

FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

PUBLIC SELECTION No. 004/2017
PUBLIC CALL NOTICE

PROJECT SELECTION FOR THE FOURTH ROUND OF THE PROGRAM SEED –
STARTUPS AND ENTREPRENEURSHIP ECOSYSTEM DEVELOPMENT

SECTION I - CALL

1 - INTRODUCTION

The Christiano Ottoni Foundation – FCO, considering State Law no. 20.704, of June 3rd 2013, the State Decree no. 46.258, of June 18th 2013, amended by the State Decree n 46.776, of June 10th 2015, and the Technical Cooperation Term no. 004/2017, signed with the State of Minas Gerais, through the State Secretariat for Economic Development, Science, Technology and Higher Education – SEDECTES and the Minas Gerais Research Support Foundation – FAPEMIG, brings to the public knowledge this Call for Applications and invites interested parties to present projects to participate in the fourth round of the SEED program – *Startups and Entrepreneurship Ecosystem Development*, under the terms set forth herein and in conformance with the provisions of Section II - Terms and Conditions, which is part of this Call.

2 - PURPOSE

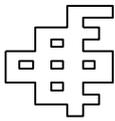
2.1 - This Public Call has the purpose of selecting up to forty (40) technology-based projects to support national or foreign entrepreneurs who wish to develop innovative startups of any sector within the State of Minas Gerais.

2.2 - The support referred to in the sub-item above shall be granted under the SEED program, in conformance with the provisions of Section II - Terms and Conditions, which is part of this Call.

2.3 - The purpose of this program is to:

- a) speed up the development of the startups ecosystem in the State of Minas Gerais;
- b) encourage the technological entrepreneurship, attracting to and maintaining within the State the human capital and business projects with high growth potential;
- c) stimulate the development of technological innovation in the productive environment, leading the innovation culture in the State;
- d) promote value-adding in the economic activity by stimulating the transformation of knowledge into business with higher value and technological contents;
- e) support the creation and development of startups in the State;
- f) empower the interactions, the networks and knowledge and skill transfer between supported entrepreneurs and the local startups;
- g) bring local entrepreneurs close to the worldwide innovation centers; and
- h) stimulate the appearance of cases of success, with demonstrative and multiplying effects.

2.4 - For the purpose of this Public Call, the following definitions shall apply:



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

- a) technology-based startup: group of people looking for a repeatable and scalable business model, working under extreme uncertainty conditions and proposing the use of technology as an element of their innovation efforts;
- b) repeatable and scalable business model: a model capable of generating value or revenue, in a sustainable manner, through the offer of a product or service in a potentially unlimited scale; and
- c) startups ecosystem: network of interaction between the players of a community, with the purpose of supporting the creation and development of startups.

3 - ELIGIBLE PROJECTS

3.1 – Projects considered eligible are those submitted by proposing teams composed by two or three entrepreneurs who satisfy each of the following requirements:

- a) be at least eighteen years old;
- b) native or naturalized Brazilian, or a foreign individual under the condition of remaining in Belo Horizonte for the duration of the program; and
- c) belong to one single proposing team.

3.2 - The entrepreneurs referred to in the previous sub-item must also show the potential to contribute with the development of the local startups ecosystem and must be willing to participate in the program in the city of Belo Horizonte, capital of the State of Minas Gerais, in conformance with the provisions of Section II - Terms and Conditions.

3.3 - By submitting the projects, the entrepreneurs undertake to maintain, while participating in the program, all requirements established in this item, keeping their registration data up-to-date with the relevant registries.

3.4 - The business of each project must be clearly characterized as technology-based startup, according to the definition presented in sub-item 2.4 of this Section.

3.5 - The projects submitted must also be capable of being developed in the state of Minas Gerais.

4 - REGISTRATION AND SUBMISSION OF PROJECTS

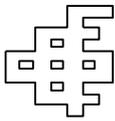
4.1 - The projects must be registered and submitted through an electronic registration form, available at www.minasdigital.mg.gov.br/seed, as of 09:00AM (nine hours in the morning), Brasilia Time, of February 2nd, 2017, until 6:00 PM (six hours in the afternoon), Brasília Time, of March 2nd, 2017.

4.2 - Projects submitted through any other means or outside the time stipulated in the previous sub-item will not be accepted.

4.3 - The proponent is solely responsible for the correct completion of the electronic registration form, under penalty of being disqualified.

4.4 - Each proponent shall receive, through electronic mail, a project submission slip.

4.5 - Only one project per proponent shall be accepted.



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

4.6 - If the same proponent submits more than one project, within the time stipulated in sub-item 4.1 of this Section, only the latest project submitted shall be taken into consideration for analysis and selection.

4.7 - If there are identical projects submitted by different proponents, all such projects will be disqualified.

4.8 - The proponent in charge of the project submission will be the coordinator of such project, for the purposes of participating in the program.

4.9 - The proponent shall be responsible for registering him/herself and appointing the other members of the proposing team in the registration form.

4.10 - After the submission of the project, no changes in the proposing team will be accepted, such as inclusion, change or removal of members, other than those already included in the application form, under penalty of the entire team being disqualified from the program, except in cases provided by regulatory acts governing the SEED program, especially State Law No. 20704 of 06/03/2013, State Decree no. 46258 of 06/18/2013 and its update no. 46.776. In case any member of the approved proposing team gives up participating of the program, he/she may be substituted by another member included in the application form as long as the new member has similar or superior qualifications, and is approved by the coordinators of SEED. This substitution shall be requested by e-mail to the coordination of the program no longer than 15 (fifteen) days after the publication of the selected teams.

4.11 - After the submission of the project, no changes to the documents uploaded will be accepted, such as inclusion, change or removal of documents, under penalty of the entire team being disqualified from the program, except in cases provided by regulatory acts governing the SEED program, especially State Law No. 20704 of 06/03/2013, State Decree no. 46258 of 06/18/2013 and its update no. 46.776.

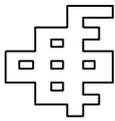
4.12 – Requests for clarification and doubts must be submitted within three (03) business days before the final date of registration, in Portuguese or English language, to the e-mail: seed2017@fco.org.br. The responses to the requests for clarification and doubts will be published on the FCO website (www.fco.eng.ufmg.br).

5 – DOCUMENTS TO BE PRESENTED IN THE APPLICATION FORM

5.1 – The proposing team shall submit the following documents with the application form:

- a) digitalized copy in high resolution of both faces of the identity card or another identification document, for Brazilian citizens; or
- b) digitalized copy in high resolution of all pages of the passport (expiring date after six months from the starting date of the program) or both sides of the Brazilian foreign identity card, in case of foreign citizen;
- c) digitalized colored photo, passport pattern, not edited, in high resolution of each of the members of the project, containing just the face on white background.

5.2 – To the foreigners, additional documents may be necessary, according to the requirements of each Brazilian Consulate abroad when applying for the appropriate visa.



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

6 - CONTENT OF THE PROJECTS

6.1 - In order to enable proper analysis, each project must present, through the electronic registration form, the following information:

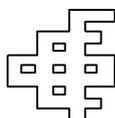
- a) concerning the members of the proposing team:
 - i. personal and contact data;
 - ii. academic and professional background;
 - iii. individual and joint accomplishments;
 - iv. relationship between the members;
 - v. team composition;
 - vi. dedication to SEED and the startup;
 - vii. motivation to participate in the program;
 - viii. participation in organizations and involvement with entrepreneurship and innovation networks, whether national or international, in addition to connection with important startups ecosystems;
 - ix. activities to empower interactions, creation of networks and transfer of knowledge, skills and best practices between the participants, as well as between them and other players of the local startups ecosystem; and
 - x. contact data of at least one person to provide recommendation about the project and the team.
- b) concerning the startup:
 - i. identification;
 - ii. current stage of development and financing;
 - iii. performance time;
 - iv. the problem it intends to solve;
 - v. the solution to be developed;
 - vi. main similarities and differences in relation to existing products or services;
 - vii. business model;
 - viii. market;
 - ix. existing and potential competitors; and
 - x. competitive edge.

7 - ANALYSIS AND SELECTION OF PROJECTS

7.1 - The selection of the projects presented under this Public Call shall be performed through analysis and comparative assessments during the qualification and appreciation steps.

7.2 - The qualification consists in analyzing the projects presented concerning how they meet the provisions established in this Call and its attachment.

7.3 - The appreciation, is the qualification step performed in three stages by an Appreciation Committee, constituted by members of the Public Administration or national or foreign professionals with notable technical or work experience in technological innovation and entrepreneurship, which is sovereign in its decisions. This step consists in analyzing the merit and relevance of the projects approved in the previous step, considering the appreciation rules and criteria established in this Call and its attachment.



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

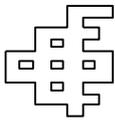
7.4 - During the first appreciation stage, each project will be evaluated by two (02) members of the Appreciation Committee, and a score will be given to such project according to the following criteria:

Appreciation Criteria	Description	Weight (%)	Score
Team	Background and entrepreneurial attitude Technical capacity Integration	40,00	1,00 to 5,00
Business	Market Opportunity Business model	20,00	1,00 to 5,00
Technology	Technical and economic feasibility Innovation	20,00	1,00 to 5,00
Impact Potential	Current development and financing stage in line with the principles of the program Impact potential in the local ecosystem	20,00	1,00 to 5,00

7.5 - The Appreciation Committee will approve for the second stage of appreciation only the one hundred and sixty (160) projects which obtained the highest scores in the first stage.

7.6 - During the second appreciation stage, each project will be evaluated by three (03) members of the Appreciation Committee, and a score will be given according to the following criteria:

Appreciation Criteria	Description	Weight (%)	Score
Team	Provable successes Cross-disciplinary capacities Supplementary capacities Background and entrepreneurial attitude Innovation capacity Knowledge of the business and technology Relationship Dedication to the startup and to SEED	40,00	1,00 a 5,00
Business	Relevance of the issue Global Impact Size of the market Entrance obstacles Business model Competitive edges Knowledge of the target audience Knowledge of the competitors	20,00	1,00 a 5,00



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

Appreciation Criteria	Description	Weight (%)	Score
Technology	Capacity of the solution to be repeatable and scalable Distinctions Innovation degree	20,00	1,00 to 5,00
Impact Potential	Current development and financing stage in line with the principles of the program Impact potential in the local ecosystem	20,00	1,00 to 5,00

7.7 - The Appreciation Committee will approve for the third stage of appreciation only the sixty (60) projects which obtained the highest scores in the second stage.

7.8 - During the third appreciation stage, each project will be evaluated by two (02) members of the Appreciation Committee through an interview, to be scheduled for March 2016, via video conference computer application, which will be recorded and filed, and a score will be given according to the following criteria:

Appreciation Criteria	Description	Weight (%)	Score
Impact Potential	Current development and financing stage in line with the principles of the program Impact potential in the local ecosystem	100,00	1,00 to 5,00

7.9 - For the purposes of calculating the scores, up to two decimal places will be used.

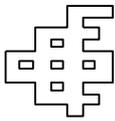
7.10 - The scores of each project given by the members of the Appreciation Committee shall be given by the weighted average of the scores given for each criterion.

7.11 - The final score of each project will be given by the arithmetic mean of the evaluations made by the members of the Appreciation Committee.

7.12 - For the purposes of qualification and selection, the final score of each project shall be the score obtained on the third stage.

7.13 - If the number of projects approved in the qualification step is equal to or lower than one hundred and sixty (160), the appreciation will be performed only in two stages, which shall follow the appreciation rules and criteria provided in sub items 7.6, 7.7 and 7.8.

7.14 - In case of a tie, the final score and the scores given for Team, Technology, Impact Potential, and Business on the second stage of appreciation will be taken into consideration, in this order, and if the tie still remains, the project submission order, from the oldest to the most recent, shall be taken into consideration.



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

7.15 - The Appreciation Committee may not include among its members an individual who has submitted a project to this Call or who participated in the startup team to which the project refers.

7.16 - It is prohibited to any member of the Appreciation Committee to analyze projects in which:

- a) his/her spouse, companion or direct, collateral or affinity relative, up to and including the third degree, is participating in the startup team;
- b) there is a judicial or administrative dispute with any member of the startup team or their respective spouses or companions.

8 - RESULTS OF THE SELECTION AND ADMINISTRATIVE APPEAL

8.1 - The result of project selection will be published on the program's website, as well as on the website www.minasdigital.mg.gov.br/seed, as of May 2nd, 2017, as well as on the FCO website (www.fco.eng.ufmg.br).

8.2 - Within twenty four (24) hours, counted as of the publication of the selection result, all proponents of this Call will have access to their project assessment, preserving the anonymity of the members of the Appreciation Committee.

8.3 - If the proponent has a reason to dispute the project selection result, he/she may submit an appeal directly to FCO, written in Portuguese or in English language, via seed2017@fco.org.br within three (03) business days after the publication of the final result.

8.4 - The proponents of projects disputed in the appeals will have three (03) business days to present their defense, written in Portuguese or in English language, via seed2017@fco.org.br, and they shall have access to the records.

8.5 – The appeal will be rejected if:

1. Submitted after the above mentioned period;
2. Not properly grounded; and
3. Not signed by the appellant with the correct identification.

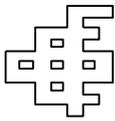
8.6 – The appeal acceptance implies the invalidation of only the acts unsusceptible of utilization.

8.7- The result of each appeal shall be notified to the appellant via electronic mail.

8.8 - The existence of any appeals will withhold the progress of other actions and proceedings of this Call. The appealing phase will be exclusive in the terms of Art. 30 of the Federal Decree no. 8.241/14.

9 – PROGRAM START

9.1 - The members of the proposing team of the selected projects must come forward to begin their participation in the program on June 20th 2017, without delay, at the coworking office of the SEED program, located at 104 Praça Rui Barbosa, Centro, in the city of Belo Horizonte, Capital of the State of Minas Gerais, under penalty of disqualification.



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

9.3 – In case of withdrawal of any of the selected projects, the team coordinator shall immediately write an e-mail to seed2017@fco.org.br communicating the withdrawal and the reasoning.

9.4 - In the event of disqualification, or in case of withdrawal of any of the selected projects until the fifth business day before the date set forth in the foregoing sub item, the next qualified and appreciated projects will be called, in decreasing order according to their appreciation score. In cases of disqualification or withdrawal of selected projects, the proponent entrepreneurs will be banned from applying to the following two rounds of the SEED program.

10 - OPPOSITION TO THE CALL

10.1 - Oppositions concerning the terms of this Call, written in Portuguese or English language, shall be submitted to FCO, via e-mail to seed2017@fco.org.br.

10.2 – Oppositions to this Call should be submitted by e-mail up to five business days before the date mentioned on sub-item 4.1 of this Section, and the administration shall deliberate and respond to the opposition within three business days under the terms of Law no. 8.666/93. The right to oppose to the validity of the terms of this Call shall lapse against the proponent who fails to submit an opposition within the above mentioned period. The responses will be available within 3 business days at the FCO website (www.fco.eng.ufmg.br).

10.3 - Oppositions will not be deemed as appeals when made by those who, after having accepted this Call without objections, shall point out any failures or imperfections subsequently to the time set forth in the foregoing sub-item.

11 - REVOCATION OR ANNULMENT OF THE PUBLIC CALL

At any time, this Call may be revoked or annulled, in whole or in part, whether by unilateral decision of SEDECTES, or for reasons of public interest or legal requirements, by a supported decision, without giving rise to any rights to indemnification or claims of any nature.

12 - GENERAL PROVISIONS

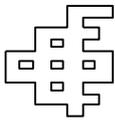
12.1 - This Call is governed by the State Law no. 20.704, of June 3rd, 2013, the State Decree no. 46.258 of June 18th, 2013, amended by the State Decree no. 46.776 of June 10th, 2015, by the Decree no. 8.241 of May 21st, 2014 and by supplementary rules issued by SEDECTES, also subject to the principles contained in the header of Art. 37 of the Brazilian Federal Constitution.

12.2 - FCO, after hearing SECTES, reserves the right to resolve the omitted cases and situations not provided in this Section.

12.3 - The Central Court of the District of Belo Horizonte is elected to solve any disputes that may arise from this Call, as a waiver to any other, as privileged as it may be.

Belo Horizonte, February 2nd, 2017.

FUNDAÇÃO CHRISTIANO OTTONI



SEÇÃO II - TERMS AND CONDITIONS

1 - SUPPORT TO THE SELECTED PROJECTS

1.1 - The SEED program will provide support to the selected projects by:

- a) granting financial incentive;
- b) making available a shared office and proper space to hold meetings and events;
- c) performing a methodology of entrepreneur qualification and business acceleration;
- d) promoting and encouraging events to follow-up the performance of the projects and to bring the participants of the local startups ecosystem closer; and
- e) availability of non-financial benefits (“*perks*”) through partnerships with technology and services companies for access to key platforms and services for the development of the projects.

1.2 - The activities of the program will occur, mainly, in the city of Belo Horizonte, capital of the State of Minas Gerais, and will be performed in Portuguese or English language.

1.3 – The weekly use of the coworking office will be granted to all program participants, from 9:00 AM to 9:00 PM on week days, being 9 (nine) hours of mandatory use, distributed in at least two days, and 18 (eighteen) hours of optional use.

1.4 - At the discretion of SEDECTES or an entity assigned by it, the participation in the program's activities may be mandatory or optional.

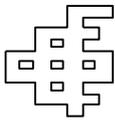
1.5 - Upon a reasonable request, SECTES or the entity assigned by it may exceptionally authorize a participating to not participate in the mandatory activity.

1.6 - The methodology of entrepreneur qualification and business acceleration consists in follow-up and technical, managerial and strategic advisory services, which will be offered to the participants with the purpose to help them to develop entrepreneurial skills and to turn innovative ideas into repeatable and scalable businesses.

1.7 - The purpose of the events referred to in item "d" of sub item 1.1 of this Section is to:

- a) empower interactions, creation of networks and transfer of knowledge, skills and best practices between the participants, as well as between them and other players of the local startups ecosystem;
- b) promote the presentation and follow-up of the projects' performance, including for potential clients and investors;
- c) invite important people involved in high-impact projects related to entrepreneurship, innovation, technology, cooperation and development of startups, especially founders of successful startups, to speak about their experiences, provide details of their projects and difficulties faced; and
- d) give visibility to the program and to important themes in the field, as well as to place the State of Minas Gerais in the national and international scenario of startups.

1.8 - The program will also provide guidance to the participants, especially to foreign participants, concerning arrival, lodging and stay in the city of Belo Horizonte, as well as



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Fundação de Apoio à Escola de Engenharia da UFMG

about the procedures needed to obtain the visa, issue the identity card for foreigners, to enroll with the Individual Taxpayer's Registry (CPF), open a bank account and rent a house.

2 - CONCESSION OF THE FINANCIAL INCENTIVE

2.1 - The amount of the financial incentive referred to in item "a" of sub item 1.1 of this Section is limited to R\$44,000.00 + $n * R\$ 12,000.00$ (forty four thousand reais, plus n times twelve thousand reais), where n is the number of team members of the project, whereas:

- a) R\$ 68,000.00 (sixty eight thousand reais), if the project team is composed of two members; and
- b) R\$ 80,000.00 (eighty thousand reais), if the project team is composed of three members.

2.2 - The variable installment of the incentive, at the amount of $n * R\$ 12,000.00$ (n times twelve thousand reais) shall be granted during the period of participation in the program, as a monthly allowance of R\$2,000.00 (two thousand reais) for each of the n members of the project team.

2.3 - The main purpose of the variable installment is to pay for the personal expenses of the entrepreneurs during the participation in the program, such as housing, transportation, food, among others.

2.4 - The first payment of the monthly allowance shall be performed on the fifteenth (15th) business day after starting the participation in the program, and each of the following payments shall be within a maximum of thirty five (35) days after the previous payment.

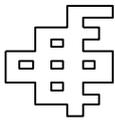
2.5 - The participants will not account for the use of resources corresponding to the monthly allowance.

2.6 - The fixed installment of the incentive, at the amount of R\$44,000.00 (forty four thousand reais) shall be granted as an advancement payment or reimbursement of expenses. The advanced payment or reimbursement of expenses will be granted after approval of SEDECTES.

2.7 - The main purpose of the fixed installment is to pay for the planning or development of the prototype or version of a product or service to be released, which the entrepreneurs will be able to use to collect investments or to obtain revenue during or after the participation in the program. The fixed installment shall not be used to cover personal expenses of the entrepreneurs during the participation of the program such as housing, transportation, food, among others.

2.8 - The fixed installment of the incentive must be employed for paying the expenses related to the performance of a project, duly justified, made on behalf of the members of its team and under the following items:

- a) payroll and social charges;
- b) tickets and expenses with transportation and lodging;
- c) consumables;
- d) consulting services;
- e) other third party services - individuals;



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Fundação de Apoio à Escola de Engenharia da UFMG

- f) other third party services - legal entities; and
- g) equipment and permanent materials.

2.9 - The fixed installment of the incentive may also be employed for the payment of expenses made on behalf of the participants with two-way tickets and transportation to their residence, as well as with health insurance and travels insurance and procedures needed to obtain visas.

2.10 - The fixed installment of the incentive may not be used to pay expenses incurred previously or subsequently to the effective participation in the program, except, at the participants' risk, expenses provided in the foregoing item, or to pay for tickets and lodging to military officers, public servants or employees, personnel of the direct or indirect public administration, except when allowed by a specific legislation.

2.11 - The fixed installment of the incentive shall be granted in monthly installments and will be limited to the amount of R\$44,000.00 (forty four thousand reais) and to the maximum percentage which may be granted to the projects during the months of participation in the program:

Month of participation	1	2	3	4	5	6
Maximum percentage (%)	30,00	44,00	58,00	72,00	86,00	100,00

2.12 - The financial incentive resources shall be deposited and transacted into specific bank accounts owned by the participants of the program if the startup fulfil the minimum requirements and activities of the program.

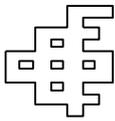
2.13 - The payments related to the financial incentive may incur taxes under the current legislation.

2.14 - The minimum consideration, as provided by article 12 of Decree no. 46776/2015, to be offered by the supported project teams is five per cent (5%) of the financial incentive granted, met through expenses related to the performance of the projects, duly justified and on behalf of the members of their teams.

2.15 - Instructions and other rules concerning the concession of financial incentive, expenses incurred and paid with resources of the referred incentive, the minimum consideration to be offered and the rendering of accounts will be included in the manual that will be made available by SEDECTES.

3 – GENERAL GUIDANCE TO PARTICIPATE IN THE PROGRAM

3.1 - The participation in the program shall be formalized by a term of commitment, written in Portuguese, to be signed between SEDECTES or the entity assigned by it and each of the team members of the selected projects, which document must include the rights and obligations of the parties.



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

3.2 - For foreign entrepreneurs, the term of commitment shall be followed by a translation in English language.

3.3 - The term of participation in the program is six consecutive months, counted as of the date when the statement of the term of commitment is signed, which should occur in the first week of the program, and this term cannot be extended.

3.4 – It is the responsibility of the proponent team to answer the program requests in due time. Failure to observe this rule may result in disqualification of the proponent team from the program.

3.5 - The obtainment of a proper visa is a requirement for the beginning and to formalize the participation of the foreign entrepreneur in the program. The program will request with the Brazilian Ministry of Labor temporary work visas of 2 (two) years, to all foreign entrepreneurs members of teams qualified to the last phase of the selection process. The Ministry of Labor may refuse any authorization request without explanation.

3.6 – The foreign entrepreneur must provide a passport with minimum expiration date of 6 (six) months from the beginning of the program.

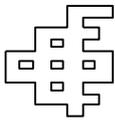
3.7 – Foreigners might need to show additional documents, according to the requirements of each Brazilian Consulate abroad to qualify for the proper visa, including police reports, health insurance, proof of residence, visa request form, visa fee payment receipt, photograph, vaccination certificates, among others.

3.8 – The foreigner will receive guidance by e-mail, in English, about the dates he/she should schedule the visa interviews and documents to be presented. It is the full responsibility of the entrepreneur to indicate the closest Brazilian Consulate in the application form, to where his/her documents will be forwarded by the Brazilian External Relations Ministry, following the approval by the Brazilian Ministry of Labor National Immigration Council. The Ministry of External Relations may refuse any visa requests without explanation.

3.9 – The costs related to the visa requests at the Brazilian Consulates abroad, including visa fees and travel costs, may be reimbursed after the beginning of the program, following presentation of all original proof documents and receipts and after the approval by the program administration.

3.10 – It is the responsibility of the entrepreneurs to schedule the visa appointment according to the program administration's guidance, as well as to show up at the Consulate on scheduled date and time, and the provision and presentation of all documents required by the Consulate.

3.11 – The visa request procedure will occur simultaneously with the selecting process to the 4th edition of the SEED program. If the foreign entrepreneur applies for the visa but his/her startup is not selected, the visa will be cancelled and costs may be reimbursed (following presentation of original proving documents and receipts and approval by the program administration).



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

3.12 – Public authorities of the state of Minas Gerais or employees of SEDECTES or FAPEMIG, as well as their spouses, companions or direct, collateral or affinity relatives, up to and including the third degree, are prohibited from participating in the program.

3.13 – Are also prohibited from participation in the program employee or associate of SEDECTES partnering entities, as well their spouses, companions or direct, collateral or affinity relatives, up to and including the third degree.

4 - FOLLOW-UP OF THE PROJECTS AND RENDERING OF ACCOUNTS

4.1 - SECTES or the entity assigned by it shall adopt an instrument to perform follow-up and partial and final assessment of the projects.

4.2 - SECTES reserves the right, at any time, directly or through an entity assigned by it, to promote technical visits, to schedule meetings and to request any technical and financial information required to:

- a) follow-up the performance of the projects;
- b) attest the accuracy of activities and facts reported;
- c) control and inspect the use of the financial incentive granted; and
- d) monitor the participation of the project team members in the activities of the program.

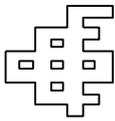
4.3 - After the end of the participation in the program, SEDECTES or the entity assigned by it may request any technical and financial information needed to verify the fulfillment of the conditions established in the term of commitment signed with the participants.

4.4 - The coordinator of each project must submit SEDECTES or the entity assigned by it, in the manner and in a time to be defined, monthly rendering of accounts, detailing the performance of the project and the record of all occurrences affecting the development of projects in the period.

4.5 - Failure to render the accounts, in the form and in the time stipulated, or disapproval by SEDECTES or by the entity assigned by it, may cause the early termination of the participation of a certain project in the program, without prejudice to other relevant remedies stipulated by a duly supported decision, observing the provisions of the public law principles, by the principles of the general theory of contracts and by the terms of the civil legislation applicable to the matter.

4.6 - Any changes concerning the performance of a project must be requested by its coordinator to SEDECTES or the entity assigned by it, followed by a proper justification, which must be authorized previously to being effective.

4.7 - In order to promote meritocracy and to encourage a high standard of performance between the participant, at least ten per cent (10%) of the projects of each round of the program with the lowest partial assessments shall be terminated early up to half of the term stipulated in sub item 3.3 of this Section. The rules are included in the Manual that will be made available by SEDECTES.



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

5 - TRANSPARENCY AND DIFFUSION

5.1 - The records of resource transfers concerning financial incentive made under SEED, as well as the indicators showing the results of their application, shall be collected yearly by SEDECTES and made available on the Transparency Portal of the State of Minas Gerais.

5.2 - The participants of the program authorize SECTES or the entity assigned by it, as of the submission of their projects, to use and disclose the written and audio visual materials about themselves and their projects, with the purpose to promote the program, its activities and successful cases, as well as to impact the local community, inspiring it to become more entrepreneurial, to value cases of success and failure, to share ideas, to take risks and think globally.

5.3 - After one (1) year as of the participation in the program is terminated, SEDECTES or the entity assigned by it may provide on the Transparency Portal of the State of Minas Gerais, or another appropriate system, all of the information contained in the projects' partial and final rendering of accounts, without prejudice to the exceptions set forth in current standards.

5.4 - During the participation in the program, the entrepreneurs undertake to:

- a) provide information to SEDECTES or the entity assigned by it, concerning the performance of their projects, as well as to facilitate the monitoring and control of such projects;
- b) support and participate in the program's events to promote the results of their projects;
- c) diffuse the results of their projects, as required by the program;
- d) promote the program, in order to disclose the contribution of the program for the performance of their projects; and
- e) participate in surveys, elaborate reports or provide any other information concerning the results of their projects, whenever requested by SEDECTES or the entity assigned by it.

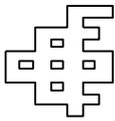
5.5 - With the purpose to monitor and evaluate the SEED, the entrepreneurs undertake, for the period of five (5) years after the participation in the program is terminated, to participate in surveys and provide information on the evolution, results and impacts of their projects, whenever requested by SEDECTES or the entity assigned by it.

5.6 - In order to meet the provisions of line "c", sub item 5.4 of Section II, the participants must hold workshops, courses or training classes with the purpose to disseminate the knowledge, skills, experiences and results of their projects.

5.7 - In order to remain on the program, participants are required to meet a minimum score with the activities provided in the foregoing sub item, and such score will be calculated at the discretion of SEDECTES or the entity assigned by it.

6 - INTELLECTUAL AND EQUIPMENT PROPERTY

6.1 - The intellectual property rights that may arise from the performance of a project may be subject to protection, under the current legislation, and the project team members will be the owners of such rights, as stipulated by them.



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

6.2 - The participants will decide about the feasibility and interest of requesting such protection, in Brazil or abroad, by requesting privileges over the product or process resulting from the performance of their projects, and they shall be responsible for the procedures concerning intellectual property registry with the relevant bodies, as well as for the respective payments, which may be performed with resources from the financial incentive granted under the terms of item 2 of this Section.

6.3 - The coordinators of supported projects must keep SEDECTES or the entity assigned by it informed of all the proceedings regarding the protection of intellectual property rights, in Brazil and abroad, resulting from the performance of their projects.

6.4 - The beneficiaries of the incentive shall hold the title on the equipment purchased with financial incentive resources, granted as provided in item 2 of this Section.

7 - SUSPENSION AND TERMINATION OF THE PARTICIPATION

7.1 - SEDECTES or the entity assigned by it may resolve to suspend the participation of a project in the program, ex officio or at the request of its coordinator, for a maximum period of one (1) month (non-cumulative), if any transitional facts are verified which, due to their severity, may prevent the normal performance of the project or the achievement of the minimum requirements for participation.

7.2 - The suspension of the participation of a project may be requested by its coordinator, only once, before the sixth month of participation in the program.

7.3 - The suspension will not result in extension of the term of participation in the program, which is set forth in sub item 3.3 of this Section.

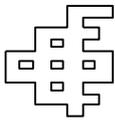
7.4 - The fixed installment of the financial incentive granted under the terms of item 2 of this Section may not be employed to pay for expenses incurred during the period in which the project is suspended.

7.5 - In case a project is suspended from participating in the program, the amount of the allowance to be granted to the members of its team in the month subsequently to the suspension will suffer a proportional discount to the period in which the project is suspended.

7.6 - SEDECTES or the entity assigned by it, at any time, may terminate the participation of a project in the program, considering the provisions in sub item 4.7 of this Section, or in case of proven unsatisfactory performance, or if one of the team members failed to fully or partially fulfill his/her obligations or if it fails to meet the participation requirements, without prejudice to any other measures applicable to a duly supported decision.

7.7 - If the unsatisfactory performance is verified or in case of a fact which justifies the suspension or termination of participation of a project in the program, SECTES or the entity assigned by it shall establish a term of ten (10) business days to its coordinator, counted as of the supported notice, to present the reasons and claims of defense.

7.8 - The coordinator of a project may request for the early termination of the participation in the program in the following cases:



FUNDAÇÃO CHRISTIANO OTTONI - FCO
Fundação de Apoio à Escola de Engenharia da UFMG

- a) if the performance of the project is unfeasible;
- b) if it is impossible to achieve the results expected;
- c) if there are any laws, acts or facts that cause the performance of the project to become materially or judicially unfeasible or not practical;
- d) if the minimum requirements for participation are not met; and
- e) if it is impossible to provide the resources needed to the minimum consideration.

7.9 - The early termination referred to in the previous sub item shall be considered as of the date of its approval by SEDECTES or the entity assigned by it.

7.10 - In case of early termination of a project, the members of its team must reimburse the program, in official Brazilian currency, at par value and within fifteen (15) days as of the termination:

- a) the installment of the allowance which refers to the period of the month in which the project will no longer be participating in the program; and
- b) the advancement of the fixed installment of the incentive which cannot be employed, according to the applicable rules and guidelines.

7.11 – In the above mentioned cases of early termination of a project, the team members are banned from applying to the following two rounds of the program, with the same or different project.

7.12 - The regular termination of the participation of a project in the program will occur after the term stipulated in the sub-item 3.3 of this Section.

8 - GENERAL PROVISIONS

8.1 - Each project coordinator is solely responsible for adopting all measures involving special ethical or legal permits and authorizations which are needed to perform their project.

8.2 - Participants must be liable for all damages arising from the performance of their projects, and SEDECTES or the entity assigned by it shall not be held responsible for any damages causes to third parties.

8.3 - This instrument is governed by the State Law no. 20.704, of June 3rd, 2013, the State Decree no. 46.258 of June 18th, 2013, amended by the State Decree no. 46.776 of June 10th, 2015, and by supplementary rules issued by SEDECTES, also subject to the principles contained in the header of art. 37 of the Brazilian Federal Constitution.

8.4 - SECTES reserves the right to resolve the omitted cases and situations not provided in this Section.