

URUGUAY AUDIOVISUAL PROGRAM

SPECIFIC TERMS AND CONDITIONS

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MAKING OF INTERNATIONAL AUDIOVISUAL ADVERTISING PRODUCTIONS IN URUGUAY

2023

The call for the program aimed at the making of international audiovisual advertising productions in Uruguay will be regulated by these specific terms and conditions, along with the Program's general terms and conditions, and the guidelines for the submittal of the closing report, accountability of expenses, request for re-allotment, and audit report.

All queries should be addressed to puainternacional@acau.gub.uy

1. WHAT TYPES OF PROJECTS DO WE SUPPORT?

The Line for international audiovisual advertising productions of the "Uruguay Audiovisual" Program (PUA as per its Spanish acronym) seeks to provide support to foreign audiovisual advertising productions produced in Uruguay entirely or partially.

The project submitted shall consist of activities pertaining to the pre-production, production and/or post-production carried out in the territory of Uruguay by natural persons who are permanent residents of Uruguay and/or by legal entities incorporated in Uruguay, in accordance with the eligibility criteria established in the call's Terms and Conditions. The amount implied by the project must reach a minimum sum of eligible costs, as indicated further ahead in this document.

Beyond the project submitted to the Program, there may be production expenses, generated in Uruguay and abroad, that will not be taken into account, even when they may be part of the activities planned for the piece's production and post-production.

2. WHO ARE ELIGIBLE APPLICANTS FOR THIS CALL?

Eligible applicants are natural persons who are permanent residents of Uruguay and legal entities formally incorporated with permanent fixed domicile in Uruguay, whose business activity takes place in the field of audiovisuals in Uruguay, and with an activity history of at least twelve months. These applicants may not be, neither directly nor indirectly, the head members of audiovisual communications services, or have a business partnership with a head member of any audiovisual communications service, and must have an agreement in place

with a foreign company, for making an audiovisual advertising piece or campaign to be fully or partially implemented in the territory of Uruguay.

The applicant will become the Executive Entity, responsible for reporting the project's development and its expenses to the Program. The applicant must be registered at ACAU.

The beneficiaries of the support provided as part of the Program will be the foreign legal entities responsible for the making of the audiovisual advertising piece or campaign, who hold a contract in place for the provision of production services with the local applicant company.

Any company, or its legal representatives, that has previously received the Program's support will not be eligible to apply if it has incurred in non-compliance with any of the obligations included in the contract(s) subscribed with the Program.

Applications must be submitted by the representative legally responsible for the Executive Entity. For applications made by a third party, a power of attorney entitling the third party to submit the application on behalf of the applicant will be required. However, the subscription of the agreements with ACAU, or with others, concerning the project must be signed by the legal representative of the applicant company.

3. WHAT SUPPORT IS OFFERED BY THE ADVERTISING PRODUCTION LINE OF THE PUA PROGRAM?

The project of the application must consist only of the pre-production, production and/or post-production activities carried out in the territory of Uruguay, provided by Uruguayan citizens, natural persons who are permanent residents of Uruguay and/or legal entities established in Uruguay.

The overall amount of the project will include all eligible expenses relative to the referred activities, and the minimum amount will be USD 150,000 (one hundred and fifty thousand US dollars). The total amount of each project must be the aggregate sum of the nominal amounts, free of taxes.

ACA U will reimburse up to 20% of the project's total amount, and up to a maximum limit of support equal to USD 100,000 (one hundred thousand US dollars) per project.

4. WHAT EXPENSES ARE ELIGIBLE TO BE ACKNOWLEDGED?

The overall amount of the applicant project will entail all eligible expenses associated with production and post-production activities carried out in Uruguay, provided by Uruguayan citizens, natural persons who are permanent residents of Uruguay and/or legal entities established in Uruguay that qualify as admissible according to these terms and conditions.

Eligible expenses will be those incurred in between the start and end dates indicated in the applicant project. And expenses incurred in up to 30 days prior to the date of the application may be considered eligible expenses. The application date is defined as the date on which the applicant company delivers all the correct documents required by the Program, free from remarks. In the event of remarks that arise during the eligibility stage, such remarks should be remedied within a period of 10 business days.

The following will be deemed as eligible expenses:

- Specialized activities related to audiovisual production, including artistic and technical services.
- Fees¹ of directors, executive producers², and casts, corresponding to natural persons of Uruguay or permanent residents of Uruguay.
- Fees corresponding to shooting, photography and camera equipment, art equipment, sound equipment, field production and on-location productions.
- Fees of technical staff for post-production, animation and VFX.
- External services for recording, sound post-production, and services relative to post-production in general.
- Operation expenses for shooting in the territory of Uruguay: transportation and moving, food allowance, field production, and locations.
- Art and technical production expenses: rental of equipment and technical production materials, purchase of exclusive and essential materials for production and/or post-production, consumed in full during the project implementation.
- Cost of make-up, costumes, set design, staging.
- Travel tickets of individuals related to the applicant project, to the extent that they are purchased from a local company.
- Allowances of individuals related to the applicant project.
- Stills (service provided for the applicant's audiovisual project).
- Acquisition expenses relative to copyrights and other rights involving Uruguayan authors.
- Other production expenses incurred in the territory of Uruguay, deemed admissible by the assessment team.

¹ An amount that may be acknowledged as expenses of the project is a percentage of up to 30% of the salaries of the company's payroll staff, of technical and creative roles specific of audiovisual production or post-production (excluding personnel related to maintenance, security, administration, transportation, executives and secretaries), provided that their actual participation in the project may be proven, and such individuals are included in the payroll submitted to BPS (Uruguay's Social Security Bank) as company employees, and once it has been verified that the wages stated throughout the project did not significantly increase in relation to the 3 months prior to the project. For the cases of animation and post-production, the percentage will be 50%.

² The aggregate fees eligible for the executive production item may not exceed 5% of the total eligible amount for the whole Project. If the applicant production Company is a one-person company, reporting vouchers to the Program for production technical services will not be allowed.

- Expenses associated with the implementation of practices aimed at increasing film-shooting sustainability.

5. WHAT EXPENSES ARE NOT ELIGIBLE TO BE ACKNOWLEDGED?

Expenses resulting from activities not directly related to the production of the applicant's audiovisual project will not be acknowledged, and more particularly the following:

- Development-related activities.
- Distribution and marketing activities.
- Financial costs and insurance outside the production.
- Operating expenses, including infrastructure, offices, equipment, own transportation, permanent staff of companies except those included in the eligible costs, or any other consumable or contract made before the project implementation.
- Purchase of properties or vehicles, civil and construction works that may be used beyond the project implementation; financial investments such as term deposits, mutual funds, purchase of stock shares, payment of debts of any of the project's participants.
- Company service fees.
- Unforeseen expenses.

6. DETAILS OF THE PROGRAM'S IMPLEMENTATION PROCESS

I. APPLICATION

The call is made in an open-window regime, starting on 19 September 2023. It will remain open while funds allotted for the Advertising Line remain available.

Project applications must be submitted through the ACAU website, by filling out the application form and attaching all the documents required for the line involved.

Applications must contain the following documents³:

- 1) Project application documents, abiding by the format provided by the Program:
 - Registration form, filled out.
 - Budget for the whole project, on the format provided by the Program (with indication of eligible and non-eligible expenses).
 - Production Plan/ Post-production Plan, in format provided by the Program.
 - Annexes (other attachments required on the project form).

- 2) Documents pertaining to the applicant company, the originals of which may be requested by ACAU at any time following the application.
 - BPS Certificate
 - DGI Certificate⁴ (RUT Card and Uruguayan Identity card for one-person companies)
 - Certificate of Existence, Validity and Representation

- 3) Documents of foreign companies, whose originals may be requested by ACAU at any time following the application:
 - Documents proving the existence, validity and representation of the beneficiary company in its country of origin. In the event that such certification is not customary in the country of origin, then a notarial certification, specifying the identification of the company's legal representative at the time of incorporation, the company type, the company's head offices, its name and its period of validity, will be admitted.
 - Documents stating the company's compliance with tax obligations in the country of origin.

³ The form and the documents referred must be submitted with their corresponding certified translations into Spanish, or with a consistency certificate in cases where the translation was done abroad. For projects approved, apostilled documents must be produced for the subscription of the agreement. If the agreement is subscribed in Uruguay, then the notarial certification of the signatures will be required.

⁴ At the time of the application, companies must provide proof of their being in full compliance with tax obligations applicable.

- 4) Agreement⁵ subscribed by the applicant company and the foreign company, or at least a memo dealing with an invoice corresponding to the production services. The contract must include all of the project's data (identification of the parties, services to be contracted, duration, execution dates, amount of the contract), and it must be subscribed by the legal representative of the foreign company(ies), or its(their) attorney(s) holding a notarial power of attorney to expressly certify their capacity as such.

For the documents that require signatures, both the original signatures by hand on the document that is later scanned (whose originals will be requested by ACAU at the closing of the process) and a verified digital signature (with some kind of protection and certification mechanism obtained through the purchase of a token or some other tool that turn the signature identifiable and traceable, always upon the previous agreement by the parties in that regard) will be admitted. The image of a signature copied and pasted on the document will not be deemed a valid signature.

In exceptional cases that include the due justification, applications for an increase in the amount of projects approved whose activities have commenced already may be taken into account, to the extent that the applicant project implies only an increase in the number of shooting days or new post-production activities, provided that there are still funds available in the call. Such applications for increase must be submitted prior to the start of the corresponding activities. The full reimbursement of the project may not exceed the maximum reimbursement amount for the corresponding line.

II. ASSESSMENT

The assessment process will be divided into two stages⁶, namely:

⁵ Upon being selected, the project must submit, at the time of subscribing the agreement with ACAU, the contract signed by both companies, including the due translation and apostilles. For contracts signed in Uruguay, the notarial certification of signatures will be a requirement.

⁶ The periods for assessment and approval that have been established are approximations and illustrative, and not final, and they will be subject to the management periods required for the Program.

Stage 1: Eligibility (7 business days)

ACAUI's technical team will verify compliance with the conditions and information required for the application. When deemed necessary, ACAUI will contact the applicants to request further details and/or explanations on any aspect of the data submitted, to be provided within a period of up to ten business days. If the applicant company fails to submit the documents so requested, or if it does not fulfill the minimum requirements set forth for the call in this document, it will be banned from moving on to the following assessment stage.

Stage 2: Resolution (10 business days)

Based on the report by the technical committee, and upon confirmation of the availability of funds, ACAUI's authorities will adopt a final resolution regarding the granting, or not, of support to the applicant project. Such a resolution will be formally notified to the applicant company.

In no case whatsoever will the condition of Program beneficiary be formally granted in the absence of the signed agreement between the Executive Entity (applicant company for the project) and ACAUI.

If, following notice of the approval, the company expresses its will to not continue with the support approved, such a situation will be deemed as a withdrawal from such aid. If the company decides to apply again with that project or with a different project, in the event of a second withdrawal from the support granted during the same call, then the company will be penalized with a ban from the possibility of applying to the line for a 45 calendar day period. If a third withdrawal takes place in relation to an approved project for the same company, then such company will be banned from applying to the line for a 6-month period.

III. IMPLEMENTATION

Following approval of a project, an agreement will be signed, within a maximum period of 120 days, between the Executive Entity (applicant company for the project) and ACAU.

Before signing the contract, an agreement must be reached with the executing company concerning the submission of verifiers to prove the implementation of the activities provided for in the project approved.

Upon the subscription of the agreement, the following documents must be fully valid:

Documents of the foreign beneficiary company:

- Documents confirming the validity, existence and representation of the beneficiary company in the country of origin, duly translated into Spanish by a certified translator, and with the corresponding apostilles.
- Documents confirming the company's compliance with tax obligations in the country of origin, duly translated into Spanish by a certified translator, and with the corresponding apostilles.
- Contract document subscribed by the executive entity and the foreign beneficiary company, duly translated into Spanish by a certified translator, and with the corresponding apostilles. (The contract must be signed by the foreign company's representative, or otherwise accompanied by a notarized power of attorney of the company's representative who will be signing the contract.)
- Bank account of the beneficiary foreign company.

Documents for cases of local companies:

- Fully valid BPS Certificate
- DGI Certificate (RUT Card and Identity Card for one-person companies).
- Certificate of Existence, Validity and Representation.
- Certificate of compliance with Law No. 16,074 (Accidents at the workplace and Occupational illnesses) by the Executive Entity, issued by the Insurance Bank of Uruguay (BSE). If the Executive Entity has no dependent employees, a negative

Certificate must be provided, or otherwise the acting notary public must expressly indicate this situation on a Notarial Certification of Incumbency.

- Debt-free certificate of the executive entity.

The applicant company and/or the beneficiary company will carry out the activities provided for in the project that has been submitted and approved. Any changes required for the project approved must be informed in advance by means of a formal notification with the due justification, and before the implementation, and they will be subject to approval by the Program.

The terms, formats and considerations relative to follow-up reports, closing reports and accountability of expenses must abide by the provisions contained in these terms and conditions, and in the attached "Guidelines for the submittal of the closing report, accountability of expenses, request for re-allotment, and audit report".

The free re-allotment among items and sub-items (whether posted as eligible in the budget initially approved, or not) will be allowed, except for the items of technical team (O25) and cast (O05 and O10), which are particularly assessed and have a greater incidence and significance within the Program's framework. Any deviations and re-allotments by item regarding the budget approved will be considered in view of the provisions contained in the corresponding "Guidelines for the submittal of the closing report, accountability of expenses, request for re-allotment, and audit report".
(Accountability Guidelines)

The submission of a request for re-allotment of expenses will be allowed only once, within a period of 30 calendar days following the finalization date, and according to the provisions of the "Accountability Guidelines".

Upon the project's closing, and after all the activities scheduled have been implemented, the Executive Entity must submit a report with the final closing of activities, the accountability of expenses and an audited report, in accordance with the terms and conditions set forth in the "Accountability Guidelines" document, within a period of up

to 60 calendar days from the final date indicated in the project, or 30 days from the approval of the allotment, if applicable.

ACAUI will verify that the audited report received indeed fulfills the conditions established and compliance with the activities submitted in the applicant project will be verified by means of the verifiers agreed.

Once the compliance with the terms and conditions agreed in the project approved has been verified, ACAUI will proceed to the reimbursement of the aid promised, in accordance with the amounts and percentages established in the contract subscribed by the Executive Entity and ACAUI.

In no case whatsoever reimbursements will be made for projects that have not reached the minimum expenditure required of at least USD 150,000 (one hundred and fifty thousand US dollars).

In cases where the actual expenditure submitted in the accountability report is lower than the budget approved, the reimbursement will be calculated regarding the amount actually rendered, provided that the minimum required in expenses corresponding to the category of the applicant project has been reached.

In cases where the deviation between the project's budget amount and the actual expenditure exceeds 10%, a penalty will apply, in a sum equivalent to one-third of the deviation percentage, in relation to the amount of the reimbursement.

In cases where the actual expenditure reported in the accountability report exceeds the approved budget, the reimbursement will only cover the amount agreed upon.

The reimbursement will be made by ACAUI to the beneficiary foreign company, into a bank account duly informed by such company. The bank account may not be located in a country appearing on the OECD list of tax paradise countries. If the holder of the bank account is a legal entity different from the beneficiary foreign company, such

circumstance is to be justified upon agreement between the applicant company and the foreign company, under the application requirements.

The reimbursement shall be made in a lump sum, following approval of the project's final accountability report, in accordance with the audited report, and to the extent that the participating companies have not incurred in any contract non-compliances with local entities or persons. Banking costs associated with the reimbursement shall be borne by the beneficiary company.

Following the reimbursement and with all obligations fulfilled, the contract will be deemed completed.

ACAUI reserves its right to request additional information at any time deemed necessary. To such effects, the Executive Entity must allow ACAUI –or anyone appointed by it– access to any information considered necessary for monitoring and evaluating the project.

In the event of verifying a total or partial non-compliance, by the Executive Entity and/or by the foreign company, with the terms and conditions set forth, or any false information, or flaws in the procedures agreed in the contract document, then ACAUI shall proceed to suspend (either temporarily or definitely) the project's implementation, adopting the administrative and legal measures that may correspond in accordance with the applicable local norms.

Non-compliance with the obligations agreed in the contract will render in disqualification to apply to the funds administered by ACAUI, for the scope and periods so defined by ACAUI through a resolution.

7. AMOUNT FOR THE CALL

For implementing the Advertising Line of the PUA Program, a total amount of up to USD 1,000,000 (one million dollars of the United States of America) will be allotted. ACAUI

reserves its right to refrain from allotting the whole sum provided for herein, due to the non-availability of funds and/or for any other reason that ACAU may deem justified.

8. GENERAL AND SPECIAL REGULATIONS

These Specific Terms and Conditions comprise the special regulations that shall govern the “Advertising Line” of the PUA Program, for all aspects not provided for in the General Terms and Conditions of the 2023 Uruguay Audiovisual Program. The guidelines for the submission of the closing report, accountability of expenses, request for re-allotment, verifiers and audit report are to be considered part of these specific terms and conditions.

Any doubts about the construction of this document, as well as any situations not provided for herein, shall be solved by ACAU.