

**TERMS AND CONDITIONS
OPEN INNOVATION CALL
DANPER CHALLENGE 2021**

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I. BACKGROUND

DANPER is an agro-export company whose management model is based on the creation of Shared Value, in which economic development and efficient investments are linked to the social progress of its people, their families and communities. For over 26 years, our company has experienced continued growth and faced constant challenges.

Today, DANPER grows and produces nutritious food solutions such as fine fruits and vegetables, super grains, gourmet prepared food and organic foods through four processes: canned, fresh, frozen and dry grains. Among the various products Danper processes are asparagus, blueberry, avocado, pepper, artichoke and mango, as well as several specialty foods using ingredients such as quinoa, chia and other super grains.

Most of our business is B2B export. Our products are sold to supermarket chains and service providers. Our domestic market business line operates under the B2B2C and B2C models through the Casa Verde brand (<https://www.casaverdeperu.com>).

DANPER seeks to maintain high quality standards, promoting continuous improvement and innovation of our processes, and always seeking economic, social and environmental sustainability. Creating Shared Value is the basis of our management model. This implies generating economic development while achieving social progress for our workers, their families and communities.

In addition, in 2018, the National Program for Technological Development and Innovation - ProInnovate (previously Innóvate Peru), launched the Collaborative Innovation Projects competition to foster innovative technological solutions to create new (or substantially improved) products (goods or services), processes, and organization or marketing methods aimed at successful market introductions by creating corporate groups bent on jointly engaging in innovation initiatives.

DANPER participated in the call together with the Antenor Orrego Private University and the Chamber of Commerce and Production of La Libertad as associated entities, and was one of awardee companies of the Fund for Collaborative Projects of Innovation-Category 02: Open Innovation, with the project called "IDENTIFICATION OF CHALLENGES AND SELECTION OF OPEN INNOVATION PROPOSALS FOR DANPER: TOWARDS A WORLD-CLASS AGRO-INDUSTRY". This project started in 2020, and its initial outcome was a detailed diagnosis and identification of innovation opportunities and challenges across the organization.

DANPER has prioritized five (05) challenges to be launched in an Open Innovation call called "Danper Challenge 2021" (<https://danper.com/challenge/>), aimed at identifying innovative solutions from companies that fit with the proposed challenges and develop collaborative projects.

For this call, Danper has the support and an alliance with of ProInnovate and Wayra, recognized actors of the Latin American innovation and entrepreneurship ecosystem.

ProInnovate is a Ministry of Production program to promote, expand and consolidate innovation, technological and productive development, and entrepreneurship in Peru, through, but not limited to, innovation in production processes, innovative entrepreneurship and capacity strengthening in business innovation, transfer, absorption, adaptation and diffusion of technology to companies.

Wayra is a global, connected and technological corporate innovation hub. It is the corporate investment and open innovation arm of Telefónica operating in 10 countries around the world, to support growth of outstanding digital ventures and transition business opportunities, by attracting investment and opening new markets.

The joint call and organization between Danper and Wayra is part of a collaboration agreement between the parties, whose main purpose is to identify technological ventures that comprise or are developing solutions that provide a satisfactory response to a range of business challenges, that with the community of entrepreneurs and innovators of the ecosystem outlined in this call's documents.

Wayra will participate as an expert entity in the first phase of the Open Innovation process, intervening in all stages and will accompany DANPER, who will select projects to prepare business cases and develop concept tests and / or pilots together with the selected companies.

It will be assumed that all applying entrepreneurial team members who will join the challenge know, accept and commit to abide by each and every one of the conditions outlined in these challenge documents.

II. OBJECTIVES

This call seeks the following objectives:

- A. Guide the development of new business proposals to meet specific needs and challenges, ensuring demonstrable business opportunities exist and initial assumptions are fully validated.
- B. Validate those value proposals that best respond to the identified innovation challenges.
- C. Support the development of feasible business models aimed at fulfilling the aforementioned objectives.
- D. Validate the proposals presented which are amenable to scaling up and roll out in the company.
- E. Leverage linkages between Danper and domestic and global entrepreneurs to promote and expand business contacts for the benefit of both parties.
- F. Generate impact for Danper's business and the company proposing the selected solutions, by rolling out value creating solutions that add value to the challenge they address.

III. INNOVATION CHALLENGES

In this open innovation call, Danper's focus is on five (05) main challenges. Applicant solutions can be aligned to solve more than one challenge, if applicable, and they choose the challenges to which the solution is aligned as scheduled in the application form published on the Challenge website (<https://www.danper.com/challenge/>).

- **Challenge 1: Differentiating experiences for our Clients and Consumers:**

Most of Danper's business is B2B export, offering fresh, frozen, canned and specialty products to supermarket chains and service providers on six continents.

Our domestic market business line runs a B2B2C and B2C model offering specialties through the Casa Verde brand (<https://www.casaverdeperu.com>). Currently these products are marketed in supermarkets and through our e-commerce direct delivery channel in the cities of Lima and Trujillo.

This challenge seeks to respond the following question:

How do we improve the quality of life, health and well-being of our customers and consumers with our products or solutions by offering a differentiating experience?

In regards of the following topics:

- A. Devising programs or new business models focused on the Danper customer experience.
- B. Creating opportunities for sales through various channels and points of contact.
- C. Expanding our current product portfolio's characteristics to be regarded as "superfoods" that contribute to healthy eating.
- D. Developing last mile delivery channels.
- E. Creating innovative shopping experiences for our clients (either in the B2B or B2C business).
- F. Innovating commercialization styles for our products.
- G. Enforcing exponential technologies to improve the customer experience such as augmented reality, virtual reality, artificial intelligence, blockchain, and others.
- H. Or a combination of the themes mentioned above.

- **Challenge 2: Connected Field and crop yield improvement**

Through this challenge we want to answer the following questions:

How do we improve crop yields, avoid losses and waste and build a smarter company that is connected to our customers and markets, and creates more and better value for ourselves and our stakeholders?

We seek improvements in crop management, where the company can find value in solutions that tackle the following issues:

- A. Measurement of water efficiencies
- B. Innovative irrigation, fertilization and crop health management
- C. Process tracking in fields
- D. Management of the process from field to factory processing of finished products.
- E. Innovative cultivation methods and management.
- F. Or a combination of the above.

Many process digitization solutions are commercially available. Therefore, we expect innovative solutions that depart from market-available solutions and that complement technological convergence with our digital platforms hosted in our “Multicloud” cloud to be used to address the topics comprised in this challenge, namely technologies related to:

- Internet of Things.
- Blockchain
- Artificial intelligence
- Digital twins
- Augmented reality and virtual reality
- Applied robotics
- Other emerging and exponential technologies.

- **Challenge 3: Improved product shelf life.**

Our fresh products portfolio includes asparagus, blueberry, avocado, pepper, artichoke and others, grown in our own and third-party fields, and brought to the plant for processing and packaging.

How can we improve the shelf life of our fresh produce?

This challenge is related to new technologies to increase the useful life and quality of harvested vegetables and fruits that may be related to the following topics:

- A. Product packaging and coating solutions.
- B. Solutions for shipping management, such as packaging that enhances produce quality appearance or other solutions that create an environment conducive to conserving raw materials.
- C. Tracking solutions, notifications and handling of exceptions on the control points in the transit to the products' final destination.
- D. Decision-making support based on the prediction of the quality and condition of the product, supported by historical data and the real-time logging of crop scoring and post-harvest events.
- E. Crop nutrition or management innovations to improve produce/product useful life.
- F. Or a combination of the above.

- **Challenge 4: Operational Efficiency.**

This challenge addresses the following two questions:

How do we automate processes that are highly manual and repetitive?

How do we centrally monitor our operations?

Related to the following topics:

- A. Innovative automation solutions for quality control or output from process lines such as palletizing, labeling and packing.
- B. Solutions that allow us to centrally and dynamically view processes and KPIs in real time, generate alerts, unify information, and others.
- C. Platforms and innovations for monitoring previously defined indicators based on value chain performance measurement models; for decision support, and exception handling.
- D. Or a combination of the themes mentioned above.

Many process digitization solutions are commercially available. Therefore, we expect innovative solutions that depart from market-available solutions and that complement technological convergence with our digital platforms hosted in our “Multicloud” cloud to be used to address the topics comprised in this challenge, namely technologies related to:

- Internet of Things.
- Blockchain
- Artificial intelligence
- Digital twins
- Augmented reality and virtual reality.
- Applied robotics.
- Technologies (hardware and software) for monitoring and visualizing data in real time.
- Other emerging and exponential technologies.

- **Challenge 5: Sustainable Value Chain**

This challenge addresses the following question:

How do enhance our company's use of water and, energy sustainability and its impact our neighboring communities, and the human talent that works directly and indirectly with us?

This challenge seeks to address the following topics:

- A. Innovations to roll out Zero Waste or circular economy initiatives. At present, our operation generates thousands of tons of by-products from various crops, including artichoke, pepper, avocado, asparagus and blueberry. We are looking for ways to create new products and solutions to reuse them sustainably, and to build alliances or partnerships with suppliers and / or clients to engage in

circular economy projects, as for example, the use of bioplastic packaging, among others.

- B. Innovative solutions that seek to achieve energy efficiencies through the use of clean energy.
- C. Innovative solutions that allow efficient use of water, or waste water treatment.
- D. Or a combination of the above-mentioned topics

IV. WHO CAN PARTICIPATE - ELIGIBILITY

All applicants must meet the following conditions to be eligible for the call:

- A. Being a company legally incorporated in the country where the application originates. Tax heavens are excluded. They must accredit at least one (01) year of operation activities counted retroactively from the date when the proposal was filed, matching and according to the information of the Single Taxpayers Registry (RUC) data. If the company was created in Peru, it must have a Single Taxpayer Registry (RUC) and if it was created outside of Peru, it must have a similar registry in the country of incorporation, including actual address and updated details for the legal representative.
- B. If the company was incorporated in Peru, they must hold active / existing taxpayer status as evidenced by its SUNAT (Tax Administration) Single Taxpayers Registry (RUC) and not be included in legal collection proceedings with government reported by SUNAT or debts for missing workers' social security payments nor any other non-tax obligations (only applicable to private organizations).
- C. Create or have an innovative solution (goods and / or services) within the scope of the call.
- D. Not being objected by ProInnovate or another source of financing to which they have access.
- E. Members of the company team must be of legal age.
- F. Provide a solution that is directly or indirectly related to any of the innovation challenges presented, the objective of the call and its vision.
- G. If shortlisted, at least 50% of the applicant's work team (which may include company workers and partners) engaged in the proposed solution must devote their full work day effort to the project.
- H. Participants must have technical and managerial capacity to ensure an effective contribution in the preparing and executing all project stages. Their contribution must be detailed in the proposal.
- I. Not be impeded to enter into contracts with the State, pursuant to Law 30225, as amended (State Procurement Law), or having been sanctioned with temporary or permanent disqualification from contracting with the Peruvian State.
- J. None of its legal representatives may have been sentenced for a crime committed to the detriment of the Peruvian state, nor have they been convicted by means of a consensual or enforceable sentence for crimes of concussion, embezzlement, corruption of officials, illicit enrichment, influence peddling and illegal acts committed to the detriment of the Peruvian State, and/or a foreign or third party.
- K. Not having been subject to objections (for any reason) by national and international funding agencies.

- L. Not being party to administrative and / or judicial processes for discrimination for reasons of race, religion, age, sex, nationality, disability, sexual orientation, genetic information or as a senior citizen.
- M. If shortlisted, candidates must be in possession of legal residence permits, work authorizations and / or visas required to engage in pilot programs in Peru, as applicable.

V. EVALUATION AND SELECTION

Applying companies must have a solution or product already developed and close to the market for its improvement and possible piloting. The final objective of this process should allow the selected solutions) to scale in the different Danper business units.

A. Application

The solutions must be registered using the application form shown at the following web address: <https://danper.com/challenge/>, as of August 10, 2021.

B. Pre-selection (shortlisting) of solutions

Up to five solutions per challenge will be pre-selected. Applications will be pre-selected according to the evaluation criteria for pre-selection.

Evaluation criteria:

- a. **Innovative Merit:** They clearly show a differentiating value proposition compared to existing alternative options. The degree of novelty at the local, regional, national or international level will be considered. The solution must show differentiation over proposals available in markets and competitive advantages generated from this differentiation, while incorporating emerging and exponential technologies.
For a solution to be shortlisted, it must evidence high innovative merit. Otherwise, the evaluation will be suspended and the solution will be discarded at this stage.
- b. **Maturity:** At least one functional prototype of the solution must be available. The level of progress, scalability and potential of the project will be taken into account, including demonstrable progress in product development, volume of users and / or sales, or some other measure of traction.
If the solution incorporates technologies, the TRL (technology readiness level) of the relevant will be taken as a reference.
- c. **Solution team:** Experience of the team at a general level and in innovation specifically will be taken into account, including on the development and commercialization of the solution and in work with companies. The team will be multidisciplinary and possess the necessary skills to work with Danper. In addition, it shall be committed and dedicated full time to the solution.

- d. **Challenge alignment:** The solution shall aim at solving some of the challenges proposed by Danper and shows with clarity and quality how it addresses the posited challenge.
- e. **Sustainability and Shared Value:** Alignment of solutions with the Sustainable Development Goals (SDG) and our corporate values. Danper is a company whose management model is based on the creation of Shared Value, in which economic development and investments' efficiency seek the social progress of its people, their families and communities.

Weighing for each criterion is shown below:

Shortlisting Criteria	Weighing
Innovative merit	20%
Solution maturity	20%
Solution team	20%
Challenge alignment	20%
Sustainability and Shared Value	20%

The results of the evaluation are final and may not be appealed. Danper will determine at its own criteria on the number of shortlisted candidates.

The application schedule will be published on the program's official website (<https://www.danper.com/challenge/>).

C. Activities with shortlisted candidates and project preparation

1. The objective of this phase is for each shortlisted applicant to develop a project together with the Danper Innovation team and the involved company units. This includes setting milestones, activities and budget. This proposal will be evaluated in the "Project Evaluation" stage.
2. The shortlisted candidates may participate, in person or remotely in work activities with the Danper Innovation Team and other company department, as appropriate and suiting the solution presented, on one or more dates as needed to delve into the points where the shortlisted applicant needs to develop the project.
3. If a foreign or non-Trujillo (Peru) resident team is shortlisted, they must pay for their tickets and per diem (only if necessary) or coordinate their remote participation in scheduled activities.

4. At this stage, the fit of the solutions to the needs of the company will be analyzed in line with the challenge to which each solution applied.
5. At this stage, the technical and legal conditions will also be detailed and discussed, including the confidentiality of the information and intellectual property issues, among others, to roll out the aforementioned projects, always acting in good faith and seeking mutual benefit.
6. In the event that no agreement is reached on the technical and legal conditions, Danper may terminate the participation of any shortlisted solution without the right to appeal.

D. Project evaluation

Danper will propose a Project Evaluation Committee to evaluate the project proposals prepared in the previous stage.

Evaluation criteria and weights

a. Proposal innovativeness and value generation

- The proposals show a clear differentiating value proposition to what is known today.
- The degree of novelty at the local, regional, national or international level will be considered. The solution has a degree of differentiation over the current market offering and features clear differentiating attributes and competitive advantages generated from this differentiation, and incorporates emerging and exponential technologies.
- The proposal must describe in detail the value and impact that will be generated in Danper if successfully implemented.

b. Team skills and capabilities

- Composition, qualifications and experience of the members of the team committed to the project, assuring the technical quality of the activities and management and commercial actions to achieve the project's objectives to bring the products and services generated to the market.
- Demonstrable capacities to carry out the project, including the human resources capable of managing and supervising the activities set forth in the project
- The team has knowledge and experience of the industry and technologies related to the proposal. Likewise, it is diverse and has the necessary capacity to carry out what is embodied in the proposal.

c. Viability, feasibility and adoption of the solution

- Ability to quickly incorporate the solution within the organization. The estimated time and effort for the solution to be adopted within Danper are consistent with the team's capabilities.

- Feasibility of application in the company's and adjacent businesses, with high growth potential, clearly detailed in the proposal.
- The project must demonstrate that the proposal to be developed is technically feasible. The technical difficulties that are expected to arise in its development and the way in which these will be addressed in order to achieve the expected results must be likewise identified.
- A methodology must be proposed that allows reaching the expected results.
- Coherence between activities, general objective and specific objectives of the proposal. Likewise, the activities presented should fit the methodology.
- The final and intermediate results are supported by clearly defined indicators within the project.
- Relevance of budget and activities. The equipment, goods, materials, supplies acquired, infrastructure, services, consultancies and other activities that are detailed in the proposal are coherent and talk to each other, and are aligned with the project's objectives.
- The economic and business impacts on the company will be presented.

d. Sustainability and Shared Value

- Alignment of solutions to the Sustainable Development Goals (SDG) and our corporate values.
- Social and environmental impact and positive externalities generated by the proposal. Danper is a company whose management model is based on the creation of Shared Value, in which the economic development and efficiency of its investments is connected to the social progress of its people, their families and communities.

The weights for each criterion are shown below:

Criteria for projects	Weighing
Innovative merit and generation of value of the proposal	20%
Team skills and capabilities	20%
Viability, feasibility and adoption of the solution	40%
	20%

Danper will choose a maximum of two (02) finalist projects per challenge from among the submitted proposals, or a maximum total of ten (10) projects. Likewise, Danper reserves the right to select fewer finalists if it so determines.

Additionally, Danper, optionally and at its sole judgement may choose those projects that fail to be selected as finalists to evaluate alternative financing mechanisms.

Once the finalists have been selected, the results will be sent to the ProInnovate Committee to validate and approve the finalists.

E. Results publication - Selected finalists

Subsequent to the validation by the ProInnovate Committee, the results will be made public on the call's website (www.danper.com/challenge/).

The projects selected as finalists will be executed as part of the Execution Phase of the project "IDENTIFICATION OF CHALLENGES AND SELECTION OF OPEN INNOVATION PROPOSALS FOR DANPER: HEADING TO A WORLD-CLASS AGRO-INDUSTRY. Companies with finalist projects must sign an association agreement in order to launch the execution phase.

VI. APPLICATION TIMELINE

Applications to the program can be made from August 10, 2021 (GMT-5) to September 12, 2021 (GMT-5), both dates inclusive. The date could be extended if Danper so sees fit.

Applications must be made through the form that will be made available for this purpose on the call's website (<https://danper.com/challenge/>). The system will only accept properly completed submission forms in, at least, the required fields. Each participant must register and describe their proposal following the instructions detailed on the site. In case of doubt regarding the application or the form, a contact email will be provided for this purpose (challenge@danper.com). Each participant can only included in one application.

The dates for pre-selection of solutions and selection of finalists are shown in the contest schedule, on the Danper Challenge website: <https://danper.com/challenge/>

VII. BENEFITS FOR SELECTED CANDIDATES

After the call, a certain number of companies will be selected, which will have access to opportunities and resources, depending on the needs and at Danper's criteria, to develop their businesses at the company's site of operation. The finalists will enjoy the following benefits:

- Financing and execution of pilots with the company in accordance with the approved project proposal.
- Possibility of accessing the group's business ecosystem as part of DANPER's network of specialized providers.
- Access to our facilities and fields to test their solutions, as needed.
- Possibility for the company to access Telefónica's Corporate Venture Capital Investment Panel, to carry out an investment, if so desired, jointly or individually.

The above considerations will depend on the type of project, its results and what Danper deems appropriate. Danper reserves the right to include any of the aforementioned benefits.

Under no circumstances does the selection of projects mean Danper will commit to acquire the companies or their products or services.

VIII. TERMS AND CONDITIONS

A. Intellectual and industrial property

1. The participant guarantees under their sole responsibility that the content they send and represent is their original creation and that it does not infringe the rights of third parties, including, but not limited to, intellectual or industrial property rights, copyrights, trademarks, patents, commercial secrets, privacy and publicity, and that the content is not illegal, nor has it been created and / or shared in a manner that infringes a contractual obligation that they may have toward a third party. The organizers of the call may require additional documentation.
2. Danper reserves the right to automatically disqualify any applicant who seeks to circumvent or interfere with the selection process or who engages in adverse practices and / or who uses practices that may be considered contrary to the spirit of the call or Danper's business principles.
3. The participants authorize the organizers, and confirm that they have all the necessary consents so that they can use their name and image indefinitely in publicity material related to this call, by any means permitted by law, at no cost. By submitting the application, the participant does not grant the organizers any other rights other than those established in these terms and conditions. In any case, it will be presumed that the participants send their request voluntarily, exonerating the organizers of any responsibility otherwise.
4. The information provided by the participants must be correct, truthful and complete, assuming all responsibility for the lack of truthfulness or accuracy thereof. The organizers have the right, without prejudice to other legal means, to withdraw, deny or suspend the rights recognized in this document. The participant accepts that the organizers shall make the final decisions regarding the announcement and selection of the projects. The participant acknowledges that even if the organizers select their project, it is not obliged to sign the contract.

B. Rights related to the application

DANPER recognizes that the full Intellectual Property obtained from the beginning of participation in this contest, until the choice of projects, whether initially planned or not, created or originated as a result of, for the purposes of, on the occasion or by virtue of this contest, it will be the property of the participant. It includes both the information and / or the creation and everything that is susceptible to protection by any of the elements of Intellectual Property including that which is not protectable. It includes all rights in all applications to register these rights, and all renewals and extensions of these rights, worldwide.

If it is a finalist and once the project execution work begins in cooperation and joint work with DANPER staff, the Intellectual Property will be managed in accordance with the conditions agreed in the association agreement to execute the project.

C. Confidentiality and processing of personal data

1. The content of the ideas and projects presented in the call, all documentation and information of any kind provided by the participant will be treated confidentially by the organizers.
2. Applicants give their consent to the organizers, or to third parties designated by them, to process and use their information (including personal data) and to process and use it for registration in the call, participation of participants, analysis of the project and its evaluation, applying all reasonable computer security and confidentiality measures to avoid alterations, loss, treatment or unauthorized access to the data.
3. The applicant also authorizes the organizers to proceed with the analysis and evaluation of the project, to inform the evaluators and selectors of the ideas, documentation and information of the participant that was presented to the call.
4. In order to access the projects that are nominated and properly evaluate them, all evaluators and selectors previously accept the terms and conditions for their participation, which, among others, include clauses determining obligations of confidentiality and protection of intellectual and industrial property rights and the participant's information about their project.