

INNOVATION IMPLEMENTATION

TERMS

INTRODUCTION

The following are the requirements for the submission of business projects to access resources from the Innovation Implementation call for proposals.

1. PURPOSE

The purpose of this call is to support private companies to implement innovation projects, either in products (goods and services) or in business processes, and thus contribute to increase their productivity and competitiveness.

Likewise, this instrument seeks to promote innovation that allows progress in mitigation, adaptation and other aspects of climate change, given its relevance for the country's current and future competitiveness.

The support to companies will consist of non-refundable financial contributions of a portion of the project budget for the fulfillment of the plan of activities and milestones planned.

2. TYPES OF PROJECTS

Projects will be eligible for the benefits of this instrument if they help companies make significant progress in achieving innovations in products (goods and services) or business processes, including the development of prototypes. In no case may projects focus on the acquisition of turnkey technology.

A) PROJECTS OF INNOVATION IN PRODUCTS (GOODS AND SERVICES)

Development of a new product, whose technological characteristics or intended uses differ significantly from those existing in the country, or significantly improved, i.e., one that exists previously, but whose performance will be improved or enhanced.

B) PROJECTS OF INNOVATION IN BUSINESS PROCESSES

The introduction of new or significantly improved processes in one or more of the **activities** that the company performs and that have been put into use or are available to users. These processes can occur within:

- the design or adoption of new methods of **production of goods and services** without precedent in the country;

- the design or adoption of new methods of **distribution and logistics** without precedent in the country;
- the design or adoption of new and novel forms of **marketing** in the country that involve significant changes in product design or packaging, positioning, promotion or price;
- the introduction of new **organizational and management** methods without precedent in the country, including changes in the organization and management of production processes and organizational structures and the implementation of new or significantly improved strategic orientations of the company;
- the introduction of new **R&D, creative or design services** for the development of products and business processes without precedent in the country.

3. BENEFICIARIES

Private companies of all sizes that are based in the country may apply, excluding those that permanently hold funds from national budgets, public funds or direct taxes, as well as those located in free trade zones, free ports, free airports, customs warehouses or similar. Beneficiaries of these instruments include cooperatives producing goods and services whose production is destined for the market.

National companies associated with foreign companies, which have developed an innovative technology for the country abroad, may also apply to this instrument, when it is necessary to conduct different types of tests or prototype development to evaluate the possibility of its application within the Uruguayan ecosystem.

4. BENEFITS

The benefits available to companies whose projects are selected by ANII will be up to 70% of the project's eligible cost, up to a maximum of UYU 4,000,000, which will be allocated based on the evaluation of the projects and the decision of ANII's Board of Directors.

In the event that the project submitted by the company is identified to mitigation, adaptation or any other aspect related to climate change and is evaluated as such, the benefit will be up to 70% of the eligible cost of the project with a maximum ceiling of UYU 5,000,000. In case the evaluation committee understands that the project is not related to climate change, the project will be evaluated taking into account the ceilings mentioned first in this section.

In the case of partnerships between national and foreign companies, the benefit will be up to 70% of the eligible cost of the project, with a maximum limit of up to UYU 5,000,000.

RESTRICTIONS

The company's counterpart for the execution of the project must be monetary and may not be in kind.

The company must be formally incorporated at the time of the project application and up to date with its tax obligations.

In the case of a newly created company that is a subsidiary of another company (spin-off), the new company and the original company must apply jointly, and the latter will be jointly and severally liable for the funds executed.

Companies may have only one project under follow-up associated with this instrument.

5. ELIGIBLE PROJECTS

To select the projects to be supported, ANII will first identify and evaluate the **innovative merit** of the proposal, i.e., it will establish the innovative merit of the proposal, whether in terms of product (good or service) or business processes, which, if successfully implemented, will contribute to adding value to the company (impact).

If the evaluation of the innovative merit is negative, the evaluation of the other aspects of the project will not be continued and the project will not be eligible for support through this ANII instrument.

In the event that the evaluation of the innovative merit is positive, those projects that meet the following requirements or criteria will be evaluated and selected:

A) TECHNICAL FEASIBILITY

The project must demonstrate that the proposal to be developed is technologically feasible. The research and development (R&D) processes that need to be conducted and the technical difficulties and risks involved should be identified.

B) MARKET IDENTIFICATION

The project must identify the target market it intends to reach in case it is technically successful, establishing the eventual clients, competition, substitutes and marketing strategy together with the risks associated with it.

C) ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACT

The project should clearly describe what its impacts will be if the planned objectives are met. In particular, the applicant will be asked to present an estimate of the return on investment of the project, as well as projections of income and expenditure of funds.

D) LEGAL AND ENVIRONMENTAL FEASIBILITY

The project must identify the labor, tax, social security and environmental provisions in force in the country that are relevant to it and establish the measures that will be taken in the event that it is implemented.

E) SKILLS OF THE WORK TEAM

The company submitting the project must demonstrate that it has the skills to conduct it, i.e., that it has the human resources capable of managing and supervising the activities established in the project.

F) WORK PLAN

The project must establish a work plan leading to the achievement of the proposed objectives, indicating the methodology to be used, the activities to be conducted, the times associated with the activities and the expected results. The risks of the project and the actions planned to mitigate them must be clearly established.

G) FINANCIAL RESOURCES

The company submitting the project must demonstrate that it has the counterpart financial resources to conduct the activities contemplated in the project and that the project budget is well sized and in line with market values. Submission of the company's financial statements will be requested.

H) Climate Change

To the extent that the project is related to climate change mitigation or adaptation actions, the company must clearly define the scope of these actions and how they will impact its future trajectory. (See Climate Schedule)

6. ACTIVITIES ELIGIBLE FOR FINANCING

ANII funds may be used to finance activities directly related to the implementation of the project, including, but not limited to, the following:

- Fees for training and coaching services for the company's personnel.
- Internships for master's and doctoral students.
- Expenses associated with short courses abroad, for a maximum of up to two months, including airfare, lodging (food, lodging and transportation), tuition and other essential expenses arising from the course.
- Fees of technical staff for the execution of the project¹.

¹ Ceilings for remunerations eligible for financing apply.

- Salaries of the company's own staff² assigned to the project for up to UYU 960,000 of the recognized project amount.
- Expenses associated with the hiring of consultants.
- Purchase of materials and supplies.
- Purchase of essential equipment for the development of innovation.
- Expenses on test equipment, trials and laboratories.
- Expenses on facilities or labor and environmental protection measures.
- Purchase of bibliographic material.
- Expenses for the purchase or lease of software.
- Expenses for technical and maintenance services associated with the project.
- Intellectual property protection expenses.
- Promotion and dissemination expenses.
- Travel expenses associated with technical visits.
- Costs of licenses and specific building adaptation for the installation of equipment.
- Unforeseen expenses up to 5% of the project's eligible cost.
- Expert fees for the formulation of Innovation Implementation projects for a maximum ANII contribution of UYU 96,000.

7. ACTIVITIES NOT ELIGIBLE FOR FINANCING

- Investment in fixed assets.
- VAT and employer contributions will not be financed.
- Investments that are destined to the normal activity or operation of the company (for example, equipment and facilities).
- Administrative staff of the applicant companies.
- Financial investments, such as time deposits, mutual funds, stock purchases.
- Payment of company debts of any kind.
- Recurring operating expenses of the company.

8. PROJECT DURATION

Projects that receive ANII financing under this instrument may have a maximum execution period of up to 18 months and must complete all planned activities and reach technical and financial closure.

9. ACCESS MECHANISMS

Applications will be submitted on a rolling basis with four evaluation rounds during the year. The number of projects to be approved will be subject to the availability of ANII funds.

10. APPLICATION, EVALUATION AND FOLLOW-UP PROCESSES

² Including technicians, professionals, managers and directors.

A) APPLICATION

Corresponds to all the activities that occur from the time the company consults the requirements and conditions to apply for this instrument until it completes the formal application form.

B) EVALUATION

Corresponds to the activities conducted at ANII after the project has been formally submitted. Corresponds to the process of analysis and evaluation of the project, which ends with the communication to the company of the results of its project application. The project will be evaluated by the Business Project Evaluation and Monitoring Committee (CESPE) appointed by ANII's Board of Directors and approved by CONICYT.

C) FORMALIZATION

These activities are conducted after the company is notified of the approval of its project and end with the formalization between the company and ANII through the signing of a financing agreement establishing the technical, administrative, and financial conditions for the execution of the project. Advances of up to 15% of the approved subsidy may be granted based on the financial evaluation of the company.

D) EXECUTION AND FOLLOW-UP

This is the stage after formalization between the company and ANII, in which the company conducts the activities committed to in the approved project and ANII performs the technical and financial monitoring of the project. During project execution, the company must justify the expenses incurred under the project in order to receive the corresponding reimbursement or advance from ANII.

E) CLOSURE OF THE PROJECT

These activities involve evaluating compliance with the project's technical and financial commitments and closing activities by ANII and the beneficiary companies. Upon completion of a project, the beneficiary must submit a closing report to ANII presenting the results obtained. An audit of project expenditures will also be conducted at this stage. In the event that the final report and audit are approved, the percentage of approved subsidy withheld (10%) will be released.

11. PRIVACY AND OTHER CONSIDERATIONS

The application implies that the applicant authorizes ANII to communicate and disseminate through different channels (web page, press, etc.), without time limitation and within the framework of its legal duties, the identification data of the applicants (individual or legal entity), as well as information on the call for proposals and the project, such as project amount, ANII contribution, other contributions, publishable summary, related persons or institutions, etc., and any other information or personal data necessary to ensure transparency in

the fulfillment of ANII's legal duties, unless expressly classified as confidential.

ANII will treat the data in accordance with its privacy policy and terms of use³.

Likewise, the application implies full acceptance of these terms. ANII reserves the right to decide on any circumstance not expressly provided for herein without right of appeal by the applicants.

³ Available at <<https://www.anii.org.uy/upcms/files/politica-de-privacidad-y-terminos-de-uso.pdf>>.