

**Solutions for Manufacturing
Advanced Regenerative
Therapies Cooperative
Research Centre**



Round 25 Term Sheet

07/11/2023

Table of Contents

PURPOSE	3
DRAFT TERMS	3
ABOUT THE SOLUTIONS FOR MANUFACTURING ADVANCED REGENERATIVE THERAPIES (SMART) CRC.....	3
FUNDING AND RESOURCES.....	5
GOVERNANCE.....	6
MANAGEMENT OF THE CRC.....	9
RESEARCH PROJECT GOVERNANCE AND MANAGEMENT.....	9
COMMERCIALISATION, INTELLECTUAL PROPERTY.....	10
R&D TAX INCENTIVE.....	10
ACKNOWLEDGEMENT OF TERMS	10
FURTHER INFORMATION	10
ANNEXURE 1: PARTNER BENEFITS, RIGHTS AND OBLIGATIONS	11
ANNEXURE 2: SMART CRC COMMERCIALISATION STRATEGY	12

Purpose

This Term Sheet provides a summary of the terms of collaboration for the proposed SMART CRC, an industry-led bid, which, if successful, is expected to operate from mid-2025 for ten years.

These terms are consistent with the Australian Government's Guidelines for the CRC Program for Round 24.

The SMART CRC Stage 1 bid will be a Round 25 CRC submission. It is expected to be submitted in March 2024, with partner declarations due at the end of February 2024. The final timing of the submission and partner declarations will be confirmed once the program's Round 25 guidelines and timing are announced.

CRC submissions require a two-stage application process. Successful Stage 1 submissions will be invited to submit a Stage 2 application. Stage 2 applicants will also be invited to attend an interview (expected to be in late October 2024 at the time of drafting this terms sheet), with successful bids being announced in December 2024.

This draft Term Sheet is intended to reflect the arrangements of the SMART CRC once the CRC has been awarded. The Term Sheet is a 'live' document and will be further refined in response to partners' input during the bid process. The term sheet is **not a legally binding document**. If the application is successful, the relevant Term Sheet will be used as a basis for drafting the terms and conditions articulated in the CRC Constitution and Partners Agreement.

Draft Terms

About the Solutions for Manufacturing Advanced Regenerative Therapies (SMART) CRC

CRC name	Solutions for Manufacturing Advanced Regenerative Therapies (SMART) CRC
Vision	The SMART CRC's vision is <i>"To accelerate the development and adoption of regenerative therapies in Australia."</i>
Rationale	<p>In a paradigm where our current therapeutic intervention is primarily the treatment of symptoms and not the cause, for an aging population the result is the observed spiraling healthcare costs that, as a nation we will not be able to afford. Regenerative therapies and specifically Advanced Therapy Medicinal Products (ATMPs) are a new frontier of human therapeutics, showing enormous potential to cure diseases and injuries by finding ways to accelerate the body's own regenerative abilities.</p> <p>Australia has extensive scientific capabilities across its active regenerative therapies ecosystem, with globally significant basic, clinical and translational research. Australia's medical and biotechnology research capabilities have been regularly ranked among the top five globally. Over \$860 million p.a. is committed annually to medical research through the Medical Research Endowment Account, and support from the Medical Research Future Fund is projected to grow to \$650 million p.a. in 2022-23 and beyond, further building the medical innovation ecosystem.</p> <p>While there are more than sixty companies in Australia developing regenerative therapy-related products and more than 130 clinical trials in progress, Australia underperforms in translating its discoveries into usable applications to generate health and economic benefits due to a lack of cohesive national effort. Significant challenges remain in the development, translation and subsequent commercialisation to enable our domestic industries to compete globally.</p>

	<p>The SMART CRC will be a collaborative, industry-led facilitator bringing together industry, researchers and end users to overcome industry-identified technical and regulatory barriers in developing and translating new frontier therapeutics from our world-leading domestic regenerative therapies research.</p> <p>The SMART CRC will also proactively identify and connect additional private sector funding to the program and encourage new company creation to provide cutting-edge therapies and platform technologies.</p>
Research Programs	<p>The SMART CRC is arranged into programs which focus on solving a distinct set of industry-identified problems aligned to broader industry challenges, expanding the frontiers of scientific understanding, and moving the most promising breakthroughs into tangible health benefits.</p> <p>Step-change solutions are needed to unlock bottlenecks across the entire product development lifecycle. The SMART CRC Research Programs will address biomanufacturing challenges in the sector encompassing, but not limited to, cells and cell-based products (including stem cells), diagnostics, implantable biomaterials and bioseparation technologies.</p> <p>Specific focus areas of research and development include (but are not limited to) systems and technologies addressing:</p> <ul style="list-style-type: none"> • Access, selection and screening of materials and primary tissue banks for product development and testing. • Selection and optimisation of components, biomaterials, surfaces and coatings, including the development of new media and microcarriers. • Development and optimisation of bioprocesses, including bioseparation technologies and cell expansion strategies at-scale. • Cryopreservation. • Target identity, concentration, viability and efficacy. • Batch and product quality and consistency and the development of standard metrics. • Safety, release and Mechanism of Action (MoA) assessment. <p>The need to accelerate the translation of promising regenerative therapies into the clinic is globally recognised.</p> <p>Specific regenerative therapy translational research and development focus areas include:</p> <ul style="list-style-type: none"> • Mechanism of action and biomarkers. • Prediction of efficacy, including <i>in vitro</i> and <i>ex vivo</i> tissue models (organoids), pre-clinical animal models and human trials. • Definition of biomarkers, point-of-care imaging and assays. • Access to healthy and diseased tissues and cells to inform therapeutic efficacy (patient sub-population selection). • Optimisation of clinical trial design (e.g. determination of required patient numbers and dose escalation/time/stats). • Security of supply and quality of reagents and devices. <p>The programs are underpinned by cross-cutting capabilities in quality management systems, data analytics and automation and human capital/workforce development.</p>

Funding and resources

Funding term	Ten years
Target Grant Funding (cash)	Approximately \$3.5m per annum in grant funding, totaling \$35m over ten years, will be sought. This funding, if approved, will be provided by the Commonwealth.
Partner Contributions (Cash & In-Kind Contributions)	<p>Partner cash contributions of approximately \$3.5m per annum, i.e., totaling \$35m over ten years is sought from the CRC partners. The final level secured sets the upper limit of the Grant Funding.</p> <p>In addition to cash contribution from Partners an additional \$70m per annum of in-kind contributions will be sought.</p> <p>Together, the Grant Funding, Cash and In-Kind contributions will provide the SMART CRC with \$140m of resources over the life of the CRC.</p>
Termination	<p>Once the SMART CRC is established, partners may change their contributions or withdraw from the CRC by providing 12 months' written notice.</p> <p>Partners are not obligated to commit for the entire 10-year term of the CRC, though they are strongly encouraged to do so to ensure they maximise the use of the Grant Funding which has the effect of reducing the cost (to the Partners) of conducting the research.</p>
Use of Funds	<p>Contributions (cash and in-kind) will be expended in accordance with a Partner Agreement and in alignment with the SMART CRC rationale. The governance of the allocation process will be described in the Partners Agreement. It is anticipated that a Research and Commercialisation Advisory Subcommittee (see section Subcommittee section) will be established.</p> <p>Cash and in-kind contributions are expected to be allocated (under the following categories) to achieve the CRC's objectives:</p> <ul style="list-style-type: none"> • Research projects (~70% of total); • Education & training (~10% of total); • Demonstration, utilisation, translation and adoption into tangible, impactful outcomes (~5% of total); and • Administration, management, and governance (~15% of total).
	<p>Partners can expect their cash commitments made during the Stage 1 bid development to attract leverage at about 1:1 with Australian government cash towards CRC activities.</p> <p>Funding for programs will reflect industry partners' interests and funding for research programs and projects as well as their alignment to the overall SMART CRC's strategy.</p> <p>Note: In compliance with current CRC Program Guidelines, on-costs and overheads for cash funded staff and in-kind FTEs will be a maximum of 30% of salary. Additional overheads cannot be paid for in cash, nor can they be claimed as an in-kind contribution.</p>

Governance

Company status	Once established, the SMART CRC will be a not-for-profit company limited by guarantee (SMART CRC Ltd). It may, subject to advice also seek to attain charitable status.
Key interim roles	Interim Chair – Dr Leanna Read Interim Research Director – Prof. Simon Cool
Governance structure	<p>SMART CRC will adopt best practice governance arrangements as outlined in the relevant CRC Program Guidelines, the CRC Governance and Management publication and the ASX Corporate Governance Principles and Recommendations. These can be found via the following links:</p> <ol style="list-style-type: none"> 1. Principles for CRC Governance: https://www.crc.gov.au/For-CRCs/Documents/PrinciplesforCRCGovernance.pdf 2. CRC Governance Guide: https://www.crc.gov.au/For-CRCs/Documents/CRC Governance Guide.docx 3. ASX Corporate Governance Council – Corporate Governance Principles and Recommendations. https://www.asx.com.au/documents/asx-compliance/consultation-draft-cgc-4th-edition.pdf
Board	<p>The SMART CRC will have an independent, skills-based Board elected by the members (refer below). Skills will include a combination of domain expertise including sector research expertise, commercial and risk as well as an ability to represent partner interests.</p> <p>The Board is expected to comprise between five and seven members. Directors will be nominated by partners and elected by Core and Key CRC partners.</p>
Directors' Terms	<p>The SMART CRC will be led by an Independent Chair and supported by a Deputy Chair. Their term will be two years initially followed by three-year term renewals. The final terms will be adjusted to ensure their term finishes at the conclusion of the 10-year lifetime of the CRC.</p> <p>Other Board appointment terms will be for three years, except for the first term of three Directors which will be for four years to allow for staggered appointments, ensuring continuity and the maintenance of corporate knowledge of the CRC.</p>
Audit	The CRC will be subject to external audit procedures as reflected in appropriate governance protocols for a company of this nature.
Interim Governance Structure	<p>Upon announcement of the CRC being awarded funds, a CRC Establishment Committee will be formed to be responsible for the establishment of the CRC.</p> <p>It will comprise the Interim Chair, the Interim CEO, an Interim Operations Manager, Interim Research Director and a representative from the Bid Management team. In addition, other resources such as an experienced Project Manager will be appointed as appropriate.</p> <p>The Establishment Committee will be responsible for:</p> <ul style="list-style-type: none"> • Developing an implementation plan and budget – aligned with the agreed strategy articulated in the bid application. • Agreeing on the key elements of the constitution of the company and developing a draft constitution. • Developing diversity criteria and a skills-based matrix for Board nomination and voting process. • Appointing and overseeing contractors (including legal counsel) and other

	<p>resources to assist with the development of the activities for which they are responsible in accordance with an agreed budget and implementation plan.</p> <ul style="list-style-type: none"> • Agreeing to a CRC Implementation Plan and budget. • Facilitating the finalisation of the Term Sheet, which will inform the Partner Agreements. • Agreeing on budget expenditure until the CRC entity is established and securing any guarantee necessary from the Host Organisation. • Agreeing on the diversity and skills-based matrix for board nomination and voting process. • Meeting regularly during the establishment period to meet their responsibilities in a collaborative and consultative manner; and • Overseeing the processes for the nomination and election of the inaugural directors of the Board.
<p>Nomination and Appointment Processes for the Establishment of the Inaugural Board of Directors</p>	<p>The process, facilitated by the Establishment Committee, will be:</p> <ol style="list-style-type: none"> 1. Core, Key and Supporting Partners will have the option to nominate potential board members in accordance with the Board Member Nomination Protocol. 2. The approved nominations will be mapped against skills and diversity criteria. 3. If, following the screening process, there is a perceived gap in skills and/or lack of diversity in nominees, there will be an additional call for nominations that meet the gaps identified in the screening process. <p>Approved nominations will be circulated to CRC partners members for voting along with instructions which will define the Board election process. The election process (Partner Voting Protocol) will take account of a Partner's committed contributions.</p>
<p>Sub-committees of the Board and Committees reporting to the Board</p>	<p>Once established, the SMART CRC will establish four sub-committees each being chaired by a member of the Board.</p> <p>Each sub-committee will be established following ASX and AICD guidelines. In addition to a SMART CRC Director, each subcommittee will comprise nominated experts drawn from CRC participants and external parties. The sub-committees will be responsible for providing expert advice and recommendations to the Board and CEO. Sub-committee appointments will be for two-year terms.</p> <p><u>Nominations, Remunerations and Performance Committee</u></p> <p>The Nominations, Remunerations and Performance Committee will have a board established charter to set the remuneration packages for the Directors, Chairperson, CEO and Research Director.</p> <p>The Nominations, Remuneration and Performance Committee will comprise independent personnel who have relevant experience providing remuneration advice to the research sector.</p> <p><u>Finance, Audit, Privacy and Risk Committee</u></p> <p>The Finance, Audit, Privacy and Risk Committee will have a charter established by the Board. This committee will ensure relevant privacy policies are adopted and will develop a risk register that will log key risks, group them by importance, articulate a strategy to mitigate these risks and report against this risk register as part of the Board's regular activities. Finance, Audit and Privacy responsibilities will also be a key role for this Committee</p> <p><u>Research and Commercialisation Advisory Committee</u></p> <p>The Research and Commercialisation Advisory Committee will have a charter established by the Board. The committee will involve external experts and other members elected from or by participants, and be responsible for reviewing research</p>

	<p>proposals (against criteria pertaining to industry need, commercial potential and scientific merit), recommending research proposals for funding, overseeing the performance of approved research projects and commercialising research outputs.</p> <p><u>Clinical Advisory Network</u></p> <p>The Clinical Advisory Network will provide expert guidance and advice on clinical matters related to the SMART CRC's research activities. The Clinical Advisory Network's primary objective will be the enhancement of the quality and impact of clinical research conducted by the SMART CRC. The network shall consist of a diverse group of highly qualified clinical experts, including physicians, researchers, and other relevant healthcare professionals, with expertise across the range of specialties covered by the SMART CRC's research focus.</p>
<p>Transition and Legacy Arrangements</p>	<p>In consultation with the Members of the CRC, the Board (having taken appropriate advice) will determine a formal transition or wind-up pathway within 12 months of the establishment of the CRC.</p> <p>Subject to legal advice to the contrary, the intention of the SMART CRC is that it will transition to a new not-for-profit entity that could continue to support research in the field. It is anticipated that the wind-up plan will include the following to deal with intellectual property:</p> <ul style="list-style-type: none"> • All IP that is already licensed/assigned to a utilisation party or assigned to a spin-out company will continue to be managed/owned as per the commercial agreements that are in place. • After wind-up, the utilisation party will distribute any commercial returns <u>directly</u> to the project participants (rather than via the SMART CRC Ltd) in proportion to their entitlements as described in Annexure 2 Allocation of Commercialisation Income. • In the case of any residual CRC IP that has not already been commercialised by licence or company spin-out, the Project Participants will be able to bid to SMART CRC Ltd for commercial rights. • If any further CRC IP remains after completion of the above process, SMART CRC Ltd will make that IP available to CRC participants on a royalty-free, non-exclusive basis.
<p>Partner Rights, Benefits and Obligations</p>	<p>The SMART CRC offers a range of Partner categories to suit the research or industry focus of the in-coming partners.</p> <p>The categories secure different benefits and rights according to the level of cash contribution that they commit to the SMART CRC.</p> <p>The coordination of the bid and the development of the application across the two stages attracts significant costs.</p> <p>In recognition of the different financial capacities of in-coming partners, the respective rights, benefits and obligations are laid out in Annexure 1.</p>

Management of the CRC

Company Organisation	<p>The CRC management will comprise: Chief Executive Officer (CEO); Chief Operating Officer (COO), Research Director; and Program Leads.</p> <p>A Commercialisation Advisor will be provided by CCRM Australia under terms to be agreed between SMART CRC Ltd and CCRM Australia.</p> <p>Other roles and responsibilities will be identified during the bid process to ensure efficient and effective management of the CRC.</p>
Location	<p>The location of the SMART CRC's head office will be at The University of Queensland.</p>
Payment Schedule	<p>All partner contributions to SMART CRC are paid quarterly within 30 days on receipt of a tax invoice.</p> <p>Project funding from SMART CRC will be paid in accordance with the payment schedules within the Project Agreements.</p>
Reporting Requirements	<p>Partners will be required to provide quarterly reports to SMART CRC on their contributions, cash, FTE, and non-staff in-kind, against the Funding Agreement. Project teams will be required to report on project status against project agreement milestones. A reporting template will be provided for this purpose.</p>

Research Project Governance and Management

Research Strategy	<p>The Research Strategy will be developed and outlined in the CRC application, and further refined during the establishment phase and operation of the CRC.</p> <p>During the term of the CRC, the Research Director will be responsible for facilitating the research strategy process in collaboration with partners and with the Research and Commercialisation Advisory Committee.</p>
Research Project and Approval Process	<p>Research Program Leaders will coordinate the development of project proposals that address the core objectives of the CRC's research agenda. These will be developed collaboratively with partners. Representatives of the partners that participate in the proposed project become the Project Team for the purposes of the project proposal and for its implementation if the Board supports the project.</p> <p>The Research Program Leaders will submit project proposals to the Research and Commercialisation Advisory Committee on behalf of Project Teams.</p> <p>The Research and Commercialisation Advisory Committee will review the proposals as described in the Subcommittee Section. The Committee will preference research project proposals that include at least one CRC partner recognised as an SME. The Committee will seek clarification from partners if required and provide the Board with a prioritised list of projects for funding.</p> <p>The Board will be responsible for reviewing the list and approving the successful research projects.</p> <p>Proposals will adopt a template that will include participants, a description of objectives, competitive analysis, methodology, outputs, milestones, adoption strategy, commercialisation strategy, expected impacts, indicative licensing arrangements and project budget.</p> <p>Upon approval, a Project Agreement will be established which will confirm those arrangements along with any other relevant roles and responsibilities.</p>

Commercialisation, Intellectual Property

Intellectual property (IP)	Refer to Annexure 2 for Intellectual Property (IP) and commercialisation strategy.
Student IP and Research Publications	<p>The participation of students in Projects will be governed by the terms of the applicable Project Agreement and may include a condition that a student assigns their intellectual property. However, students will retain the ownership of the copyright in their thesis and will be permitted to deposit a copy of the thesis in their institution's library.</p> <p>Researchers will provide 30 days' notice to the CEO of any publication related to the CRC's Projects. If the publication contains confidential or commercial information, researchers may be requested to amend or remove that information or delay publication to allow protection of IP. Publication approval will not be unreasonably withheld, and researchers will not be indefinitely restricted from publication.</p>

R&D Tax Incentive

R&D Tax Incentive	<p>An organisation's contributions towards the CRC <u>may</u> be eligible for the Australian Government's Research and Development (R&D) Tax Incentive.</p> <p>The R&D tax incentive is the Australian Government's key mechanism to encourage companies to engage in R&D benefiting Australia by providing a tax offset for eligible R&D activities.</p> <p>The organisation will be responsible for seeking independent professional advice on the R&D Tax Incentive, including in relation to that organisation's circumstances and eligibility.</p>
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Acknowledgement of Terms

This Terms Sheet documents the firm intentions of the SMART CRC Ltd (if and when it is incorporated) in relation to how it shall be (subject to legal advice to the contrary) established and operated. In order for the SMART CRC bid to develop and submit an application to Stage 1, it is calling upon the organisations that intend to become partners to the CRC to acknowledge the terms laid out herein and to contribute to the costs of developing the respective application in accordance with Annexure 1. As an appropriate delegate of the Organisation your signature below acknowledges your review and satisfaction with the proposed terms as laid out herein and your Organisation's willingness to contribute to the bid costs in accordance with Annexure 1.

Organisation Name	Authorised Delegate Name	Delegate Signature	Date

Further information

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Annexure 1: Partner benefits, rights and obligations

The SMART CRC Round 25 has three partner categories, plus the option to participate in the program under a Third-Party agreement:

Partner category	Cash contributions	Bid development contributions Stage 1*	Bid development contributions Stage 2
1. Core Partner	Cash contribution of \$200k and above per annum	\$5,000*	\$10,000
2. Key Partner	Cash contribution of \$75k - \$199k per annum	\$5,000 (Research organisations only)*	\$5,000
3. Supporting Partner	Cash contribution of \$10k - \$74k per annum or a combination of <\$10k cash and a significant in-kind contribution deemed critical by the bid team	\$5,000 (Research organisations only)*	\$5,000
4. Third-Party	Providing only in-kind contributions	-	-

Other interested organisations will have the opportunity to engage with the CRC as Associate Members, with benefits that include invitations to attend seminars and other networking events, plus regular news updates and reports.

*Partners who provided Stage 1 bid development contributions in Round 24 are not expected to provide Stage 1 bid development contributions in Round 25 (current round).

High-level benefits associated with each Partner Tier and Third-Parties:

Benefits	Core	Key	Supporting	Third-Party
Consultation on program strategy	✓	-	-	-
Membership of CRC company	✓	✓	-	-
Nominate a representative to Research Program Consultative Committees	✓	✓	-	-
Opportunity for industry placements of PhD and Masters students	✓	✓	-	-
Lead and submit research projects	✓	✓	✓	-
Opportunity for co-supervision of PhD and Masters students	✓	✓	✓	-
Nominate Board members	✓	✓	✓	-
Participation in net commercialisation returns (proportional to contributions)	✓	✓	✓	-
Discounted professional training and development	✓	✓	✓	-
May be eligible for offsets under the R&D tax incentive	✓	✓	✓	-
Other benefits including participation in CRC conferences, seminars and other networking events, regular news updates and reports	✓	✓	✓	✓

Annexure 2: SMART CRC Commercialisation Strategy

This Commercialisation Strategy (the “Strategy”) describes the ownership, use and commercialisation of intellectual property (IP) created or obtained during the Solutions for Manufacturing Advanced Regenerative Therapies Cooperative Research Centre (SMART CRC) projects.

Overview

The CRC management company, SMART CRC Ltd, will initially own all new IP generated during the course of a CRC-funded project and have commercialisation rights.

Project Parties will agree to make available for research purposes only any relevant Background IP required for the project on a non-exclusive basis.

CCRM Australia will be funded to provide advisory business development, IP management and commercialisation services to SMART CRC Ltd. But the provision of these services will not entitle CCRM Australia to any IP ownership or commercialisation rights.

SMART CRC Ltd may, at its discretion, assign or license Project IP to one of the CRC partners or other party for the purposes of commercialisation, deemed the Utilisation Party. The appointment of the Utilisation Party can be made before the commencement of a project, or at some later time, as appropriate.

Alternatively, SMART CRC Ltd may establish a spin-out company, acting as the Utilisation Party, to commercialise one or more CRC project outputs.

CRC participants will share in any commercial returns from the Utilisation Party as follows: 100% to the Project Parties divided in accordance with their relative cumulative financial contributions to the Project up to the time of distribution. For the purposes of this distribution, any Commonwealth funds contributed to a project will represent beneficial rights for SMART CRC Ltd as a Project Party.

Business Development and Commercialisation Services

SMART CRC Ltd will fund CCRM Australia to provide advisory specialist consulting services on business development and commercialisation of CRC IP, utilising its established expertise and international networks in the regenerative medicine sector. CCRM Australia will not have commercialisation rights from the provision of these consultancy services.

CCRM Australia’s commercialisation-related consulting services will include advising SMART CRC Ltd on:

- Management and prosecution of CRC Patents and other forms of IP
- Technology evaluation for commercial potential
- Market assessments
- Commercial due-diligence
- Advice on the strategy for commercialisation of CRC Projects, including licensing opportunities and spin-out companies
- Development of Utilisation agreements with commercialisation partners
- Incubation of CRC spin-out companies
- Identification of additional funding sources external to the CRC network for CRC Projects.

In providing these services, CCRM Australia will consult with all project partners and, in the case of research organisations, their representative commercialisation offices, to ensure clear collaboration and communication among all stakeholders involved in the project, with a focus on identifying potential issues or conflicts that may arise and developing strategies to address them proactively and ensuring that everyone is aligned and working together towards a common goal.

Project Plans

SMART CRC Ltd will develop project plans with the relevant CRC partners and with commercialisation advice input from CCRM Australia.

All project plans will be formally agreed upon by participants in the project (Project Parties) and the board of SMART CRC Ltd before the commencement of the project, including:

- Project objectives, strategy, milestones and budget
- Participating Project Parties and their researchers
- The Project leader
- Agreed contributions (cash and in-kind) from each participating partner (Project shares) and any third parties
- Commonwealth funding allocation to the project
- Background IP that will be made available by the Project Parties for research purposes only
- Potential outcomes and deliverables
- Commercialisation plan, including, where appropriate, assignment or commercial rights to the Project IP to the designated Utilisation Party

Project Intellectual Property Ownership

The CRC management company, SMART CRC Ltd, will initially own any new intellectual property generated during a CRC-funded project (Project IP).

Project Parties will agree to make available for research purposes only any relevant Background IP that is required for the project.

Background IP will not be valued before or during the progress of a project. Instead, SMART CRC Ltd will negotiate the commercial use and value of Background IP if and when it the project is commercialised.

The SMART CRC will maintain a register of all background and CRC-generated IP.

SMART CRC Ltd will grant each Project Party a non-exclusive, royalty-free right to use the Project IP to undertake the agreed Project activities.

The Utilisation of Project IP

SMART CRC Ltd may, at its discretion, assign or license Project IP to one of the CRC partners or other party for the purposes of commercialisation (Utilisation Party).

CRC partners can bid to be the Utilisation Party for a Project either at the commencement of the Project or at a later time (if the Project IP is not already assigned or licensed). The terms of assignment/license will include the field of utilisation, the commercialisation strategy, and milestones, management and funding of IP protection and returns to the CRC on commercial terms. SMART CRC Ltd and the Utilisation Party may agree these terms at the start of the project or agree to delay the formal negotiations until the commercial opportunity is more clearly defined.

The Utilisation Party will regularly report to SMART CRC Ltd on progress against commercialisation milestones.

Alternatively, SMART CRC Ltd may establish a spin-out company as the Utilisation Party for one or more Project outcomes. For the term of the CRC, SMART CRC Ltd will hold all shares in the spin-out company, with Beneficial rights to CRC participants determined as described for Project Shares below.

SMART CRC Ltd will retain the non-exclusive, royalty-free rights to use the Project IP for all non-commercial activities of the CRC.

Allocation of Commercialisation Income

SMART CRC Ltd will distribute all commercialisation income received from the Utilisation Party, net of commercialisation expenses incurred by SMART CRC Ltd, to the Project Parties divided in accordance with their Project Shares.