FeedworksUSA
performance through science

September 3, 2026

Research Funding & Indirect Cost Policy

1. Purpose and Scope

Feedworks USA, Ltd. (“Feedworks,” “we”) sponsors and co-funds animal nutrition research, feeding trials, and analytical studies conducted at universities, veterinary colleges, agricultural research stations, and other third-party institutions. This policy sets out how Feedworks treats **direct** and **indirect (overhead) costs** in the budgets it funds, so that prospective research partners can prepare proposals that align with our funding standards from the outset.

This policy applies to all externally conducted research that Feedworks funds in whole or in part, whether through a research agreement, purchase order, or grant. It does not apply to internal Feedworks activities or to work performed by our own staff.

2. Definitions

Direct costs are expenses that can be specifically and readily identified with a research project. These typically include:

- Animals and animal-use / per-diem charges (e.g., cow-use fees, pen or barn charges)
- Experimental and control feeds, additives, and consumables
- Laboratory and analytical services attributable to the study
- Technician and research-assistant labor directly assigned to the project
- Sample collection, handling, shipping, and storage
- Study-specific supplies and materials

Indirect costs — also called Facilities & Administrative (F&A) costs or overhead — are institutional costs that are not readily attributable to a single project, such as general administration, departmental support, utilities, and facilities. Institutions commonly express these as a percentage applied on top of a project’s direct costs.

3. Policy on Indirect Costs

Feedworks will contribute toward indirect costs at a rate **not to exceed 20% of allowable direct project costs.** This maximum applies to all sponsored research unless a written exception has been approved in advance under Section 7.

We recognize that many institutions maintain a higher federally negotiated F&A rate for government-funded grants. That rate does not govern privately funded, industry-sponsored research, and most institutions apply a reduced overhead rate to commercial and commodity-funded work. Our published maximum reflects the standard practice for industry-sponsored agricultural and animal nutrition research and allows us to direct the greatest possible share of funding to the science itself.

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4. Basis of Calculation

The indirect-cost contribution is calculated as a percentage of **allowable direct costs**, defined as total direct costs **excluding** the following pass-through items, which are funded at cost with no overhead applied:

- Purchase price of animals
- Capital equipment
- Subcontracts, subawards, and third-party analytical services billed through the institution

Applying overhead to these items materially inflates study cost without adding research value; Feedworks funds them on a direct, at-cost basis only.

5. Direct Cost Itemization

To keep budgets transparent and comparable, proposals should itemize direct costs as separate line items rather than bundling them into an overhead figure. In particular, animal-use charges, feed, analytical fees, and labor should each appear as identifiable line items with the basis for each cost (unit rate × quantity) shown.

6. Proposal and Budget Requirements

Prospective research partners are asked to submit a proposal that includes:

1. A brief study objective, design, and timeline
2. An itemized direct-cost budget consistent with Sections 4 and 5
3. The indirect-cost line, calculated per Section 3
4. The name and contact information of the institution's authorized business/grants officer

Feedworks reviews each budget before any agreement is executed and may request revisions to bring indirect costs within this policy.

7. Requesting an Exception

Exceptions to the maximum indirect-cost rate are considered only in writing and only where a compelling scientific or strategic justification exists. Requests should be directed to the Feedworks contact below before the proposal is finalized. Approval must be granted in writing by an authorized Feedworks officer; verbal assurances are not binding.

8. Contact

Questions about this policy or about a specific budget should be directed to:

Dr. Pete Wilcock, Monogastric Business Director
Feedworks USA, Ltd.
pete.wilcock@feedworksusa.com   Tel: (513) 271-4120

This policy is provided for the guidance of prospective research partners and does not itself constitute an offer to fund. Terms of any specific engagement are governed by the applicable written research agreement between Feedworks USA, Ltd. and the institution.