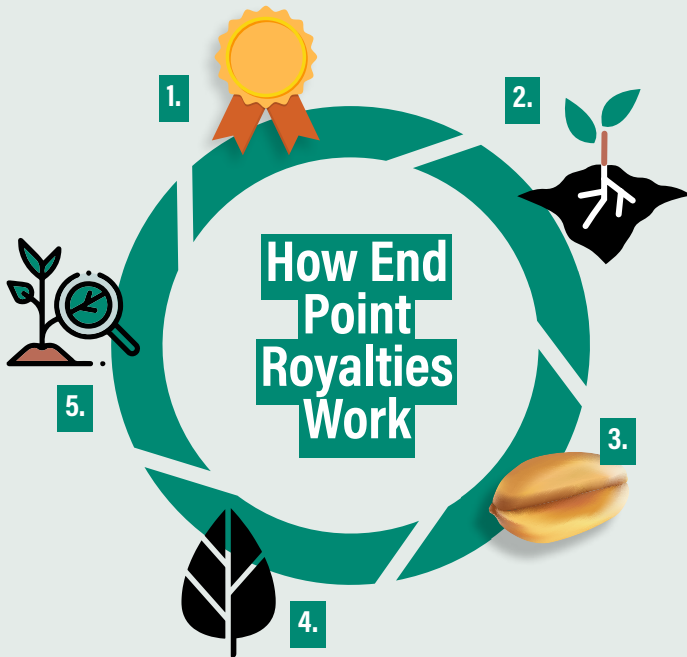
Legislated in 1994, the PBR Act provides intellectual property rights to the owner of a variety which is protected for up to 20 years. It allows the owner to govern how their IP is commercialised, to ensure a return on investment. In field crops, this mechanism is an EPR.

The first EPR variety was released in 1996. In 2000, 98% of crop breeding was still publicly funded with around \$18m invested. By 2015, EPRs were funding almost all crop breeding activities in Australia at an investment level of more than \$45m. In the years since, investment in Australian crop breeding from EPRs has continued to increase significantly, adding value to Australian growers and the broader industry.

Without EPRs, Australian-based open pollinated crop breeding can't be adequately funded. It is often the only way breeders can fund development activities.

EPRs have led to increased investment in breeding that ensures breeders deliver high performing varieties.

How EPRs work



1. **EPR variety release** Breeding Company and partners conduct bulk up, logistics, sales, marketing, agronomy, distribution, customer support
2. **EPR variety crop** Grower produces high performance crop
3. **EPR collected** EPR (\$/t) is a fee charged for the use of a PBR variety, it is production based and collected at first point of sale or commercial use
4. **EPR returned** EPR funds go to the Breeding Company that originally created the variety
5. **EPR reinvested** Breeding Company reinvests into their current breeding programs for superior Australian grain varieties with premium genetics (5-10+ years)

The EPR structure ensures that high quality breeding meets farmers' needs.

Breeding research is primarily funded by EPRs, paid as a portion of harvest grain volume delivered to market or used on-farm.

By pegging the EPR to paddock performance, it means that when a variety performs well – with higher yields, greater disease resistance, and superior quality – both the farmer and the breeder benefit.

This encourages breeders to innovate for continually improved varieties that meet the needs of Australian grain and pulse growers.

Strong, targeted breeding programs keep Australian growers at the forefront of high quality, profitable crop production that delivers against end-use market needs.

End Point Royalties are:

Essential to deliver improved varieties, ensuring the long-term success of the sector in a way that rewards good breeding outcomes

The primary way breeders fund the ongoing research and development of important, high performing varieties for Australian farmers

Pegged to in-paddock production performance of the variety, with shared reward for high-performance breeding outcomes to encourage breeding innovation

Delivering premium genetics for the highest potential on-farm results

Supporting breeders to provide the best possible crop varieties for growers, suited to different farming conditions, with a focus on continual improvement

How EPRs are collected

EPR payments are collected via two main paths:

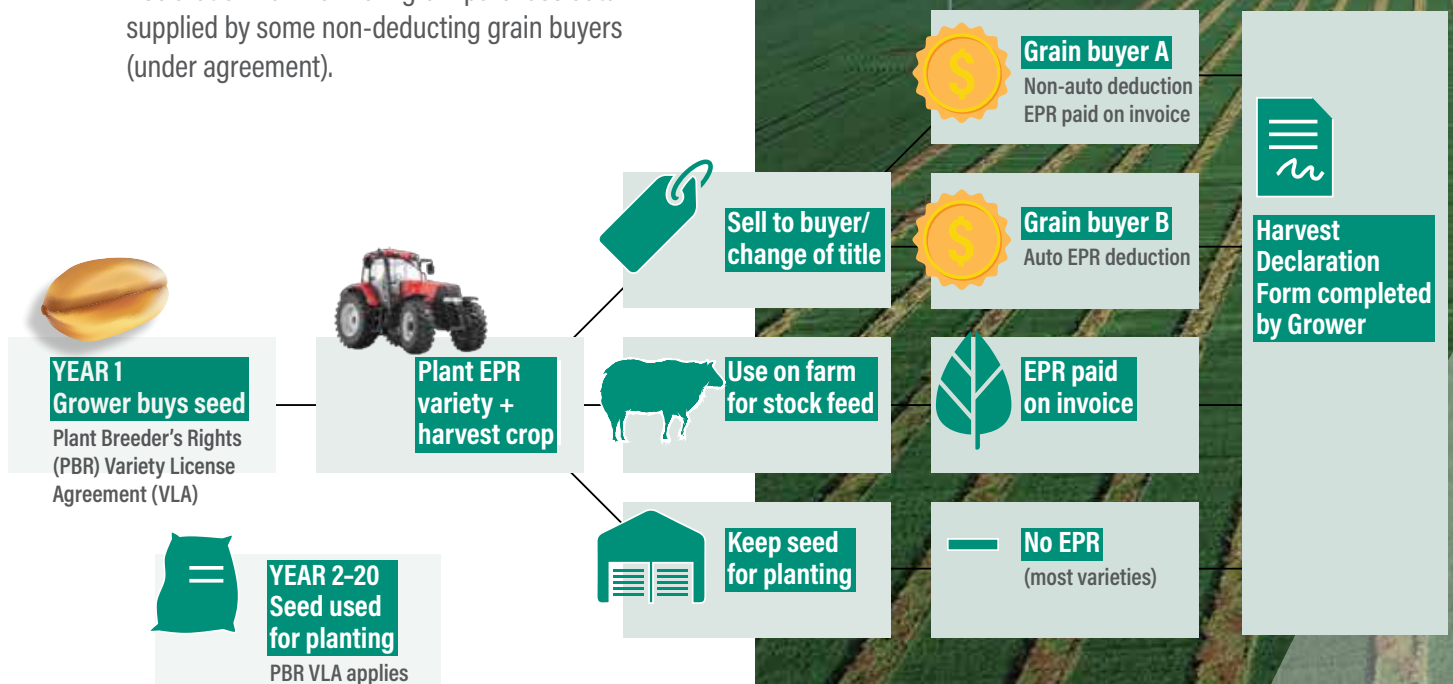
1. Automatic deduction by grain traders purchasing directly from a grower

Major grain buyers support EPR Collection, based on the variety being identified at the point of delivery to apply the corresponding EPR rate. The collected amount is then remitted back to the breeder of that variety through an established system, ensuring the grower's payment is confirmed and complete.

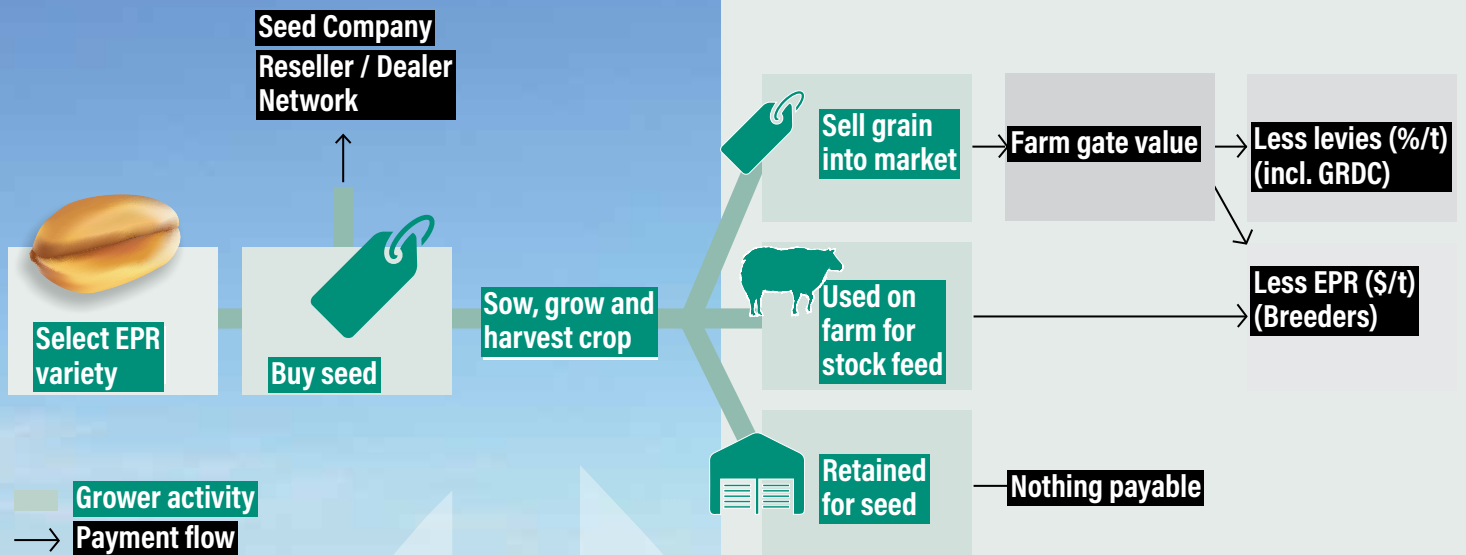
2. Breeding companies directly invoicing growers

This happens when grain is used (often for livestock feed) on the growers' farm, or it is sold to someone or an organisation that does not automatically deduct the EPR from grain payments.

The breeding company receives information about the variety grown from the grower's EPR Harvest Declaration Form or from grain purchase data supplied by some non-deducting grain buyers (under agreement).



Where EPR payments go



Funds from EPR payments go directly back to the breeding entities to fund future research.

It can take more than 10 years to bring a new variety to market, so the EPR paid on a current commercial crop grown this year will be used to develop future varieties.

While some breeders may exist within a commercial seed company, many are standalone organisations that work with commercialisation partners to bring a variety to market.

In all cases, the EPR payment is separate to seed purchase, reseller rebate, grain trading fee and GRDC levy payments.

Growers pay the EPR only on grain sold into the market or used on farm at the end of the season.

Learn more

Everything you need to know about EPRs can be found on the Variety Central website: varietycentral.com.au

It includes details about the EPR rates for different varieties (current and recent years) as well as the breeding company and royalty manager for each variety.

Variety licences and grower EPR Declaration forms are available for download, along with the latest news and FAQ assistance.

These websites are also useful sources of information for growers:

- National Variety Trials: nvt.grdc.com.au
- Australian Crop Breeders: australiancropbreeders.com.au
- Plant Breeder's Rights: ipaustralia.gov.au/plant-breeders-rights
- Australian Seeds Federation: asf.asn.au

For the latest information about crop varieties and EPR rates, declaration support and the contact details for Australian breeding companies, please visit the Variety Central website.

varietycentral.com.au



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