

SECTION N° 1: TECHNICAL REQUIREMENTS.

1. BACKGROUND.

The strategy of the Ministerio de Economía, Fomento y Turismo for the economic development of the country has as a goal to position Chile as the innovation and entrepreneurship hub of Latinamerica. And is the program called “The S Factory” is born, which is composed by a pre-acceleration process of early stage projects to take them to a functional and competitive prototype. Likewise, given that female leadership in high impact new businesses is still low in comparison to traditional new businesses, the program seeks to support this type of businesses.

The rate of women becoming entrepreneurs out of an opportunity are high in a regional level as where as a global one, which clearly has a positive impact en the economic expansion of every country. Nevertheless, the majority of these businesses tend to grow no further from the microenterprise or outside of the informal economy, which reduces the performance of such companies. This is reflected in the rate of women that lead high growth new businesses. In between 2000 and 2010 women that were leading small companies in Latinamerica had a 23% of representation, and only 9% of the big companies were led by women:

Chile shows the third biggets indicator of new businesses undertaken by a woman (25,73%) in 2011. Exceeding broadly the average entrepreneurship indicators, within the group of economies based in efficiency, as where as for the rest of the economies, and in men as where as women. Nevertheless, there are strong personal and cultural barriers that complicate la possibility to grow and scale businesses led by female entrepreneurs, making it hard for these indicators to grow exponentially.

Corfo, along with the Subsecretaría de Economía y Empresas de Menor Tamaño, have decided to develop The S Factory program with the goal to support from its early development new businesses led by women, encouraging the creation and put into practice the launch of hig impact new businesses and fostering skills/knowledge to start and lead a new business.

2. MAIN GOAL.

The purpose of the program is to attract, boost and create new high impact new businesses, through globally minded female leaders; encouraging also, the female entrepreneurial environment and fostering the strengthen of habilities to develop new businesses.

2.1. Specific Goals.

- a. The creation and pre-acceleration of female-led high potential and global growth new businesses.
- a. Develop and strengthen leadership and business development skills.

- b. Strengthen national and international entrepreneurship networks, related to the ones of high impact potential and global growth, and female-led.

3. EXPECTED RESULTS.

- Projects with high global potential and with exclusive dedication to it are developed.
- International female entrepreneurial leadership networks are strengthened.
- Clear leadership and technical skills related to the development of businesses are put into practice.
- Potential successful businesses are created, so that participants can access to other funding opportunities after the program.

4. PARTICIPANTS.

The participants that apply must be Chilean or foreign natural persons over eighteen years of age and who are the founders or owners of a global project to be implemented using Chile as a platform.

In no circumstance may more than two natural persons be participants in the project.

The following categories will be considered:

4.1 Beneficiary (only one)

The beneficiary is the female natural person, duly specified during the application process, 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,

4.2 Executor (only one)

Optionally, the participation of up to one natural person who forms part of the founding team and who is duly specified during the application process may be considered.

5. ACTIVITIES ELIGIBLE FOR FINANCING.

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

Projects may not consist of consulting services and franchises, as these are not considered to be highly scalable projects or with high growth potential. Likewise, projects must be in early stages of development, understanding these to be projects with less than six months of development and being in a concept or prototyping stage

6. PROGRAM ACTIVITIES.

The Program will include a variety of activities and/or events, which will be made available to participants of each project, and among which a distinction will be made between mandatory and optional activities.

6.1. Mandatory 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) **“Intro Day”**: Presentation of the project, following the requirements opportunely 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’s execution term, on the date duly informed by Corfo to the beneficiary.
- b) **“Demo Day”**: Presentation of the project to participants of the program and representatives of Corfo, following the requirements opportunely informed by Corfo and with the purpose of identifying the project’s progress in development. This presentation will be made, approximately, at the end of the project’s execution term and, therefore, of participation in the Program, on the date duly informed to the beneficiary.
- c) Weekly activities such as follow up meetings, adademia, events of the community and/or mentorship.
- d) Other activities within the The S Factory 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’s 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 executor, if these exist, in the activities detailed above will be optional.

6.2. Optional Activities.

Optionally, the beneficiary and/or the executor may participate in and/or carry out the following activities, unless these have been categorized as mandatory by Corfo, as set out in the previous subsection:

- a) **Presentations, workshops, classes or other events** organized by other program participants.

- b) **Other activities related to the project and/or program that weren't described as mandatory by Corfo.**

7. CONTENTS OF THE PROJECT.

7.1 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; likewise in the case of the beneficiary she must include a documentation to set record of her genre. The achievements of each one of the participants must be demonstrable.
- b) The following identification documentation:
Chilean participants: Simple photocopy of national identification card, on both sides, and/or a simple photocopy of the page indicating the name, identification number and dates of granting and expiration of the passport. In both cases documents must be valid.
Foreign participants: Simple photocopies of the page indicating the name, identification number and dates of granting and expiration of the passport or a simple photocopy of both sides of the participant's Chilean national identification card for foreigners. In both cases documents must be valid.
In the case where these documents listed above are in the process of validation, a copy of the document that proves this condition must be attached.
- c) Dedication to the project from the participants.
- d) Description of leadership history of who applies as a beneficiary.
- e) 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.
- f) The product and/or service to develop and/or commercialize.
- g) Description of the competition and the project's differentiation.
- h) Stage or phase in which the project is at the moment of application,

7.2. Additionally, the applications may contain the following:

a) Concerning the participants:

- Motivation to develop the project from Chile.
- 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.
- Market challenge or opportunity addressed by the Project.
- Target market and its size.
- Market position.

Incomplete applications will be understood to be not submitted, defining these as applications that present 2 or more empty fields in the application, or 3 or more empty dropdown items.

8. DEADLINES.

The project duration must be **12 weeks**, which may be extended only once and for up to **4 additional weeks**, upon founded request by the beneficiary. This request must be submitted before the original deadline.

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

The beneficiary and the executor may not have received other funding from the Gerencia de Emprendimiento of Corfo or from any other instrument from the former Subdirección de Emprendimiento of Comité InnovaChile.

9. 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 Ch\$**10,000,000.- (ten million Chilean pesos)**.

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

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10. EVALUATION CRITERIA.

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 team: quality of the talent, background, experience, achievements.	30%
	Competency and leadership of the founder: towards decision making, communities that is/has been part of	20%

	and what is/has been her role in it, networks, how she built the team.	
Value of Project	Market and competitive position: potential of target market to address, size of the market, concept validation, future competitors and growth opportunities.	20%
	Product or service: vision and global impact potential, attractiveness for future funding, opportunities, relevance of the problem to the target market.	30%

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

During evaluation period an interview through videoconference may be requested to applicants.

SECTION 2: ADMINISTRATIVE REQUIREMENTS.

1. GENERAL ASPECTS.

The Administrative Requirements, hereinafter and without distinction the requirements, 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.

The Entrepreneurship Management 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.thesfactory.org.

2. APPLICATION

2.1 Procedure

This program will be made available to interested parties in the form of application to a **competition**.

Communication about the opening of a 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 where 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.thesfactory.org.

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

2.2 Means of application.

Projects, along with the requested technical and economic documentation, may be entered solely through the electronic project entry system available on the website www.thesfactory.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 of 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 or finished project in The S Factory cannot apply.

3. ANALYSIS OF PERTINENCE OR RELEVANCE

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The Entrepreneurship Management will examine the extent of convergence of the project's objective with the guidelines and objectives of the Program, verifying the consideration of Chile as a platform in order to access global markets, and the scalability of the project, among other factors. Likewise, compliance with the following requirements will be verified:

- a) The beneficiary's degree of residency in Chile during the entire execution period of the Project and exclusive dedication to said project, being this a female natural person.
- b) That the projects do not consist of consulting firms or franchises.
- c) Development of the project of less than six months.
- d) The application containing the identification documentation for participants.

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 **20 days**, counted from the closing of the application period.

4. EVALUATION PROCESS.

The projects will be evaluated by Corfo corresponding to the criteria established in section 10 of the Technical Requirements, which will be weighted 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. The complementary information may be requested to electronic means, such as email, videoconference, or others. Documentation should be sent to Corfo through the corresponding email address at the most 10 days after it has made the request.

5. DECISION.

Once the evaluation is concluded, the project will be presented to the First Entrepreneurship Subcommittee or any entity that replaces it, which will decide, upon recommendation from the Entrepreneurship Management, upon the project's approval or rejection, with the ability to set conditions for the award and/or formalization of approved projects. The deadline for presentation to the Subcommittee may not extend beyond **70 days**, counted from the date of integral receipt of documentation for the application in conformity with all application requirements.

The Subcommittee may approve the projects with the modifications that it deems pertinent, as long as the nature and general objective of these is not altered, and with the power to require technical modifications.

Corfo shall inform its sole decision to approve, reject or leave pending the Project, within the **48 hours** following the Subcommittee session sanctioning the decision.

Within a term of **15 days** counted from the date on which the Project is approved or rejected, Corfo shall communicate, in a complete and justified manner, the decision to the applicant, in conformity with the legal system, with this constituting for all effects the formal communication. In the case of approval, along with informing this circumstance, the name and e-mail address of the executive in charge of the Project shall be indicated or ratified, and it will be requested that the beneficiary present the documentation specified in the below section 6.

6. FORMALIZATION OF THE GRANT AGREEMENT

Upon approval of the project, the grant formalization process begins, which requires the execution of tasks by both the beneficiary and Corfo.

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 days** of receipt of legal documentation in conformity with all requirements.

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

7. DELIVERY OF GRANT

7.1 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 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 valid 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.

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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 qualified by Corfo.

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 of Chile, authorizing Corfo to verify this information (see Appendix).

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 a), 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 may suspend payments temporarily or permanently if it finds that the project is not being carried out in a satisfactory manner or that the beneficiary has failed to fulfill his or her obligations in whole or in part. In these cases, Corfo shall impose the measures it deems appropriate to correct the deficiencies detected, or to terminate the project early.

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 Sistema de Gestión de Proyectos (SGP) 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" **The S Factory** " 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, including the entrepreneurial salary that participants may receive in accordance with what is specified in the legislation in force, with a ceiling of Ch**\$450,000.- (four hundred fifty thousand Chilean pesos)** net

per month per participant, for their work conducted in Chile. For those foreign beneficiaries that travel to Chile with their children and declare expenses associated to the care of children below 12 years of age, an additional \$200.000.- (two hundred thousand Chilean pesos) will be assigned as part of the entrepreneurial salary.

- 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, medical insurance for participants, issuance of guarantees, product development, visits to potential clients and / or providers, activities relating to the promotion and publicizing of the product / service, processing of visas for participants, and internet services.

This account may also include accommodations, and building common expenses and basic services, which can be financed up to the maximum amount and under the terms indicated in the "Guidelines of Project Reporting for the Call for Applications of the **"The S Factory"** Program".

- 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.

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

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 dividends.
- 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 judgement of Corfo, are not crucial to the project.
- d) Acquisition of properties.
- 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 **"The S Factory Program"**".

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

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 **30% (thirty 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 **6 months** prior to the date of application to the Program.

These circumstances will be verified by Corfo, for which purpose the beneficiary must submit, within **10 days** prior to the first expenditure expected to be paid by the company or partnership, 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.

9.5. Prepaid 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 section 5, 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:

All procurement for amounts in excess of **Ch\$2,000,000.- (two million 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 **5 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" **The S Factory Program**", and according to what is stated in Resolution N°30 of 2015 from the Contraloría General de la República.

The grant agreement will consider at least the delivery of a final report of activities and expense reports made **within 2 weeks** after the expiration date of the term for project execution.

Notwithstanding the latter and in accordance with the nature of the project, the grant agreement may provide for the delivery of progress reports, the number and timing of which will be determined by Corfo taking into account the characteristics of the project, the activities of the latter, the results and Corfo's own budget availability.

The number and timing of progress and/or final reports may be modified by Corfo, upon a founded request by the beneficiary, or of its own accord, before the deadline has passed for said delivery.

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 **10 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 **3 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 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.

Once 1 year have 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 Repositorio Institucional de Corfo (RIC).

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 information to Corfo regarding activities and provide the necessary facilities for that purpose.
- b) To support and actively participate in the events organized by Corfo and/or the program 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, 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 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 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 may be suspended for up to **2 weeks**.

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 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 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. QUESTIONS OR CONSULTATIONS

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

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

APPENDIX.

SWORN STATEMENT (Natural Person)

(Name of the person signing), identification card No. *(number of the identification card of the person signing)*, domiciled for these effects in comes to declare under oath the following:

REGARDING THE PAYMENT OF UNEMPLOYMENT INSURANCE FEES

That, in conformity with the stipulations of Law No. 19,728 establishing Unemployment Insurance, the undersigned is aware of the prohibition for employers who have not paid the fees for this insurance to receive funds from Public or Private Institutions financed with Public Funds.

	That the undersigned expressly declares that the undersigned will NOT have workers for whom he or she must pay unemployment insurance fees.
	As a consequence of the regulations cited above, the undersigned declares under oath that he or she is current in payment of fees deriving from unemployment insurance

REGARDING THE PAYMENT OF SOCIAL SECURITY AND HEALTH INSURANCE PAYMENTS

The undersigned declares under oath that he or she is current in payment of social security and health insurance payments.

REGARDING THE NON-DELINQUENCY OF FISCAL DEBT

The undersigned declares under oath that he or she does not possess delinquent fiscal debt regarding the payment for Impuesto Global Complementario or Impuesto Unico established in N°1 from article 42 from the Ley Impuesto a la Renta.

Likewise, Corfo is authorized to verify the veracity of this information.

Granted in *(place)* on *(date)*.

SIGNATURE