

SECTION 1: TECHNICAL REQUIREMENTS

1. BACKGROUND

Start-Up Chile was created in 2010 by the Chilean Ministry of Economy, Development, and Tourism and executed by Corfo, with the objective to position Chile as the hub of innovation and entrepreneurship in Latin America.

In the beginning, the program intended to change the Chilean culture in terms of entrepreneurship, going from a traditional mentality to a technological mindset, with global markets and worldwide impact. To do so, the program attracted foreign talent by offering seed capital for the creation of new startups, access to basic infrastructure for their first operations and an expedited working visa for foreigners, in exchange for social impact activities that intended to promote and foster the innovation and entrepreneurship ecosystem.

Nowadays, Start-Up Chile is recognized as the main business accelerator 2016¹ and the most innovative organization in Latin America 2017, and is one of the biggest and most diverse accelerators in the world which has helped position Chile in the main innovation, entrepreneurship, and technology rankings. By December 2015, according to data from the Servicio de Impuestos Internos (tax entity), startups from the program (incorporated in Chile) generated \$24,774 million Chilean pesos in sales and 4,907 new jobs for highly qualified talent.

After Start-Up Chile was created, around 50 countries created similar programs. Around 150 delegations (government, universities, NGO's, among others) visit Start-Up Chile every year to learn about our process. In terms of media, between 2010 and 2017, over 12,000 articles and 8,000 international publications about the program were published in mass media across 116 countries.

More than 1,600 startups from 80 different countries have gone through the program since the beginning in October 2010. From this portfolio, up to June 2017, 30% are Chilean and 70% foreigners. In terms of gender, 19% of startups are led by female founders and 81% by male.

2. GENERAL OBJECTIVE

To generate a social and economic impact in Chile through the support of innovative startups that will sophisticate and diversify the economic matrix of the country.

3. SPECIFIC OBJECTIVES

- a. To attract and accelerate technology-based entrepreneurs with global markets (Chilean and foreigners), so they can see Chile as an attraction for their global businesses.
- b. Increase the economic impact of the startups from the program in Chile
- c. To contribute the growth of an entrepreneurial ecosystem that is sustainable, democratic and diverse, facilitating the connection between entrepreneurs, investors, companies, and organizations.
- d. To establish Chile as a leader of entrepreneurship and innovation at a global scale

4. EXPECTED RESULTS AND IMPACTS

It is expected that projects¹ and their participants will achieve at least one of the following results:

- a) Formalization of the projects in Chile as companies, with the intention of setting operations in the country.
- b) Hire advanced human capital.
- c) The connection of the startups from the program with the local ecosystem, attending meetings with potential investors and organizations, with the goal of raising capital or/and attract new customers and partners.
- d) To start selling, increase sales and/or raise capital
- e) To generate progress in the startups from one stage of development to the next one (e.g. From a prototype to MVP, MVP to a validated product, etc).

5. WHO CAN APPLY?

The applicants can be natural or legal persons, according to the following:

5.1 Natural person, Chilean or foreign, over eighteen years of age and who are the founders or owners of a global project to be implemented using Chile as a platform.

Natural persons, will be able to participate in one of the following categories:

¹ A business idea will be defined as the business idea, which the applicant arrives to develop and with which the applicant applies to the Program.

5.1.1 Team Leader (only one):

Is the natural person, duly specified during the application process as the beneficiary, who must act in name and representation of him or herself and of the executors, as the person responsible before Corfo. The person designated as the beneficiary must participate in the Program in Chile, during the entire period of project execution, and be exclusively dedicated to the development of this project; likewise, the beneficiary will be the active and passive subject of all rights and obligations established in the grant agreement, including detailed reports on expenses and activities materialized by the beneficiary or third parties.

5.1.2 Team members (optional):

Optionally, the participation of up to two natural persons who form part of the founding team and who are duly specified during the application process may be considered. Elimination or substitution of an executor will have to be approved by the allocator authority.

In no circumstance may more than three **(3)** natural persons be participants in the project.

5.2 Legal Person:

Will execute a global project using Chile as their platform, for-profit, incorporated in Chile, with an initiation of activities in the Servicio de Impuestos Internos for not more than 36 months counted backwards from their application, or that its first “factura”, “boleta” doesn’t have a date over 36 months counted backwards from the application, which will be verified by the Entrepreneurship branch during the pertinency stage, with the available information in the Servicio de Impuestos Internos website.

The following are the approved categories of participants, that will be able to participate as the team members of the legal person:

5.2.1 Team Leader (only one):

Is the natural person, duly specified during the application process, who must act in name and representation of the beneficiary legal person, as the responsible before Corfo. The person designated as the team leader should be one of the founders of the project and have shareholding or the social rights of the legal person, must participate in the Program in Chile, during the entire period of project execution, and be exclusively dedicated to the development of this project.

5.2.2 Team members (optional):

Optionally, the participation of up to two natural persons who form part of the founding team and who are duly specified during the application process may be considered.

Elimination or substitution of an executor will have to be approved by the allocator authority.

Projects may not consist of consulting services or franchises as these are not considered to be highly scalable projects with high growth potential. Likewise, projects must be in early stages of development, understanding these to be projects with less than three years of development.

6. ACTIVITIES ELIGIBLE FOR FINANCING

Those activities that enable the initiation of projects with high global growth potential that use Chile as a platform.

7. PROGRAM ACTIVITIES

During participation in the Program and during the term of execution of the project, the beneficiary must participate in the following mandatory activities:

- a)** Execution on the project in Chile
- b)** Execution of mandatory activities necessary to accomplish the goals purposed in the project.
- c)** **“Intro Day”**: Presentation of the project, following the requirements opportunistically informed by Corfo, with the purpose of identifying the project’s current development phase, specifically. This presentation must be made at the beginning of the project execution term, on the date duly informed by Corfo to the beneficiary.
- d)** **“Pitch Day”**: Presentation of the project, following the requirements opportunistically informed by Corfo, with the purpose of determining its progress and development. This presentation will be conducted among the Program participants and representatives of Corfo, during the weeks in the middle of the execution term for the project, on the date duly informed by Corfo to the beneficiary.
- e)** **Attendance to orientation about the Start-Up Chile Program**, staff, social impact system, acceleration and workshops about expenses approved by the program. This orientation will take place around the middle of the execution period for the project, in the date properly informed to the beneficiary.
- f)** **“Meetings”**: meetings with the technical and/or financial executive to account for all of the resources granted, including the Final Report.

- g) **"Demo Day"**: Presentation of a project that has requested an extension in accordance with section 12 of the technical rules and has been selected on the Pitch Day—following the requirements informed by Corfo—to see it's progress. This presentation will be presented to both the participants of the program, representatives of Corfo and the Chilean entrepreneurship ecosystem. This will occur in the last stage of the acceleration program, on a date that will be communicated to the beneficiary in a timely manner.
- h) **Other activities** within the Start-Up Chile Program that are **determined by Corfo to be mandatory**, a circumstance that will be communicated with due advance notice to the beneficiary.

In justified cases, and exceptionally, Corfo may authorize the beneficiary not to participate in one of these activities and determine the measures necessary to ensure fulfillment of the Program goals. In making this decision, Corfo may take into consideration, among other things, the level of participation by the beneficiary and executors in the Program activities.

If the beneficiary does not participate in the activities and/ or events specified herein above, without having been authorized not to participate, Corfo may evaluate putting an early end to the Project, applying the rules established in subsection 13.3.2 of the Administrative Requirements (Section 2) to the return of the grant.

Participation of the project executors, if these exist, in the activities detailed above will be optional.

8. CONTENTS OF THE PROJECT

8.1 The applications must contain at least the following:

- a) Background documentation for each of the participants named in the project application, stating each person's nationality, education, technical experience and work history. The achievements of each one of the participants must be demonstrable. Additionally, the Chilean participants will have to attach a simple copy of their Chilean valid ID in both sides; and the foreign participants, a simple copy of the identification page of their valid passport or of their national identification document.
- b) The natural Chilean applicants should attach a copy of both sides of their passport and/or identification card; and for the natural foreigners, a copy of both sides of your passport and/or other form of legal identification.
- c) For the Chilean legal person applicant, they should enclose a certificate of validity that has been issued by a proper authority, no older than 60 days, and an affidavit signed by the leader of the team indicating that he or she has a share hold or has rights to the legal person applicant, in accordance with the format contained in annex 4.
- d) The dedication of the participants within the project

- e) Video: add a video of a maximum of 90 seconds, where the applicant will have to answer the following questions:

- Does the startup solves a global problem, a problem of a certain country or a local problem, and why?
- What is the product or service, its attributes, and the reasons that make the project a breakthrough innovation?

If the video is longer than the indicated, only the first 90 seconds will be reviewed and the rest of the information contained in the video will not be considered.

- f) E-mail address of at least one reference. Corfo might contact this person prior to the closing of the application period, or during the evaluation process.
- g) The product and/or service to develop and/or commercialize.
- h) Description of the competition and the project's differentiation.

8.2 Additionally, the applications could add the following:

a) Concerning the participants:

- Motivation to develop the project from Chile.
- The number of times that participants have founded a start-up².
- Participation in organizations related to entrepreneurship and innovation.
- Relationship with national networks to enhance those existing in Chile.
- Relationship with international networks to position Chile as an innovation hub.
- Activities to promote interaction, networking and the transfer of knowledge skills and best practices to local entrepreneurs and their environment.

b) Concerning the project:

- Commercialization strategy.
- Entry and exit barriers.
- Progress to date and plan during participants' stay in Chile.
- Investors.
- Mentor.
- Competitive advantage.
- Market challenge or opportunity addressed by the Project.
- Target market and its size.
- Market position.
- Stage of development of the Project.

Incomplete applications will be understood to be not submitted, defining these as applications that present two or more empty fields in the application, or three or more, empty dropdown items.

² This does not refer to participation in the Program, but rather, in general, to companies in early stages or formation.

9. DEADLINES

The project duration could be **up to 9 months**, which may be extended only once and for up to **1 additional month**, upon founded request by the beneficiary. This request must be submitted before the original deadline.

In the case that the projects are approved according to the following number 12, the deadline will be modified to **14 months** in total.

The project will be understood to have begun from the date of complete processing of the Corfo Resolution approving the grant agreement.³⁴.

10. CO-FINANCING

Corfo will provide a grant, in other words, a non-refundable transfer of money for up to **90%** of the total project cost with a ceiling of **CL\$25,000,000.- (twenty five million Chilean pesos)**.

Additionally, if the project is extended in agreement to the following number 12.,the grant will be increased to an additional **CL\$25.000.000.- (twenty five million Chilean pesos)**.

Participants must contribute at least the remaining 10% in cash during the project execution.

11. EVALUATION CRITERIA

After the pertinence analysis, the pertinent will go into the evaluation stage.

The applications received in English will get an additional point in its global evaluation score.

The decision of the Subcommittee Start-Up Chile, or any substitute entity (from now on and interchangeably the Subcommittee) will be done in three stages, and prior to these, an evaluation must be completed, according to the following criteria:

³ The Resolution approving the grant agreement will be understood to be totally processed once this circumstance is communicated to the beneficiary.

⁴ The grant agreement is the legal document between the beneficiary and Corfo that regulates the conditions of the delivery of the grant as well as the obligations and rights of the beneficiary.

11.1 First Evaluation Stage and Decision

The projects will be evaluated with a score 1 to 5 (1 being the minimum score and 5 the maximum score) according to the following criteria, resulting on a ranking:

Criteria	Weight
Video: The video attached to the application will be reviewed and its content evaluated in respect to the relevance of the problem to be solved and with an answer to the following questions: What is the product or service, its attributes or reasons that make it something innovative, is it a solution to a global problem, and is this a country-wide issue or a local issue? The evaluation will be scored between 1 and 5.	70%
Growth potential: According to the information of the application, the potential of scalability of the product or services to accomplish the expected growth rates. This criteria will be evaluated from 1 to 5.	30%

After this evaluation, up to 500 projects will be presented for approval to the Subcommittee session. The Subcommittee will determine how many startups will be moving to the second stage and the ones that will be rejected.

11.2 Second Evaluation Stage and Decision

Projects will be evaluated with grades from 1 to 5 (with 1 being the minimum score and 5 the maximum score) and the evaluation criteria is as follows:

Criterion	Description	Weighting
Participants	Composition, qualification and experience of the beneficiary (25%): Demonstrable achievements Number of times founding a start-up Background and make-up of the team Composition, qualification and experience of the executor(s) (25%): Demonstrable achievements Number of times founding a start-up Background and make-up of the team Supporting networks, mentors and academics.	50%
Value of Project	Market and competitive position (25%): Target segment. Market, size and growth. Validation and Traction. Competitive Advantage.	

	Product or service (25%): Attractiveness to investors. Level of technological innovation. Importance of the problem the project aims to solve for users/clients.	50%
--	---	------------

After this evaluation, 150 projects will be presented for approval to the Subcommittee session. The Subcommittee will determine how many startups will be moving to the third stage and the ones that will be rejected.

11.3 Third Evaluation Stage and Decision

Only those projects that have been pre-approved by the Subcommittee in the second decision stage will go through a third decision stage, and the others will be rejected.

Previously to their presentation to the Subcommittee, in the third decision stage the pre-approved projects will be submitted to a third evaluation, in which those will be called for an interview through telephone and/or videoconference between the applicant and an executive of the program, and also the requirements of the following number 13., will be reviewed. Projects will be evaluated with grades from 1 to 5 (with 1 being the minimum score and 5 the maximum score) and the evaluation criteria is as follows:

Criterion	Description	Weight
Participants	Composition, qualification and experience of the team: Demonstrable achievements Number of times founding a startup Background and make-up of the team	30%
Value of Project	Market and competitive position (20%): Target segment. Market, size and growth. Validation and Traction. Competitive Advantage. Product or service (15%): Attractiveness to investors. Level of technological innovation. Importance of the problem the project aims to solve for users/clients.	35%
Impact in Chile	Benefits of the operation of the Project in Chile: Real capacity of the business to develop activities in Chile during the Project, using the country as a platform to operate to Latin America and the world, and the real potential of establishing operations in Chile.	35%

|

Once finished this evaluation, a ranking will be presented to the Subcommittee, who will determine which are the startups to be accepted and the ones to be rejected.

12. EXTENSION OF THE PROJECTS

To enhance the development of the startups that generate an impact in the country and can prove high chances of viability in the market and obtain new capital during the first 5 months of execution, an allocation of an additional CL\$25,000,000.- (twenty-five million pesos) subsidy and an extension of the program to 14 months total, will be considered according to the following procedure:

To request the extension, the beneficiaries should present a market strategy and a projection with the reliable and measurable metrics to prove the progress of the project and meet one of the following requirements.

- a. The beneficiary is a legal person
- b. The beneficiary that has been awarded the subsidy as a natural person, must, when extending its project, have constituted an Empresa Individual de Responsabilidad Limitada, or to have at least a participation of 10% in the rights or social capital of the society constituted in Chile and incorporated no longer than 36 months since the application to the program.

The decision of the Subcommittee Start-Up Chile, or any substitute entity (from now on and interchangeably the Subcommittee) will be done in two stages, and prior to these, an evaluation must be completed, according to the following criteria:

12.1. First evaluation

On Pitch Day, the beneficiary will present its first pitch for evaluation from part of the team at Corfo. This evaluation can also count with external evaluators with experience in high impact investment and accelerators.

The date of Pitch Day will be informed in a timely manner to the beneficiary. The beneficiary also, should solicit explicitly request an evaluation for the extension of the project at the end of their presentation.

Projects will be evaluated with grades from 1 to 5 (with 1 being the minimum score and 5 the maximum score) and the evaluation criteria as follows:

Criteria	Description	Weight
Team	Qualification and experience of the team: The experience of the team and their capabilities to scale the business.	10%

	Pitch quality: The ability to present your business properly (pitch)	10%
Value of the business	Solution: Innovation and impact when solving a real problem	20%
	Traction: Main metrics in terms of the growth of the startup	10%
	Progress during the program: The progress of the startup since the beginning of the program.	30%
	Impact in Chile: The results of the socio-economic impact made in the country.	20%

It is the decision of the Sub-Committee of Start-Up Chile to decide whose projects will go to the second stage of evaluation for the extension. The others will continue to develop their projects under the original conditions.

12.2. Second Evaluation

Only the projects pre-approved by the Subcommittee in the first stage of the decision will move to the second stage, the rest will be rejected. The beneficiary will have to present its second pitch for evaluation (after the Pitch Day). This evaluation can also count with external evaluators with experience in high impact investment and accelerators. The date of the Demo Day will be communicated in a timely manner.

Projects will be evaluated with grades from 1 to 5 (with 1 being the minimum score and 5 the maximum score) and the evaluation criteria as follows:

Criteria	Description	Weight
Team	Qualification and experience of the team: The experience of the team and their capabilities to scale the business.	10%
	Pitch quality: The ability to present your business properly (pitch)	10%
Value of the business	Business model: Growth potential and scalability	10%
	Traction: Main metrics in terms of the growth of the startup in Chile	20%

|

Progress during the program: The progress of the startup since the beginning of the project.	30%
Impact in Chile: The results and the socio-economic impact made in the country.	20%

The Subcommittee Start-Up Chile will decide on the projects that will obtain the extension of the subsidy and execution period, according to numeral 12., the rest will continue the development of their projects according to the original conditions.

SECTION 2: ADMINISTRATIVE REQUIREMENTS

1. GENERAL ASPECTS

The Administrative Requirements, hereinafter and without distinction, are intended to regulate the processes and procedures to be observed from the project application until the end of the grant agreement concluded between Corfo and the beneficiary.

All deadlines specified in these requirements will be understood to be the maximum limit. If days are referred to, these shall be construed as business days unless otherwise noted. Non-working days are Saturdays, Sundays and holidays.

The mention by name of certain organisms or operative units of Corfo will be understood to refer also to any entity that substitutes or replaces that entity in fulfillment of the respective function.

Corfo and its Entrepreneurship Division reserves the right to settle any dispute or doubt as to the proper meaning and scope, form and timing of application, and any other interpretive conflict that might arise from the application of these requirements. The foregoing is without prejudice to the remedies provided in the Law.

Requirements will be available in electronic and downloadable format, on the websites www.corfo.cl and www.startupchile.org/apply.

2. APPLICATION

2.1 Procedure

This program will be made available to interested parties at least once a year in the form of application to a **competition**⁵.

Communication about the opening call for applications will be conducted by means of a notice published in a nationally circulated newspaper with the following information: identification of the instrument, its form, date and place in which the requirements will be available, starting day of the call for applications, e-mail for questions, the means of application and the date and time of the closing of applications. This information will also be posted on the websites www.corfo.cl and www.startupchile.org.

Corfo may, additionally, communicate the opening of the respective call for applications in any other communication media that ensures adequate publicity.

⁵ Corfo shall make the instrument available to interested parties, setting an application initiation date and deadline for the respective application periods.

2.2 Channel for Application

Projects, along with the requested technical and economic documentation, may be entered solely through the electronic project entry system on the website www.startupchile.org/.

The accompanying documents must be text documents, spreadsheets or other files compatible with the system (such as doc, xls, jpg, pdf).

2.3 Limit on applications

Each applicant may only apply with one project per application period. Likewise, applicants may not apply more than two times with the same project in different application periods.

In addition, people that have already participated in the program either as a beneficiary and /or a team member with an approved project that have started their term in the program or finished it, cannot apply.

2.4 Restriction for Request of Resources to Projects coming from other Programs

Beneficiaries that are currently executing other programs of CORFO and/or other CORFO's Committees, will not be eligible to get resources from this program. In order to make sure this doesn't happen, the beneficiary must specify this in the application form.

Likewise, if a beneficiary is selected to get funds from the "Start-Up Chile Seed" program and before the formalization of the contract with CORFO and the beneficiary, this beneficiary has been granted with co-financing to execute the project through another program of CORFO and/or other CORFO's Committees, the beneficiary will have to choose only one of the subsidies.

Beneficiaries that have already been granted subsidies (independently of the name of the project), through "Capital Semilla", from "Comité InnovaChile and/or from Corfo", and/or from any of the "Programas Regionales de Apoyo al Emprendimiento" — PRAE, and/or through the "Start-Up Chile Seed" program, and/or "Semilla Expansión"; and, likewise, those who have been granted the "Fase 2", through the following programs: "Subsidio Semilla de Asignación Flexible" - SSAF, from "Comité InnovaChile or "Subsidio Semilla de Asignación Flexible para el Apoyo a Emprendimientos de Innovación" of CORFO. If CORFO detects a breach of this restriction, the application will be rejected, or the contract will have an early termination.

3. ANALYSIS OF RELEVANCE AND LEGAL RECORDS

Corfo will conduct an analysis of the relevance of the applications and then an analysis of the legal records accompanying it.

3.1 Analysis of Relevance

The degree of convergence between the project's objective and the guidelines and objectives of the program will be analyzed to verify the usage of Chile as a platform for access to global markets and the scalability of the project, among others. The following requirements will also be verified:

Natural Person:

- a) The team leader must live in Chile during the entire execution period of the Project and must exclusively dedicate to the project.
- b) That the projects do not consist of exportation and importation of products, consulting firms or franchises.
- c) The development of the project has gone on no more than three years.
- d) The application must contain at least the information detailed in section 8.1 of the Technical Requirements.

Legal Person:

- a) The team leader must live in Chile during the entire execution period of the Project and must be exclusively dedicated to the project.
- b) That the projects do not consist of exportation and importation of products, consulting firms or franchises.
- c) Development of the project of less than three years.
- d) The applicant cannot have an initiation of activities in the "Servicio de Impuestos Internos" for not more than 36 months counted backwards from their application.
- e) That the applications contain the records indicated in section 8.1 of the Technical Requirements

3.2 Analysis of the Legal Records

It shall be verified that the applicant complies with the requirements set out in section 5 of the Technical Requirements and the following records

- Chilean Natural Person Applicant: copy of both sides of the identification card and/or the identification sheet of a valid passport
- Foreign Natural Person Applicant: copy of the identification sheet of a valid passport and/or the other form of legal identification
- Legal Person Applicants: For the Chilean legal person applicant, they should enclose a certificate of validity that has been issued by a proper authority, no older than 60 days, and an affidavit signed by the leader of the team indicating that he or she has a share hold or has rights to the legal person applicant, in accordance with the format contained in annex 4.

During this stage, the program can request for background information and/or clarifications, which cannot modify the applicant project, nor alter the principle of equality between applicants. In the case of a request for more backgrounds documents and/or

|

clarifications, the applicant must reply in no more than 5 (five) business days from the request.

As a result of this analysis, Corfo will classify, on a justified basis, the relevance or irrelevance of the projects. If a declaration of "Not Relevant" is declared, the project will not continue in the evaluation process, with this decision communicated to the applicant within a period not exceeding **15 business days**, counted from the closing of the application period.

4. EVALUATION PROCESS

The projects will be evaluated by Corfo using the applicable modality, corresponding to the criteria established in the Technical Requirements, which will be weighed in accordance with the indicators and percentages established in the same section.

Corfo personnel will conduct the evaluation of projects, which will be evaluated using a methodology that enables the assessment of relevant issues and ensures fair and equitable treatment during the process, with due safeguarding of confidentiality. During this process, Corfo may engage external consultants in order to conduct a better analysis of the applications to be evaluated.

Additionally, during the evaluation process, Corfo may request information from other organisms that form part of the Chilean Government Administration, if pertinent in terms of the project objectives.

During the evaluation process, Corfo may request from the applicant additional information deemed necessary for a proper understanding of the proposals, with neither the offering nor the principle of equality among applicants being altered. Corfo should send the documentation to the e-mail address of the applicant, within a period of **10 business days** counted from the date of the corresponding application.

5. DECISION

The decision will take place in stages, always preceded by an evaluation according to the criteria of the Technical Requirements.

Once each evaluation stage is concluded, according to the criteria of the Technical Requirements, the projects will be submitted to the Subcommittee of Entrepreneurship Ecosystem, which will decide, on the proposal of the Entrepreneurship Management Division of Corfo, if the projects get **pre-approved or permanently rejected**, being able to establish conditions of adjudication and or formalization to approved projects.

The Subcommittee may approve projects with the modifications that it deems appropriate, provided that these do not alter the overall objective of these, and with the ability to demand technical modifications.

|

Corfo shall inform the sole decision of having approved, rejected or left pending the project, within **24 hours** following completion of the session of the Subcommittee that makes the decision.

Within **15 business days**, from the date of approval or rejection of the project, Corfo shall communicate, in substance and in full, the decision to the applicant, in accordance with legal jurisdiction, with this constituting the **formal communication** for all purposes. If approved, along with reporting that fact, the name and e-mail address of the executive in charge of the project shall be indicated or confirmed, and it will be requested that the beneficiary present the documentation specified in the following section 6.

The timeline for presenting projects to the Subcommittee, in the two decision stages, shall not extend for longer than **90 days**, counted from satisfactory receipt of the application documentation.

6. FORMALIZATION OF THE GRANT AGREEMENT

After the approval of the project, the grant formalization begins, and this process requires the execution of tasks by the beneficiary and Corfo.

6.1. Natural Person.

Once the project is approved, the formalization of the contract will start with the documents attached in the application. If the documentation is already in Corfo, the beneficiary only must update those documents that have been modified.

The rejection of the Temporary residence Visa will be considered a reason to desist the formalization of the grant contract.

6.2. Legal Person.

In the case of the formalization of the contract with a Legal Person, the following legal documents will have to be provided:

- a. Photocopy of the Incorporation documents and its modifications.
- b. Photocopy of the incorporation extract inscription and its modifications in the “Registro de Comercio del Conservador de Bienes Raíces”, and the respective publications in “Diario Oficial”.
- c. Document stating the representative’s ability to sign the Subsidy Agreement with Corfo.

Without limiting the foregoing, about the legal persons that are accepted in the system established in the Law N° 20.659, that simplifies the incorporation, modification and dissolution procedure of the commercial partnerships, and their regulations, it will not be necessary to provide the previous legal documents, if these are and/or can be found in the “Registro de Empresas y Sociedades” that the previous law refers to.

|

In the case of legal entities as beneficiaries, prior to the writing of the Subsidy Agreement, it will be verified that the team leader owns a shareholding or has the legal rights to it.

Once in possession of all legal documentation in conformity with requirements, the grant agreement to be entered into between the beneficiary and Corfo shall be written in Spanish, in which all rights and obligations of the parties will be recorded.

The grant agreement shall be available to the beneficiary for signature, **within 7 business days** of receipt of legal documentation in conformity with all requirements, along with a standard grant agreement template in English.

At the moment of formalization, the Entrepreneurship Management shall verify that neither the beneficiary nor the executors is participating, in any capacity, in another type of co-financing emanating from InnovaChile and/or Corfo, in concordance with what is set forth in section 8 of the Technical Requirements.

Rejection of a Temporary Residence Visa⁶ will be grounds for not formalizing the grant agreement.

7. DELIVERY OF GRANT

7.2. Mode of Delivery

Grant funds may be transferred in one or more installments, by means of advance payment or against the rendering of progress and/or final reports. For this purpose, the beneficiary must communicate, prior to entering into the grant agreement, the chosen mode of delivery.

7.1.1. Delivery of grant by way of advance payment

Funds are delivered in advance for the purpose of carrying out project activities, subject to the submission, if applicable, of the corresponding guarantee documents, in accordance with what is stipulated in the following paragraph. The use of these resources is subsequently reported by the beneficiary through reports, which may be approved or rejected.

Prior to expenditure of the grant, or of each installment thereof, as applicable, the beneficiary must submit, to the satisfaction and in favor of CORPORACION DE FOMENTO DE LA PRODUCCION, Taxpayer ID#: 60.706.000-2, consistent guarantees, be these in the form of bank letters of guarantee for immediate execution, time deposits, insurance policies for immediate execution or Deposit Certificates granted by Mutual Guarantee Institutions with the goal of guaranteeing the total amount of pre-paid funds provided by the grant. The descriptive note on said guarantee instrument, in the case

⁶ The Temporary Residence Visa is the visa that the Participants must obtain before arriving in Chile and for which it is necessary to present a letter of acceptance to the Program.

|

that the nature of the instrument includes a note, must express that its purpose consists of “guaranteeing the correct use of the grant pre-payment granted by Corporación de Fomento de la Producción, for the execution of the project (indicating the name of the project and its code)” and be current for at least **25 days** after the submission date of the respective progress report and/or final report, in accordance with the calendar established in the grant agreement. This guarantee will be returned once Corfo approves the respective report and corresponding reporting of expenses. For the return of the guarantee corresponding to the last or sole disbursement, as well as approval of the Final Report and corresponding records, total restitution of the observed sums that are not spent and not charged to the subsidy will be required.

The guarantee documents listed above may also be granted, in exceptional cases, by third parties, upon acceptance by Corfo, stating in the descriptive note of these, if appropriate, that they guarantee the beneficiary (who must be specified by name) for the "proper use of the delivered grant advance payment".

The financial cost of the guarantees mentioned above may be charged to the Operating Expenses account described in sub-section 9.2 of the Administrative Requirements.

7.1.2.Delivery of the grant as reimbursement against rendering of progress and/or final reports.

The Beneficiary uses his or her own resources to perform the activities committed to, reports those expenses, and Corfo reimburses the funds corresponding to approved expenses. Corfo will deliver the respective reimbursements whenever the beneficiary, subject to approval of the progress and/or final report, requires it, to the extent that such requirements are technically relevant in implementing the project, a circumstance that will be classified by Corfo. Likewise, reimbursements may not be made for more than **Ch\$ 15,000,000.- (Fifteen million Chilean pesos)** during the first **4 months** of project implementation.

7.2. Conditions for delivery of the grant

The conditions for Corfo to deliver the grant shall be as follows:

- a) Complete processing of the Corfo Resolution that approves the grant agreement.
- b) Delivery by the beneficiary of the guarantee detailed above, in the event that the grant is delivered as an advance payment (see subsection 7.1.1).
- c) Sworn statement by the beneficiary, indicating that the beneficiary is current with payment of social security and unemployment insurance fees, and has no arrears in the state in taxes payable due to Global Complementario or Impuesto Unico established on N°1 of article 42 in the Ley Impuesto a la Renta, authorizing Corfo to verify this information (see Appendix).
- d) If it is a legal person, the certification that the beneficiary is registered is written in Registry of legal persons receiving public funds from CORFO, established in Law n ° 19,862.

|

Once the specified conditions are verified, Corfo will deliver the first installment if the advance payment mode was selected. Delivery of the subsequent installments, if applicable, will be subject, at least, to fulfillment of the conditions listed in subparagraphs b), if applicable, and c) above, and to approval of the progress reports that provide a record of activities undertaken, results obtained and not obtained, and submission of a rendering of accounts related to the previous installment.

In the case of payment subject to the rendering of reports, in addition to compliance with conditions b), if applicable, and c), technical approval of the corresponding progress and/or final report will be necessary.

Corfo reserves the right to verify that the technical and legal information declared is valid and, in the event that any serious inconformity is found, in addition to suspending the delivery of the grant or early termination of the project, it will, if applicable, file a criminal complaint against the possible configuration of a crime.

7.3. Suspension of payments and of expenses

Continuity in the delivery of funds shall be subject to the evaluation made by Corfo of the project's progress, to budgetary availability of funds and to submission of the respective guarantee document, if applicable.

Corfo reserves the right to temporarily or permanently suspend payments if it finds that the project is not developing satisfactorily according to the technical requirements and/or budgetary planning, and/or does not comply with the assistance to the mandatory activities indicated in section 7 of the Technical Requirements, and/or the beneficiary has completely or partially failed to fulfill its obligations. In these cases, Corfo will provide the measures it deems appropriate to correct the failings that it notices or put an early termination to the project.

Likewise, the beneficiary shall inform Corfo and propose the early termination of the project, if the beneficiary comes to the conclusion that the expected results will not be achieved; that the project cannot be executed within reasonable parameters, or that the beneficiary cannot pay the portion of the investment that is his or her responsibility.

Prior to the total processing of the resolution putting an early end to the project, Corfo may order the beneficiary to refrain from making further expenditures from the delivered grant. In this case, it may accept expenses associated with activities undertaken up to the date of communication of said order.

8. INCORPORATION OF THE PROJECT IN THE PROJECT MANAGEMENT SYSTEM

Corfo will incorporate the final technical and budgetary planning for the project, as well as the conditions for granting and/or formalization established by the Subcommittee, into the Project Management System (PMS) or the system that replaces it, thus creating the final version of the project for monitoring.

9. PROJECT MONITORING

9.1. Availability and delivery of information

Corfo, or whom it designates, may conduct reviews, site visits and require all the technical and financial information it deems necessary to verify whether the project is being developed in accordance with the regulations, if the activities described in the reports correspond to reality, to verify the proper use of grant funds and to determine participation of the beneficiary and/or executors in the Program activities.

To enable verification of compliance with the objectives, critical results, planned proper execution, and proper use of grant funds, the beneficiary agrees to deliver to Corfo, or to any other public or private body that Corfo indicates, all documentation required to control the investment of grant funds, pledging to provide any facilities necessary to ensure the most timely and full implementation of that task, with the obligation to provide all data, records and reports required, to prove investment of the grant awarded. The beneficiary must also abide by what is indicated in these Requirements and in the provisions of the "Guideline for Project Reporting for the Call for Applications of the" **Start-Up Chile** " Program".

Corfo will have no involvement of any kind in the implementation of activities associated with the project objective. However, it will deliver assistance to beneficiaries in the preparation of progress and/or final reports.

The beneficiary is not a dependent of Corfo, without prejudice to the power of monitoring and control of expenditures incurred and charged to the grant.

The beneficiary must respond for damages that occur as a result of carrying out the activities envisaged in the project, and Corfo shall bear no liability of any kind for any loss that may occur to third parties.

9.2. Accounts Eligible for Financing

Costs associated with development of the project may be included in the following accounts:

- a) **Human Resources:** Includes the salaries or fees of technical and/or professional personnel directly associated with project activities. Salaries for a cap of **\$1.000.000.- (one million Chilean pesos)** net per month per participant, according to the current established legislation.
- b) **Operating Expenses:** This refers to direct spending associated with project execution, such as: administrative support staff, material office lease costs, national and international fares, insurance, issuance of guarantees, product development, visits to potential clients and / or providers, training activities previously validated by the program, activities relating to the promotion and

|

publicizing of the product/service, processing of visas for participants, and internet services.

If the participant is here but has no one employed within their company, then they can only take salary for the necessities required by dedication to the project as described in letter **a.**, it will be possible to also include accommodation, building utilities and basic services, which can be financed up to the maximum amount and under the terms indicated in the following table of contents:

Participant s	Monthly Total
1	Up to \$600.000.- (six hundred thousand Chilean pesos).
2 or 3	Up to \$800.000.- (eight hundred thousand Chilean pesos).

The following expenses are not eligible: personal expenses, for example: food, tips, medicines, airfares and visa costs for persons not involved in the project, urban transport, leisure activity expenses or anything else that is not directly related to the Project.

C. Investment Expenses: Refers to the purchase of durable goods (property, plant and equipment assets) necessary for the implementation and achievement of the expected results of the project. Notwithstanding the foregoing, only the subsidy may be charged, the acquisition of up to 1 computer per project participant, prior approval and technical validation by CORFO.

9.3. Project Expenses

With the funds provided by Corfo for the project, **the following items are not eligible for financing:**

- a) Investments in Capital Markets, such as buying shares, time deposits in domestic or foreign currency, mutual funds, debts (principal plus interest) or mortgage.
- b) Taxes recoverable by the beneficiary, taking into account its legal status and applicable tax rules.
- c) Investment in capital goods that, according to the judgment of Corfo, are not crucial to the project.
- d) Acquisition of property.
- e) Personal expenses, leisure expenses, urban transportation, alcohol, expenses related to pets or any other item that is not directly related to the project.

If the actual project cost exceeds the total amount budgeted in the awarding of the grant, it will be the responsibility of the beneficiary to make up the difference generated,

|

assuming the higher cost that the project may have with respect to what is calculated, in order to fulfill the goals established in the project.

If the actual project cost, determined in accordance with the account reports approved by Corfo, is less than the awarded budget, the beneficiary must repay the grant amount exceeding the percentage of co-financing approved by the Subcommittee, calculated on the basis of actual cost, so that the relationship of the Beneficiary Contribution remains constant as compared to the Contribution of Corfo.

9.4. Account Reporting

For purposes of account reporting, a pecuniary or cash Contribution will be defined as the expenditure of funds due to project execution. In other words, the use of preexisting facilities, infrastructure, human resources, etc. of the contributor do not correspond to this concept.

Expenditures charged to Corfo must be reported based on actual costs, at the price actually paid, duly supported with reliable documents that verify the amount, and according to the directive of the "Guideline for Project Reporting for the Call for Applications of the **"Start-Up Chile"** Program".

Expenses incurred in the name of the beneficiary and executors (other participants) that are designated in the application will be accepted. Costs of a Limited Liability Individual Company whose owner is the beneficiary, or of a company in which the beneficiary has a shareholding of at least **10% (ten percent)**, will also be accepted, as long as said company also:

- a) Is legally incorporated in Chile, and
- b) Does not present initiation of activities related to the project for a period exceeding **36 months** prior to the date of application to the Program.

These circumstances will be verified by Corfo, for which purpose the beneficiary must submit the following documents:

- a) Simple photocopy of the articles of incorporation and amendments thereto.
- b) Certificate of good standing issued by the competent authority, which must be no more than **90 days** old on the date of filing.

In the event that the undertaking is approved by Corfo, the beneficiary may only submit expenses on behalf of the company from the date on which all of the documents indicated have been submitted.

Notwithstanding the latter, Corfo will verify that the amount claimed as a contribution to the project is consistent with the objectives and activities reported.

9.5. Early Expenses

Expenses incurred in the execution of the project from the date of communication of the approval decision may be accepted under the terms established in the final paragraph

|

of section 5.2.1 or the fifth paragraph of section 5.2.2, as applicable, of these Administrative Requirements, at the risk of the beneficiary. Therefore, the lack of formalization of the grant agreement will not result in either compensation or reimbursement.

9.6. Procedure for Procurement and Contracting

During the execution of the Project, the Beneficiary must follow the following procedure for acquisitions made in the context of the project:

9.6.1 Procedures

All procurement for amounts in excess of **Ch\$3,500,000.- (three million five hundred thousand Chilean pesos)** net must be authorized by Corfo. To this end, the beneficiary shall submit to Corfo **3 (three)** price estimates from the respective suppliers.

Regarding the Human Resources account, the procedure applies only to the hiring of legal persons and individual entrepreneurs.

Such authorization must be requested prior to the procurement or hiring, via e-mail to the Technical Executive for approval. Corfo shall have a term of **4 days** to respond to the request.

If **3** timely price estimates have been made without having sought prior authorization, Corfo will only recognize the price estimate of the lowest value.

Corfo will reject the expenditure if the beneficiary has not requested permission and has not received **3** prior price estimates.

9.7. Monitoring and Reporting

Corfo holds the authority to track the activities of the beneficiary, of the other participants and of third parties hired, without any prior notice. To this end, in the case of hiring activities with third parties, the power of monitoring and control shall be recorded in the contracts entered into by the beneficiary with such entities, with the beneficiary being responsible for breach of its obligations in the event of omission, and if difficulties arise from it for conducting the monitoring duties detailed above. Nevertheless, Corfo does not assume co-management or co-execution of the project, with project execution remaining the sole responsibility of the beneficiary.

The beneficiary must comply with the calendar of monitoring meetings provided by his or her technical executive, and with the delivery of reports (progress and/or final reports) in accordance with the schedule established in the respective grant agreement. These reports shall contain at least the identification of the activities implemented and results obtained, and account reporting for the period to report shall also be adjusted to the levels set in the "Guideline for Project Reporting for the Call for Applications of the" **Start-Up Chile Program**".

|

The grant agreement will consider at least the delivery of a final report of activities and expense reports made **within 30 consecutive days** after the expiration date of the term for project execution.

Corfo may request extraordinary progress reports for the periods determined in light of monitoring of project activities, with no amendment of the grant agreement being necessary in this case.

Corfo shall approve or provide comments to the progress reports, extraordinary reports and final reports within a term of **30 days** after material reception of these, or from the date of the on-site review, as applicable.

In response to a request by Corfo for documentation, modification or supplementation of reports, the Beneficiary must comply with such a request within the **5 working days** following.

Corfo will require changes in the expiration date of the guarantee, if applicable, if the beneficiary submits the report outside the deadline.

Reports that do not contain all the information requested or do not attach all supporting records that are required for both technical and financial analysis, or that do not attach a legible copy of these, shall be construed as not filed. Corfo shall notify the beneficiary within a period of **5 business days** from receipt of the report, establishing a term not exceeding **5 days** from receipt of the notification to submit the report in order.

9.8. Amendments to the Grant Agreement

Modifications to projects that involve a change in the terms of the grant agreement must be recorded in an amendment instrument to the agreement, which must be approved by Resolution of Corfo.

10. PUBLIC AVAILABILITY OF REPORTS, RELEASE AND TRANSFER OF THE RESULTS

The information received by Corfo through progress and final reports is public, subject to the exceptions established in the legislation in force.

Notwithstanding the latter, once 1 year has passed since the end of the Corfo Project, the totality of information contained in the progress reports, extraordinary reports and final reports may be made available to the public through the Corfo Institutional Repository (CIR).

Dissemination and transfer of the results of the project will be conducted in accordance with what is established in the project.

The beneficiary authorizes Corfo and its Committees, from the moment of project application, to use and distribute written or audiovisual material relating to the project and to the other participants in it for dissemination activities.

During project execution, the Beneficiary shall be obliged to the following:

- a) To provide CORFO with information on the activities carried out according to the technical and/or financial monitoring bodies and to grant the necessary facilities for that object.
- b) To support and actively participate in the events organized by Corfo and specifically the Start-Up Chile sub-management in order to promote the partial and final results of the project.
- c) To conduct dissemination and publicity activities and transfer of results in accordance with what is indicated in the project and with what is required by Corfo.
- d) To transfer the results in the manner stipulated in the project.
- e) To promote the Program Start-Up Chile, and Corfo, in a manner that makes both organisms' contribution to execution of the project evident.
- f) To complete surveys, reports or other information about the interim or final results of the project when requested by Corfo.

Subsequent to the term of participation in the Program, and for a period of 5 (five) years, the Beneficiary undertakes to:

- a) Respond to surveys, submit reports and provide any other information about the intermediate or final results or impacts of the project, when so requested by Corfo.

It is understood that the beneficiary assumes this obligation, with respect to the project in question, through the mere fact of having applied and obtained funding for its execution from Corfo. This information is relevant to the development of metrics by Corfo, and for the impact assessment of its instruments.

11. INTELLECTUAL AND INDUSTRIAL PROPERTY OF RESULTS

Notwithstanding the provisions of Section 10, the results derived from the project and all information, inventions, technological innovations, procedures, plans and other documents, shall belong to the beneficiary or the other participants in conformity with what they have stipulated. Consequently, it will be the responsibility of the beneficiaries and other participants to protect any eventual creations, patent-eligible inventions or other proprietary rights over the results of the project in the corresponding registries.

12. SUSPENSION AND TERMINATION OF THE PROJECT'S PARTICIPATION IN THE PROGRAM

12.1 Suspension of a project's participation

Corfo may suspend the execution of a project ex officio or at the request of the beneficiary, thereby suspending the term of the agreement, in the event of serious circumstances of a transitory nature that may prevent its normal execution.

The suspension ex officio shall be adopted on a well-founded basis, upon a hearing with the beneficiary, and the decision will be properly communicated to the beneficiary.

If the suspension is at the beneficiary's request, the suspension must be based on circumstances not attributable to him or her, and the beneficiary must attach the background documentation that warrants it, by means of an e-mail to the technical executive. Corfo will decide the relevance of the request and shall decide, communicating its decision to the beneficiary within **15 business days** of the request. Suspension may be requested only once during the term of the project, and may not exceed half the time originally approved. Thus, a project with a duration of **6 months** may be suspended for up to **3 month**.

Once suspension has been authorized, Corfo will reject any expenditure charged to the project during this period.

In both cases, the period of suspension shall begin from the moment that Corfo communicates its decision.

12.2 Normal Termination

The project shall be deemed completed once Corfo gives its approval to the Final Report, and the grant agreement shall be deemed completed once the beneficiary meets all outstanding obligations with respect thereto, including the return of balances not reported, not implemented or not observed, resulting from the review of reports.

12.3 Early Termination

Without prejudice to the other grounds for early termination set forth in these requirements, Corfo may adopt such a decision in the following cases, applying the sanctions detailed below:

12.3.1 Early termination of the project for reasons not attributable to the beneficiary

Corfo may impose an early end to the project on its own initiative or at the request of the beneficiary in the following situations:

- Failure to achieve critical results or continuity milestones established in the project, for reasons not attributable to the lack of diligence of the beneficiary, duly qualified by Corfo.
- Having become convinced that the project will not achieve the expected results, that it cannot be executed within reasonable parameters, or that the beneficiary will not be able to pay the amount for which he or she is responsible, for reasons not attributable to lack of diligence by the beneficiary, duly qualified by Corfo.
- Other causes not attributable to the beneficiary's lack of diligence in carrying out their activities related to the project and/or to the beneficiary's participation in the Program, duly qualified by Corfo.

If requested by the beneficiary and accepted by Corfo, it shall be understood that the project has been finished early, from the date of the request.

If effected at the initiative of Corfo, the project shall be understood to have finished early, from the total processing of the resolution that declares it, without prejudice to what is stipulated in the last paragraph of subsection 7.3 above.

In both cases, the beneficiary must deliver a Final Report of closure, within a reasonable period to be set out in the Resolution of early termination, which shall not exceed **30 days** from the complete processing of the same. The beneficiary shall return any balance from the grant that has not been paid, reported or observed in their possession at the termination date indicated in the respective Resolution, within a prudential term set by Corfo, which shall not exceed the third business day prior to expiration of the guarantee for advance payments to be in the possession of Corfo and shall be counted from the date of the requirement to repay the balance. To calculate the balance to be repaid, the criteria established in the last paragraph of subsection 9.3 above shall be applied. Corfo shall make use of the guarantees if the beneficiary fails to make the restitution of funds before the deadline.

In the case that the grant is paid against approval of report (s), Corfo will only transfer resources to pay the cost incurred by Corfo the investment of which is technically and financially accredited, and which have been incurred up to the date of communication of the early termination.

12.3.2 Early termination of the project by deed or act attributable to the beneficiary

Corfo may put an early end to the project if the beneficiary fails to comply through negligence or lacks due diligence of his or her obligations. The following situations may constitute breach of the contract:

- Denial or hindrance of project's financial and technical monitoring

- Negligence in performing financial and technical control activities
- Failure to notify Corfo in a timely manner about the impossibility of paying the contributions for which they and/or the other participants are responsible.
- Serious discrepancy between the declared technical and/or legal information and real information.
- Non-compliance with critical results or continuity milestones established in the project, for reasons attributable to the lack of diligence by the beneficiary, duly qualified by Corfo.
- Having become convinced that the project will not achieve the expected results, that it cannot be executed within reasonable parameters, or that the beneficiary will not be able to pay the contribution that is his or her responsibility, for reasons attributable to a lack of diligence by the beneficiary, duly qualified by Corfo.
- In the reports of accounts:
 - Duplication in the reporting of proof of expenditures.
 - Simulation of acts or contracts.
 - Valuation of costs above the market value
 - False or altered accounting documents (such as invoices, bills, credit or debit notes)
- Other reasons attributable to the beneficiary's lack of diligence in carrying out their activities related to the project and/or to the beneficiary's participation in the Program, duly qualified by Corfo.

In this case, the recipient must repay the entire grant received, expressed in UF (Unidades de Fomento – a Chilean peso-denominated unit indexed by inflation) on the date for which Corfo informed the early termination of the project through a written notice, and will be converted into national currency on the date of payment. If the product of this operation is a sum less than the nominal value of the grant given, the latter must be returned (nominal value). The refund will be made within **15 business days** of the notice of early termination to the beneficiary. Corfo shall make effective the guarantee deposit constituted only if the beneficiary does not make restitution within the agreed-upon deadline.

In the case that the grant is paid against approval of report(s), Corfo will reject all expenditures charged to the grant made by the beneficiary in the context of execution the project.

13. NOTIFICATIONS

From the indications of the LAW N° 19.880, article 30, letter a) and article 19, first paragraph, the beneficiary, in the application platform can authorize and consent explicitly, for that any notification of his application are sent to the email specified in his application. In these cases, the notification will be sent after the date and time in which the beneficiary has access to this notification, when this received on the inbox of the confirmed email. The beneficiary is obligated to maintain this email updated, and any change in this address will have to be notified back to Corfo.

14. QUESTIONS OR CONSULTATIONS

|

Questions may be addressed in English or Spanish to the following e-mail address:
contact@startupchile.org

Each query shall be answered by the same means, within a maximum of **5** working days from its arrival to the inbox.