

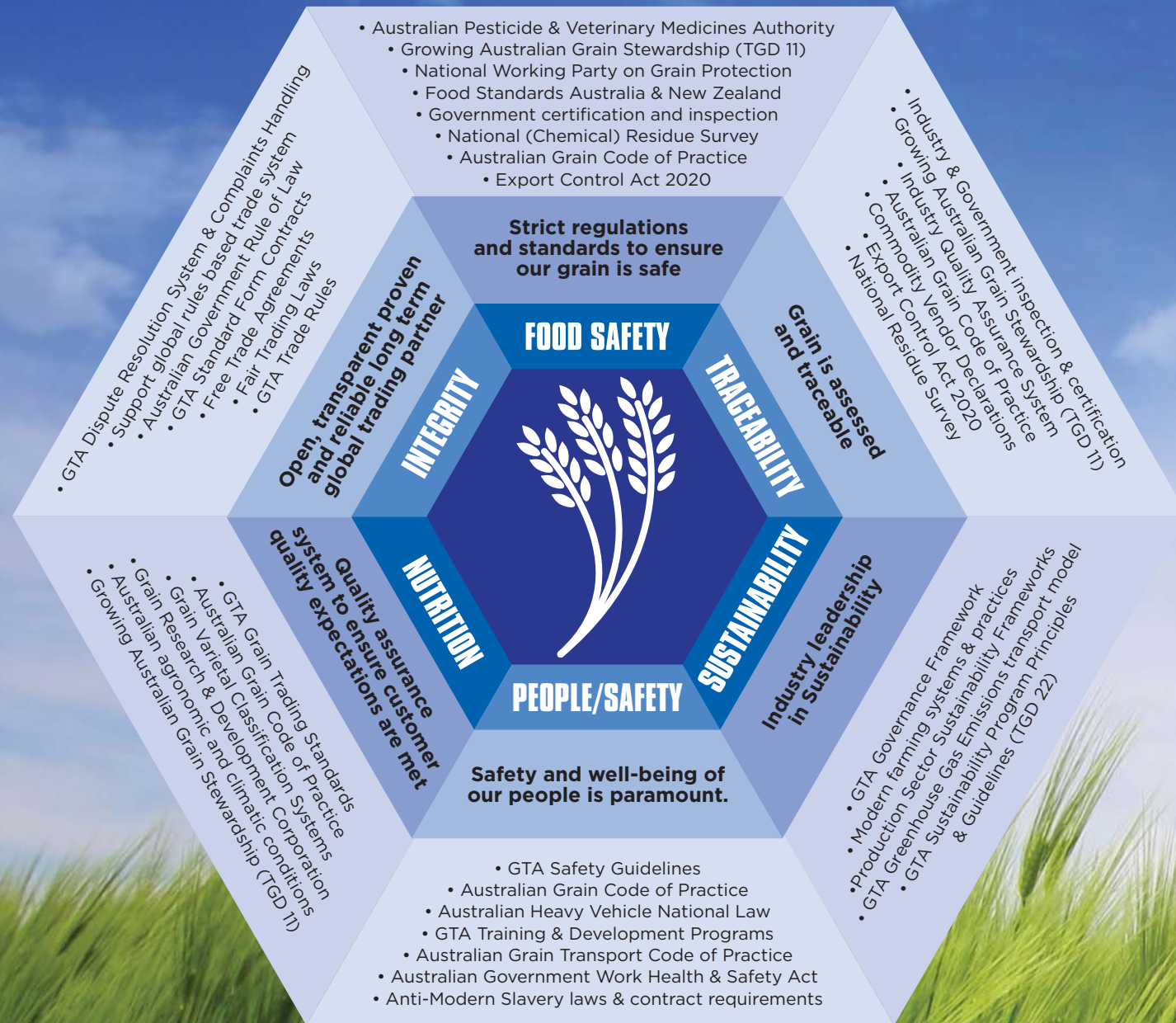


AUSTRALIAN GRAIN

A quality product

Australian Grain Industry

- Safe, Secure, Reliable, Sustainable



Environmental, Social & Governance (ESG) Statement

Improving the Australian grain value chain to better connect the world's demand for food and feed with a **globally recognised clean and safe food system**, for the benefit of all communities that participate in the grain value chain.

Australian grain - a quality product

The Australian grain industry provides a significant contribution to the Australian economy as well as many regional communities.

It is a market oriented, internationally competitive industry sector, with a well-deserved reputation for safe, quality grain supported by a reliable supply chain with multiple players competing to buy and sell grain for supply to domestic and export grain processors. Pricing for Australian grain is transparent and set through the combination of international market conditions and domestic/regional grain supply, logistic capacity and demand factors.

The grain industry (subject to seasonal variation) produces between 35-50 million tonnes of grain per annum from an area of more than 20 million hectares, with an annual gross value of production of around AUD\$9-25 billion.

Trade and an efficient supply chain is vital for the Australian grain industry and regional communities, with the Australian grain value chain being highly export oriented given around 65 -75% of grain production is exported.

Our customers increasingly have an expectation that grain is produced in accordance with social, environmental and community concerns.

In order to be able to supply a sustainable and quality product to Australian and international end users, the Australian grain industry has developed a number of specialist functions and agencies from within the private and Government sectors. This model developed and improved over multiple decades is focused on respecting the environment and the people we support through mutually beneficial trade.

Organisations in the Australian grain value chain all work towards achieving one thing - improving the Australian grain value chain to deliver a sustainable supply of grain to satisfy importing country regulations, food safety and customer and contractual requirements.

Grain industry quality assurance programs can be classified into the following broad groups:

- Pre-production
- Grain production
- Grain receipt and storage
- Grain outturn & marketing

A key part of the industry framework that overarches and supports these categories is the **Australian Grain Industry Code of Practice**. It describes practices that the grain industry uses to ensure Australian grain and grain products meet domestic or export customer requirements. Australia is the only major grain exporting country to have developed an industry Code of Practice.

So what is quality?

To an Australian grain grower, quality may well be aligned to the protein percentage of the grain or oil content of the seed.

To the Australian government official responsible for issuing the export phytosanitary certificate, quality may mean that the grain conformed in all respects to the requirements of the importing country.

To a baker using flour derived from Australian wheat, quality means a product with certain physical characteristics, i.e. whether the bakery products perform as expected.

So the word "quality" has different interpretations and emphasis depending on where you are positioned in the grain supply chain.



1 Grain includes cereals, coarse grains, pulses, oilseeds and oilseed crush products
2 ABARES Commodity reports

Pre-production

- where end user or customer requirements interface with science-based grain breeding techniques

When one thinks of grain production you immediately imagine fields of golden wheat or possibly flowering canola. However, that image is only possible due to a myriad of individuals and organisations responsible for grain breeding and variety accreditation.

Like every other product, service or commodity for sale in the world, the Australian grain grower needs to sustainably produce grain to suit the needs of the consumer, cognisant of their own environmental guidelines.

In Australia, the plant breeding programs are predominantly undertaken by privately owned and operated technology providers. The breeding programs are focussed on delivering varieties that contain those functional properties required by the eventual grain processor, be they a baker, noodle



Grain production

- the skill and professionalism of the Australian grower sets world best practice

Preproduction techniques ensure sowing seed is suitable for Australian growing conditions and it is the grain growers' role to use that seed to produce grain for sale that meets the needs of grain processors either in Australia or overseas.

To ensure a safe premium product, Australian grain growers are required to comply with regulations set by various government departments covering a range of activities, such as chemical application. The **Australian Pesticides and Veterinary Medicines Authority** oversees the approval and use of chemicals applied in grain growing and grain storage.

Regarding tillage and sowing operations, a range of

manufacturer or food processor.

These market requirements are channelled back to the breeders via Australian grain exporters and organisations such as Grains Australia, and the Australian Oilseeds Federation.

Much of the pre-breeding work is funded by the **Grains Research & Development Corporation (GRDC)**, a federal government statutory authority which collects a levy from grain growers. The purpose of this levy is to allocate and manage investment in grains research & development.

Varieties that have the potential to be commercialised are field trialled in a range of environments under programs such as the **National Variety Trials** and if judged suitable, the seed is assessed under classification guidelines established by Grains Australia and the Australian Oilseeds Federation. Importantly, these guidelines are not focussed on agronomic or production goals but on the functional performance of that grain seed variety to meet the customer's requirements.

The assessed grade is then aligned to the Grain Trade Australia grain Trading Standards that are referenced in grain sale contracts.

To ensure sufficient income is raised to continue breeding, Australia has legislative controls, known as **Plant Breeder's Rights**, whereby the plant breeder receives a royalty from grain growers who use their seed.

agronomic practices are implemented. Much of this agronomic information is provided through activities of organisations such as the **Grains Research & Development Corporation (GRDC)**, that coordinates the national research and development effort. GRDC work in collaboration with grower-based research groups, state Departments of Agriculture and the Commonwealth Science and Industry Research Organisation (CSIRO).

Demonstrating a commitment to world's best practice, Australian grain growers released the **Growing Australian Grain guide** which demonstrates the grain production sectors commitment to supplying reliable grain.

Grain receipt & storage

- where product measurement leads to grade determination, segregation and protection

Standards set by the **International Standards Organisation (ISO)** and the Australian Grain Industry Code of Practice form the basis of quality processes adopted by grain storage operators across Australia.

These processes are supported by **Grain Trade Australia's** nationally agreed methods to sample and assess grain. These methods are further enhanced with the requirement that equipment used to objectively assess particular characteristics such as protein are compliant with **National Measurement Institute** requirements.

To ensure grain that is delivered is safe, Australian grain growers must declare the chemical regime the grain has been exposed to, if any, and the grain variety.

The grain trading standards published by **Grain Trade Australia** are the foundation for trade used by the Australian industry. Standards for a range of grain commodities are used to segregate grain in storage based on its quality and end-use suitability.

Australia has a proud history of regulatory requirements in regard to chemical use. Adherence to Maximum Residue Limits (MRLs), set by **CODEX** or the country of import is critical. These activities are handled by the **National Working Party on Grain Protection** which is the body responsible for providing management and leadership to industry in the areas of post-harvest grain storage and hygiene, chemical use, outturn tolerances, international and domestic market requirements and chemical regulations.



Grain outturn & marketing

- the interface between production and the ultimate consumer

Question: What is a quality product?

The classic response is: One that satisfies the customers' needs.

So how does the customer of Australian grain convey their requirements to the seller?

Answer: Through the commercial contract.

Within the Australian grain industry there is strict adherence to grain contracts which detail the buyer's requirements which are either embedded in the contract proforma or annexed in the form of a grain specification or standard.

There is also a requirement to meet buyer and importing country Maximum Residue Limit (MRLs) - which is detailed in the "Chemical Usage and Outturn Tolerances Document", available on the GTA website.

As the quality and chemical residue status of grain in all country storages is known, grain is sourced from specific storages and allocated for shipment on the basis of customer requirements.

Grain for export can only be shipped from Registered Export Establishments approved by the **Australian Department of Agriculture, Fisheries & Forestry**. Prior to loading, all shipping containers or vessel holds must meet government's strict phytosanitary survey requirements to ensure that the quality of grain to be loaded is not compromised.

The grain is inspected by government registered **Authorised Officers** to ensure it meets the quarantine requirements of the importing country which may include freedom from particular pests and diseases.

Where required, independent analytical testing services are used to sample, test and certify that loaded grain satisfies the export customer's requirements as detailed in the contract.

As a further precaution the **National Residue Survey**, an agency of the Department of Agriculture, Fisheries & Forestry tests grain samples from export and domestic sales for a wide range of chemicals to ensure compliance with Australian and the country of import Maximum Residue Limit.

Australian Grain Industry Code of Practice

- detailing the quality systems embedded into the Australian grain industry

To market quality grain is complex and diverse with continually evolving processes being developed to ensure compliance with environmental, regulatory and customer requirements. As market requirements continue to evolve it is important that quality assurance systems are developed across the industry.

To evidence the activities occurring across the supply chain from pre-breeding activities to the supply of the grain to an end user, **Grain Trade Australia** developed the **Australian Grain Industry Code of Practice**.

The Code details the quality assurance practices and procedures that the industry uses to ensure Australian grain meets domestic or export end user requirements.

As a demonstration of the desire of the industry to adopt a culture of continual improvement and to demonstrate to customers the cross sector quality assurance processes embedded in the industry, adherence to the Code is a mandatory requirement for members of **Grain Trade Australia**.



International alliances

- it's an international effort to satisfy global grain markets

The Australian grain industry interacts with a number of international organisations to ensure continual improvement across the global grain supply chains.

The international development of international food standards is conducted by **CODEX** which was established by the Food and Agriculture Organisation, whilst phytosanitary standards and guidelines are established by the **International Plant Protection**

Convention. As an export nation, Australia refers to and supports the work of these UN agencies.

At a commercial level, there is international cooperation across grain trade organisations through the work of the **International Grain Trade Coalition** that is tasked by its members with ensuring the facilitation of the international trade of grain.

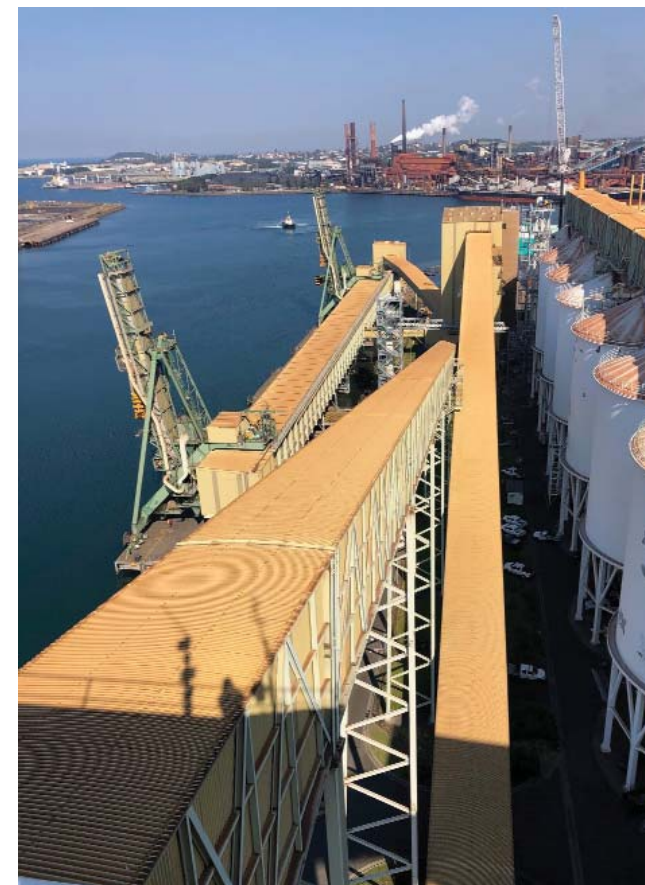
Industry Driven Self-Regulatory Framework

Since the deregulation of Australian wheat exports (in 2008) the Australian grain industry has developed an industry driven self-regulatory framework. This **industry managed framework** has proven to encourage flexibility, investment and innovation - increasing efficiency, competition and productivity across the sector.

The industry performs critical functions that protect and enhance the quality reputation of the Australian grain value chain.

To summarise across the value chain:

- 1. Crop shaping activities** are conducted by Grains Australia and via the market signals from exporters and their customers in their contractual requirements.
- 2. Grain variety classification** is conducted by Grains Australia
- 3. Grain trading standards** for cereals and pulses are developed by Grain Trade Australia and for oilseeds by the Australian Oilseeds Federation
- 4. Standard Form Contracts and Trade Rules** developed by Grain Trade Australia provide the base commercial contracts, terms and conditions governing contract execution to assist in efficient trade.
- 5. Industry Code of Practice developed** by Grain Trade Australia detailing the quality assurance process and procedures across the value chain to ensure confidence in the quality and safety of Australian grain.
- 6. Technical market support** is conducted by AEGIC and grain exporting companies as part of their customer service; with the technical expertise from commercial providers.
- 7. Research & development**
 - On farm - principally coordinated and funded by the Grains Research & Development Corporation
 - Customer - Australian Export Grain Innovation Centre (AEGIC).
- 8. Trade and regulatory advocacy** conducted by representative organisations including Grain Trade Australia who work in conjunction with government agencies such as the Australian Department of Agriculture, Fisheries & Forestry and the Department of Foreign Affairs & Trade.



About Grain Trade Australia

Grain Trade Australia (GTA) is a national association and is the focal point for the commercial grains industry within Australia. The role of GTA is to provide a framework across Industry to facilitate and promote the trade of grain. GTA facilitates trade and works to provide an efficient, equitable and open trading environment by providing leadership, advocacy, and commercial support services to the Australian grain value chain.

GTA members are the supply chain managers, marketers, consumers and exporters of Australia's grain. Their businesses range from regional family businesses to large national and international trading/storage and handling companies involved in grain trading activities, grain storage, transport, processing grain for human consumption and stock feed milling.

GTA has over 280 organisations as members and are responsible for the overwhelming volume of grain storage and freight movements made in Australia. Most grain contracts executed in Australia refer to GTA Grain Trading Standards and/or Trade Rules. GTA provides a formal Dispute Resolution Service accessible to grain industry participants.

GTA provides industry stewardship through participation in trade & market access activities, conducting industry specific training & development programs and convening Australian Grain Industry Conference (AGIC) events in Australia and Asia.

A list of GTA Members is available at www.graintrade.org.au



Grain Trade Australia

Postal: PO Box R1829 Royal Exchange NSW 1225 Australia

Street: Level 7, 12 O'Connell Street, Sydney NSW 2000

Phone: +61 2 9235 2155

www.graintrade.org.au