

**DRAFT**  
**CONCESSION CONTRACT AGREEMENT NO. [●]/20[●]**

## TABLE OF CONTENTS

CHAPTER I – GENERAL PROVISIONS .....	7
1 APPLICABLE LEGISLATION .....	7
2 INTERPRETATION .....	7
3 ATTACHMENTS .....	8
CHAPTER II – ELEMENTS OF THE CONCESSION .....	9
4 PURPOSE .....	9
5 TERMS .....	10
6 PREVIOUS CONDITIONS FOR THE ASSUMPTION OF THE CONTRACT AGREEMENT .....	12
7 CONTRACT AGREEMENT VALUE .....	13
8 CONCESSION ASSETS .....	13
CHAPTER III – RIGHTS AND OBLIGATIONS OF THE PARTIES .....	16
9 LICENSES AND PERMITS .....	16
10 RELATIONSHIP WITH THE ENERGY DISTRIBUTION COMPANY .....	16
11 SOCIOENVIRONMENTAL RESPONSIBILITY .....	20
12 EXOPRIATIONS, SERVITUDES, AND ADMINISTRATIVE LIMITATIONS .....	20
13 PHASE 0 - PRELIMINARY .....	20
14 PHASE I – TRANSITION OF THE MUNICIPAL STREET LIGHTING NETWORK ..	21
15 PHASE II – MODERNIZATION AND STREAMLINING ENERGY of the MUNICIPAL STREET LIGHTING NETWORK .....	22
16 PHASE III - OPERATION OF THE MUNICIPAL STREET LIGHTING NETWORK ..	22
17 EXPANSION OF THE MUNICIPAL STREET LIGHTING NETWORK .....	23
18 CURRENCY DUTY, TECHNOLOGICAL INNOVATIONS, AND CHANGES IN TECHNICAL PARAMETERS .....	23
19 RESPONSIBILITIES OF THE CONCESSIONAIRE IN THE PROVISION OF SERVICES .....	25
20 OBLIGATIONS OF THE GRANTING AUTHORITY .....	26
21 CONTRACTING OF THIRD PARTIES AND EMPLOYEES BY THE CONCESSIONAIRE .....	27
22 PROVISION OF INFORMATION .....	28
23 DECLARATIONS .....	29
24 SUPERVISION .....	30
25 INDEPENDENT CERTIFIER .....	31
26 INSURANCES .....	32
27 RELATED ACTIVITIES .....	37
28 RIGHTS OF USERS .....	40
29 GOVERNANCE COMMITTEE .....	41
CHAPTER IV – CONCESSIONAIRE’S LEGAL AND OPERATIONAL STRUCTURE .....	43
30 CORPORATE COMPOSITION .....	43

31	CAPITAL STOCK.....	44
32	FINANCING.....	44
33	CORPORATE GOVERNANCE.....	47
	CHAPTER V – PAYMENTS TO THE CONCESSIONAIRE.....	50
34	EFFECTIVE MONTHLY PAYMENT, CAPEX EXPANSION PAYMENT AND BONUS ON THE ELECTRICITY BILL .....	50
35	BINDING OF CIP AND PAYMENT OF EFFECTIVE MONTHLY PAYMENT, CAPEX EXPANSION PAYMENT AND BONUS ON THE ELECTRICITY BILL BY THE BOUND ACCOUNT .....	50
36	PEFORMANCE BOND.....	56
	CHAPTER VI – ALLOCATION OF RISKS .....	61
37	RISKS OF THE GRANTING AUTHORITY.....	61
38	RISKS OF THE CONCESSIONAIRE .....	63
39	RISKS PERTAINING TO DELAYS OR NOT OBTAINING LICENSES, AUTHORIZATIONS, AND OTHERS.....	66
40	RISKS ARISING FROM THE RELATIONSHIP WITH THE ENERGY DISTRIBUTION COMPANY .....	67
41	ACT OF GOD OR FORCE MAJEURE .....	68
	CHAPTER VII - CONTRACT AGREEMENT REVIEWS.....	70
42	ORDINARY REVIEWS OF THE CONCESSION PARAMETERS.....	70
43	PROCEDURES FOR RESTORING THE ECONOMIC-FINANCIAL BALANCE .....	71
	CHAPTER VIII – ANOMALOUS PERFORMANCE OF THE CONTRACT AGREEMENT ..	79
44	GENERAL PROVISIONS ON PENALTIES.....	79
45	FINES.....	84
46	INTERVENTION .....	87
	CHAPTER IX - TERMINATION OF THE CONTRACT AGREEMENT .....	90
47	GENERAL PROVISIONS ON THE TERMINATION OF THE CONTRACT AGREEMENT .....	90
48	CONSUMMATION OF THE CONTRACTUAL AGREEMENT.....	95
49	CONSUMMATION OF CONTRACT AGREEMENT’S RESOLUTIVE CONDITIONS .....	95
50	TERMINATION BY PUBLIC CONVENIENCE .....	97
51	CONCESSIONAIRE EVENT OF DEFAULT .....	98
52	TERMINATION .....	100
53	ANNULMENT .....	102
54	BANKRUPTCY, COURT-SUPERVISED OR OUT-OF-COURT REORGANIZATION AND LIQUIDATION OF THE CONCESSIONAIRE.....	103
55	EXTINGUISHMENT FOR NEW PUBLIC BIDDING .....	<b>Error! Bookmark not defined.</b>
	CHAPTER X – DISPUTE RESOLUTION .....	104
56	GENERAL PROVISIONS.....	104
57	MEDIATION .....	105

58	DISPUTE RESOLUTION COMMITTEE.....	106
59	ARBITRATION AND JURISDICTION .....	111
	CHAPTER XI - PROTECTION OF PERSONAL DATA.....	114
60	GENERAL RULES FOR THE PROTECTION OF USERS' PERSONAL DATA.....	114
	CHAPTER XII - INTELLECTUAL PROPERTY.....	115
61	INTELLECTUAL PROPERTY.....	115
	CHAPTER XIII – FINAL PROVISIONS .....	116
62	FINAL PROVISIONS .....	116

## **PREÂMBULO**

A versão em língua inglesa da minuta do Contrato de Concessão é meramente referencial, não vinculante. A única versão oficial do documento está redigida em língua portuguesa, cujo conteúdo é vinculante para todos os interessados. Em caso de dúvidas de interpretação entre a versão traduzida da minuta do Contrato de Concessão, em inglês, e a versão oficial, redigida em língua portuguesa, prevalecerá a versão em língua portuguesa, documento oficial da licitação.

## **PREAMBLE**

The English version of this draft of the Concession Agreement is not binding to the parties. The Portuguese version of the document is the only official version of the public bidding, and it is binding to all stakeholders. In case any questions regarding interpretation arise between this English version and the Portuguese version of this draft of the Concession Agreement, the Portuguese version shall prevail, as the only official document for public bidding.

ADMINISTRATIVE CONCESSION  
CONTRACT AGREEMENT FOR THE  
PROVISION OF STREET LIGHTING  
SERVICES IN THE MUNICIPALITY OF  
FOZ DO IGUAÇU, INCLUDING THE  
INSTALLATION, IMPROVEMENT,  
DEVELOPMENT, MODERNIZATION,  
EXPANSION, STREAMLINING ENERGY,  
OPERATION, AND MAINTENANCE OF  
THE MUNICIPAL STREET LIGHTING  
NETWORK

On the [●] day of the month of [●] [●], having, as one party, the Municipality of Foz do Iguaçu (“MUNICIPALITY”), hereby represented through the Municipal Department of Works, represented by its Secretary, Mr. [●], hereinafter referred to as GRANTING AUTHORITY, and, as the other party, [●], Special Purpose Company incorporated especially for the accomplishment of this Administrative Concession Contract Agreement (“CONTRACT AGREEMENT”), headquartered at [●], [●] / [●], hereby represented by Mr. [●], in the form of its INCORPORATION ACTS, hereinafter referred to as CONCESSIONAIRE,

Whereas:

- i. the GRANTING AUTHORITY carried out the BIDDING PROCESS No. [●] under the terms of a public bidding for the delegation of the provision of STREET LIGHTING services in the MUNICIPALITY;
- ii. by this regular bidding procedure, [●] was selected, consisting of the companies [●],[●],[●] and [●], in accordance with the act published in the OFFICIAL GAZETTE (“DO”) on the relevant day [●] of [●] of [●]; and
- iii. as provided in the REQUEST FOR PROPOSAL, the winner of the said PUBLIC BIDDING constituted the CONCESSIONAIRE, having met the requirements for signing the CONTRACT AGREEMENT established in the REQUEST FOR PROPOSAL, in view of the foregoing, the PARTIES agree on the conditions expressed in this CONTRACT AGREEMENT, which shall be governed by the rules and Clauses referred to below.

## **CHAPTER I – GENERAL PROVISIONS**

### **1 APPLICABLE LEGISLATION**

1.1 The CONCESSION shall be governed by the rules set forth in this CONTRACT AGREEMENT and its ATTACHMENTS, by the PPP MUNICIPAL LAW, by the PPP FEDERAL LAW, by the CONCESSIONS FEDERAL LAW, by the BIDDING FEDERAL LAW, and other rules in force on the matter.

### **2 INTERPRETATION**

2.1 In the case of divergence between the rules provided for in the APPLICABLE LEGISLATION, in the REQUEST FOR PROPOSAL, in this CONTRACT AGREEMENT and its ATTACHMENTS, the following shall prevail:

- i. firstly, the legal rules in force at the time of publication of the REQUEST FOR PROPOSAL;
- ii. secondly, the rules of the CONTRACT AGREEMENT and the DEFINITIONS OF THE RFP AND CONTRACT AGREEMENT;
- iii. thirdly, rules of the ATTACHMENTS of the CONTRACT AGREEMENT, with the exception of ATTACHMENT 1;
- iv. fourthly, the rules provided for in the wording of the REQUEST FOR PROPOSAL.

2.1.1 In the case of divergence between the ATTACHMENTS, those prepared by the GRANTING AUTHORITY shall prevail and, in the case of divergence between ATTACHMENTS prepared by the GRANTING AUTHORITY, the one with the most recent date shall prevail.

2.1.2 The ATTACHMENTS prepared by the CONCESSIONAIRE and expressly approved by the GRANTING AUTHORITY shall be equivalent to the ATTACHMENTS prepared by the GRANTING AUTHORITY for the purposes of Subclause 2.1.1.

2.2 The titles assigned to the Chapters, Clauses, and Subclauses of the CONTRACT AGREEMENT and the ATTACHMENTS serve only as a reference and should not be considered for the purposes of interpreting the provisions contained in the corresponding Chapters, Clauses, and Subclauses.

2.3 Except when the context does not allow it, the following rules apply to the interpretation of the CONTRACT AGREEMENT:

- i. the definitions of the CONTRACT AGREEMENT shall be equally applied in the

singular and plural forms; and

- ii. references to the CONTRACT AGREEMENT or any other document shall include any amendments and additions that may be entered into between the PARTIES.

### **3 ATTACHMENTS**

3.1 For all purposes, the following ATTACHMENTS are part of the CONTRACT AGREEMENT:

- i. ATTACHMENT 1 – REQUEST FOR PROPOSAL;
- ii. ATTACHMENT 2 – INCORPORATION ACTS OF THE CONCESSIONAIRE;
- iii. ATTACHMENT 3 – COMMERCIAL PROPOSAL;
- iv. ATTACHMENT 4 – SERVICES AND INVESTMENTS SPECIFICATIONS;
- v. ATTACHMENT 5 – SOCIOENVIRONMENTAL SPECIFICATIONS;
- vi. ATTACHMENT 6 – KEY PERFORMANCE STANDARDS;
- vii. ATTACHMENT 7 – PAYMENT MECHANISM;
- viii. ATTACHMENT 8 – CONTRACT AGREEMENT WITH THE TRUSTEE BANK;
- ix. ATTACHMENT 9 – INDEPENDENT CERTIFIER GUIDELINES.



## **CHAPTER II – ELEMENTS OF THE CONCESSION**

### **4 PURPOSE**

4.1 The purpose of the CONTRACT AGREEMENT is the delegation, through administrative concession, of the provision of STREET LIGHTING services in the MUNICIPALITY, including the installation, improvement, development, modernization, expansion, streamlining energy, operation, and maintenance of the set of equipment that make up the infrastructure of the MUNICIPAL STREET LIGHTING NETWORK, including all the STREET LIGHTING POINTS located within the territorial limits of the MUNICIPALITY, in accordance with the CONTRACT AGREEMENT and its ATTACHMENTS.

4.2 The purpose of this CONTRACT AGREEMENT comprises the following activities:

- i. installation, development, expansion, and modernization: preparation of plans, projects, procurement of equipment, and performance of works and services required for updating, accommodating and expanding the MUNICIPAL STREET LIGHTING NETWORK, to meet the obligations, specifications, and quality parameters set forth in this CONTRACT AGREEMENT and ATTACHMENTS, including the implementation of the TELEMAGEMENT SYSTEM as provided for in the SERVICES AND INVESTMENTS SPECIFICATIONS;
- ii. streamlining energy: preparation of plans, projects, acquisition of equipment and performance of works and services in the MUNICIPAL STREET LIGHTING NETWORK necessary to meet the installed load reduction targets set forth in the SERVICES AND INVESTMENTS SPECIFICATIONS; and
- iii. operation and maintenance: operational activities and PREVENTIVE, PREDICTIVE, CORRECTIVE and EMERGENCY MAINTENANCE of the MUNICIPAL STREET LIGHTING NETWORK to meet the specifications and quality parameters set forth in the CONTRACT AGREEMENT and its ATTACHMENTS.

4.3 The object above shall be implemented fulfilling the following PHASES:

- i. PHASE 0 - Preliminary;
- ii. PHASE I – Transition of the MUNICIPAL STREET LIGHTING NETWORK;
- iii. PHASE II – MODERNIZATION AND STREAMLINING ENERGY of the MUNICIPAL STREET LIGHTING NETWORK; and
- iv. PHASE III – Operation OF THE MUNICIPAL STREET LIGHTING NETWORK.

## 5 TERMS

5.1 This CONTRACT AGREEMENT shall have a period of 13 (thirteen) years, counting from the ASSUMPTION DATE.

5.2 The CONCESSION TERM may be altered for purposes of recomposing the economic-financial balance, under the terms of Subclause 43.9.1.i, in which case any extension of the term shall not be considered as an extension of the CONTRACT AGREEMENT and will not depend on compliance with the conditions set forth in the following Subclauses for its adoption.

5.3 The CONCESSION TERM may be extended, under the terms and conditions of the PPP FEDERAL LAW and PPP MUNICIPAL LAW.

5.4 The extension does not constitute a net and certain right of the CONCESSIONAIRE and shall occur based exclusively on the discretionary decision of the GRANTING AUTHORITY.

5.5 The extension of the CONCESSION TERM shall depend on the fulfillment of the following conditions:

- i. reaching, by the CONCESSIONAIRE, a level equal to or greater than 0.90 (zero point ninety) in the GENERAL PERFORMANCE INDEX, in at least two thirds of the total QUARTERLY KPI REPORTS issued;
- ii. the CONCESSIONAIRE shall not be subject to an administrative process for the early termination of the CONCESSION due to CONCESSIONAIRE event of default.

5.6 In keeping with the requirements dealt with in Subclause 5.5 and if the GRANTING AUTHORITY is interested in evaluating the convenience and opportunity of the extension, the GRANTING AUTHORITY may call the CONCESSIONAIRE, at least 24 (twenty-four) months in advance of the stipulation of the original final term of the CONTRACT AGREEMENT, for carrying out studies and surveys aimed at delimiting the PARTIES' obligations.

5.6.1 The expression of interest for the extension of the CONCESSION TERM by any of the PARTIES does not exempt the CONCESSIONAIRE from the responsibility of preparing an OPERATIONAL DEMOBILIZATION PLAN provided for in the SERVICES AND INVESTMENTS SPECIFICATIONS.

5.7 Within 15 (fifteen) days from receipt of the subpoena, the CONCESSIONAIRE shall express its interest in carrying out the studies and surveys referred to in Subclause 5.6 or expressly indicate its disinterest.

5.7.1 The lack of response from the CONCESSIONAIRE within the period indicated in the previous Subclause shall be equivalent to the declaration of disinterest in the extension of the CONCESSION TERM.

5.8 Once the PARTIES' mutual interest is confirmed, the CONCESSIONAIRE shall, within six (6) months, draft and submit to the GRANTING AUTHORITY a proposal for a new EFFECTIVE MONTHLY PAYMENT, based on studies and analyzes that include, at least, the updating of:

- i. CONTRACT AGREEMENT and its ATTACHMENTS;
- ii. MODERNIZATION PLAN and OPERATION AND MAINTENANCE PLAN, reflecting the amendments to the CONTRACT AGREEMENT and its ATTACHMENTS;
- iii. CONCESSION cash flow, on a monthly basis, during the extension, which considers the projections of all cash inflows and outflows of the SPECIAL PURPOSE COMPANY, determined based on public information or parameters adopted by companies in the industry.

5.8.1 The cash flow referred to in Subclause 5.8.iii shall return a net present value, equal to 0 (zero), considering the REAL MONTHLY DISCOUNT RATE.

5.9 The GRANTING AUTHORITY shall review the CONCESSIONAIRE's proposal and, if applicable, request additional information, and shall, within a period of 3 (three) months, indicate whether it agrees with its content or submit suggestions, rectifications or propose parameters other than those presented.

5.9.1 The GRANTING AUTHORITY may rely on the support of third parties to review the CONCESSIONAIRE's proposal, and the reports, studies, opinions or reports issued by them shall be included in the extension process.

5.9.2 If the GRANTING AUTHORITY does not express its opinion within the period indicated in Subclause 5.9, it is understood that there is no interest in the extension.

5.10 Meetings, negotiations or any hearings held during the extension process shall be duly recorded.

5.11 Upon completion of the analysis of the studies and surveys submitted by the CONCESSIONAIRE in the form of Subclause 5.9, the GRANTING AUTHORITY shall prepare and submit a draft amendment for the extension to the PUBLIC HEARING and PUBLIC CONSULTATION, fulfilling, in the latter case, the disclosure rules defined in Article 10, VI of PPP FEDERAL LAW.

5.11.1 Once the PUBLIC HEARING and the PUBLIC CONSULTATION are completed, the GRANTING AUTHORITY shall promote, if applicable, the incorporation of suggestions deemed relevant and shall decide on the convenience and opportunity of the extension.

5.12 The GRANTING AUTHORITY's decision regarding the extension of the CONCESSION

TERM is discretionary, maintaining its prerogative to opt for other models for providing the SERVICES or for carrying out a new BIDDING PROCESS, even after carrying out the consultation and PUBLIC HEARING referred to in Subclause.

5.12.1 Under no circumstances shall the CONCESSIONAIRE be entitled to indemnity for the expenses incurred in carrying out the studies and surveys in question, even if the GRANTING AUTHORITY decides to refuse to extend the CONCESSION TERM.

5.13 Once the convenience and opportunity of the extension has been confirmed by the GRANTING AUTHORITY, it shall be formalized by means of an agreement between the PARTIES, in the form of an amendment to the CONTRACT AGREEMENT, which shall be signed prior to the consummation of the final term of the original CONCESSION TERM.

## **6 PREVIOUS CONDITIONS FOR THE ASSUMPTION OF THE CONTRACT AGREEMENT**

6.1 When signing the CONTRACT AGREEMENT, from the date of publication of its extract in the OFFICIAL GAZETTE, the PARTIES shall initiate the necessary measures to consummate the ASSUMPTION DATE.

6.2 This CONTRACT AGREEMENT shall fulfill the formalities provided for in the applicable legislation to become effective and enforceable, additionally considering the events of the Subclauses below to establish the ASSUMPTION DATE, namely:

- i. the contracting of the TRUSTEE BANK, by the GRANTING AUTHORITY, within a maximum period of 90 (ninety) days from the signing of the CONTRACT AGREEMENT, abiding by the terms and conditions of the CONTRACT AGREEMENT WITH THE TRUSTEE BANK; and
- ii. the contracting of the INDEPENDENT CERTIFIER by the CONCESSIONAIRE, within a maximum period of ninety (90) days from the signing of the CONTRACT AGREEMENT, subject to the terms and conditions of the INDEPENDENT CERTIFIER GUIDELINES.

6.3 The ASSUMPTION DATE shall only begin, for the purposes of this CONTRACT AGREEMENT, after the fulfillment of all the conditions described in Subclause 6.2.

6.3.1 Each of the PARTIES shall communicate to the other, within five (5) working days, about the contracting under its respective responsibility, as indicated in Sub-Clause 6.2.

6.3.2 The counting of the CONCESSION TERM will consider, as its initial term, the date of signature of the contract that is entered into last.

6.4 From the establishment of the ASSUMPTION DATE, the INITIAL SERVICE ORDER shall be considered automatically issued, , starting the period of PHASE 0 and the counting of the CONCESSION TERM.

6.5 As of the ASSUMPTION DATE, the process of establishment of the MINIMUM BALANCE OF THE RESERVE ACCOUNT and the MINIMUM BALANCE OF THE EXPANSION ACCOUNT shall begin, as defined in the CONTRACT AGREEMENT WITH THE TRUSTEE BANK.

## **7 CONTRACT AGREEMENT VALUE**

7.1 THE CONTRACT AGREEMENT VALUE is [●] ([●] reais), with reference to the BASE DATE, which matches the sum of the total revenue projected for the CONCESSION, in real terms and at constant values, having as reference the MONTHLY OFFERED PAYMENT and the CAPEX EXPANSION PAYMENT, assuming entire fulfillment of the GENERAL PERFORMANCE INDEX and considering the implementation of all the CONCESSION MILESTONES.

7.1.1 The value contemplated in the Subclause above has merely indicative effect and cannot be used by any of the PARTIES to claim the resumption of the economic-financial balance of the CONTRACT AGREEMENT.

## **8 CONCESSION ASSETS**

8.1 CONCESSION ASSETS refer to those which:

- i. belong to the GRANTING AUTHORITY or to its indirect administration and are assigned to the CONCESSIONAIRE, according to the BASE REGISTRY approved by the PARTIES under this CONTRACT AGREEMENT;
- ii. belong to the CONCESSIONAIRE or are acquired or built by the CONCESSIONAIRE with the purpose of performing this CONTRACT AGREEMENT.

8.2 For the purpose of the CONTRACT AGREEMENT, CONCESSION ASSETS for administrative use or non-essential for the provision of SERVICES, used in the performance of the CONTRACT AGREEMENT, shall not be considered REVERSIBLE ASSETS.

8.2.1 The CONCESSION ASSETS used to carry out the RELATED ACTIVITIES shall not be considered REVERSIBLE ASSETS and any transfer to the GRANTING AUTHORITY shall fulfill the provisions of Subclause 27.4.

8.3 All works, enhancements, equipment, improvements, and accessions carried out by the CONCESSIONAIRE in relation to the REVERSIBLE ASSETS shall belong to the GRANTING AUTHORITY, including the history of information recorded during the CONCESSION period, the support infrastructure, and operational solutions pertaining to applications, programs, and systems.

8.4 The CONCESSIONAIRE shall be responsible for the possession, custody, maintenance, and surveillance of all CONCESSION ASSETS, in accordance with the provisions of the CONTRACT AGREEMENT and applicable regulations.

8.4.1 The CONCESSIONAIRE shall use the CONCESSION ASSETS exclusively to perform the purpose of the CONTRACT AGREEMENT, including the RELATED ACTIVITIES.

8.4.2 The CONCESSIONAIRE shall perform PREDICTIVE, PREVENTIVE, CORRECTIVE and EMERGENCY MAINTENANCE of the CONCESSION ASSETS, in order to keep them in proper conditions of use and performance, abiding by the technical standards relating to health, safety, hygiene, comfort, environmental sustainability, among others essential parameters for its proper use.

8.5 The GRANTING AUTHORITY may make use of the MUNICIPAL STREET LIGHTING NETWORK, encompassed by the concept of CONCESSION ASSETS, for purposes not provided for in this CONTRACT AGREEMENT, provided that said use does not compromise the CONCESSIONAIRE's regular activities and the economic burdens arising from this exceptional use are borne by the GRANTING AUTHORITY itself, subject to the limits set out in Clause 27.

8.6 The GRANTING AUTHORITY may inspect the CONCESSION ASSETS, including REVERSIBLE ASSETS.

8.6.1 The GRANTING AUTHORITY may also, under the terms of Article 5, X of the PPP FEDERAL LAW, withhold payments of the EFFECTIVE MONTHLY PAYMENT upon prior notification to the private partner, in the amount necessary to remediate any irregularities found in the REVERSIBLE ASSETS, provided that the INDEPENDENT CERTIFIER has confirmed the existence of irregularities and the amount necessary for its remediation.

8.7 The alienation, replacement, disposal or transfer of ownership of the CONCESSION ASSETS is permitted, provided that the CONCESSIONAIRE proceeds, in the case of the REVERSIBLE ASSETS, to their immediate replacement, in accordance with the conditions set forth in the SERVICES AND INVESTMENTS SPECIFICATIONS.

8.8 Components that have been replaced by others during MODERNIZATION and STREAMLINING ENERGY shall be considered as automatically disaffected from their removal

from the STREET LIGHTING NETWORK, with the CONCESSIONAIRE having the option of their environmentally appropriate final destination, in keeping with the SOCIOENVIRONMENTAL SPECIFICATIONS or their sale to third parties, regardless of new authorization from the GRANTING AUTHORITY.

8.8.1 The revenues arising from the possible sale of the components referred to in the previous Subclause shall be fully appropriated by the CONCESSIONAIRE.

8.9 It is prohibited to offer REVERSIBLE ASSETS as bond.

8.10 All the CONCESSIONAIRE's legal transactions with third parties involving the REVERSIBLE ASSETS shall expressly mention their earmarking to the SERVICES.

8.11 The REVERSIBLE ASSETS belonging to the CONCESSIONAIRE or acquired or built by it with the purpose of executing this CONTRACT AGREEMENT shall be fully amortized and depreciated during the CONCESSION TERM.

## **CHAPTER III – RIGHTS AND OBLIGATIONS OF THE PARTIES**

### **9 LICENSES AND PERMITS**

9.1 The CONCESSIONAIRE shall arrange all licenses, authorizations, and permits required for the full performance of the purpose of the CONCESSION, especially those indicated in the SOCIOENVIRONMENTAL SPECIFICATIONS, as well as bear all expenses and other costs involved.

9.2 The GRANTING AUTHORITY shall endeavor every effort so that, once the requests for arranging licenses, authorizations, and permits are submitted, they are reviewed and issued within the maximum period established by law or, failing that, within the period established by the competent authorities.

### **10 RELATIONSHIP WITH THE ENERGY DISTRIBUTION COMPANY**

#### **10.1 Responsibilities of the MUNICIPALITY before the ENERGY DISTRIBUTION COMPANY**

10.1.1 The MUNICIPALITY shall be responsible for signing the ENERGY SUPPLY AGREEMENT with the ENERGY DISTRIBUTION COMPANY and for paying the respective invoice.

10.1.2 The MUNICIPALITY shall be responsible for paying any remuneration charged by the ENERGY DISTRIBUTION COMPANY regarding the collection process of CIP.

10.1.3 The payment of invoices relating to the supply of electricity and any remuneration pertaining to the collection process shall occur as established in the CONTRACT AGREEMENT WITH THE TRUSTEE BANK.

#### **10.2 CONCESSIONAIRE's responsibilities to the ENERGY DISTRIBUTION COMPANY**

10.2.1 The CONCESSIONAIRE shall carry out with the ENERGY DISTRIBUTION COMPANY all actions necessary to perform the SERVICES and to achieve the purposes of the CONCESSION, especially:

- i. the exercise of prerogatives provided for in the ENERGY SUPPLY AGREEMENT and any other instruments, required for access to the distribution network and for the development, modernization, expansion, streamlining energy, installation, operation, and maintenance of the MUNICIPAL STREET LIGHTING NETWORK;
- ii. the submission of STREET LIGHTING projects and other documents necessary



to obtain approvals from the ENERGY DISTRIBUTION COMPANY;

iii. proceed with the request to update the database or registry of the ENERGY DISTRIBUTION COMPANY on the existing STREET LIGHTING POINTS and their characteristics in order to, above all, update the information necessary for measuring and billing the electricity consumed by the MUNICIPAL STREET LIGHTING NETWORK;

iv. measures for approval of measurement of electricity consumption through the TELEMAGEMENT SYSTEM, including any homologations and approvals with the relevant bodies, in accordance with applicable legislation and rules of ANEEL and INMETRO;

v. the measures for changing the MUNICIPAL STREET LIGHTING NETWORK, in compliance with the provisions of this CONTRACT AGREEMENT, including, but not limited to, measures for MODERNIZATION AND STREAMLINING ENERGY and EXPANSION;

vi. measures to change the installed load and potential loss of equipment in the MUNICIPAL STREET LIGHTING NETWORK;

vii. the submission of technical studies and projects, as well as the request for necessary measures to reduce the time to be considered for daily consumption; and

viii. any other measures aimed at reducing energy consumption.

10.2.2 In the performance of the competences referred to in Subclause 10.2.1, the CONCESSIONAIRE shall introduce adequate projects, undertake technical and civil responsibility for interventions in the MUNICIPAL STREET LIGHTING NETWORK or in the electricity distribution network, thus ensuring proper provision of the SERVICES and compliance with the specifications and quality parameters set forth in this CONTRACT AGREEMENT and in the ATTACHMENTS.

10.2.3 The CONCESSIONAIRE shall indemnify the GRANTING AUTHORITY against any liability resulting from the exercise of the powers and obligations assigned pursuant to this Clause.

10.2.4 The CONCESSIONAIRE shall fulfill the specific ENERGY DISTRIBUTION COMPANY's technical standard on STREET LIGHTING for the performance of the SERVICES, especially regarding:

i. definition of technical standards for connection and applicable materials, fulfilling, when applicable, the parameters established in the CONTRACT

AGREEMENT when these are more stringent;

- ii. connection procedures and responsibilities;
- iii. procedures for scheduled, urgent, and emergency interventions in the STREET LIGHTING system that affect the electricity distribution network;
- iv. procedures for reestablishing the STREET LIGHTING system in case of intervention in the electricity distribution network, including cases of replacement of poles and structures;
- v. procedures for inspection and rectification of technical or safety deficiencies that pose a risk of damage to people, property or to the operation of the electrical or STREET LIGHTING system;
- vi. standards, equipment, and safety procedures;
- vii. procedures and responsibilities in the case of accidents;
- viii. procedures for submitting STREET LIGHTING projects, including hypotheses and the limit for increasing the installed load for project waiver;
- ix. information for updating circuits and STREET LIGHTING POINTS in the ENERGY DISTRIBUTION COMPANY's geographic information system; and
- x. requirements for integration of STREET LIGHTING management systems.

10.2.5 The CONCESSIONAIRE shall forward to the ENERGY DISTRIBUTION COMPANY information on new installations and interventions carried out in the MUNICIPAL STREET LIGHTING NETWORK, in order to provide the registry appropriateness so that it is possible to measure consumption and billing of electricity.

10.2.6 The CONCESSIONAIRE shall allow the ENERGY DISTRIBUTION COMPANY, if requested, to carry out technical visits to verify the installations and interventions promoted in the MUNICIPAL STREET LIGHTING NETWORK.

10.2.7 The CONCESSIONAIRE may agree with the ENERGY DISTRIBUTION COMPANY, provided that with prior approval from the GRANTING AUTHORITY, parameters that ensure the compatibility of the registries kept by the CONCESSIONAIRE with the geographic information system of the ENERGY DISTRIBUTION COMPANY regarding STREET LIGHTING POINTS.

10.2.8 All documents, studies, and requests to be issued by the CONCESSIONAIRE to meet requirements or substantiate requests within the scope of the relationship with the

ENERGY DISTRIBUTION COMPANY, the ENERGY SUPPLY AGREEMENT and applicable legislation, shall be submitted to the GRANTING AUTHORITY, for acknowledgment, within the deadline of 10 (ten) days of its issuance.

10.2.9 The CONCESSIONAIRE shall consider the installation of assets intended for the provision of STREET LIGHTING SERVICES in infrastructure owned by the ENERGY DISTRIBUTION COMPANY to be inexpensive, such as arms and brackets for fixing the luminaires and exclusive circuits.

10.2.9.1 In the case of need to install other assets not encompassed in the previous Subclause, especially for the development of RELATED ACTIVITIES, in infrastructure owned by the ENERGY DISTRIBUTION COMPANY, the procedures provided for in the regulations in force on the subject shall be fulfilled.

### **10.3 Grant of powers to the CONCESSIONAIRE**

10.3.1 The GRANTING AUTHORITY hereby grants the CONCESSIONAIRE the powers to, in its own name, act in concert with the ENERGY DISTRIBUTION COMPANY and other competent authorities and entities in order to submit requests, request authorizations, carry out statements, as well as submit technical documents and information, in addition to the exercise of other measures and prerogatives inherent and necessary for the full performance of the SERVICES, especially the activities set forth in Subclause 10.2.1.

10.3.2 If it proves to be essential, the GRANTING AUTHORITY shall provide for a specific and express assignment of powers in favor of the CONCESSIONAIRE to act, in its own name, before the competent authorities and entities, in addition to those already granted in Subclause 10.3.1, in order to facilitate the performance of the SERVICES.

10.3.3 If the CONCESSIONAIRE is prevented from acting with the ENERGY DISTRIBUTION COMPANY, the GRANTING AUTHORITY shall take all appropriate measures to reverse such situation, including legal ones, if applicable, without prejudice to any applicable measures to be taken by the CONCESSIONAIRE itself, which shall also ensure the maintenance and exercise of the prerogatives warranted under the terms of this CONTRACT AGREEMENT.

10.3.4 The GRANTING AUTHORITY shall endeavor its best efforts to support and intercede in favor of the CONCESSIONAIRE's claims filed before the ENERGY DISTRIBUTION COMPANY and other competent bodies or entities.

## **11 SOCIOENVIRONMENTAL RESPONSIBILITY**

11.1 The CONCESSIONAIRE must observe the parameters outlined in the SOCIOENVIRONMENTAL SPECIFICATIONS when providing the SERVICES, especially for the preparation of the ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM and the ENVIRONMENTAL AND SOCIAL PROGRAMS, which are part of the OPERATION AND MAINTENANCE PLAN, as outlined in the SERVICES AND INVESTMENTS SPECIFICATIONS.

11.2 The CONCESSIONAIRE shall operate to preserve the environment and people (workers and communities) affected by the provision of SERVICES, in accordance with the CONTRACT AGREEMENT terms and its ANNEXES, subject to the applicable PERFORMANCE STANDARDS on environmental sustainability.

11.3 The ENVIRONMENTAL AND SOCIAL PROGRAMS must identify and evaluate the risks and social and environmental impacts associated with each activity, promote their monitoring and review throughout the CONCESSION TERM and propose preventive measures of reduction, compensation, control, and monitoring of impacts related to the identified risks.

11.4 The CONCESSIONAIRE must comply with the ENVIRONMENTAL AND SOCIAL PROGRAMS, which will be monitored by the INDEPENDENT CERTIFIER through the ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM.

11.4.1 The INDEPENDENT CERTIFIER may present to the GRANTING AUTHORITY proposals for corrective actions in case of non-compliance with the obligations outlined in the SOCIOENVIRONMENTAL SPECIFICATIONS.

## **12 EXOPRIATIONS, SERVITUDES, AND ADMINISTRATIVE LIMITATIONS**

12.1 The GRANTING AUTHORITY shall be responsible for costs, indemnities and enforcement acts, including the issuance of the declaration of public utility, related to expropriations, servitudes and administrative limitations necessary for the provision of SERVICES.

## **13 PHASE 0 - PRELIMINARY**

13.1 PHASE 0, involving the preparation for the assumption of the SERVICES, shall last for a period of 120 (one hundred and twenty) days from the ASSUMPTION DATE of the CONTRACT AGREEMENT, and may be extended at the sole discretion of the PARTIES, by means of an amendment to the CONTRACT AGREEMENT.

13.2 It shall be a condition precedent for the beginning of PHASE I, the issuance, in accordance

with the procedures provided for in the SERVICES AND INVESTMENTS SPECIFICATIONS, of the respective ACCEPTANCE TERMS referring to:

- i. OPERATION AND MAINTENANCE PLAN;
- ii. BASE REGISTRY; and
- iii. OPERATION.

13.3 The CONCESSIONAIRE may anticipate the beginning of PHASE I through the anticipated presentation of the plans and the BASE REGISTRY referred to in the previous Subclause.

13.4 Upon issuance of the ACCEPTANCE TERMS described in Subclause 13.2, the GRANTING AUTHORITY shall take all necessary measures for the undertaking of the SERVICES by the CONCESSIONAIRE, especially the transfer of the CONCESSION ASSETS from the GRANTING AUTHORITY to the CONCESSIONAIRE, through the signature, by the PARTIES, of the TRANSFER OF ASSETS AND SERVICES DELIVERY TERM.

13.4.1 In order to allow the assumption of the SERVICES by the CONCESSIONAIRE, the GRANTING AUTHORITY shall arrange for the termination of contract agreements signed with third parties, pertaining to MAINTENANCE AND OPERATION or with the modernization of the MUNICIPAL STREET LIGHTING NETWORK that may still be in force, undertaking all the ensuing charges, responsibilities, and encumbrances.

13.4.2 As long as the CONCESSIONAIRE has fulfilled its obligations regarding PHASE 0, the GRANTING AUTHORITY does not issue the TRANSFER OF ASSETS AND SERVICES DELIVERY TERM, the CONCESSIONAIRE shall be entitled to the extension of the period of PHASE 0, and consequently of the CONCESSION TERM, if the delay by the GRANTING AUTHORITY persists for a period longer than 2 (two) months, counting from the deadline for the end of PHASE 0, the CONCESSIONAIRE will be entitled to use measures to recompose the economic-financial balance, pursuant to the PAYMENT MECHANISM.

13.5 After signing the TRANSFER OF ASSETS AND SERVICES DELIVERY TERM, PHASE I shall start, wherein the CONCESSIONAIRE shall undertake the provision of SERVICES in the INITIAL MUNICIPAL STREET LIGHTING NETWORK, as provided for in its OPERATION AND MAINTENANCE PLAN, and in keeping with the obligations and specifications of this CONTRACT AGREEMENT and its ATTACHMENTS.

## **14 PHASE I – TRANSITION OF THE MUNICIPAL STREET LIGHTING NETWORK**

14.1 On the 1st (first) day from the start of PHASE I, the CONCESSIONAIRE shall assume the

entire operation of the INITIAL MUNICIPAL STREET LIGHTING NETWORK, as provided for in its OPERATION AND MAINTENANCE PLAN and in compliance with the obligations and specifications of this CONTRACT AGREEMENT and its ATTACHMENTS, starting to monthly receive the amount of the EFFECTIVE MONTHLY PAYMENT.

14.2 PHASE I shall last for up to 60 (sixty) days, counted from the execution of the TRANSFER OF ASSETS AND SERVICES DELIVERY TERM, and may be extended at the sole discretion of the PARTIES, by means of an amendment to the CONTRACT AGREEMENT.

14.3 The issuance of the MODERNIZATION PLAN ACCEPTANCE TERM shall be a condition precedent for the start of PHASE II, in accordance with the procedures provided for in the SERVICES AND INVESTMENTS SPECIFICATIONS.

14.4 The CONCESSIONAIRE may anticipate the beginning of PHASE II through the anticipated submission of the MODERNIZATION PLAN referred to in the previous Subclause.

## **15 PHASE II – MODERNIZATION AND STREAMLINING ENERGY of the MUNICIPAL STREET LIGHTING NETWORK**

15.1 After carrying out the activities foreseen for PHASE I and after the period provided for in Subclause 14.2, the CONCESSIONAIRE shall start the performance of the CONCESSION MILESTONES, provided for in the SERVICES AND INVESTMENTS SPECIFICATIONS and in the MODERNIZATION PLAN.

15.1.1 The CONCESSIONAIRE may anticipate the execution of the CONCESSION MILESTONES, subject, in this case, to the remuneration rules defined in the PAYMENT MECHANISM.

15.2 After issuing all the ACCEPTANCE TERMS provided for the CONCESSION MILESTONES, the GRANTING AUTHORITY shall issue the MODERNIZED AND STREAMLINED MUNICIPAL STREET LIGHTING NETWORK TERMS OF RECEIPT.

## **16 PHASE III - OPERATION OF THE MUNICIPAL STREET LIGHTING NETWORK**

16.1 After the end of PHASE II, formalized by the MODERNIZED AND STREAMLINED MUNICIPAL STREET LIGHTING NETWORK TERMS OF RECEIPT, PHASE III shall begin, which shall last until the expiry of this CONTRACT AGREEMENT.

16.2 The CONCESSIONAIRE shall comply with the SERVICES AND INVESTMENTS SPECIFICATIONS and the OPERATION AND MAINTENANCE PLAN over the entire CONCESSION TERM, carrying out, whenever necessary, the necessary updates due to

supervening changes in the conditions of the MUNICIPAL STREET LIGHTING NETWORK, always in keeping with the provisions of this CONTRACT AGREEMENT and its ATTACHMENTS.

## **17 EXPANSION OF THE MUNICIPAL STREET LIGHTING NETWORK**

17.1 During the entire CONCESSION TERM, the CONCESSIONAIRE shall comply with the GRANTING AUTHORITY's requests for the execution of EXPANSION OF THE MUNICIPAL STREET LIGHTING NETWORK, abiding by the terms and conditions set forth in the SERVICES AND INVESTMENTS SPECIFICATIONS.

## **18 CURRENCY DUTY, TECHNOLOGICAL INNOVATIONS, AND CHANGES IN TECHNICAL PARAMETERS**

18.1 The CONCESSIONAIRE shall fulfill, in the provision of the SERVICES, the duty of permanent technological updating and compliance with the technical parameters established in this CONTRACT AGREEMENT and its ATTACHMENTS.

18.1.1 Services provided with up-to-date technology are understood to be those characterized by the preservation of modernity and updating of equipment, facilities, which permanently accompany technological development, in view of:

- i. obsolescence of the CONCESSION ASSETS;
- ii. need to comply with the GENERAL PERFORMANCE INDICES and other requirements established in the CONTRACT AGREEMENT and ATTACHMENTS;
- iii. need to ensure the operation, improvement and expansion of the SERVICES; or
- iv. cost reduction opportunity for the GRANTING AUTHORITY.

18.1.2 The CONCESSIONAIRE shall take into account the useful life of the CONCESSION ASSETS and their proper use and functioning, and, when necessary, replace them with other assets and equipment that present operating and functioning conditions identical or superior to those replaced.

18.1.3 The technological obsolescence of the CONCESSION ASSETS shall be characterized when it is verified, during the CONCESSION TERM, the relevant loss of its initial functions or, even, its inability to meet the GENERAL PERFORMANCE INDICES

and other requirements established in the CONTRACT AGREEMENT and in the ATTACHMENTS.

18.1.3.1 Excluded from the provisions of the above Subclause, the hypothesis of poor conservation or lack of maintenance, by the CONCESSIONAIRE, of the CONCESSION ASSETS, providing such situations shall be governed by the specific rules provided for in this CONTRACT AGREEMENT and its ATTACHMENTS.

18.2 The provisions in Subclause 18.1 of this CONTRACT AGREEMENT is not to be confused with the possibility of incorporating technological innovations or changes in technical parameters.

18.2.1 Technological innovations are considered, for the purposes of the CONTRACT AGREEMENT, technologies that, at the time of their potential adoption and incorporation by the CONCESSIONAIRE, constitute the technological state of the art and do not have widespread use; and whose use, despite having the potential to provide efficiency and productivity gains within the scope of the CONCESSION, is dispensable for meeting the GENERAL PERFORMANCE INDEX and other elements initially provided for in the CONTRACT AGREEMENT and its ATTACHMENTS.

18.2.2 Technical parameters are considered, for the purposes of the CONTRACT AGREEMENT, the parameters required in the SERVICES AND INVESTMENTS SPECIFICATIONS, SOCIOENVIRONMENTAL SPECIFICATIONS and KEY PERFORMANCE STANDARDS and those resulting from technical standards in force at the time of contracting, in particular, the ABNT NBR 5101 Standard: 2018.

18.3 Any request by the GRANTING AUTHORITY involving the incorporation of technological innovation shall be implemented upon prior agreement between the PARTIES.

18.3.1 In the event provided for in Subclause 18.3, the GRANTING AUTHORITY shall update the SERVICES AND INVESTMENTS SPECIFICATIONS and KEY PERFORMANCE STANDARDS, in order to encompass the performance improvements pertaining to the respective incorporation of technological innovation.

18.4 For the incorporation of technological innovations and/or changes in technical parameters, without prior request from the GRANTING AUTHORITY, the CONCESSIONAIRE shall arrange prior authorization from the GRANTING AUTHORITY, and, for this purpose, it shall submit the projects and equipment to the INDEPENDENT CERTIFIER, so that it checks their compliance with the specifications contained in this CONTRACT AGREEMENT and its ATTACHMENTS, as well as appraises the guarantee of continuity of supply of those equipment essential for the provision of the SERVICES.

18.4.1 The procedures for approving the executive projects and issuing the corresponding



ACCEPTANCE TERMS shall be the same as provided for in the SERVICES AND INVESTMENTS SPECIFICATIONS provided for the CONCESSION MILESTONES.

## **19 RESPONSIBILITIES OF THE CONCESSIONAIRE IN THE PROVISION OF SERVICES**

19.1 During the CONCESSION TERM, the CONCESSIONAIRE is responsible for the performance of the SERVICES, abiding by the guidelines, specifications, and minimum quality parameters provided for in this CONTRACT AGREEMENT and in the ATTACHMENTS, as a means to guarantee the best results to the GRANTING AUTHORITY and USERS, permanently and continuously endeavoring its best efforts to optimize the management of human resources, consumables, and CONCESSION ASSETS, meanwhile preserving the environment.

19.2 The CONCESSIONAIRE shall comply with the obligations set forth in this CONTRACT AGREEMENT and its ATTACHMENTS, including, but not limited to, the SERVICES AND INVESTMENTS SPECIFICATIONS AND SOCIOENVIRONMENTAL SPECIFICATIONS, as well as:

- i. comply with the obligations set forth in the MODERNIZATION PLAN, OPERATION AND MAINTENANCE PLAN and OPERATIONAL DEMOBILIZATION PLAN;
- ii. respond to the GRANTING AUTHORITY and third parties, under the terms allowed in the applicable legislation, including for subcontracted services;
- iii. reimburse the GRANTING AUTHORITY for all disbursements arising from court orders, to meet obligations originally attributable to the CONCESSIONAIRE, including labor claims filed by employees or third parties linked to the CONCESSIONAIRE;
- iv. inform the GRANTING AUTHORITY, immediately, when called or summoned of any lawsuit or administrative proceeding, which may result in the GRANTING AUTHORITY being liable, including procedural terms and deadlines, as well as endeavoring the best efforts in the defense of common interests, accomplishing all appropriate procedural acts for this purpose;
- v. accompany and advise the GRANTING AUTHORITY in meetings with third parties to deal with matters involving the MUNICIPAL STREET LIGHTING NETWORK, in matters pertaining to the purpose of the CONCESSION, when requested;
- vi. fulfill, when hiring personnel, the applicable labor legislation, especially the specific laws on labor, social security, tax, fiscal charges, as well as agreements, conventions and collective bargaining of each professional category;

- vii. strictly comply with safety engineering and occupational medicine standards, in accordance with applicable legislation, and always aiming at preventing accidents at work;
- viii. provide, guide, train, and demand the use by its personnel of Individual and Collective Protection Equipment – PPE and EPCs, required for the performance of their activities, as well as submit to the GRANTING AUTHORITY, whenever requested, proof of delivery of such equipment to their staff;
- ix. ensure free access to the GRANTING AUTHORITY, at any day and time, to the facilities used by the CONCESSIONAIRE to inspect hygiene and full compliance with the rules pertaining to occupational safety;
- x. be responsible for the liaison with third parties, such as public authorities (Military Police, Fire Department, Metropolitan Civil Guard), public service concessionaires and private companies (electricity, water and sewage, gas, telephony, cable TV, telecommunications) in order to release, isolate or protect areas or circuits and manage interference in the MUNICIPAL STREET LIGHTING NETWORK, aiming at the suitable development of all works provided for in the purpose of this CONTRACT AGREEMENT;
- xi. comply with the requirements for reserve of positions provided for by law, as well as other specific rules, for people with disabilities, for rehabilitated from Social Security and for apprentices.

19.3 The approval by the GRANTING AUTHORITY of schedules, projects, and installations presented does not exclude or diminish the CONCESSIONAIRE's exclusive responsibility for the appropriateness and quality of the investments made, as well as for the fulfillment of contractual, regulatory, and legal obligations.

## **20 OBLIGATIONS OF THE GRANTING AUTHORITY**

20.1 The GRANTING AUTHORITY shall assist the CONCESSIONAIRE in providing the SERVICES, endeavoring its best efforts and intervening with the competent authorities whenever it deems necessary or when the CONTRACT AGREEMENT so provides, carrying out the activities described in the subsequent Subclauses, without prejudice to others that it deems fit:

- i. make available to the CONCESSIONAIRE all reference technical documents in its possession pertaining to the MUNICIPAL STREET LIGHTING NETWORK;
- ii. to intercede with the concessionaires, permit holders or authorization holders that operate in the CONCESSION AREA in order to facilitate the performance of the SERVICES;
- iii. provide free access to the CONCESSIONAIRE's technicians and agents to the

locations under the control of the GRANTING AUTHORITY, where the equipment intended for the performance of the SERVICES is installed;

iv. inform the CONCESSIONAIRE, at least 30 (thirty) days in advance, about any projects of its own or of third parties that may come to its knowledge and that may interfere with the purpose of the CONTRACT AGREEMENT or the provision of SERVICES by the CONCESSIONAIRE;

v. guide and provide information and clarifications that may be necessary for the execution of the SERVICES;

vi. carry out, with the assistance of the CONCESSIONAIRE, which shall act as consenting intervening party, the contracting of the TRUSTEE BANK under the terms of this CONTRACT AGREEMENT and the CONTRACT AGREEMENT WITH THE TRUSTEE BANK;

vii. make all necessary efforts to assist the CONCESSIONAIRE in the integration of SERVICE CHANNELS;

viii. issue, through the publication of a decree, ordinance or any other normative act that it deems relevant, the rules for the installation of STREET LIGHTING POINTS by ENTREPRENEURS, stating guidelines, procedures, and technical specifications of the materials and equipment to be used in the MUNICIPAL STREET LIGHTING NETWORK;

ix. act, together with the CONCESSIONAIRE, in the management of insurance risks required by Subclause 26.10;

x. formally indicate the public agent(s) responsible for monitoring the CONTRACT AGREEMENT.

## **21 CONTRACTING OF THIRD PARTIES AND EMPLOYEES BY THE CONCESSIONAIRE**

21.1 For the performance of the SERVICES, the CONCESSIONAIRE shall use its employees, and may also hire third parties for the development of inherent, ancillary or complementary activities to the SERVICES, as well as the implementation of RELATED ACTIVITIES.

21.2 Employees or third parties hired by the CONCESSIONAIRE shall have technical capacity compatible with the best practices for the performance of their activities.

21.3 There must be no contracting of third parties, either individuals or legal persons, if they or their managers maintain a technical, commercial, economic, financial, labor or civil relationship with a GRANTING AUTHORITY chief or with a public agent who performs a role in the

management of the contract agreement, or if they are a spouse, partner or relative in a straight line, collateral, or by affinity, up to the third degree.

21.4 The CONCESSIONAIRE shall be strictly liable for the damages that its employees, or contracted third parties, in that capacity, cause to USERS, the GRANTING AUTHORITY and third parties.

21.5 The CONCESSIONAIRE shall indemnify the GRANTING AUTHORITY against any claim or loss that it may undergo as a result of acts performed by the CONCESSIONAIRE, its managers, employees, agents, service providers, third parties with whom it has contracted or any other person physical or legal related to it.

21.5.1 The CONCESSIONAIRE shall also indemnify the GRANTING AUTHORITY against procedural expenses, attorney's fees and other charges which, directly or indirectly, it may bear owing to the occurrences described in Subclause 21.5.

21.6 The GRANTING AUTHORITY's knowledge of any contract agreements entered into with third parties cannot be alleged by the CONCESSIONAIRE to exempt itself from the total or partial fulfillment of its obligations arising from the CONCESSION, or justify any delay or change in costs, nor claim any liability of the GRANTING AUTHORITY.

21.7 The CONCESSIONAIRE shall retain the professional with experience in operation and preventive and corrective maintenance services, under the terms required by the REQUEST FOR PROPOSAL during the CONCESSION TERM.

21.7.1 The replacement of the professional referred to in the previous Subclause shall depend on the prior consent of the GRANTING AUTHORITY and proof that the successor has a technical qualification equal to or greater than that required by the REQUEST FOR PROPOSAL.

## **22 PROVISION OF INFORMATION**

22.1 Without prejudice to the other obligations established in the CONTRACT AGREEMENT or in the applicable legislation, the CONCESSIONAIRE undertakes to:

- i. inform the GRANTING AUTHORITY immediately of any and all facts that alter the regular development of the CONCESSION, or that, in any way, interrupt the due performance of the SERVICES;
- ii. provide information, news and documents on the ONLINE PORTAL, at the intervals established in the SERVICES AND INVESTMENTS SPECIFICATIONS;
- iii. submit, when requested by the GRANTING AUTHORITY, within a period of up

to 10 (ten) days, the contract agreements and invoices for outsourced activities, proof of payment of wages and other labor dues, insurance policies against occupational accidents and proof of discharge of the respective social security obligations. The deadline for submitting the documents shall be up to 3 (three) days when the GRANTING AUTHORITY requests to obtain documentation to be presented at a hearing in the Labor Court;

iv. present, when requested by the GRANTING AUTHORITY, a document proving compliance with the reservation of positions provided for by law for people with disabilities, for rehabilitated from Social Security or for apprentices.

22.1.1 Without prejudice to the submission of the information mentioned above, the CONCESSIONAIRE is also responsible for providing information, providing certificates and copies of documents, free of charge, to USERS, consumer defense authorities and associations, the Prosecution Office, the GRANTING AUTHORITY and any other control authority of the Administration, whenever requested, within the non-extendable period of 15 (fifteen) days, if another one is not established by the authorities.

## **23 DECLARATIONS**

23.1 The CONCESSIONAIRE represents that it has obtained, by itself or through third parties, all the information required for the fulfillment of its contractual obligations and that it has carried out the surveys and studies necessary for the preparation of its COMMERCIAL PROPOSAL and for the accomplishment of the purpose of the CONTRACT AGREEMENT.

23.1.1 The CONCESSIONAIRE recognizes that it is its obligation to carry out surveys to verify the adequacy and accuracy of any information provided to it.

23.2 The CONCESSIONAIRE shall not in any way be released from its contractual obligations, nor will it be entitled to be indemnified by the GRANTING AUTHORITY, as result of any inaccurate or insufficient information provided by the GRANTING AUTHORITY, except in the case of proven bad faith.

23.3 CONCESSIONAIRE also declares:

- i. to have full knowledge of the nature and extent of the risks assumed by it in the CONTRACT AGREEMENT;
- ii. having considered such risks in the preparation of its COMMERCIAL PROPOSAL;
- iii. that the COMMERCIAL PROPOSAL is unconditional and took into account all

investments, taxes, costs and expenses (including, but not limited to, financial ones) necessary for the operation and maintenance of the CONCESSION throughout the CONCESSION TERM;

iv. have full knowledge of the rules of the PAYMENT MECHANISM and the parameters of the KEY PERFORMANCE STANDARDS, and recognize that this is a mechanism agreed upon between the PARTIES to maintain the contractual equivalence between the provision of SERVICES and their remuneration, applied immediately and automatically by the GRANTING AUTHORITY, in consideration of any noncompliance between the SERVICES provided and the requirements of the CONTRACT AGREEMENT; and

v. that the remuneration system provided for in this CONTRACT AGREEMENT represents the balance between the burden and bonus of the CONCESSION and that the EFFECTIVE MONTHLY PAYMENT is sufficient to remunerate all investments, operating costs, expenses, and SERVICES effectively performed.

## **24 SUPERVISION**

24.1 The supervision of the performance of the CONTRACT AGREEMENT, covering all the CONCESSIONAIRE's activities, from the moment the CONTRACT AGREEMENT is signed and throughout the CONCESSION TERM, shall be carried out by the GRANTING AUTHORITY, through the MUNICIPAL SECRETARY or another one that may replace it, and may rely on the technical assistance from the INDEPENDENT CERTIFIER under the terms of this CONTRACT AGREEMENT.

24.1.1 The CONCESSIONAIRE shall provide the INDEPENDENT CERTIFIER, and the GRANTING AUTHORITY, or any other entity that the GRANTING AUTHORITY so appoints, free access, at any time, to the areas, facilities, and locations pertaining to the CONCESSION, including statistics and administrative and accounting records, and shall provide about the latter items, within the period established, the clarifications that may be formally requested.

24.2 The GRANTING AUTHORITY, directly or through its accredited representatives, including the INDEPENDENT CERTIFIER, may carry out, in the presence of the CONCESSIONAIRE's representatives, tests or trials, as well as carry out on-site sample measurements, which allow to properly assess the operating conditions and the characteristics of the equipment, systems, and facilities used in the CONCESSION.

24.3 The CONCESSIONAIRE shall be required to repair, rectify, interrupt, suspend or replace, at its own expense, the faults, flaws or defects found in the provision of the SERVICES, pursuant

to the criteria and service deadlines set out in the SERVICES AND INVESTMENTS SPECIFICATIONS.

24.4 The GRANTING AUTHORITY shall register and process the occurrences verified by the inspection, notifying the CONCESSIONAIRE for the regularization of the failures, flaws or defects found.

24.4.1 Failure to comply with the obligations of the CONTRACT AGREEMENT obligations and with the deadlines for regularization or rectification determined by the GRANTING AUTHORITY shall subject the CONCESSIONAIRE to the application of penalties provided for in the CONTRACT AGREEMENT.

24.5 The GRANTING AUTHORITY may require, within the deadlines that it may specify, always consistent with the request made and, in any case, not less than 15 (fifteen) days, that the CONCESSIONAIRE submits an action plan aimed at remediating, fixing, shutting down, suspending or replacing any activity performed in a flawed, defective or incorrect manner.

24.5.1 In the event of failure by the CONCESSIONAIRE regarding the obligation set forth in Subclause 24.4.1, without prejudice to the possibility of intervention provided for in Clause 46, the GRANTING AUTHORITY may remediate the situation directly or through a third party, including the possibility of temporarily occupying the CONCESSIONAIRE's assets and facilities.

24.5.2 The minimum period referred to in subclause 24.5 may be less than 15 (fifteen) days in the case of urgent situations duly characterized and registered by the GRANTING AUTHORITY.

## **25 INDEPENDENT CERTIFIER**

25.1 The GRANTING AUTHORITY shall be assisted by the technical service of independent verification in monitoring the performance of the CONTRACT AGREEMENT, applying the KEY PERFORMANCE STANDARDS and the PAYMENT MECHANISM for calculating the EFFECTIVE MONTHLY PAYMENT, the BONUS ON THE ELECTRICITY BILL, the CAPEX EXPANSION PAYMENT, of indemnities, as well as in the monitoring of the execution of the SERVICES AND INVESTMENTS SPECIFICATIONS, SOCIOENVIRONMENTAL SPECIFICATIONS and other obligations undertaken by the CONCESSIONAIRE.

25.1.1 The INDEPENDENT CERTIFIER, in the exercise of its activities and under the guidance of the GRANTING AUTHORITY, shall take the necessary steps to fulfill its duties, carrying out field surveys and measurements and gathering information from the CONCESSIONAIRE and the GRANTING AUTHORITY, and shall have, for this purpose, access to the entire CONCESSION database.

25.1.2 The CONCESSIONAIRE shall be responsible for contracting the INDEPENDENT CERTIFIER and the costs appurtenant to it, under the terms of the applicable legislation and the INDEPENDENT CERTIFIER GUIDELINES, including any need for additional inspections to conclude a certain report, opinion and/or approval.

25.1.3 The INDEPENDENT CERTIFIER shall be a legal entity with a high degree of technical specialization and adequate organization, qualified technical staff, on top of an outstanding ethical reputation in the market and with renowned expertise in assessing quality in the provision of services, thus considering the proven experience under the terms of the INDEPENDENT CERTIFIER GUIDELINES.

25.1.4 The measurement carried out by the INDEPENDENT CERTIFIER and the reports it produces shall be issued according to the periodicity and other requirements established in the INDEPENDENT CERTIFIER GUIDELINES, SERVICES AND INVESTMENTS SPECIFICATIONS and by the KEY PERFORMANCE STANDARDS (KPI).

25.2 The GRANTING AUTHORITY may request the assistance of the INDEPENDENT CERTIFIER in any settlement of amounts resulting from the resumption of the contractual economic-financial balance and the payment of indemnities to the CONCESSIONAIRE.

25.2.1 The INDEPENDENT CERTIFIER shall assist the GRANTING AUTHORITY in situations identified as giving rise to contractual economic-financial imbalance, whereby the INDEPENDENT CERTIFIER has provided a technical service for independent verification.

25.2.2 The assistance provided by the INDEPENDENT CERTIFIER shall be consummated, if possible, through economic reports, without prejudice to the hiring of other specialized entities by the PARTIES to provide consulting services, as provided for in Subclause 42.4.3.

25.2.3 Costs relating to any additions or changes to the scope of the INDEPENDENT CERTIFIER, as a result of the assistance services to the GRANTING AUTHORITY mentioned in the above Subclause 25.2, shall be advanced by the CONCESSIONAIRE and compensated concomitantly with the processes of economic-financial rebalancing of the CONTRACT AGREEMENT.

## **26 INSURANCES**

26.1 As of PHASE I and until the end of the CONCESSION TERM, the CONCESSIONAIRE shall contract and maintain in force, promoting the necessary renewals, extensions and updates,



insurance policies that are sufficient for coverage:

26.1.1 of damage to the assets owned by the CONCESSIONAIRE, the GRANTING AUTHORITY or third parties, which are under its custody in the performance of the SERVICES, including, but not limited to, the risks of:

- i. fire, lightning, and explosion of any nature, for all STREET LIGHTING POINTS and other buildings on the MUNICIPAL STREET LIGHTING NETWORK and respective contents, including equipment owned or exclusively used by the MUNICIPAL STREET LIGHTING NETWORK and third parties under its guardianship and custody;
- ii. natural events, such as: windstorm, hurricane, cyclone, hail, landslide, flood, flooding, and smoke;
- iii. land vehicle impact and aircraft crash;
- iv. electrical damages;
- v. riots, strikes, demonstrations, and lock-out;
- vi. electronic equipment; and
- vii. mobile and stationary equipment.

26.1.2 pecuniary, personal and nonpecuniary losses caused to third parties that are attributed to it during the operation or works, installations, setups, renovations, and expansions that may occur, including, but not limited to, the following items:

- i. civil liability for operations, as well as existence, use, and preservation of assets;
- ii. employer's civil liability;
- iii. project errors;
- iv. cross liability; and
- v. loss of profits arising from civil liability (to serve third parties).

26.1.3 the risks pertaining to any and all execution of works, installations, and setups, renovations and expansions that may occur throughout the CONCESSION, including, but not limited to, the following items:

- i. coverage of civil works in construction, installation and assembly, with project error and risks of the Manufacturer;

- ii. damage as a result of project error and manufacturer's risks with the same amount insured as the basic coverage;
- iii. expenses with site removal;
- iv. small and medium-sized tools;
- v. mobile, stationary equipment used in the work;
- vi. completed works;
- vii. temporary works;
- viii. experts' fees;
- ix. works accepted and put into operation;
- x. off-site storage;
- xi. riots, surrounding property, extraordinary expenses;
- xii. expenses with containment and salvage of claims;
- xiii. civil liability arising from civil works in construction, installation, and setup, with additional coverage for project errors, cross civil liability and foundations;
- xiv. nonpecuniary loss arising from civil work in construction, installation and setup, with additional coverage for project errors, cross liability, and foundations;
- and
- xv. extraordinary expenses.

26.2 For taking out insurance policies and respective risk coverage, the CONCESSIONAIRE shall be free to combine different types of policies and products available in the insurance market, without prejudice to the definition of specific conditions with the insurer, regardless of the official nomenclature adopted for each policy, provided that the guidelines of this Clause are met, and that the coverage of the risks described above is materially contemplated.

26.2.1 For the purposes of this CONTRACT AGREEMENT, the CONCESSIONAIRE shall forward to the GRANTING AUTHORITY and the INDEPENDENT CERTIFIER, within 15 (fifteen) days before the expiration of the insurance in force, the insurance policies taken out and renewed, in original, duplicate, or digital copy, duly certified.

26.3 The policies shall be contracted with insurers and reinsurers duly regulated by SUSEP.

26.4 The GRANTING AUTHORITY shall appear as co-insured in the insurance policies

referred to in the CONTRACT AGREEMENT.

26.4.1 The coverage dealt with in Subclause 26.1.2 shall consider as co-insured, in addition to the CONCESSIONAIRE and the GRANTING AUTHORITY, its managers, financial agents, employees, staff, subcontractors, agents or delegates, for the amounts with which they may be liable as pecuniary, personal and nonpecuniary losses, procedural costs and any other charges pertaining to pecuniary, personal and nonpecuniary losses, resulting from the activities covered by the CONCESSION, including, but not limited to, involuntary personal losses, deaths, pecuniary losses caused to third parties and their vehicles, and such insurance shall be taken out with indemnity limits consistent with the risks assumed for damages to third parties.

26.5 Insurance policies may establish one or some of the FINANCERS as the beneficiary of the indemnity.

26.6 Insurance policies shall include the obligation of insurers to immediately inform the GRANTING AUTHORITY of changes in insurance contracts, especially those involving the total or partial cancellation, suspension, modification or replacement of any policies taken out by the CONCESSIONAIRE, as well as the reduction of insured amounts or changes in coverage and other corresponding conditions.

26.7 The minimum indemnity limits to be stated in the insurance policies, including pecuniary loss and nonpecuniary loss covered, shall consider the maximum possibility of indemnity based on the greatest probable loss, taking into account the values of the assets covered by the MUNICIPAL STREET LIGHTING NETWORK as new, including the building, goods, permanent materials, equipment, and others, owned by the CONCESSIONAIRE, the GRANTING AUTHORITY and third parties, allocated and intended for the operation of the MUNICIPAL STREET LIGHTING NETWORK.

26.7.1 The amount of insurance coverage provided for in Subclause 26.1.3 shall correspond to the entire project planned during the period of modernization works of the MUNICIPAL STREET LIGHTING NETWORK.

26.7.2 In case of EXPANSION OF THE MUNICIPAL STREET LIGHTING NETWORK, the values to be considered should match the value of the investment made, added to the value of the existing REVERSIBLE ASSETS, if these are exposed to any type of risk arising from the EXPANSION OF THE MUNICIPAL STREET LIGHTING NETWORK, and provided that such risks are excluded from other insurance policies required by this CONTRACT AGREEMENT.

26.7.2.1 Alternatively, coverage for renovations and expansions can be contracted under the title "Small Engineering Works," in this case, using only the maximum

investment value per unit as a basis for defining the insured limit to be used. This procedure shall be accepted as long as it is shown that damage to the facilities in operation shall remain covered, and civil works and installation and setup coverage shall also be included in the civil liability policy so that damages resulting from these renovations and/or expansions are covered.

26.7.3 The estimated value at risk of the assets of the MUNICIPAL STREET LIGHTING NETWORK to be stated in the insurance policy provided for in Subclause 26.1.1, shall be equivalent to the sum of the value in the new state of all assets, including the building, goods, permanent materials, equipment, and others, owned by the CONCESSIONAIRE, the GRANTING AUTHORITY and third parties, allocated and intended for the operation of the MUNICIPAL STREET LIGHTING NETWORK.

26.7.4 For insurances provided for in Subclause 26.1.3, the value at risk shall match the value of the total investments, including civil works, installations, and setups, management expenses, equipment, and all other costs that may occur in an eventual accident.

26.8 The amounts covered by insurance shall be adjusted annually, on the same date and by applying the same ADJUSTMENT FACTOR provided for in this CONTRACT AGREEMENT.

26.9 The indemnity limits provided for in Subclause 26.7 are minimal and do not exempt the CONCESSIONAIRE from being liable for any and all losses and damages caused to third parties that exceed such limits, even if they may not be covered by the policies that may be taken out, or yet, the CONCESSIONAIRE shall be responsible for any and all deductibles that may be applied in the event of loss claims involving the coverage contracted in the policies.

26.10 The CONCESSIONAIRE shall carry out risk management work, through which the operating conditions of the MUNICIPAL STREET LIGHTING NETWORK shall be evaluated from time to time to check for changes in the risk level of the enterprise and, based on this survey, adjustments and actions shall be proposed to manage and minimize these risks.

26.11 It is at the discretion of the CONCESSIONAIRE to contract any other coverage in addition to those established in this Clause 26.

26.12 The CONCESSIONAIRE undertakes all responsibility for the reach or omissions resulting from the taking out of the insurance provided for in the CONTRACT AGREEMENT, as well as for the full payment of the deductible, in the event of an accident and the use of any policy provided for in this CONTRACT AGREEMENT.

26.12.1 Any refusal to pay the indemnity by the insurer shall also not exempt the CONCESSIONAIRE from its responsibilities assumed in this CONTRACT AGREEMENT.

26.13 The existence of insurance coverage does not exempt the CONCESSIONAIRE from its responsibility to replace the CONCESSION ASSETS that have been damaged or rendered unusable.

26.14 The CONCESSIONAIRE, with prior authorization from the GRANTING AUTHORITY, may change coverage or other conditions of the insurance policies, aiming to accommodate them to the new situations that occur during the term of the CONTRACT AGREEMENT.

## **27 RELATED ACTIVITIES**

### **27.1 Conditions for the exploitation of the RELATED ACTIVITIES**

27.1.1 The CONCESSIONAIRE may explore RELATED ACTIVITIES, directly or by entering into contract agreements with third parties, provided that they are previously authorized by the GRANTING AUTHORITY.

27.1.1.1 The intended commercial exploitation cannot harm the standards of safety, quality and performance of the SERVICES and shall be consistent with the legal and regulatory rules applicable to the CONTRACT AGREEMENT.

27.1.2 The exploitation of the following RELATED ACTIVITIES is hereby authorized:

- i. rent, lease or assignment of space in the MUNICIPAL STREET LIGHTING NETWORK;
- ii. exploitation of services that use the infrastructure of the TELEMAGEMENT SYSTEM; installation of video surveillance cameras or wireless internet points (WiFi) by the CONCESSIONAIRE;
- iii. exploration of activities that aim to generate revenue linked to carbon credits.

27.1.3 In the event of RELATED ACTIVITIES not described in Subclause 27.1.2, the CONCESSIONAIRE shall request authorization from the GRANTING AUTHORITY for its exploitation, which shall have a period of up to 30 (thirty) days, extendable for an equal period, to decide on the request.

27.1.3.1 The request for authorization to explore RELATED ACTIVITY shall have the following minimum content:

- i. the object of the activity and its target audience;
- ii. the projection of the monthly cash flow from investments, expenses and applicable revenues.

27.1.4 Within the period provided for in Subclause 27.1.3, the GRANTING AUTHORITY

may request clarification on the technical and legal feasibility of the proposal, as well as other information that is necessary for a better understanding of the business, in which case the period provided for in the Subclause above shall be suspended from the date of communication to the CONCESSIONAIRE until the GRANTING AUTHORITY receives a response.

27.1.5 Any denial by the GRANTING AUTHORITY regarding the request made by the CONCESSIONAIRE shall be substantiated, in writing, and can only be based on the following reasons:

- i. economic-financial, technical or legal unfeasibility of the proposal;
- ii. default by the CONCESSIONAIRE in relation to the CONTRACT AGREEMENT obligations; or
- iii. incompatibility with the GRANTING AUTHORITY's projects or programs.

27.1.6 If the GRANTING AUTHORITY does not respond within the period provided for in Subclause 27.1.3, the CONCESSIONAIRE's request submitted under the terms of Subclause 27.1.3.1 shall be considered granted.

27.1.7 The CONCESSIONAIRE shall not be entitled to indemnities or to recompose the economic-financial balance of the CONCESSION in the event of refusal by the GRANTING AUTHORITY regarding the request for the development of RELATED ACTIVITY.

27.1.8 The supply of electricity for the exploitation of RELATED ACTIVITIES shall be subject to a specific contract agreement, with the ENERGY DISTRIBUTION COMPANY, providing that the CONCESSIONAIRE shall be responsible for paying the corresponding consumption bills, or, if the execution of a specific contract agreement is not feasible, the CONCESSIONAIRE shall reimburse the GRANTING AUTHORITY for the costs arising from the energy consumption of the RELATED ACTIVITY.

27.1.9 The GRANTING AUTHORITY may, directly or through third parties, develop activities in the MUNICIPAL STREET LIGHTING NETWORK, provided that its performance does not harm or jeopardize the provision or quality of the SERVICES.

27.1.9.1 In the event of Subclause 27.1.9, the CONCESSIONAIRE shall only be responsible for sharing the structures that are part of the MUNICIPAL STREET LIGHTING NETWORK, being entitled to remuneration proportional to the respective use.

27.1.9.2 The remuneration provided for in Subclause 27.1.9.1 shall be established

by agreement between the PARTIES, and the INDEPENDENT CERTIFIER may be consulted in the event of disagreement on the remuneration value, in order to present a reference that it deems compatible with the market.

27.1.9.3 If there is no consensus regarding the proposal made by the INDEPENDENT CERTIFIER, the interested PARTY may resort to the dispute resolution mechanisms provided for in this CONTRACT AGREEMENT.

27.1.9.4 The CONCESSIONAIRE may not impede the performance of activities by the GRANTING AUTHORITY or by a third party appointed by it, regardless of differences in relation to the remuneration for the use of the MUNICIPAL STREET LIGHTING NETWORK.

27.1.9.5 The remuneration amount defined by the INDEPENDENT CERTIFIER shall be adopted by the PARTIES until a decision is issued by the dispute settlement mechanism that may be resorted to.

## **27.2 Sharing of revenues**

27.2.1 ACCESSORY REVENUE arising from the exploitation of RELATED ACTIVITY shall be shared by the CONCESSIONAIRE in favor of the GRANTING AUTHORITY in the proportion of:

i. 15% (fifteen percent) of the gross revenue calculated in the exploitation of the RELATED ACTIVITY provided for in Subclause 27.1.2.i;

27.2.1.1 5% (five percent) of the gross revenue calculated from the exploitation of the RELATED ACTIVITY provided for in Subclause 27.1.2.ii, 27.1.2.iii, or from another RELATED ACTIVITY that may be authorized in the course of the CONCESSION.

27.2.2 The CONCESSIONAIRE shall keep specific accounting for each RELATED ACTIVITY contract agreement, especially regarding the respective ACCESSORY REVENUE, as well as send monthly management reports to the GRANTING AUTHORITY regarding the performance of each RELATED ACTIVITY.

## **27.3 Conclusion of contract agreements pertaining to RELATED ACTIVITIES**

27.3.1 As a rule, the legal regime of Private Law shall apply to contract agreements resulting from RELATED ACTIVITIES.

27.3.2 The contract agreement relating to the exploitation of any RELATED ACTIVITIES shall be valid for a limited time at the end of this CONTRACT AGREEMENT and may not, under any circumstances, affect the CONCESSION.

27.3.2.1 Any debts pertaining to the sharing of ACCESSORY REVENUE shall be settled by the CONCESSIONAIRE until the payment of the last EFFECTIVE MONTHLY PAYMENT or, in case of early termination of the CONTRACT AGREEMENT, at the time of indemnity.

27.3.3 The CONCESSIONAIRE shall forward to the GRANTING AUTHORITY a copy of the contracts entered into with third parties for their performance or exploitation.

#### **27.4 Treatment of goods pertaining to RELATED ACTIVITIES**

27.4.1 Investments made by the CONCESSIONAIRE for the exploitation of RELATED ACTIVITIES shall not be considered as investments in REVERSIBLE ASSETS, and, in this case, the contractual rules regarding indemnities for early termination of the CONTRACT AGREEMENT are not applicable to these investments.

27.4.2 Without prejudice to the provisions of Subclause 27.4.1, the PARTIES may negotiate in the RELATED ACTIVITY contract agreement the transfer, as applicable, of certain assets to the GRANTING AUTHORITY and provided that the applicable legislation is fulfilled.

27.4.2.1 If the GRANTING AUTHORITY is not interested in transferring the assets, the CONCESSIONAIRE shall be responsible for removing all equipment pertaining to the ACTIVITIES until the expiry of the CONTRACT AGREEMENT.

### **28 RIGHTS OF USERS**

28.1 Without prejudice to other rights and obligations provided for by law, USERS have the following rights:

- i. rely on the provision of quality SERVICES, based on the provisions of the KEY PERFORMANCE STANDARDS;
- ii. receive information from the GRANTING AUTHORITY or CONCESSIONAIRE regarding the provision of SERVICES;
- iii. bring to the attention of the GRANTING AUTHORITY or CONCESSIONAIRE the irregularities of which they are aware, referring to the SERVICES provided;
- iv. communicate to the competent authorities the unlawful acts committed by the CONCESSIONAIRE in the provision of SERVICES; and
- v. have SERVICE CHANNELS, according to the SERVICES AND INVESTMENTS SPECIFICATIONS.



## **29 GOVERNANCE COMMITTEE**

29.1 For the coordination, integration, and discipline of the efforts of the PARTIES in the performance of the SERVICES and obligations under the responsibility of the GRANTING AUTHORITY, the PARTIES shall establish, within 90 (ninety) days from the publication of the CONTRACT AGREEMENT's excerpt in the OFFICIAL GAZETTE, a GOVERNANCE COMMITTEE which shall be governed by its own bylaws, in keeping with the provisions below.

29.2 The main objective of the GOVERNANCE COMMITTEE shall be to discuss and improve the relationship between the CONCESSIONAIRE and the GRANTING AUTHORITY under the CONTRACT AGREEMENT and shall have, among others, the following functions:

- i. joint action of the CONCESSIONAIRE and the GRANTING AUTHORITY in the relationship with the ENERGY DISTRIBUTION COMPANY, for adequate compliance with the objectives and parameters of the SERVICES established in this CONTRACT AGREEMENT and its ATTACHMENTS;
- ii. monitoring the preparation and updating of the REGISTRY, as well as identifying any errors and failures, and establishing measures and procedures necessary for its rectification and implementation, by the CONCESSIONAIRE;
- iii. resolution of difficulties, conflicts and disagreements between the teams of the CONCESSIONAIRE and the GRANTING AUTHORITY;
- iv. institution and dissemination of rules, flows and work methods aimed at the integration of GRANTING AUTHORITY's employees with CONCESSIONAIRE's employees;
- v. registration and reporting of the flaws found during the performance of the CONTRACT AGREEMENT;
- vi. identification of possible improvements in the management of SERVICES and the MUNICIPAL STREET LIGHTING NETWORK;
- vii. monitoring of the performance of the SERVICES throughout the CONCESSION TERM;
- viii. planning for the start of operations of the INITIAL MUNICIPAL STREET LIGHTING NETWORK and the MODERNIZED MUNICIPAL STREET LIGHTING NETWORK;
- ix. programming of emergency actions in the course of the operation of the SERVICES; and
- x. other actions that may be defined by the PARTIES.

29.3 The GOVERNANCE COMMITTEE shall have at least 2 (two) members and shall be

composed of representatives of the PARTIES in equal numbers.

29.3.1 Eventually, specialists may be summoned by the GOVERNANCE COMMITTEE if there is a need to analyze and/or design specific technical aspects of the CONCESSION.

29.4 The GOVERNANCE COMMITTEE shall seek to define the criteria and protocols for the best performance of the SERVICES, in order to serve the USERS within the quality standards established in the CONTRACT AGREEMENT and its ATTACHMENTS.

29.5 The decisions of the GOVERNANCE COMMITTEE shall depend on the consensus of all representatives.

29.6 The decisions of the GOVERNANCE COMMITTEE cannot change the obligations established in this CONTRACT AGREEMENT.

29.6.1 In order to be valid and applicable, the proposals made by the GOVERNANCE COMMITTEE that change the obligations of the CONTRACT AGREEMENT or that affect the economic-financial balance of the CONTRACT AGREEMENT shall be formally submitted and approved by the GRANTING AUTHORITY before its implementation and shall be incorporated into the CONTRACT AGREEMENT by means of an amendment.

29.7 The procedures and decisions of the GOVERNANCE COMMITTEE do not remove the obligations, penalties and application of the KEY PERFORMANCE STANDARDS provided for in the CONTRACT AGREEMENT and in the ATTACHMENTS.

29.8 The PARTIES may also call for the setting up of ad-hoc GOVERNANCE COMMITTEES, when they deem relevant, providing that the provisions of this Clause shall be apply, accordingly.

## **CHAPTER IV – CONCESSIONAIRE’S LEGAL AND OPERATIONAL STRUCTURE**

### **30 CORPORATE COMPOSITION**

30.1 The CONCESSIONAIRE shall communicate to the GRANTING AUTHORITY, within a period of up to 15 (fifteen) days, the changes in its corporate structure described in the CONCESSIONAIRE’S INCORPORATION ACTS, submitting the relevant corporate documents, subject to the restrictions defined in the CONTRACT AGREEMENT.

30.2 The transfer of the CONCESSION or CONTROL of the CONCESSIONAIRE shall be previously authorized by the GRANTING AUTHORITY under the terms of the law and can only occur after the expiry of PHASE II, except in the event of imminent bankruptcy by the CONCESSIONAIRE duly proven.

30.2.1 The conditions established in Subclause 30.2 also apply to the withdrawal, for whatever reason, of the company holding the TECHNICAL QUALIFICATION certificate, from the CONCESSIONAIRE’s corporate structure.

30.2.2 The temporary administration and assumption of control by the FINANCIERS of the CONCESSIONAIRE shall exclusively fulfill the conditions defined in Subclause 32.6.

30.3 During the entire period of the CONCESSION, the CONCESSIONAIRE shall also submit to the prior authorization of the GRANTING AUTHORITY any amendments to the respective Articles of Incorporation that involve:

- i. spin-off, consolidation, conversion or merger of the CONCESSIONAIRE;
- ii. change of the CONCESSIONAIRE’s corporate purpose; and
- iii. issuance of shares of different classes of the CONCESSIONAIRE in addition to those initially stipulated.

30.4 In order to obtain consent for the transfer of the CONCESSION or CONTROL of the CONCESSIONAIRE, the interested party shall:

- i. meet the requirements of technical capacity, compatible with the stage of performance of the CONTRACT AGREEMENT, financial suitability and legal, fiscal and labor regularity necessary for the assumption of the purpose of the CONCESSION, as provided for in the REQUEST FOR PROPOSAL;
- ii. provide and maintain relevant PERFORMANCE BOND and the insurance policies required by the CONTRACT AGREEMENT; and
- iii. undertake to comply with all the Clauses of this CONTRACT AGREEMENT.

30.5 The GRANTING AUTHORITY shall review the request(s) forwarded by the CONCESSIONAIRE under the terms of this Clause within a period of up to 30 (thirty) days, which

may be extended for an equal period, and may request clarifications and additional documents from the CONCESSIONAIRE, summon controlling shareholders of the CONCESSIONAIRE and take other steps deemed fit.

30.6 Upon the end of the period provided for above, including any extension, without statement by the GRANTING AUTHORITY, the request(s) forwarded by the CONCESSIONAIRE shall be considered approved.

30.7 The total or partial transfer of the CONCESSION or the CONTROL of the CONCESSIONAIRE, without the prior authorization of the GRANTING AUTHORITY, shall imply the immediate forfeiture of the CONCESSION.

### **31 CAPITAL STOCK**

31.1 The MINIMUM SUBSCRIPTION AND PAYMENT OF CAPITAL STOCK value, established as a condition for signing the CONTRACT AGREEMENT, shall be maintained until the issuance of the MODERNIZED AND STREAMLINED MUNICIPAL STREET LIGHTING NETWORK TERMS OF RECEIPT, in compliance with the corporate legislation applicable to the reduction of share capital.

31.2 After the issue of the MODERNIZED AND STREAMLINED MUNICIPAL STREET LIGHTING NETWORK TERM OF RECEIPT, the CONCESSIONAIRE CAPITAL STOCK may be reduced to any amount, observing the corporate legislation applicable to the reduction of capital stock, without the need for specific authorization from the GRANTING AUTHORITY.

### **32 FINANCING**

32.1 The CONCESSIONAIRE is solely and exclusively responsible for obtaining the financing necessary for the performance of the SERVICES and the purpose of the CONCESSION, thus being in a position to choose, at its discretion and in accordance with its own assessment, the modalities and types of financing available, assuming the direct risks for the settlement of such financing, in order to fully and timely comply with all obligations undertaken in the CONTRACT AGREEMENT.

32.1.1 The CONCESSIONAIRE may not invoke any provision, Clause or condition of the financial contract agreements, or any delay in the disbursement of the respective resources, to exempt itself, in whole or in part, from the obligations assumed in the CONTRACT AGREEMENT.

32.2 The CONCESSIONAIRE may offer, in guarantee of the contracted financing, or as a counter guarantee of credit operations linked to the fulfillment of the obligations of this

CONTRACT AGREEMENT, the rights arising from the CONCESSION, especially the credit rights pertaining to the MONTHLY OFFERED PAYMENT, and, in this sense, it may resort to fiduciary assignment, binding, pledge, encumbrance, or in any way perfecting a security interest on the main and accessory rights referred to hereunder, provided that the posting of such guarantees does not prevent or make it impossible to continue the performance of the SERVICES, under the terms of this CONTRACT AGREEMENT.

32.2.1 Shares representing the CONCESSIONAIRE's share capital, including the CONTROLLING block, may also be offered as guarantee to the FINANCERS, under any of the modalities provided for by law.

32.2.2 The posting of the guarantees referred to in the Subclauses above shall be reported to the GRANTING AUTHORITY within a period of up to 60 (sixty) days from their registration with the competent bodies, and accompanied by information pertaining to the conditions, terms, and type of financing contracted.

32.3 The GRANTING AUTHORITY shall provide clarifications in the form of the applicable legislation, whenever necessary or so required by the FINANCERS.

32.3.1 The GRANTING AUTHORITY shall be responsible for informing the FINANCERS of the breach of the CONTRACT AGREEMENT by the CONCESSIONAIRE and the occurrence of ACT OF GOD OR FORCE MAJEURE.

32.4 When contracting FINANCING, covering the issuance of debt securities or the carrying out of a debt operation of any other nature, including, but not limited to, the issuance of debentures or bonds, structuring of a Credit Rights Investment Fund – FIDC and others; the CONCESSIONAIRE shall expressly provide for and guarantee the effectiveness, by contractual means, of the FINANCER's or the transaction structurer's obligation to immediately notify the GRANTING AUTHORITY about any noncompliance with any covenants established between the FINANCER or structurer and the CONCESSIONAIRE, which may cause the execution of guarantees or intervention in FINANCIAL CONTRACT AGREEMENTS.

32.5 If there is an express provision in the FINANCIAL CONTRACT AGREEMENTS entered into by the CONCESSIONAIRE, the FINANCERS shall be entitled:

- i. to monitor and be informed, *pari passu*, of the progress of procedures, assessments, and administrative processes for the imposition of penalties to the CONCESSIONAIRE;
- ii. to access the CONCESSIONAIRE's computer information, data, and document management systems, in the manner and within the limits set forth in the FINANCIAL CONTRACT AGREEMENTS, fulfilling, in any case, the inviolability and confidentiality of all GRANTING AUTHORITY's and USER's information;

iii. to receive the direct payment of indemnities and other amounts, in the manner set out in the FINANCIAL CONTRACT AGREEMENT and abiding by the rules contained in this CONTRACT AGREEMENT;

iv. to fulfill in its own name the obligations for which the CONCESSIONAIRE is in default with the GRANTING AUTHORITY;

v. to assume the temporary administration or CONTROL of the CONCESSIONAIRE to promote its financial restructuring and ensure the continuity of the provision of SERVICES, pursuant to Article 5, Paragraph 2, I of the PPP FEDERAL LAW, subject to the conditions established in this Clause.

32.5.1 The CONCESSIONAIRE may request the TRUSTEE BANK, upon notification, with a copy to the GRANTING AUTHORITY, the payment of part or all of the EFFECTIVE MONTHLY PAYMENT, the BONUS ON THE ELECTRICITY BILL, the CAPEX EXPANSION PAYMENT and the indemnities pertaining to this CONTRACT AGREEMENT directly to the FINANCERS, up to the limit of overdue credits payable under the respective FINANCIAL CONTRACT AGREEMENTS, subject to the other provisions and limits set forth in this CONTRACT AGREEMENT. The direct payment, once made, shall mean the discharge of the GRANTING AUTHORITY's obligations to the CONCESSIONAIRE for the amount paid.

32.6 In order to ensure the continuity of the CONCESSION, the FINANCERS are allowed, provided that the possibility is foreseen in the respective financial contract agreements, to undertake the corporate control of the CONCESSIONAIRE or to exercise its temporary management, provided that at least one of the following hypotheses is ensued:

- i. default of the FINANCING by the CONCESSIONAIRE;
- ii. in the other hypotheses provided for in the contract agreements entered into between the CONCESSIONAIRE and its FINANCERS;
- iii. breach of this CONTRACT AGREEMENT by the CONCESSIONAIRE, provided that this is sufficient to make the continuation of the CONCESSION unfeasible or at risk.

32.6.1 In order to exercise the right to temporary management or the assumption of CONTROL, the FINANCER, or the third parties appointed by the latter, shall also submit to the GRANTING AUTHORITY documents proving compliance with the requirements of LEGAL QUALIFICATION and FISCAL REGULARITY and a restructuring plan.

32.6.2 The restructuring plan to be presented by the FINANCER shall contain:

- i. appointment of the person responsible for conducting the restructuring process;
- ii. indication of the date of its effectiveness, which shall occur at least 30 (thirty)

business days after receipt of the notification by the GRANTING AUTHORITY;

iii. description of the events that gave rise to the temporary administration or assumption of CONTROL;

iv. detailed identification of the powers to be exercised and the means of restructuring and measures to be employed to remedy the identified defaults;

v. demonstration of the economic viability of the plan, which cannot compromise the provision of the services object of the CONCESSION;

vi. financial statements relating to the last fiscal year and those drawn up specially to serve as evidence for the restructuring plan, prepared in strict compliance with applicable corporate law;

vii. the period required for the full implementation of the plan, which, if it exceeds 24 (twenty-four) months, shall depend on the authorization of the GRANTING AUTHORITY in relation to the excess time, by demonstrating the circumstances that so require and make this solution convenient and timely; and

viii. contain the commitment of the FINANCER or its representatives to comply with all provisions of the CONTRACT AGREEMENT applicable to the CONCESSIONAIRE, especially to provide and maintain the relevant PERFORMANCE BOND and the insurance policies required by the CONTRACT AGREEMENT.

32.6.3 The GRANTING AUTHORITY may request clarifications or documents from the FINANCERS.

32.7 In compliance with the requirements of Subclause 32.6, the temporary administration or the assumption of CONTROL by the FINANCER is immediately approved in advance by the GRANTING AUTHORITY.

32.8 The CONCESSIONAIRE shall share with the GRANTING AUTHORITY the effective economic gains arising from the reduction of the credit risk of the financing used in the CONCESSION, , in the proportion of 50% (fifty percent) for each PARTY, pursuant to Article 5, IX of PPP FEDERAL LAW.

### **33 CORPORATE GOVERNANCE**

33.1 The CONCESSIONAIRE shall fulfill the best corporate governance practices regarding transactions with RELATED PARTIES, for instance, in view of those recommended by the Brazilian Code of Corporate Governance (IBGC).

33.2 The CONCESSIONAIRE shall, within three (3) months from the signing of this

CONTRACT AGREEMENT, develop, publish, and implement a policy for transactions with RELATED PARTIES, fulfilling, where applicable, the best practices, and containing, at least, the following elements:

- i. criteria that shall be fulfilled for carrying out transactions between the CONCESSIONAIRE and RELATED PARTIES, requiring the fulfillment of equitable conditions, compatible with market practice;
- ii. procedures to help identify individual situations that may involve conflicts of interest and, consequently, determine the impediment to vote in relation to shareholders or managers of the CONCESSIONAIRE;
- iii. procedures and persons responsible for identifying RELATED PARTIES and for classifying operations as transactions with RELATED PARTIES;
- iv. indication of instances of approval of transactions with RELATED PARTIES, depending on the amount involved or other relevant criteria; and
- v. CONCESSIONAIRE's management duty to formalize, in a written document to be filed at the CONCESSIONAIRE, the justifications for the selection of RELATED PARTIES to the detriment of market alternatives.
- vi. prohibition of granting loans, financing or carrying out any other forms of transfer of resources to RELATED PARTIES, except for:
  - a. transfers of resources by way of distribution of dividends;
  - b. capital reduction, in keeping with the provisions of Subclause 31.1;
  - c. payments of interest on equity; and
  - d. payments for contracting services under fair market conditions.

33.3 The POLICY ON TRANSACTIONS WITH RELATED PARTIES shall be updated by the CONCESSIONAIRE whenever necessary, pursuant to the recommendations of best practices and the need to include specific provisions aimed at providing greater effectiveness to the transparency and commutability of transactions with RELATED PARTIES.

33.4 The CONCESSIONAIRE shall submit to the GRANTING AUTHORITY, preferably digitally, within 10 (ten) days, counted from the date its signature, a copy of the contract agreements signed with RELATED PARTIES.

33.5 The CONCESSIONAIRE's POLICY ON TRANSACTIONS WITH RELATED PARTIES shall provide for the amounts and hypotheses of transactions with RELATED PARTIES in which the CONCESSIONAIRE shall disclose, on the ONLINE PORTAL, the following information about the contracting made:



- i. general information about the contracted RELATED PARTY;
- ii. object of contracting;
- iii. contract term.

33.5.1 The disclosure in PORTAL ONLINE shall occur within a period of up to 30 (thirty) days from the execution of the transaction with the RELATED PARTY and with at least 5 (five) business days from the beginning of the performance of the obligations arising from said transaction.

33.6 The CONCESSIONAIRE represents to be aware of the ANTI-CORRUPTION LAW, which provides for the administrative and civil liability of legal entities for the perpetration of acts against the Public Administration, either domestic or foreign, and undertakes to act ethically, with integrity, and in legal and transparent manner in the relationship with the Government.

33.7 Over the term of the CONTRACT AGREEMENT, the CONCESSIONAIRE is forbidden to hire a spouse, partner or relative in a straight line, collateral or by affinity, up to the third degree, of :

- i. head of the contracting body or entity;
- ii. public agent who acts in the supervision or management of the CONTRACT AGREEMENT; or;
- iii. member of the INDEPENDENT CERTIFIER who acts in the verification of the CONTRACT AGREEMENT.

33.8 The CONCESSIONAIRE shall implement, within 6 (six) months, counted from the ASSUMPTION DATE, a Compliance Program, with internal mechanisms and procedures relating to integrity, auditing, and incentives to report irregularities and the effective application of codes of ethics and conduct, policies, and guidelines with the aim of detecting and remedying deviations, fraud, irregularities and illicit acts committed against the Public Administration.

## **CHAPTER V – PAYMENTS TO THE CONCESSIONAIRE**

### **34 EFFECTIVE MONTHLY PAYMENT, CAPEX EXPANSION PAYMENT AND BONUS ON THE ELECTRICITY BILL**

34.1 The GRANTING AUTHORITY, through the TRUSTEE BANK, shall pay the CONCESSIONAIRE the EFFECTIVE MONTHLY PAYMENT, CAPEX EXPANSION PAYMENT and any BONUS ON THE ELECTRICITY BILL, calculated based on the provisions of the KEY PERFORMANCE STANDARDS and the PAYMENT MECHANISM.

34.2 The values referring to the value of the MONTHLY OFFERED PAYMENT and CAPEX EXPANSION PAYMENT shall be adjusted according to the provisions of the PAYMENT MECHANISM.

### **35 BINDING OF CIP AND PAYMENT OF EFFECTIVE MONTHLY PAYMENT, CAPEX EXPANSION PAYMENT AND BONUS ON THE ELECTRICITY BILL BY THE BOUND ACCOUNT**

35.1 The guarantee of the values of the pecuniary obligations owed by the GRANTING AUTHORITY, described in Subclause 35.4, shall be carried out through a LIQUIDITY SYSTEM, constituted by means of the earmarking of the entirety of the resources resulting from the receipts of CIP and the execution CONTRACT AGREEMENT WITH THE TRUSTEE BANK.

35.2 The TRUSTEE BANK shall be chosen and funded by the MUNICIPALITY among those authorized to operate by the Central Bank of Brazil, under the terms of the legislation.

35.2.1 The PARTIES shall grant to the TRUSTEE BANK sufficient powers to perform the obligations established in this INSTRUMENT, as agent, especially to perform all material acts necessary for the discharge of the guaranteed obligations dealt with in Subclause 35.4, without prejudice to other attributions set out in the CONTRACT AGREEMENT WITH THE TRUSTEE BANK.

35.2.2 The proxy warranted to the TRUSTEE BANK constitutes an essential condition of the LIQUIDITY SYSTEM, being irrevocable and irreversible during the period between its execution and the CONCESSION TERM or until full compliance and settlement of all obligations set forth in Subclause 35.4, subject to the exceptions established in the CONTRACT AGREEMENT WITH THE TRUSTEE BANK.

35.2.3 Upon agreement between the PARTIES, the conditions of the CONTRACT AGREEMENT WITH THE TRUSTEE BANK may be detailed or adapted to the requests of the TRUSTEE BANK, without the need to formalize an amendment to this CONTRACT AGREEMENT, subject to the minimum requirements established in this CONTRACT

AGREEMENT.

35.3 By way of this CONTRACT AGREEMENT, the GRANTING AUTHORITY binds in favor of the CONCESSIONAIRE, during the entire effectiveness of the CONCESSION and during the time necessary for the discharge of remaining obligations after the expiry of the agreement, the entirety of the resources arising from the payment of CIP, in irrevocable and irreversible character, abiding by the terms of the KEY PERFORMANCE STANDARDS, PAYMENT MECHANISM and CONTRACT AGREEMENT WITH THE TRUSTEE BANK, CIP LAW and MUNICIPAL LAW AUTHORIZING THE PPP.

35.3.1 In the event of early termination of the CONTRACT AGREEMENT, the funds arising from the payment of CIP are linked in favor of the CONCESSIONAIRE until all pecuniary obligations arising from the CONTRACT AGREEMENT are fulfilled, including the posting of bonds and any indemnities arising from the contracting.

35.3.2 If CIP is replaced or its amounts supplemented to meet the pecuniary obligations arising from the CONTRACT AGREEMENT, such substitutive or complementary source of funds is also bound in favor of the CONCESSIONAIRE, or to whom the latter so appoints, on an irrevocable and irreversible basis, throughout its effectiveness or until all pecuniary obligations arising from the CONTRACT AGREEMENT are fulfilled, including the perfection of guarantees and any indemnities arising from the contracting, in the event of early termination of the CONTRACT AGREEMENT.

35.4 The pecuniary obligations guaranteed by the LIQUIDITY SYSTEM referred to in Subclause 35.1 are as follows:

- i. payment of EFFECTIVE MONTHLY PAYMENT,
- ii. payment of BONUS ON THE ELECTRICITY BILL;
- iii. payment of CAPEX EXPANSION PAYMENT;
- iv. payment of indemnities and compensation due to the CONCESSIONAIRE in any capacity, especially those arising from the early termination of the CONTRACT AGREEMENT;
- v. compensation with the expenses mentioned in the Subclause 58.8;
- vi. resumption of the MINIMUM BALANCE OF THE RESERVE ACCOUNT and MINIMUM BALANCE OF THE EXPANSION ACCOUNT, pursuant to the CONTRACT AGREEMENT WITH THE TRUSTEE BANK;
- vii. settlement of fines resulting from delay in the payment of obligations due by the GRANTING AUTHORITY;

viii. interest and other late payment charges arising from the delay in the payment of obligations owed by the GRANTING AUTHORITY referred to in the previous items.

35.5 The GRANTING AUTHORITY undertakes to establish and maintain the BOUND ACCOUNT throughout the effectiveness of the CONCESSION, to receive deposits of the monthly payment amounts of CIP, with a view to ensuring the payment flow provided for in the LIQUIDITY SYSTEM and detailed in the CONTRACT AGREEMENT WITH THE TRUSTEE BANK.

35.5.1 The MUNICIPALITY shall ensure that the ENERGY DISTRIBUTION COMPANY or any agent that may replaces it in CIP collection activity directs the amounts of the CIP monthly collection to the BOUND ACCOUNT.

35.5.2 From the CIP amounts to be deposited, the amount due for the consumption of electricity by the STREET LIGHTING POINTS and the amount eventually for the CIP payment owed by the ENERGY DISTRIBUTION COMPANY shall be deducted, if there is a municipal law or agreement between this and the MUNICIPALITY that provides for the retention of these amounts.

35.5.3 If the municipal legislation or the agreement signed between the ENERGY DISTRIBUTION COMPANY and the MUNICIPALITY do not provide for withholding referred to in the previous Subclause, the amounts of CIP paid monthly shall be deposited in their entirety in the BOUND ACCOUNT.

35.6 The GRANTING AUTHORITY shall also provide for the opening and maintenance of the RESERVE ACCOUNT and EXPANSION ACCOUNT in which the MINIMUM BALANCE OF THE RESERVE ACCOUNT, corresponding to 3 (three) MONTHLY OFFERED PAYMENTS, and the MINIMUM BALANCE OF THE EXPANSION ACCOUNT, corresponding to 3 (three) times the MONTHLY CAPEX EXPANSION PAYMENT LIMITS, during the entire term of the CONCESSION.

35.6.1 From the ASSUMPTION DATE until the end of year 1 of the CONTRACT AGREEMENT, the amount of the BOUND REVENUE that transit through the BOUND ACCOUNT shall be retained by the TRUSTEE BANK to form the MINIMUM BALANCE OF THE RESERVE ACCOUNT and the MINIMUM BALANCE OF THE EXPANSION ACCOUNT.

35.6.2 The withholdings and deposits referred to in Subclause 35.6.1 shall be made (i) in monthly installments of 1/12 (one twelfth) of the total corresponding to 3 (three) MONTHLY OFFERED PAYMENTS, for the period of 12 (twelve) consecutive months and (ii) 1/12 (one twelfth) of the total corresponding to 3 (three) MONTHLY CAPEX EXPANSION PAYMENT LIMITS, for a period of 12 (twelve) consecutive months.

35.6.3 The values of the MONTHLY OFFERED PAYMENT and the MONTHLY CAPEX EXPANSION PAYMENT LIMIT used as a reference, respectively, for the MINIMUM BALANCE OF THE RESERVE ACCOUNT and the MINIMUM BALANCE OF THE EXPANSION ACCOUNT, shall be kept updated by the ADJUSTMENT FACTOR, and the INDEPENDENT CERTIFIER shall inform the updated values to the TRUSTEE BANK.

35.6.4 Whenever a volume is found to be lower than the mandatory balance of the RESERVE ACCOUNT or the EXPANSION ACCOUNT, the TRUSTEE BANK shall withhold funds from the BOUND ACCOUNT and carry out the transfer of an amount sufficient to maintain the MINIMUM BALANCE OF THE RESERVE ACCOUNT and the MINIMUM BALANCE OF THE EXPANSION ACCOUNT.

35.6.5 Respecting the MINIMUM BALANCE OF THE RESERVE ACCOUNT and the MINIMUM BALANCE OF THE EXPANSION ACCOUNT and if there are no defaults by the GRANTING AUTHORITY, they shall be transferred by the TRUSTEE BANK to a freely transferable account indicated by the MUNICIPALITY:

- i the values remaining in the BOUND ACCOUNT;
- ii values that exceed the MINIMUM BALANCE OF THE RESERVE ACCOUNT and the MINIMUM BALANCE OF THE EXPANSION ACCOUNT.

35.7 As of the ASSUMPTION DATE and until the end of PHASE 0, the BOUND REVENUE shall transit through the BOUND ACCOUNT in order to promote, successively:

- i. the payment of the remuneration owed to the TRUSTEE BANK;
- ii. the establishment of the MINIMUM BALANCE OF THE RESERVE ACCOUNT and the MINIMUM BALANCE OF THE EXPANSION ACCOUNT;
- iii. the cost of maintenance and operation of the MUNICIPAL STREET LIGHTING NETWORK during PHASE 0, according to values informed by the MUNICIPALITY on a monthly basis;
- iv. payment of the electricity consumption bill for the STREET LIGHTING POINTS and other amounts that may be owed by the CIP's collection activity, if there is no prior retention of these amounts.

35.8 As of PHASE 1, the BOUND REVENUE shall be used to pay the following amounts, abiding by the order of priority below:

- i. of the remuneration owed to the TRUSTEE BANK;

- ii. of the EFFECTIVE MONTHLY PAYMENT of the reference month;
- iii. any BONUS ON THE ELECTRICITY BILL of the reference month;
- iv. any CAPEX EXPANSION PAYMENT of the reference month;
- v. the amounts necessary for the establishment or resumption of the MINIMUM BALANCE OF THE RESERVE ACCOUNT, if necessary;
- vi. the amounts necessary for the establishment or resumption of the MINIMUM BALANCE OF THE EXPANSION ACCOUNT, if necessary;
- vii. of the electricity consumption bill for the STREET LIGHTING POINTS and of other amounts that may be owed by the CIP collection activity, if there is no prior withholding of these amounts.

35.9 In the event of early termination of the CONCESSION, the BOUND REVENUE shall be used to pay the following amounts, abiding by the order of priority below:

- i. of the remuneration owed to the TRUSTEE BANK;
- ii. the indemnities due to the CONCESSIONAIRE, as provided for in the CONTRACT AGREEMENT;
- iii. the amounts necessary to fund the maintenance and operation of the MUNICIPAL LIGHTING NETWORK;
- iv. of the invoice for the consumption of electricity by the STREET LIGHTING POINTS and other amounts that may be owed by the CIP collection activity, if there is no prior withholding of this amount.

35.10 After the expected payments are made, and there is no pending obligation of full compliance, the remaining resources shall be transferred by the TRUSTEE BANK to the free movement account to be indicated by the MUNICIPALITY.

35.11 The accounts that are part of the LIQUIDITY SYSTEM cannot be freely operated by the GRANTING AUTHORITY or by any political agent, entity or body that is part of the administrative structure of the MUNICIPALITY until full compliance with the obligations undertaken in the CONTRACT AGREEMENT.

35.12 The TRUSTEE BANK is forbidden to direct the bound revenue to any accounts other than the BOUND ACCOUNT, the RESERVE ACCOUNT and the EXPANSION ACCOUNT, even if such transfer has been determined by the GRANTING AUTHORITY or by any political agent, entity or authority that is part of the administrative structure of the MUNICIPALITY, except for transactions inherent to the LIQUIDITY SYSTEM, in accordance with the CONTRACT

AGREEMENT WITH THE TRUSTEE BANK.

35.13 If the resources arising from CIP are not sufficient to pay the obligations referred to in Subclause 35.4 or if CIP is extinguished through subsequent legislative amendments, it shall be solely and exclusively up to the GRANTING AUTHORITY to pay the obligations owed to the CONCESSIONAIRE, through any other source of funds, as provided for in this CONTRACT AGREEMENT and in the CONTRACT AGREEMENT WITH THE TRUSTEE BANK.

35.14 In the event of the previous Clause, the GRANTING AUTHORITY shall complement the guarantee posted to the CONCESSIONAIRE, in an amount sufficient to cover the pecuniary obligations arising from the CONTRACT AGREEMENT, with the following modalities being hereby accepted:

- i. bank guarantee, provided by a first-rate financial institution, which refers to those whose financial strength classification on a national scale is greater than or equal to “Aa2.br,” or A(bra), as disclosed by the risk agencies Moody’s, Standard & Poors or Fitch, respectively;
- ii. guarantee offered by a multilateral financing source with a national scale financial strength rating greater than or equal to “Aa2.br,” or A(bra), as disclosed by rating agencies Moody’s, Standard & Poors or Fitch;
- iii. performance bond whose policies should be taken out with top-tier insurers and reinsurers, meaning those whose financial strength rating on a national scale is greater than or equal to “Aa2.br,” or A(bra), as disclosed by the rating agencies Moody’s, Standard & Poors or Fitch, respectively;
- iv. other earmarking of revenue carried out by means of Municipal Law, provided that the earmarking is possible under the terms of the nature and applicable legislation of the respective type of revenue and that the volume of revenue is consistent and compatible with the guaranteed obligations.

35.15 The earmarking of CIP and the LIQUIDITY SYSTEM may be replaced or complemented by any other modalities capable of ensuring the maintenance of the flow of payments owing to the CONCESSIONAIRE, upon prior and express agreement between the PARTIES.

35.16 In order to ensure the quality and liquidity of the assets destined to replace or complement the LIQUIDITY SYSTEM, the CONCESSIONAIRE may contract an independent audit.

35.17 The LIQUIDITY SYSTEM and any alternatives presented by the GRANTING AUTHORITY, under the terms of this Clause, shall be consistent with the conditions set forth by the FINANCIAL INSTITUTIONS, binding the GRANTING AUTHORITY to carry out all the measures required for the acceptance of the guarantee mechanisms by the FINANCERS of the CONCESSIONAIRE.

35.18 The GRANTING AUTHORITY hereby represents that it consents to the

CONCESSIONAIRE's intervention, as co-party, whenever it deems necessary, in lawsuits or out-of-court proceedings that may be triggered involving any discussion on the earmarking of revenue dealt with in this Clause.

## **36 PERFORMANCE BOND**

### **36.1 Modalities allowed**

36.1.1 The PERFORMANCE BOND, at the CONCESSIONAIRE's discretion, may be provided, alone or in combination, through the following modalities:

- i. security in cash;
- ii. public debt instrument
- iii. bank-issued guarantee; or
- iv. surety bonds.

### **36.2 Rules applicable to all modalities**

36.2.1 The CONCESSIONAIRE shall maintain, in favor of the GRANTING AUTHORITY, as a guarantee of the faithful fulfillment of contractual obligations, a PERFORMANCE BOND, from the date of executing of the CONTRACT AGREEMENT until, at least, 120 (one hundred and twenty) days after the expiry of the CONTRACT AGREEMENT, in the amount equivalent to 5% (five percent) of the CONTRACT AGREEMENT VALUE.

36.2.1.1 The minimum amount of the PERFORMANCE BOND shall be adjusted annually by the ADJUSTMENT FACTOR.

36.2.2 The CONCESSIONAIRE shall promote the renewals and updates of the PERFORMANCE BOND that are necessary to maintain the uninterrupted validity up to 120 (one hundred and twenty) days after the termination of the CONTRACT AGREEMENT.



36.2.2.1 The CONCESSIONAIRE shall forward to the GRANTING AUTHORITY, within 15 (fifteen) days before the expiry of the PERFORMANCE BOND, a document proving that said bond was renewed for the full amount, adjusted as provided for in this CONTRACT AGREEMENT.

36.2.2.2 In the event of partial or full execution of the PERFORMANCE BOND, the CONCESSIONAIRE shall promote its immediate renewal in the amount established in Subclause 36.2.1.

36.2.3 The reimbursement or release of the guarantee shall depend on proof of full compliance with all the CONCESSIONAIRE's labor and social security obligations and the issuance of the OPERATIONAL DEMOBILIZATION ACCEPTANCE TERM.

36.2.4 Without prejudice to the other hypotheses provided for in the CONTRACT AGREEMENT and in the applicable legislation, the PERFORMANCE BOND may be used in the following cases:

- i. in the event that the CONCESSIONAIRE does not comply with the obligations set forth in the CONTRACT AGREEMENT or perform them in breach of the provisions, including, but not limited to, reimbursement of costs, expenses, indemnities, and other losses arising from these conducts or arising from the need to remedy the flaws, defects or inaccuracies directly by the GRANTING AUTHORITY or by third parties, under the terms of Subclause 24.5.1;
- ii. in the event that the CONCESSIONAIRE does not pay the fines imposed on it or indemnities imposed on it, pursuant to the CONTRACT AGREEMENT;
- iii. in the event of delivery of REVERSIBLE ASSETS in noncompliance with the requirements established in the CONTRACT AGREEMENT;
- iv. in the declaration of forfeiture; or
- v. for payment of labor, land and social security sums, as well as for reimbursement to the GRANTING AUTHORITY for noncompliance with the provisions of Subclauses 21.5 and 21.5.1.

36.2.4.1 Prior to the execution of the PERFORMANCE BOND, the PARTIES may, through prior adjustment, agree that the reimbursement to the GRANTING AUTHORITY shall be made through compensation with unmatured installments of the EFFECTIVE MONTHLY PAYMENT, in which case the PARTIES, in a statement signed by both, shall inform the TRUSTEE BANK and to the INDEPENDENT CERTIFIER, the general conditions of the compensation (amount, number of installments and periodicity in which they will be deducted from the EFFECTIVE MONTHLY PAYMENTS).

36.2.5 The CONCESSIONAIRE shall remain responsible for the fulfillment of other covenants, regardless of the use of the PERFORMANCE BOND.

36.2.6 Any change of the PERFORMANCE BOND shall be previously submitted for approval by the GRANTING AUTHORITY.

### **36.3 Security in cash**

36.3.1 When the PERFORMANCE BOND is provided in cash, the GRANTING AUTHORITY shall adjust for inflation the values according to IPCA variation, as provided for in the BIDDING FEDERAL LAW or another index that officially replaces it, at the time of its refund to the CONCESSIONAIRE.

### **36.4 Public Debt Instrument**

36.4.1 In the event that the CONCESSIONAIRE chooses to present public debt securities, these shall be issued in book-entry form, upon registration in a centralized settlement and custody system authorized by the Central Bank of Brazil, with their values being evaluated as defined by the Ministry of Economy or authority that will replace it.

### **36.5 Bank-issued Guarantee**

36.5.1 Letters of guarantee shall be contracted with financial institutions and shall be valid for at least 1 (one) year from the date of signature of the CONTRACT AGREEMENT.

36.5.1.1 Letters of guarantee shall contain:

- i. obligation of the Guarantor Bank to pay the judicial or extrajudicial expenses in case the GRANTING AUTHORITY goes to court to demand the fulfillment of the obligation referred to in the Letter of Guarantee;
- ii. obligation of the Guarantor Bank to pay for the damages caused by the CONCESSIONAIRE to the GRANTING AUTHORITY, within the limits established in this Clause 36, such as fines applied by the GRANTING

AUTHORITY relating to the CONTRACT AGREEMENT, within a maximum period of 30 (thirty) days, counted from the receipt of the written notification submitted by the GRANTING AUTHORITY to the Guarantor Bank;

iii. impossibility of the Guarantor Bank to exempt itself from fulfilling the obligations undertaken before the GRANTING AUTHORITY, even if there is an objection or opposition by the CONCESSIONAIRE; and

iv. election of the MUNICIPALITY's Judicial District Jurisdiction to settle disputes.

36.5.1.2 The Guarantor Bank should also:

i. ensure that the Letter of Guarantee is duly accounted for and in accordance with the regulations of the Central Bank of Brazil in force, as well as complies with the precepts of the applicable Banking Legislation;

ii. ensure that the signatories of the instrument are authorized to provide the Guarantee on behalf of the Guarantor Bank and under its responsibility;

iii. shall be authorized by the Central Bank of Brazil to issue Letters of Guarantee, and that the value of the Letter of Guarantee is within the limits authorized by the Central Bank of Brazil.

## 36.6 Surety-bond

36.6.1 Surety-bonds shall be taken out with Insurers, duly incorporated and authorized to operate by SUSEP, abiding by the terms of the SUSEP normative acts applicable to the surety-bonds, and shall have a minimum effectiveness of 1 (one) year from the date of execution of the CONTRACT AGREEMENT.

36.6.1.1 The surety-bond shall accompany the changes pertaining to the effectiveness of the CONTRACT AGREEMENT through the issuance of the respective endorsement by the insurer;

36.6.1.2 Replacement of the performance bond policy on the renewal or anniversary date shall be permitted, provided that the same conditions and coverage as the current policy are maintained and provided that no period is without any coverage.

36.6.1.3 The surety-bond policy shall also contain the following provisions:

i. statement by the Insurer that it is aware of and accepts the terms and conditions of the CONTRACT AGREEMENT;

- ii. prohibition of cancellation of the surety-bond policy due to total or partial non-payment of the premium;
- iii. obligation of the Insurer to pay for the damages caused by the CONCESSIONAIRE to the GRANTING AUTHORITY, within the limits established in this Clause 36, such as fines applied by the GRANTING AUTHORITY relating to the CONTRACT AGREEMENT, within a maximum period of 30 (thirty) days, counted from the receipt of the written notification submitted by the GRANTING AUTHORITY to the Insurer;
- iv. impossibility of the Insurer to exempt itself from fulfilling the obligations undertaken before the GRANTING AUTHORITY, even if there is an objection or opposition by the CONCESSIONAIRE; and
- v. election of the MUNICIPALITY's Judicial District Jurisdiction to settle disputes.

## **CHAPTER VI – ALLOCATION OF RISKS**

### **37 RISKS OF THE GRANTING AUTHORITY**

37.1 The following constitute risks borne exclusively by the GRANTING AUTHORITY, which may lead to a review of the CONTRACT AGREEMENT's economic-financial balance:

- i. delay in contracting a TRUSTEE BANK and, therefore, the consequent delay in establishing the ASSUMPTION DATE;
- ii. environmental liabilities pertaining to existing SERVICES and generated prior to the start of PHASE I, including the payment of any indemnities for damage caused;
- iii. damage to the MUNICIPAL STREET LIGHTING NETWORK, to third parties or to the environment; caused by service providers contracted by the GRANTING AUTHORITY, for the operation and maintenance of the MUNICIPAL STREET LIGHTING NETWORK, until the start of PHASE I;
- iv. impacts that occurred during the transition of any operation and maintenance contract agreement signed between the GRANTING AUTHORITY for the provision of STREET LIGHTING services during Phase 0, provided that for reasons not attributable to the CONCESSIONAIRE;
- v. alteration of the LIGHTING CLASSES of the addresses, by determination of the GRANTING AUTHORITY, outside the previously set technical criteria and the parameters defined in the SERVICES AND INVESTMENTS SPECIFICATIONS, as a result of works or interventions of any nature by the municipal Public Administration;
- vi. requests from the GRANTING AUTHORITY to relocate STREET LIGHTING POINTS, as a result of works and/or interventions of any nature by the Municipal Government;
- vii. requests from the GRANTING AUTHORITY for the installation of ADDITIONAL STREET LIGHTING POINTS, according to the conditions set forth in the PAYMENT MECHANISM;
- viii. need to adapt the STREET LIGHTING POINTS installed directly by ENTREPRENEURS, to the lighting standards of the CONCESSION, according to the SERVICES AND INVESTMENTS SPECIFICATIONS;
- ix. delay or omission of the GRANTING AUTHORITY in the measures that are incumbent upon it, which result in alteration of the economic result of the CONCESSION, including, but not limited to, delays in the implementation of CONCESSION MILESTONES due to the fault of the GRANTING AUTHORITY;
- x. imposition on the CONCESSIONAIRE, by the MUNICIPALITY, of the payment

of values for the use of the soil, subsoil or municipal airspace for the installation of equipment and materials that are part of the MUNICIPAL STREET LIGHTING NETWORK;

xi. costs with carrying out expropriations, servitudes, and administrative limitations, as well as effects resulting from the delay in carrying out these activities, provided that the delay was not caused by an act or omission by the CONCESSIONAIRE;

xii. occurrence of strikes by servers or employees of the GRANTING AUTHORITY or ENERGY DISTRIBUTION COMPANY that impact the CONTRACT AGREEMENT;

xiii. judicial or administrative decisions that prevent or make it impossible for the CONCESSIONAIRE to provide the SERVICES, except in the cases where the CONCESSIONAIRE has given cause for the decision or in the event that there is a provision in this CONTRACT AGREEMENT that allocates the risk associated with the CONCESSIONAIRE;

xiv. incidence of private light sources (reflectors, panels, among others) on the public road and obstruction of the luminous flux of the STREET LIGHTING POINT in the span for measurement, by external elements (for instance: signage, private lighting), that result in the CONCESSIONAIRE not complying with the Illuminance and Uniformity Indicator (IIU), in compliance with the provisions of the KEY PERFORMANCE STANDARDS and the SERVICES AND INVESTMENTS SPECIFICATIONS;

xv. noncompliance with the Illuminance and Uniformity Indicator (IIU) owing to the presence of TREES that impact the luminous flux of the STREET LIGHTING POINT, if TREE PRUNING has not been carried out in the last 6 (six) months for these TREES by decision of the GRANTING AUTHORITY under the terms of the annual plan for pruning trees and the SERVICES AND INVESTMENTS SPECIFICATIONS or if TREE PRUNING exceeds the ANNUAL QUANTITY OF TREE PRUNING;

xvi. request from the GRANTING AUTHORITY to incorporate technological innovation or change the technical parameters, pursuant to Clause 18;

xvii. changes in the legislation and regulations applicable to the CONCESSIONAIRE, the SERVICES or the CONCESSION, including those occurring in the technical parameters;

xviii. request from the GRANTING AUTHORITY to change the MODERNIZATION PLAN and projects arising therefrom, unless such changes result from the need for rectifications arising from their incompatibility with the specifications of the CONTRACT AGREEMENT and ATTACHMENTS;

xix. variations of BASE REGISTRY identified in relation to the ESTIMATED

NUMBER OF STREET LIGHTING POINTS ON OTHER ROADS and ESTIMATED NUMBER OF STREET LIGHTING POINTS ON MAIN ROADS;

xx. the creation, extinguishment, exemption or alteration of taxes or legal charges, which are levied directly on the SERVICES, including the Tax on Services of Any Nature – ISS, after the submission of proposals, even if as a result of a final court decision, excluding income taxes;

xxi. all risks pertaining to the exploitation of RELATED ACTIVITIES carried out directly or indirectly by the GRANTING AUTHORITY, including the damages that result from its performance.

### **38 RISKS OF THE CONCESSIONAIRE**

38.1 Except for the risks expressly allocated to the GRANTING AUTHORITY, the CONCESSIONAIRE undertakes all other risks inherent to the performance of the CONTRACT AGREEMENT, including, but not limited to, those specified below, which shall not lead to the resumption of the contractual economic-financial balance if they are consummated:

i. delay in setting the ASSUMPTION DATE, caused by the CONCESSIONAIRE, owing to the delay in hiring the INDEPENDENT CERTIFIER, unless there is proven lack of interest of legal entities to act as INDEPENDENT CERTIFIER;

ii. environmental liabilities pertaining to the existing SERVICES and generated after the start of PHASE I or those that, referring to the moment prior to PHASE I, have been produced directly as a result of the CONCESSIONAIRE's action or omission, including the payment of any indemnities for damages caused;

iii. errors or omissions in the studies and surveys required for the preparation of the COMMERCIAL PROPOSAL, including, but not limited to, errors or omissions in the incorporation of information about the LIGHTING CLASSES and in the estimates of investments, costs, and expenses pertaining to the performance of the CONTRACT AGREEMENT, including as concerns costs related to insurance, inputs, materials, personnel, equipment, furniture;

iv. errors or failures in the preparation or implementation of the projects and plans required by the SERVICES AND INVESTMENTS SPECIFICATIONS, including, but not limited to, errors in the preparation of the BASE REGISTRY and updating of the REGISTRY;

v. error in projects or failures in the provision of services by its subcontractors, employees, or third parties;

- vi. variation of any investment, cost or expense pertaining to the performance of the CONTRACT AGREEMENT, covering inputs, materials, personnel, equipment, furniture, among others;
- vii. changes in inflation, exchange rates or the cost of capital, including those resulting from increases in interest rates;
- viii. FINANCING variations, including, but not limited to, variations in the amount of debts, terms, coverage rates, margins and fees and other requirements of FINANCIERS, except as provided in Subclause 32.8;
- ix. costs of meeting the MAXIMUM INSTALLED LOAD required, as provided for in the SERVICES AND INVESTMENTS SPECIFICATIONS, as well as the impacts of noncompliance;
- x. installation, operation or maintenance costs of STREET LIGHTING POINTS, in the existing public street segments, at the time of publication of the REQUEST FOR PROPOSAL, in spans between two STREET LIGHTING POINTS, with a distance of up to ninety (90) meters on the same road, to meet the technical, updated status and performance parameters, as a means to eliminate dark spots or to adapt to changes in the LIGHTING CLASSES, including with regard to the need for installation, operation, and maintenance of the TELEMAGEMENT SYSTEM;
- xi. lack of up-to-date maintenance of the technology used, as well as the incorporation of technological innovation or change of technical parameters spontaneously by the CONCESSIONAIRE;
- xii. delay, due to the CONCESSIONAIRE's fault, in complying with the CONCESSION MILESTONES, provided for in the SERVICES AND INVESTMENTS SPECIFICATIONS, and other deadlines established in this CONTRACT AGREEMENT, considering any extensions agreed with the GRANTING AUTHORITY;
- xiii. changes in the MODERNIZATION PLAN or in the projects, at the CONCESSIONAIRE's initiative;
- xiv. labor charges relating to its employees or subcontractors, including those arising from the health and safety of workers, from a decision taken in labor disputes or resulting from the conclusion of an agreement or collective bargaining agreement;
- xv. social security, tax, accident, and commercial charges resulting from the performance of this CONTRACT AGREEMENT and the liabilities arising therefrom, including those pertaining to companies that may be subcontracted within the scope of the CONCESSION;
- xvi. interruption or failure in the supply of materials, inputs, and services by its



contractors, including, but not limited to, those resulting from strikes by its employees, service providers, third parties or their subcontractors;

xvii. costs derived from lawsuits by third parties against the CONCESSIONAIRE or against subcontractors, resulting from the performance of the CONCESSION, unless due to a fact attributable to the GRANTING AUTHORITY;

xviii. impacts on the quality of the provision of the SERVICES subject to this CONTRACT AGREEMENT, including the quality of the materials and equipment used, as well as meeting the technical specifications of the SERVICES and obtaining of the GENERAL PERFORMANCE INDICES;

xix. from the ASSUMPTION DATE, damages caused to third parties resulting from the provision of SERVICES by the CONCESSIONAIRE, its employees, service providers, third parties, subcontractors or by any other individual or legal entity linked to them, in the exercise of the activities covered in this CONTRACT AGREEMENT;

xx. inefficiencies or economic losses arising from failures, negligence, recklessness or omission in complying with the purpose of this CONTRACT AGREEMENT;

xxi. all risks pertaining to the exploration of the RELATED ACTIVITIES, including the losses that result from their execution, except for the RELATED ACTIVITIES carried out directly or indirectly by the GRANTING AUTHORITY;

xxii. taking out insurance policies, as well as their scope, coverage and appropriateness to the purpose of the CONCESSION, including pecuniary loss and nonpecuniary loss covered;

xxiii. CONCESSIONAIRE's financial liquidity throughout the CONCESSION TERM, including, but not limited to, the risk pertaining to the maintenance of the MINIMUM SUBSCRIPTION AND PAYMENT OF THE SHARE CAPITAL as required in the CONTRACT AGREEMENT;

xxiv. impacts on the provision of the service arising from the lack of qualification of SPE, as a result of the change in its corporate control;

xxv. any perishing, destruction, robbery, theft, loss or any other type of damage caused to the CONCESSION ASSETS, covered or not by the insurance policies taken out by the CONCESSIONAIRE or by the manufacturer's guarantee, including those arising from acts of vandalism, acts resulting from social or public demonstrations.

xxvi. costs arising from hidden defects in CONCESSION ASSETS;

xxvii. costs for meeting the conditions established by the bodies and entities for the protection of the historical and cultural heritage, in compliance with the applicable

legislation for the protection of the heritage;

xxviii. costs pertaining to business, financial, economic, fiscal, and accounting planning of the CONCESSION and CONCESSIONAIRE;

xxix. interference in the STREET LIGHTING POINTS with the structures and networks of the other public service concessionaires that provide services in the CONCESSION AREA, as well as possible interference by employees or service providers of the said concessionaires in the MUNICIPAL STREET LIGHTING NETWORK;

xxx. impacts of the variation in time to be considered for daily consumption of electricity for estimation measurement purposes in the MUNICIPALITY regarding the calculation of the BONUS ON THE ELECTRICITY BILL;

xxxi. noncompliance with the minimum index of the Illuminance and Uniformity Indicator (IIU) owing to the presence of TREES that impact the luminous flux of the STREET LIGHTING POINT, except for the risks attributed to the GRANTING AUTHORITY;

xxxii. noncompliance of the information identified by the CONCESSIONAIRE in the BASE REGISTRY when pertaining to the technologies and installed load of the STREET LIGHTING POINTS of the MUNICIPAL STREET LIGHTING NETWORK.

### **39 RISKS PERTAINING TO DELAYS OR NOT OBTAINING LICENSES, AUTHORIZATIONS, AND OTHERS**

39.1 The CONCESSIONAIRE assumes the risk of delays in obtaining a license, permission, authorization or permit in cases where it has been verified that untimely, inadequately substantiated and/or insufficiently evidenced requests have been submitted, as well as denial by the competent authorities or entities that arises from the CONCESSIONAIRE's fault or omission.

39.2 Provided that the requests have been submitted in advance and appropriately substantiated and evidenced by the CONCESSIONAIRE, the delay in arranging a license, permission, authorization or permit is considered a risk of the GRANTING AUTHORITY, and may lead to the extension of the deadlines of the CONCESSION MILESTONES, as well as economic and financial rebalancing of the CONTRACT AGREEMENT, accordingly.

39.2.1 The delay in the issuance of a license, permission, authorization or permit is understood to be its non-issuance or the issuance after the period established in the applicable legislation at the time of submission of the application by the CONCESSIONAIRE.

39.2.2 In the cases where the legislation has not defined a period for the issuance of a

license, permission, authorization or permit, a maximum period of 60 (sixty) days shall be considered for the statement by the competent authority, for the purposes of application of the provisions in the previous Subclause.

39.3 The CONCESSIONAIRE shall not be entitled to economic-financial rebalancing due to measures, mitigating measures and conditions required by the competent authorities for the issuance of a license, permission, authorization or permit.

39.4 The CONCESSIONAIRE undertakes only the risks arising from delays or failure to arrange all licenses, permits, authorizations or permits required for the development of ACCESSORY REVENUE, including RELATED ACTIVITIES.

#### **40 RISKS ARISING FROM THE RELATIONSHIP WITH THE ENERGY DISTRIBUTION COMPANY**

40.1 The CONCESSIONAIRE is at risk of delays in arranging acts and authorizations from the ENERGY DISTRIBUTION COMPANY in the cases where the submission of requests that are inadequately substantiated and/or insufficiently evidenced, as well as denial of the ENERGY DISTRIBUTION COMPANY that is due to the fault or omission of the CONCESSIONAIRE.

40.2 It is the CONCESSIONAIRE's risk, not giving rise to the right to economic-financial rebalancing of the CONTRACT AGREEMENT, the impact on the BONUS ON THE ELECTRICITY BILL arising from:

- i. the variation in the tariff charged by the ENERGY DISTRIBUTION COMPANY for the supply of energy for STREET LIGHTING;
- ii. delays by the ENERGY DISTRIBUTION COMPANY to update its registry bases on LIGHTING POINTS.

40.3 The CONCESSIONAIRE shall not be held liable and shall not undergo losses in the calculation of the GENERAL PERFORMANCE INDEX and the EFFECTIVE MONTHLY PAYMENT for failures in the provision of the SERVICES, in the following cases:

- i. any damage to the MUNICIPAL STREET LIGHTING NETWORK proven to have been caused by the ENERGY DISTRIBUTION COMPANY, or by its subcontractors;
- ii. failures or shutdown in the supply of electricity, including those arising from the systemic risk for energy production in the country (blackout or rationing within the scope of the national electricity system), provided that they have not been caused by action or omission by the CONCESSIONAIRE;
- iii. delays by the ENERGY DISTRIBUTION COMPANY in relation to the performance or issuance of acts provided for by the applicable regulations, provided that the requests

have been accurately substantiated and evidenced by the CONCESSIONAIRE and provided that the denial does not result from the CONCESSIONAIRE's fault or omission, such as:

- a. approval of projects and alteration works for STREET LIGHTING assets connected to the distribution network;
  - b. approval of automatic load control equipment;
  - c. update of registry data for the purpose of measuring and billing the energy consumed by the MUNICIPAL STREET LIGHTING NETWORK;
  - d. energizing of the STREET LIGHTING POINTS;
- iv. insufficient operational prerogatives to act before the ENERGY DISTRIBUTION COMPANY, owing to the fact that the GRANTING AUTHORITY restricted powers or omitted itself regarding the possible need to complement the granting of powers that ensures the full performance of the CONCESSIONAIRE in the performance of the SERVICES;
- v. alteration of terms and conditions for access to the network, approval of projects or registration update and other technical parameters provided for in the technical standard of the ENERGY DISTRIBUTION COMPANY or the conditions of the ENERGY SUPPLY AGREEMENT, in effect at the time of submission of the COMMERCIAL PROPOSAL.

40.4 The CONCESSIONAIRE shall rectify the damage caused to the MUNICIPAL STREET LIGHTING NETWORK referred to in Subclause 40.3.i and 40.3.ii, without being owed the resumption of the economic-financial balance of the CONTRACT AGREEMENT.

40.5 The resumption of the economic-financial balance of the CONTRACT AGREEMENT may be triggered, provided that damage to the affected PARTY is proven, by the occurrence of the facts or circumstances described in Subclause 40.3.iii, 40.3.iv and 40.3.v.

40.6 The GRANTING AUTHORITY's risk shall be the potential imposition, by the ENERGY DISTRIBUTION COMPANY, of the payment of amounts for the use of electricity distribution assets for the installation of equipment and materials used exclusively in the provision of SERVICES.

40.7 It is the CONCESSIONAIRE's risk that the ENERGY DISTRIBUTION COMPANY shall charge amounts for the development of RELATED ACTIVITIES in energy distribution assets.

#### **41 ACT OF GOD OR FORCE MAJEURE**

41.1 In the event of ACT OF GOD OR FORCE MAJEURE, when the coverage of its

consequences can be taken out with insurance institutions, in the Brazilian market, on the date of the occurrence or when there are policies in force that cover the event, the CONCESSIONAIRE shall be responsible for all arising costs.

41.1.1 It shall be considered that the insurance is available in the Brazilian market, if, at the time of consummation of the risk, the risk has been insurable for at least 2 (two) years and by at least 2 (two) insurance companies.

41.2 Subject to the provisions otherwise stipulated in this CONTRACT AGREEMENT, the occurrence of events of ACT OF GOD OR FORCE MAJEURE, when the coverage of its consequences cannot be contracted with insurance institutions under the terms of the previous Subclause, is considered as a risk of the GRANTING AUTHORITY.

41.2.1 In the event provided for in Subclause 41.2, the PARTY shall communicate, within a maximum period of 48 (forty-eight) hours, to the other PARTY the occurrence of any event of this nature.

41.2.2 Unless the GRANTING AUTHORITY provides other written instructions, the CONCESSIONAIRE shall continue to fulfill its obligations arising from the CONTRACT AGREEMENT to the extent reasonably possible and shall seek, by all available means, to fulfill those obligations not impeded by any ACT OF GOD OR FORCE MAJEURE, and the GRANTING AUTHORITY shall likewise fulfill its obligations not impeded by the same event.

41.2.3 It shall be up to the GRANTING AUTHORITY to decide on the contractual review or termination of the CONCESSION provided for in Subclause 49.1.ii

## **CHAPTER VII - CONTRACT AGREEMENT REVIEWS**

### **42 ORDINARY REVIEWS OF THE CONCESSION PARAMETERS**

42.1 In the 6th (sixth) and 9th (ninth) CONTRACT AGREEMENTUAL YEAR, review processes of the CONCESSION parameters may be carried out, such as:

- i. review of the GENERAL PERFORMANCE INDEX;
- ii. need to adapt the technology used to current parameters, in accordance with the provisions of Subclause 18.1;
- iii. requests for technological innovations or alteration of technical parameters by the GRANTING AUTHORITY, which shall be reflected in the KEY PERFORMANCE STANDARDS maintaining, at least, the same current level of service; and
- iv. review of the OPERATION AND MAINTENANCE PLAN.

42.2 The parameters defined by the review referred to in this Clause shall be applied until the end of the subsequent review process of the CONCESSION parameters.

42.3 The implementation of any technological innovations or alterations to the technical parameters of the CONCESSION ASSETS due to the review provided for in this Clause shall necessarily be preceded by a reasonable time for their incorporation into the CONCESSION.

42.3.1 Technological innovations and new technical parameters shall be applied to all CONCESSION ASSETS that may be implemented or replaced after the end of the review process, not requiring the immediate replacement of equipment that is operational.

#### **42.4 Evidencing of the review process**

42.4.1 The review process shall be initiated upon the initiative and discretionary decision of the GRANTING AUTHORITY, within a maximum period of 60 (sixty) days from the milestones for review provided for in this Clause.

42.4.2 The review process shall be completed within a maximum period of 6 (six) months. After this period, any of the PARTIES that feel aggrieved may resort to dispute resolution mechanisms.

42.4.2.1 The carrying out of the ordinary review process does not suspend the obligations of the PARTIES, which remain valid and in force for the purposes of monitoring, inspection, and imposition of penalties.

42.4.3 The PARTIES may be assisted by technical consultants of any specialty in the course of the review process and the reports, studies, opinions or reports issued by them shall be attached to the process in order to explain the reasons that led the PARTIES to the final

agreement or eventual Dispute.

42.4.4 Meetings, negotiations or any hearings held during the review process shall be duly recorded.

42.4.5 From the reviews carried out, any adjustments to the insurance plan and guarantees may be established to ensure compliance with the new and additional obligations defined between the PARTIES.

42.4.6 The review process shall be completed by agreement of the PARTIES, and its results shall be duly documented and, if they result in changes to the CONTRACT AGREEMENT, they shall be incorporated by means of a contractual amendment.

42.4.7 The review process shall only lead to a review of the contractual economic-financial balance in the cases expressly provided for in the CONTRACT AGREEMENT, abiding by the allocation of risks.

### **43 PROCEDURES FOR RESTORING THE ECONOMIC-FINANCIAL BALANCE**

43.1 Whenever the conditions of the CONTRACT AGREEMENT are met and the allocation of risks established therein is maintained, its economic-financial balance is considered to be maintained.

43.2 The economic-financial imbalance of the CONTRACT AGREEMENT is considered substantiated when any of the PARTIES undergoes the effects, either positive or negative, arising from an event whose risk has not been allocated to it, which demonstrably promotes imbalance of the economic-financial equation of the CONTRACT AGREEMENT.

43.2.1 In view of the consummation of an IMBALANCE EVENT there should only be restore of the economic-financial balance of the CONTRACT AGREEMENT in relation to the portion of the claimed imbalance whose exact measure is proven by the complainant, even by resorting to estimates to demonstrate the actual impact of the event when there is no data that allows its precise measurement.

43.3 The procedure for restoring the contractual economic-financial balance may be initiated by request of the CONCESSIONAIRE or by determination of the GRANTING AUTHORITY, and the plaintiff shall be responsible for timely demonstration of the occurrence and identification of the IMBALANCE EVENT.

43.3.1 The plaintiff shall preferably identify the IMBALANCE EVENT and notify the other PARTY within a period not exceeding 180 (one hundred and eighty) days from the knowledge of the consummation of the event, with a view to safeguarding the currency of the analysis of the impacts on the contractual relationship, as well as enabling adequate

management of the consequences of the event that caused the imbalance.

43.3.2 The failure of any of the PARTIES to request the resumption shall result in waiver of this right after a period of 5 (five) years from the knowledge of the consummation of the IMBALANCE EVENT.

43.4 All claims for the resumption of the contractual economic-financial balance that have been duly made by the PARTIES and are still outstanding shall be processed jointly, so that all their effects are considered in the reestablishment of the CONTRACT AGREEMENT's economic-financial balance.

43.4.1 The PARTIES may agree on the prioritization of the analysis and conclusion of rebalancing claims, according to their urgency and relevance.

43.5 The GRANTING AUTHORITY shall process and analyze rebalancing claims every 3 (three) years, except in the following cases:

- i. there is the possibility of early maturity/or acceleration of maturity in the financing contracted with the FINANCIERS, proven in the terms of the FINANCIAL CONTRACT AGREEMENT, provided that it is due to risk allocated to the GRANTING AUTHORITY;
- ii. economic-financial imbalance due to the consummation of a single IMBALANCE EVENT or a set of events, is greater than 5% of the Gross Revenue of the last 12 (twelve) months prior to the time of application;
- iii. making, by the CONCESSIONAIRE, at the request of the GRANTING AUTHORITY, of investment not provided for in the CONTRACT AGREEMENT and its ATTACHMENTS.
- iv. economic and financial imbalance addressed in clauses 43.7.1.i; 43.7.1.ii and 43.7.1.iii.

#### 43.6 **Instruction on rebalancing claims**

43.6.1 The request shall be made through reasoned communication and be accompanied by all the documents necessary to demonstrate its suitability, including regarding:

- i. precise identification of the IMBALANCE EVENT, including proof or evidence of its occurrence according to the nature of the event (documents, expert reports, independent studies, etc.) and data such as the date of occurrence and the probable duration of the hypothesis leading to the resumption;
- ii. when applicable, demonstration that the plaintiff was not at fault in the consummation of the IMBALANCE EVENT and that the reasonable expected



mitigation measures were adopted to reduce the resulting impacts;

iii. demonstration that the occurrence of the IMBALANCE EVENT may give rise to the restoration of balance and that, in this sense, the claim is compatible with the allocation of risks and with the applicable legislation on the matter.

iv. quantification of economic impacts, direct and indirect, effectively incurred by the plaintiff or resulting from the IMBALANCE EVENT, containing:

a. statement of the assumptions and criteria adopted in the identification of costs and revenues, based on the use of bases consistent with the applicable accounting and tax nature and backed by quotations carried out in the market, reference costs adopted by the public administration, without prejudice to other alternatives to be evaluated in each case;

b. estimates using data from public sources as a reference, in the case of new investments;

c. in the case of assessment of possible future imbalances, detailed demonstration of assumptions, and parameters used for estimating impacts;

d. the accounting and tax regimes applicable to supposedly unbalanced revenues or costs;

v. indication of eventual modalities of resumption of the economic-financial balance of the CONTRACT AGREEMENT.

43.6.1.1 In the cases of automatic resumption of the rebalancing established in the PAYMENT MECHANISM, the formulas and parameters defined in the said ATTACHMENT shall be fulfilled and the detailed quantification referred to in Subclause 43.6.1.iv shall be waived.

43.6.2 The claim shall be submitted to the other PARTY, which shall, within a maximum period of up to 60 (sixty) days, express its opinion on the content of the claim, submitting, if applicable, facts, documents, and additional information that may impact the appraisal of the topic, as well as stating their agreement or disagreement with the premises adopted and the conclusion or quantified results.

43.6.2.1 The absence of a response from the claimed PARTY does not mean agreement with the claim, and should be interpreted as the lack of interest by the PARTY in the supply of information or additional data relevant to the understanding of the matter.

43.6.3 The claim for rebalancing and the CONCESSIONAIRE's statements shall be examined by the GRANTING AUTHORITY, which may, at its discretion:

- i. carry out field visits and carry out other appropriate technical surveys;
- ii. request clarifications, documents or additional evidence from the applicant party on the events and imbalances raised in the claim;
- iii. hold meetings between the PARTIES in order to clarify information, assumptions and possible interpretation differences on the claims;
- iv. propose the alteration or rectification of assumptions and data adopted in the claims based on the analyzes and diligences carried out.

43.6.4 The GRANTING AUTHORITY shall issue a decision within 90 (ninety) days of receipt of the communication counted from the elapsing of the period referred to in Sub-Clause 43.6.2., which may be extended for an equal period, in a duly grounded manner, if essential for carrying out of surveys, inspections, and technical reports which are appropriate for proper evidencing of the rebalancing claim.

43.6.5 Requests for meetings with the other PARTY or the scheduling of inspections and surveys shall be forwarded with a clear indication of the agenda for discussions, in order to enable the participation of all interested parties in holding the requested meetings.

43.6.5.1 The results of the meetings and inspections shall be consolidated in minutes and reports, without prejudice to other means of recording the resolutions between the participants.

43.6.6 The GRANTING AUTHORITY, or whoever it appoints, shall have free access to the information, assets and facilities of the CONCESSIONAIRE or of third parties contracted by it, to assess the value of the imbalance alleged by the CONCESSIONAIRE.

43.6.7 In order to confirm the IMBALANCE EVENTS and to measure the effects and measures stemming therefrom, the PARTIES may rely on the participation of a specialized entity specially contracted for this purpose or request economic reports to be prepared by the INDEPENDENT CERTIFIER when the IMBALANCE EVENT pertains to the KEY PERFORMANCE STANDARDS.

43.6.8 The GRANTING AUTHORITY may also request economic or technical reports prepared by bodies or entities of the Municipal Public Administration.

#### **43.7 Methodology for resumption of the economic-financial balance**

43.7.1 The resumption of the contractual economic-financial balance shall be carried out depending on the nature of the IMBALANCE EVENT in the following terms:

- i. in the case of the advance of the start of PHASE I or of the CONCESSION

MILESTONES by the CONCESSIONAIRE, the rules of remuneration defined in the PAYMENT MECHANISM shall be fulfilled;

- ii. in the case of delay of the CONCESSION MILESTONES arising from risks attributed to the GRANTING AUTHORITY, the Delay Factor (FA) provided for in the PAYMENT MECHANISM shall be applied;
- iii. the formulas defined in the PAYMENT MECHANISM that automatically incorporate into the CONCESSIONAIRE's remuneration shall be fulfilled:
  - a. variations of BASE REGISTRY identified in relation to the ESTIMATED NUMBER OF STREET LIGHTING POINTS ON OTHER ROADS and ESTIMATED NUMBER OF STREET LIGHTING POINTS ON MAIN ROADS;
  - b. requests from the GRANTING AUTHORITY for the installation of ADDITIONAL STREET LIGHTING POINTS;
- iv. the MARGINAL CASH FLOW shall be adopted for the other hypotheses of IMBALANCE EVENTS not foreseen in the previous items.

#### **43.8 Form of presentation of the MARGINAL CASH FLOW**

43.8.1 In the cases where the application of the MARGINAL CASH FLOW is applicable, the resumption of the economic-financial balance shall be performed in such a way that the net present value of the MARGINAL CASH FLOW is null, considering: (i) the quantification of the impact of the IMBALANCE EVENT: cash flows from marginal expenditures, either positive or negative, resulting from the IMBALANCE EVENT, and (ii) marginal cash flows necessary to recompose the economic-financial balance pursuant to the form of rebalancing agreed upon between the PARTIES, providing that more than one scenario for determining the form of rebalancing may be introduced.

43.8.2 For the purpose of determining the cash flows from marginal expenditures, the best available information should be used to portray the actual and effective current conditions, to estimate the value of investments, costs, and expenses, as well as any revenue and other gains, resulting from the event causing the imbalance.

43.8.2.1 The estimate of values referred to in the Subclause above may be based on market values, considering the overall cost of similar works or activities in Brazil, or based on cost systems that use public market values of the specific industry of the project as input.

43.8.3 The resumption of the contractual economic-financial balance shall be carried out

based on the net present value of the MARGINAL CASH FLOW considering:

- i. the values in real terms projected due to the event that gave rise to the resumption;
- ii. the same base date for calculating positive or negative expenditures;
- iii. CONCESSIONAIRE's cash flow considering the amount of cash flow from operations after determining operating revenues, operating costs, and expenses, taxes, working capital, and investments, without considering activities pertaining to shareholders, such as, but not limited to, financing, and dividends;
- iv. annual periodicity considering the CONCESSION calendar as a reference;
- v. the REAL ANNUAL DISCOUNT RATE, as per Subclause 43.8.4;
- vi. applicable tax assumptions, including indirect tax credits.

43.8.4 As long as the PAYMENT MECHANISM is fulfilled, the rules defined for defining the REAL ANNUAL DISCOUNT RATE are:

- i. the IMBALANCE EVENTS relating to the investments defined by the CONCESSION MILESTONES shall consider, for the calculation of the resumption of the contractual economic-financial balance, the REAL ANNUAL DISCOUNT RATE, calculated on the date of submission of the COMMERCIAL PROPOSAL;
- ii. all other hypotheses shall consider, for the calculation of the resumption of the contractual economic-financial balance, the REAL ANNUAL DISCOUNT RATE calculated on the date of knowledge of the start of the consummation of the IMBALANCE EVENT; and
- iii. at each resumption of the contractual economic-financial balance, the definitive REAL ANNUAL DISCOUNT RATE shall be defined for the entire term of the CONCESSION regarding the events considered therein.

#### 43.9 **Modalities of rebalancing**

43.9.1 The resumption of the contractual economic-financial balance shall be implemented through the following modalities, alone or in combination:

- i. only from the 6th (sixth) year, extension or reduction of the CONCESSION TERM, abiding by the minimum and maximum terms provided for in the applicable legislation and rules provided for by the PAYMENT MECHANISM;
- ii. review of the investment schedule, fulfilling, when applicable, the rules provided for by the PAYMENT MECHANISM pertaining to the postponement of

CONCESSION MILESTONES;

- iii. review of the parameters of the KEY PERFORMANCE STANDARDS;
- iv. compensation with eventual payable or unmatured tax credits of the CONCESSIONAIRE, by means of an authorizing law;
- v. change in the percentage of sharing between the PARTIES of ACCESSORY REVENUE;
- vi. review of the MONTHLY OFFERED PAYMENT, considering rules provided for in the PAYMENT MECHANISM;
- vii. review of the MONTHLY CAPEX EXPANSION PAYMENT LIMIT, considering rules provided for by the PAYMENT MECHANISM;
- viii. payment of indemnity;
- ix. review of the obligations of CONCESSIONAIRE provided for in the SERVICES AND INVESTMENTS SPECIFICATIONS;
- x. compensation with penalties already attributed to the CONCESSIONAIRE; and
- xi. other modalities compatible with the legislation and that are more adequate to recompose the balance of the CONTRACT AGREEMENT.

43.9.2 If the review of the MONTHLY OFFERED PAYMENT is used as a means of resumption of the economic-financial balance of the CONTRACT AGREEMENT, the impact of the rebalanced amount on the CONCESSIONAIRE's remuneration will be carried out as provided for in the PAYMENT MECHANISM.

43.9.3 It shall be up to the PARTIES, by common agreement, to choose the way in which the resumption of the contractual economic-financial balance shall be implemented, always seeking to ensure the continuity of the provision of the SERVICES, the payment capacity of the GRANTING AUTHORITY and the preservation of the payment capacity of the FINANCING.

43.9.3.1 If, within 30 (thirty) days from the CONTRACT AGREEMENT rebalancing decision, there is no agreement regarding the mechanism to be applied, the GRANTING AUTHORITY shall elect the contractual economic-financial balance resumption mechanisms to be adopted, at its sole discretion criterion, through reasoned decision.

43.9.3.2 When choosing the measure intended to implement the resumption of the contractual economic-financial balance, the GRANTING AUTHORITY shall consider the periodicity and amount of overdue and unmatured payments by the

CONCESSIONAIRE, relating to the FINANCIAL Contract Agreements entered into by it for the accomplishment of the purpose of the CONTRACT AGREEMENT.

43.9.4 The resumption measures shall be consolidated in the form of an amendment or discharge instrument, accordingly.

43.9.4.1 The PARTIES may agree to perform a settlement of accounts that considers in a consolidated manner the claims deemed valid.

43.9.5 Any disputes arising in relation to the contractual economic-financial rebalancing do not suspend or change the obligations of the PARTIES, while the resumption process is pending.

43.9.6 The uncontroversial values addressed by the CONCESSIONAIRE may be object to the resumption of the contractual economic and financial balance, without prejudice to the eventual decision of dispute resolution mechanisms concerning the installments considered as controversial.

## **CHAPTER VIII – ANOMALOUS PERFORMANCE OF THE CONTRACT AGREEMENT**

### **44 GENERAL PROVISIONS ON PENALTIES**

44.1 Failure to comply with the Clauses of this CONTRACT AGREEMENT, its ATTACHMENTS, the applicable legislation and regulations shall give rise, without prejudice to civil and criminal liabilities and other penalties eventually provided for in the legislation and regulations, to the imposition of the following contractual penalties, accordingly:

- i. formal warning, in writing and with reference to the measures necessary to remediate the noncompliance;
- ii. fines, quantified and applied pursuant to Clause 45;
- iii. impediment to contract with the GRANTING AUTHORITY;
- iv. declaration of unsuitability to bid or contract with the direct and indirect Public Administration of all federative entities; and
- v. early termination of the CONCESSION.

44.2 The application of sanctions does not exempt the CONCESSIONAIRE from complying with its contractual obligations, except for the cases of penalties that lead to the early termination of the CONTRACT AGREEMENT, in which case the indemnities due between the parties shall be ascertained under the terms of this CONTRACT AGREEMENT.

44.3 The GRANTING AUTHORITY shall fulfill, in the application of sanctions, the following circumstances, with a view to guaranteeing their proportionality:

- i. the nature and seriousness of the infringement;
- ii. particulars of the concrete case;
- iii. mitigating and aggravating circumstances;
- iv. the resulting damages to USERS and the GRANTING AUTHORITY;
- v. the implementation or improvement of an integrity program, in accordance with the rules and guidelines of the control authorities;
- vi. the advantages obtained by the CONCESSIONAIRE as a result of the infringement;
- vii. the CONCESSIONAIRE's economic and financial situation, especially its ability to honor financial commitments, generate revenue, and maintain the performance of the CONTRACT AGREEMENT; and
- viii. the CONCESSIONAIRE's background, including any recurrences.

44.4 The warning can only be applied in response to partial non-performance of the

CONTRACT AGREEMENT that does not cause risk or damage to the SERVICES or USERS.

44.5 The application of fines shall meet the provisions of Clause 45.

44.6 The impediment to bidding and contracting may be applied owing to the partial non-performance of the CONTRACT AGREEMENT that causes serious damage to the Public Administration, to the functioning of the SERVICES or to the collective interest; the total non-performance of the CONTRACT AGREEMENT or the delay in the performance of the CONTRACT AGREEMENT.

44.7 The declaration of unsuitability to bid or contract shall be applied for the perpetration of fraudulent act or act provided for in the ANTI-CORRUPTION LAW.

44.8 The application of any penalty provided for in this Clause does not prevent the GRANTING AUTHORITY from terminating the CONCESSION due to a CONCESSIONAIRE default in the cases provided for in the CONTRACT AGREEMENT.

44.9 It is not applicable to apply a penalty in relation to the conduct that has been investigated through the KEY PERFORMANCE STANDARDS, except for the cases of application of a fine and forfeiture expressly provided for in this CONTRACT AGREEMENT.

44.10 A total or partial event of exemption of CONCESSIONAIRE from responsibility may be the evidenced occurrence of:

- i. non-insurable ACT OF GOD OR FORCE MAJEURE;
- ii. fact of a third party, thus understood as the action or omission attributable to a third party, not pertaining to the CONCESSIONAIRE or contracted by it.

44.10.1 The CONCESSIONAIRE shall remain responsible for the actions or omissions attributed to its contractors, employees, agents or anyone who may be in its interest or on its behalf within the scope of the CONCESSION.

44.11 In pursuit of an indemnity claim by the GRANTING AUTHORITY in relation to the damages caused by the CONCESSIONAIRE's conduct, the value of the fine applied in relation to the conduct causing the damage shall be deducted from the indemnity amount due.

44.12 The GRANTING AUTHORITY, at its discretion, may grant a period for remedying the irregularity and the resulting losses, during which the application of the penalty shall be suspended.

44.12.1 The remediation period shall not apply in cases where it is not possible to carry out a subsequent procedure capable of satisfactorily remedying the default and the resulting damages.

44.12.2 After the remediation period has elapsed, if the irregularity has been remedied, no penalty shall be applied.



44.12.3 After the term, if the irregularity persists in whole or in part, the GRANTING AUTHORITY may initiate or continue the process for its investigation and punishment.

44.12.4 In the event provided for in Subclause 44.12.3, the CONCESSIONAIRE is considered to be in arrears with the fulfillment of its obligations from the date of the first notice of default, including, but not limited to, for the purposes of calculating the starting date of any daily fine.

#### 44.13 Sanctioning process

44.13.1 The penalties shall be applied upon initiative of the GRANTING AUTHORITY, guaranteeing due administrative process and the opportunity to be heard and adversarial proceedings, abiding by the provisions of the legislation in force at the time of the infringement.

44.13.2 The sanctioning administrative process dealt with in Subclause 44.13.1 shall, as a rule, be public, with confidentiality provided upon specific justification.

44.13.3 The administrative procedure should be structured in the following order:

- i. issuance of tax-deficiency notice;
- ii. submission of the technical defense;
- iii. evidentiary stage;
- iv. presentation of final arguments;
- v. decision statement;
- vi. filing and trial of appeals.

44.13.3.1 No defense period, final allegations, appeal or request for reconsideration begins or runs without the CONCESSIONAIRE having seen the record.

44.13.3.2 The deadline for completing the sanctioning administrative process **Error! Reference source not found.**, with the final decision of the competent authority, is 140 (one hundred and forty) business days, with an extension allowed for an equal period, only once, by means of a reasoned decision.

44.13.4 The tax-deficiency notice shall contain the following elements:

- i. identification of the infringer, namely the CONCESSIONAIRE and, when applicable, the indication of the representative, employee, agent or subcontractor involved in the irregular act;

- ii. full description of the unlawful conduct and its circumstances in the specific case;
- iii. where appropriate, place, date, and time of identification of the irregularity;
- iv. reference to the violated legal, regulatory or contractual provision;
- v. order to cease the irregular practice;
- vi. deadline for presenting a defense;
- vii. identification of the authority responsible for the notification;
- viii. indication of the authority responsible for conducting the process;
- ix. number of the administrative process corresponding to the case;
- x. if applicable, reasoning regarding the non-applicability of the remediation period provided for in Subclause 44.12.

44.13.4.1 If a connection is identified between two or more tax-deficiency notices, it shall be possible to combine them for joint processing in a single administrative process.

44.13.4.2 The connection is verified when the tax-deficiency notices deal with the same contractual obligation.

44.13.5 Once the tax-deficiency notice has been issued, written notification shall be issued to the CONCESSIONAIRE so that, within the period established by the BIDDING FEDERAL LAW, it can present its defense.

44.13.5.1 The notification shall be accompanied by a copy of the tax-deficiency notice and:

- i. the delimitation of possible penalties pertaining to the default found;

44.13.5.2 The non-presentation of defense shall be stated in the record, by means of a specific term, with the process continuing with the practice of subsequent procedural acts.

44.13.6 When presenting the defense, the CONCESSIONAIRE shall state whether or not there is interest in the evidentiary stage.

44.13.6.1 The submission of documentary evidence shall, as a rule, be jointly with the defense, especially with regard to the documents mentioned in the respective grounds.

44.13.6.2 Exceptionally, the production of documentary evidence shall be admitted within the evidentiary stage, provided that the impossibility of its presentation at the time of the defense is justified.

44.13.6.3 For the purposes of evidentiary stage, all means of proof admitted by law shall be appropriate, which includes, in addition to the presentation of documentary evidence, the questioning of up to 05 (five) witnesses and the production of technical evidence, through reports, opinions, and other types of studies.

44.13.7 Once the defense has been received, it shall be up to the responsible authority to assess, through a concretely reasoned decision, any claim for evidentiary stage by the CONCESSIONAIRE.

44.13.8 Illicit, impertinent, unnecessary, delaying or untimely evidence shall be rejected, by means of a reasoned decision.

44.13.8.1 The competent authority, if it deems it useful, may admit a greater number of witnesses than provided for in Subclause 44.13.6.3.

44.13.9 The responsible authority may determine, by its own initiative, the production of evidence necessary for the establishment of its conviction, as well as a technical opinion, specifying the object to be clarified.

44.13.10 Evidence of mutual agreement between the PARTIES may also be produced.

44.13.11 The CONCESSIONAIRE shall have the right to express its opinion on all evidence brought or produced in the context of the sanctioning administrative process.

44.13.12 The costs and burden of technical proof and other evidentiary stage delays shall be borne by those who requested them, with the exception of cases in which the PARTIES, by express agreement, decide to share such costs.

44.13.13 In the event of approval of the request for the production of new evidence or the addition of evidence deemed indispensable by the competent authority, the CONCESSIONAIRE may present final allegations within 15 (fifteen) business days, counted from the date of the subpoena.

44.13.14 Once the term referred to in the previous Subclause has expired, with or without the CONCESSIONAIRE presenting final allegations, the competent authority shall, within 20 (twenty) business days, extendable for an equal period, issue a substantiated decision on

the merits, whereby it shall review the evidence entered of record, and actually address the allegations stated therein and, if the infringement is verified, render the application of the applicable sanctions under the terms of this CONTRACT AGREEMENT.

44.13.14.1 Once the decision is issued, the CONCESSIONAIRE shall be notified.

44.13.15 The CONCESSIONAIRE may file an appeal against the decision that applies a warning penalty, fine, and impediment to bidding, in writing, containing the factual and legal reasons that justify it, which shall be submitted to the authority that issued the decision, within the deadline established in the BIDDING FEDERAL LAW.

44.13.15.1 The authority that issued the decision, if it does not reconsider it within 5 (five) business days, shall forward it to the higher authority to issue a decision within the period established in the BIDDING FEDERAL LAW.

44.13.16 The CONCESSIONAIRE may submit a request for reconsideration, within the period established in the BIDDING FEDERAL LAW, of the decision that applies the penalty of declaration of unsuitability.

44.13.17 The appeal and the request for reconsideration shall have a suspensive effect on the contested act or decision until a final decision is issued by the competent authority.

## 45 FINES

45.1 Subject to the criteria set forth in Clause 44, the fines applied as a result of the CONTRACT AGREEMENT shall comply with the provisions of this Clause.

45.2 The accumulated value of fines, including daily fines, applied to the CONCESSIONAIRE shall be a maximum of 30% (thirty percent) of the value of INDEMNITY 2, considering fines that cannot be appealed at the administrative level.

45.2.1 For the calculation of the maximum value of fines indicated in Sub-Clause 45.2 **Error! Reference source not found.**, the value of INDEMNITY 2 shall be used as a reference, at the time of issuance of the MODERNIZED AND STREAMLINED MUNICIPAL STREET LIGHTING NETWORK TERMS OF RECEIPT readjusted by the ADJUSTMENT FACTOR, considering that IAL and IDL are equal to 1 (one).

45.3 The fines shall not have a compensatory or indemnifying nature, and are not to be confused with the application of the GENERAL PERFORMANCE INDEX to calculate the EFFECTIVE MONTHLY PAYMENT.

45.4 The pecuniary amounts resulting from the imposition of the fines shall be destined to the

GRANTING AUTHORITY.

45.5 The fines may be applied cumulatively with the other penalties provided for in the CONTRACT AGREEMENT or applicable legislation.

45.6 Without prejudice to other behaviors subject to reprimand by sanction, the CONCESSIONAIRE shall be responsible for:

- i. daily fine of 1% (one percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, owing to delay complying with any obligation prior to the start of PHASE I;
- ii. daily fine of 1% (one percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, for noncompliance with the maintenance duty of the REVERSIBLE ASSETS;
- iii. daily fine of 1% (one percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, owing to noncompliance with the deadline for delivery of the POLICY ON TRANSACTIONS WITH RELATED PARTIES and the Compliance Program;
- iv. daily fine of 2% (two percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, due to noncompliance with the final deadline for completion of each CONCESSION MILESTONE, as established in the SERVICES AND INVESTMENTS SPECIFICATIONS;
- v. daily fine of 2% (two percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, due to noncompliance with the deadline for delivery of the MODERNIZATION PLAN, the OPERATION AND MAINTENANCE PLAN, and the OPERATIONAL DEMOBILIZATION PLAN;
- vi. daily fine of 2% (two percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, up to the deadline established in this CONTRACT AGREEMENT, in the event of non-contracting or up-to-date maintenance of the insurance policies required in the CONTRACT AGREEMENT;
- vii. daily fine of 2% (two percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, up to the deadline established in this CONTRACT AGREEMENT, in the event of non-perfection or maintenance of the PERFORMANCE BOND in the amounts required in the CONTRACT AGREEMENT;
- viii. daily fine of 2% (two percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, owing to noncompliance with the ENVIRONMENTAL MANAGEMENT PROGRAMS that have been included in the SOCIOENVIRONMENTAL MANAGEMENT SYSTEM, according to

SOCIOENVIRONMENTAL SPECIFICATIONS;

ix. daily fine of 2% (two percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, in the case of not hiring the INDEPENDENT CERTIFIER, under the terms and deadlines set forth in the INDEPENDENT CERTIFIER GUIDELINES;

x. daily fine of 2% (two percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, in the case the CONCESSIONAIRE does not timely carry out the corrective actions, as pointed out by the GRANTING AUTHORITY, pursuant to the SOCIOENVIRONMENTAL SPECIFICATIONS;

xi. fine of 20% (twenty percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, in the case of achieving, in the form of the KEY PERFORMANCE STANDARDS, a GENERAL PERFORMANCE INDEX lower than 0.4 (zero point four) for 3 (three) consecutive quarters or for 5 (five) non-consecutive quarters, within a period of 5 (five) consecutive years;

xii. fine of 20% (twenty percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, in the case of achieving a score equal to 0 (zero) in any of the performance criteria, for 3 (three) consecutive quarters or for 5 (five) non-consecutive quarters, within a period of 5 (five) consecutive years, even if the criteria are different;

xiii. fine of 10% (ten percent) of the value of the MONTHLY OFFERED PAYMENT, updated by the ADJUSTMENT FACTOR, in case of irregularities in the accounting of RELATED ACTIVITIES that impact sharing with the GRANTING AUTHORITY; and

xiv. fine of 30% (thirty percent) of the value of INDEMNITY 2 in situations where the CONCESSIONAIRE carries out an act that actually leads to the declaration of forfeiture of the CONTRACT AGREEMENT, replacing the penalty provided for the default that led to the forfeiture, even if there is provision of a specific penalty for such an act.

45.7 A fine of up to 5% (five percent) of the amount of INDEMNITY 2 may be applied in the event of noncompliance with obligations for which no specific fine has been imposed.

45.7.1 In the case of continued violations, daily fines shall be set for the duration of the noncompliance.

45.7.2 The quantification of the fine referred to in Subclause 45.7 shall fulfill the provisions of Subclause 44.3, in order to ensure its reasonableness and proportionality in relation to the circumstances and characteristics of the infringement subject to punishment.

45.8 The PARTIES may, through prior agreement, agree that the payment of the fines to the GRANTING AUTHORITY shall be made through compensation with unmatured installments of the EFFECTIVE MONTHLY PAYMENT, in which case the PARTIES, in a statement signed by both, shall inform the TRUSTEE BANK, and, for the INDEPENDENT CERTIFIER, if contracted, the general conditions of the compensation (amount, periodicity, and number of installments to be deducted from the EFFECTIVE MONTHLY PAYMENTS).

45.9 The CONCESSIONAIRE shall have a period of 30 (thirty) consecutive days to pay the fine to which it was sentenced, from the notification of collection.

45.9.1 A discount of 50% (fifty percent) of the amount of the fine shall be granted, in the event that the CONCESSIONAIRE recognizes the perpetration prior to the issuing of the adverse judgment, expressly waiving the right to appeal administratively or challenge the decision that imposed the sanction in an arbitration tribunal.

45.9.2 A discount of 30% (thirty percent) of the amount of the fine shall be granted if, within 05 (five) days of notification of the decision, the CONCESSIONAIRE expressly waives the right to appeal administratively or challenge the sanctioning decision imposed to it under an arbitration tribunal.

45.9.3 The acknowledgment of the infringement or waiver of the right to file an appeal constitutes an admission of debt and shall be formalized.

## **46 INTERVENTION**

46.1 The GRANTING AUTHORITY may intervene in the CONCESSION, in order to ensure the appropriateness of the provision of the SERVICE object of the CONTRACT AGREEMENT, as well as the faithful compliance with the relevant contractual, regulatory, and legal rules, pursuant to Article 32 et seq. of the CONCESSIONS FEDERAL LAW, in the following hypotheses:

- i. stoppage of the activities object of the CONCESSION outside the hypotheses allowed in this CONTRACT AGREEMENT and without the presentation of suitable reasons to justify them;
- ii. contractual economic-financial imbalance resulting from poor management by the CONCESSIONAIRE that jeopardizes the continuity of the CONCESSION;
- iii. serious and repeated flaws of the SERVICES and other activities object of the CONCESSION, characterized by systematic noncompliance with the GENERAL PERFORMANCE INDEX provided for in the KEY PERFORMANCE STANDARDS and other criteria and obligations provided for in this CONTRACT AGREEMENT and ATTACHMENTS;

- iv. use of the infrastructure of the MUNICIPAL STREET LIGHTING NETWORK for illegal purposes;
- v. omission in rendering accounts to the GRANTING AUTHORITY or offering an obstacle to inspection activity;
- vi. need for caution by the GRANTING AUTHORITY for the administrative investigation of contractual breaches by the CONCESSIONAIRE.

46.2 The intervention shall be carried out by decree of the GRANTING AUTHORITY, which shall contain, among other relevant information:

- i. the reasons for the intervention and its justification;
- ii. the term, which shall be a maximum of 1 (one) year, exceptionally extendable for another 1 (one) year, in a manner compatible and proportional to the reasons that gave rise to the intervention;
- iii. the purposes and limits of the intervention; and
- iv. the name and qualification of the intervener.

46.3 Once the intervention has been decreed, the GRANTING AUTHORITY shall have a period of 30 (thirty) days to file an administrative proceeding with a view to proving the determining causes of the measure and ascertaining any responsibilities, ensuring opportunity to be heard and adversarial proceedings.

46.4 The decree of intervention shall lead to the immediate removal of the CONCESSIONAIRE's administrators and shall not affect the regular course of the CONCESSIONAIRE's business, nor its normal functioning.

46.5 Intervention shall not be decreed when, in the judgment of the GRANTING AUTHORITY, it is considered innocuous, unfairly beneficial to the CONCESSIONAIRE or unnecessary.

46.6 The nullity of the intervention shall be declared if it is proven that the GRANTING AUTHORITY did not abide by the legal and regulatory assumptions, or the principles of Public Administration, and the CONCESSION shall be immediately returned to the CONCESSIONAIRE, without prejudice to its right to any indemnity.

46.7 Once the intervention is terminated, if the CONCESSION is not terminated by means of a declaration of forfeiture pursuant to Clause 51, the object of the CONTRACT AGREEMENT shall again be the responsibility of the CONCESSIONAIRE.

46.8 The revenue earned during the intervention period, resulting from the REMUNERATION owed to the CONCESSIONAIRE, or from the revenue arising from RELATED ACTIVITIES, shall be used to cover the charges established for the fulfillment of the purpose of the CONCESSION, including charges with insurances and guarantees, charges arising out of FINANCING, and



reimbursement of management costs.

46.9 Any remaining balance of remuneration or revenue arising from RELATED ACTIVITIES, after the intervention, shall be kept with the CONCESSIONAIRE, unless the CONCESSION is terminated, in which case such amounts shall revert to the GRANTING AUTHORITY.

## **CHAPTER IX - TERMINATION OF THE CONTRACT AGREEMENT**

### **47 GENERAL PROVISIONS ON THE TERMINATION OF THE CONTRACT AGREEMENT**

47.1 The provisions of this Clause constitute a general indemnity rule applicable to all cases of early termination of the CONCESSION, and the GRANTING AUTHORITY shall comply with the payment of indemnity for specific items and the respective time of payment, provided for each of the cases of early termination of the CONTRACT AGREEMENT.

#### **47.2 Termination hypotheses**

47.2.1 CONCESSION shall be extinguished by:

- i. consummation of the contractual agreement;
- ii. consummation of CONTRACT AGREEMENT's resolutive conditions;
- iii. public convenience;
- iv. CONCESSIONAIRE event of default;
- v. cancellation;
- vi. annulment; or
- vii. bankruptcy, court-supervised or out-of-court reorganization and liquidation of the CONCESSIONAIRE.

#### **47.3 Management of SERVICES and REVERSIBLE ASSETS in the event of termination of the CONCESSION**

47.3.1 Once the CONCESSION is terminated, the GRANTING AUTHORITY shall immediately undertake the provision of the SERVICES, with all REVERSIBLE ASSETS being reverted to it, free and clear of any encumbrances or charges, as well as the rights and privileges transferred to the CONCESSIONAIRE.

47.3.2 In the event of expiry of the CONCESSION, the reversal of the REVERSIBLE ASSETS and the transition of the provision of SERVICES shall fulfill the approved OPERATIONAL DEMOBILIZATION PLAN, according to the SERVICES AND INVESTMENTS SPECIFICATIONS.

47.3.3 If there is statement in the OPERATIONAL DEMOBILIZATION PLAN of REVERSIBLE ASSETS acquired through a leasing contract agreement or other form of contract with a similar effect regarding the transfer of ownership, the CONCESSIONAIRE shall exercise the purchase option in such contract agreements before the issuance of the OPERATIONAL DEMOBILIZATION ACCEPTANCE TERM.

47.3.4 In the cases of early termination, provided for in Subclauses 47.2.1.ii to 47.2.1.**Error! Reference source not found.**, the PARTIES shall cooperate with each other and take the necessary measures to ensure, at least, that the REVERSIBLE ASSETS are inspected and their conservation and functioning conditions are verified before their assumption by the GRANTING AUTHORITY.

47.3.5 At its discretion, the GRANTING AUTHORITY may succeed the CONCESSIONAIRE in lease agreements, leasing of goods or others that it deems essential for the provision of SERVICES.

47.3.6 Once the CONCESSION expires, the CONCESSIONAIRE shall be responsible for terminating any contract agreements inherent to the CONCESSION entered into with third parties, assuming all charges, responsibilities, and encumbrances resulting therefrom, with the exception of those in which subrogation occurs, those referring to the assignment of the credit pertaining to the indemnities under the terms of Subclause 47.4.12 or those expressly assigned to the GRANTING AUTHORITY by this CONTRACT AGREEMENT.

47.3.7 In any event of termination of the CONCESSION, the CONCESSIONAIRE shall take all reasonable measures and fully cooperate with the GRANTING AUTHORITY to guarantee the continuity of the SERVICES and avoid the deterioration of the REVERSIBLE ASSETS, as well as to act to prevent and mitigate any inconvenience or risk to health or safety of USERS, employees of the GRANTING AUTHORITY, and other public authorities or entities.

#### **47.4 General conditions for defining the amount of indemnity and its payment and settlement**

47.4.1 The PARTIES may offset the reciprocal credits and debits in order to reach the final amount of the indemnity resulting from the termination of the CONTRACT AGREEMENT, considering, in particular, any BONUS ON THE ELECTRICITY BILL and CAPEX EXPANSION PAYMENT referring to the last year of the CONCESSION.

47.4.2 In any event of early termination of the CONCESSION, the payment of the indemnity due to the CONCESSIONAIRE shall comply with the provisions below.

47.4.2.1 The indemnity due to the CONCESSIONAIRE will be deducted, always in the order below:

- i. when applicable, the value of the fines outlined in the CONTRACT AGREEMENT is eventually applied to the CONCESSIONAIRE;
- ii. the amount of damages caused by the CONCESSIONAIRE to the GRANTING AUTHORITY, to the SERVICES or to society, as a result of

the fulfillment of the purpose of this CONTRACT AGREEMENT;

iii. any amounts received by the CONCESSIONAIRE as insurance coverage pertaining to the events or circumstances that gave rise to the termination of the CONCESSION, duly determined through a procedure that fulfils the right to adversarial proceedings and opportunity to be heard;

iv. any other amounts owed by the CONCESSIONAIRE to the GRANTING AUTHORITY.

47.4.3 In order for them to be included in the final calculation of indemnities:

i. the sanctioning processes that still do not have a final administrative decision shall be completed by the GRANTING AUTHORITY, within a maximum period of 20 (twenty) business days, extendable for an equal period, after the termination of the CONCESSION;

ii. claims for economic-financial rebalancing shall be defined and decided before the termination of this CONTRACT AGREEMENT, abiding by the maximum period for issuing a decision provided for in Subclause 43.6.4.

47.4.4 If the indemnity amount is less than the sum of the amounts provided for by the Subclause 47.4.2.1, the CONCESSIONAIRE shall pay the difference to the GRANTING AUTHORITY.

47.4.5 Once the investigations are completed, if there is a credit in favor of the GRANTING AUTHORITY, its discharge shall be demanded from the CONCESSIONAIRE, including through the execution of the PERFORMANCE BOND or any amounts received by the CONCESSIONAIRE as insurance coverage relating to the events or circumstances that gave rise to the early termination.

47.4.6 Except in the event of termination by public convenience, the indemnity may be paid in monthly installments, by agreement between the PARTIES, according to the PAYMENT MECHANISM.

47.4.7 The amounts arising from CIP shall be linked to the flow of payments provided for in this CONTRACT AGREEMENT and its ATTACHMENTS, until all pecuniary obligations of the GRANTING AUTHORITY in favor of the CONCESSIONAIRE are fulfilled including those resulting from the early termination of the CONTRACT AGREEMENT.

47.4.8 The budgetary unavailability of the GRANTING AUTHORITY shall not be considered as a reason to avoid the incidence of inflation adjustment and late payment charger.

47.4.9 As soon as the total receipt of the payments due is proven and there are no pending issues, the PARTIES shall enter into a discharge instrument.

47.4.10 The CONCESSIONAIRE may only start its dissolution process when the discharge instrument referred to in the previous Subclause is signed.

47.4.11 Once the CONCESSION is terminated and the respective indemnity is paid, the GRANTING AUTHORITY shall not be liable for any kind of liability in relation to the charges, encumbrances, obligations or commitments with third parties or employees of the CONCESSIONAIRE.

47.4.12 The CONCESSIONAIRE may assign the indemnity right arising from the termination of the CONTRACT AGREEMENT, regardless of the consent of the GRANTING AUTHORITY, especially for carrying out securitization operations.

47.4.12.1 In the event of the previous Subclause, the CONCESSIONAIRE shall forward a notification to the GRANTING AUTHORITY and the TRUSTEE BANK, informing that the payments shall be directed to the assignee and the respective bank details necessary to carry out the transfer.

#### **47.5 Receipt of indemnity by FINANCERS**

47.5.1 The GRANTING AUTHORITY shall use the indemnity owed to the CONCESSIONAIRE to pay, directly to the FINANCERS, any outstanding installments owed by the CONCESSIONAIRE relative to the financing earmarked for investments linked to the REVERSIBLE ASSETS, plus interest and other contractual charges agreed upon.

47.5.2 The provisions of this Subclause 47.5 do not imply the assumption by the GRANTING AUTHORITY of the CONCESSIONAIRE's debt with the FINANCERS.

47.5.3 The payment of indemnity directly to the FINANCERS may occur at the express request of the CONCESSIONAIRE, in the form of Subclause 32.5.1.

47.5.3.1 The request referred to in the previous Subclause may occur at any time, with a view to complying with the condition arising from the FINANCIAL CONTRACT AGREEMENT signed between the CONCESSIONAIRE and its FINANCERS and shall be accompanied by the said instrument and the statement of the values of the outstanding installments relative to financing intended for investments linked to REVERSIBLE ASSETS, plus interest and other agreed charges.

47.5.4 If the CONCESSIONAIRE does not make a request referred to in Subclause 47.5.3, the FINANCERS may submit a request to receive indemnity amounts addressed to the

GRANTING AUTHORITY, with a copy to the CONCESSIONAIRE, accompanied by:

- i. proof that the right to receive payments derived from indemnity is provided for in the FINANCIAL CONTRACT AGREEMENTS signed by the CONCESSIONAIRE and that such contract agreements are in force, also informing if there is any dispute regarding the validity or scope of said instruments or with respect to the obligations stipulated therein;
- ii. indication of the values of the outstanding installments, owed by the CONCESSIONAIRE, accompanied by any other documents that prove the debt and its characteristics.

47.5.5 Upon receipt of the communication referred to in Subclause 47.5.4, the GRANTING AUTHORITY shall forward it to the CONCESSIONAIRE, so that it can express its opinion, within 10 (ten) days, regarding the FINANCERS' request. In the event of the CONCESSIONAIRE's silence, it shall be considered that there is no opposition to the request made by the FINANCERS.

47.5.6 From the statement by the CONCESSIONAIRE, the GRANTING AUTHORITY, within a maximum period of 90 (ninety) days:

- i. if it understands as consummated the right to receive a portion of the indemnity resulting from the termination of the CONTRACT AGREEMENT, it shall adopt measures to promote payment to FINANCERS
- ii. if there is any doubt as to the amount, liquidity or enforceability of the amount owed to the FINANCERS, the GRANTING AUTHORITY may choose to pay the indemnity amount directly to the CONCESSIONAIRE or by consigning the amount in question to payment in accordance with Article 547 of Code of Civil Procedure.

47.5.6.1 The possibility of direct payments to the FINANCERS by the GRANTING AUTHORITY shall have as a maximum limit the amount of indemnity owed to the CONCESSIONAIRE for the early termination of the CONTRACT AGREEMENT, observed the order of priorities from Sub-Clause 47.4.2.1

47.5.6.2 Any difference between the amount due to the FINANCERS and the amount paid by the GRANTING AUTHORITY under the terms of Subclause 47.5.6.1 shall be paid directly by the CONCESSIONAIRE.

47.5.7 Observing the provisions of the preceding Sub-Clauses, the direct payment to FINANCERS may be made through one of the following options:

- i. adoption of the same payment conditions provided for in the FINANCIAL CONTRACT AGREEMENTS, with regard to the periodicity and incident charges; or
- ii. payment of consolidated debt amounts.

47.5.8 The GRANTING AUTHORITY shall inform the TRUSTEE BANK that payments shall be made directly to the FINANCERS, and the CONCESSIONAIRE may not oppose such request.

47.5.9 The direct payment to the FINANCERS shall represent the discharge of the GRANTING AUTHORITY's obligations to the CONCESSIONAIRE in the amount equivalent to the amount paid.

#### **48 CONSUMMATION OF THE CONTRACTUAL AGREEMENT**

48.1 Over the last years of the CONCESSION, the GRANTING AUTHORITY may authorize third parties to carry out studies and field research for the purposes of structuring new bidding procedures, carrying out new works or other purposes of public interest.

48.2 As long as the OPERATIONAL DEMOBILIZATION PLAN is not fulfilled and the OPERATIONAL DEMOBILIZATION ACCEPTANCE TERM is issued, under the terms set forth in the SERVICES AND INVESTMENTS SPECIFICATIONS, the PERFORMANCE BOND shall not be released.

48.2.1 If the OPERATIONAL DEMOBILIZATION ACCEPTANCE TERM is not issued within 120 (one hundred and twenty) days after the contractual term, the PERFORMANCE BOND shall be released.

48.3 In the event of the consummation of the contractual term, the CONCESSIONAIRE shall not be entitled to any indemnity pertaining to investments relative to the REVERSIBLE ASSETS as a result of the end of the CONCESSION TERM.

#### **49 CONSUMMATION OF CONTRACT AGREEMENT'S RESOLUTIVE CONDITIONS**

49.1 The CONTRACT AGREEMENT may be terminated in advance if the following cases occur:

- i. by any of the PARTIES, in the case of delay, not due to fact or act attributable to the PARTIES, which exceeds by 180 (one hundred and eighty) days the period established for setting the ASSUMPTION DATE and which makes the CONTRACT AGREEMENT unfeasible from an economic-financial point of view;

ii. by the GRANTING AUTHORITY, in case of consummation of ACT OF GOD OR FORCE MAJEURE, when such events are not insurable and that make the continuation of the CONCESSION unfeasible from the economic-financial point of view, subject to Subclause 41.1.1;

iii. by the CONCESSIONAIRE, in the event of the consummation of any legislative change or other event that prevents or in any way renders the LIQUIDITY SYSTEM or PAYMENT MECHANISMS unfeasible, such as the undoing of the earmarking of CIP revenues without prior complementation, substitution or change in its calculation basis or other legal conditions that impact its collection in the following terms:

a. prior to the issuance of the ACCEPTANCE TERM of CONCESSION MILESTONES I and II, resulting in a value of CIP revenues collected that is insufficient to pay the MONTHLY OFFERED PAYMENT, CAPEX EXPANSION PAYMENT, real money amount relating to the consumption of energy intended for STREET LIGHTING of the energy bill paid by the GRANTING AUTHORITY and collection fee charged by the ENERGY DISTRIBUTION COMPANY;

iv. subsequent to the issuance of the ACCEPTANCE TERM of CONCESSION MILESTONES I and II, which reduces the annual payment of CIP to an amount lower than the amount resulting from the formula below:

$$CIP_A = (CME_{A+1} + CAPEX \ EXPANSION \ PAYMENT_{A+1} + CER_{A+1} + TA_{A+1}) \times (1 + IPCA_{A+1}) \div (1 - DRM_A)$$

Where:

$CIP_A$  = CIP received over the 12 (twelve) months prior to the CONTRACT AGREEMENTUAL MONTH;

$CME_{A+1}$  = Annual projection of the EFFECTIVE MONTHLY PAYMENT for the 12 (twelve) months following the CONTRACT AGREEMENTUAL MONTH;

$CAPEX \ EXPANSION \ PAYMENT_{A+1}$  = Annual projection of the MONTHLY CAPEX EXPANSION PAYMENT LIMIT for the 12 (twelve) months following the CONTRACT AGREEMENTUAL MONTH;

$CER_{A+1}$  = Annual value projection pertaining to the consumption of electricity intended for STREET LIGHTING of the electricity bill paid by the GRANTING AUTHORITY in the 12 (twelve) months before the CONTRACT AGREEMENTUAL MONTH;

$TA_{A+1}$  = Annual projection of the collection fee charged by the ENERGY DISTRIBUTION COMPANY for the purpose of collecting the CIP for the 12 (twelve) months following the CONTRACT AGREEMENTUAL MONTH;

$IPCA_{A+1}$  = projection of the IPCA, published by the Central Bank, referring to the



12 (twelve) months following the CONTRACT AGREEMENTUAL MONTH;  
 $DRM_A$  = percentage of unbinding of revenues arising from CIP carried out in the  
12 (twelve) months prior to the CONTRACT AGREEMENTUAL MONTH,  
pursuant to article 76-B of the Transitory Provisions Act, or rule that replaces it.

49.2 The early termination of the CONTRACT AGREEMENT shall be initiated by the interested PARTY upon formal communication to the other PARTY, indicating the event(s) that support the claim, the occurrences that motivate its request and the evidence of its impact on the economic-financial feasibility of the CONCESSION, also evidencing:

- i. in the event provided for in Subclause 49.1.i, with the exposure of facts that entail delay for substantiation of ASSUMPTION DATE;
- ii. in the event provided for in Subclause 49.1.ii, with description and evidencing of the event of non-insurable ACT OF GOD OR FORCE MAJEURE;
- iii. in the event provided for in Subclause 49.1.iii, with a copy document of the legislative alteration or evidencing of the event.

49.3 The PARTY that receives the communication referred to in Subclause 49.2 shall state its opinion on the merits of the request for early termination within 30 (thirty) days.

49.3.1 When the communication is made by the CONCESSIONAIRE, the GRANTING AUTHORITY, in its statement, shall review the absence of facts attributable to the CONCESSIONAIRE, the suitability of the accounted events to the hypotheses of early termination and the effective economic and financial unfeasibility of the project.

49.4 If there is agreement on the appropriateness of early termination, the CONCESSIONAIRE shall be indemnified:

- i. in the event provided for in Subclause 49.1.i, by the REIMBURSEMENT VALUES;
- ii. in the event provided for in Subclause 49.1.ii, for the value obtained according to the formula defined by INDEMNITY 2.
- iii. in the event provided for in Subclause 49.1.iii and 49.1.iv, for the value obtained according to formula defined by INDEMNITY 1.

49.5 The early termination of the CONCESSION shall be formalized by agreement between the PARTIES or, in case of disagreement, by means of a decision issued under the terms of the dispute resolution procedures established in the CONTRACT AGREEMENT.

## **50 TERMINATION BY PUBLIC CONVENIENCE**

50.1 The GRANTING AUTHORITY, under the terms of Article 37 of the CONCESSIONS FEDERAL LAW, may, at any time, take over the CONCESSION, for reasons of public interest, by means of a specific authorizing law and prior payment of indemnity, to be calculated pursuant to the Subclause below.

50.2 The indemnity due to the CONCESSIONAIRE in case of nationalization shall follow the formula defined by INDEMNITY 1.

50.2.1 The payment made in the manner established in this Clause shall correspond to the complete, general, and unrestricted discharge as to what is due by the GRANTING AUTHORITY owing to the indemnity for nationalization, and the CONCESSIONAIRE cannot demand, administratively or judicially, in any capacity, other indemnities, including for loss of profit and consequential damages.

## **51 CONCESSIONAIRE EVENT OF DEFAULT**

51.1 The GRANTING AUTHORITY may declare the termination of the CONCESSION, without prejudice to the hypotheses provided for in the applicable legislation, in the event of the following events:

- i. adverse judgment against the CONCESSIONAIRE or its controllers for tax evasion, including social contributions, or corruption, as defined in the applicable legislation;
- ii. noncompliance, by the CONCESSIONAIRE, with the annual renewal obligation of the PERFORMANCE BOND in the event of posting of performance bond or bank guarantee, not remedied within 45 (forty-five) days, or to proceed with the replacement of the full amount of the PERFORMANCE BOND, within 45 (forty-five) days from its use by the GRANTING AUTHORITY;
- iii. noncompliance, by the CONCESSIONAIRE, with the obligation to contract or maintain the insurance policies provided for in the CONTRACT AGREEMENT, for a period exceeding 90 (ninety) days;
- iv. obtaining a GENERAL PERFORMANCE INDEX of less than 0.4 (zero point four) for 4 (four) consecutive quarters or for 6 (six) non-consecutive quarters, within a period of 5 (five) consecutive years;
- v. obtaining a score equal to 0 (zero) in any of the performance criteria, for 4 (four) consecutive quarters or for 6 (six) non-consecutive quarters, in the period of 5 (five) consecutive years, even if the criteria are different;
- vi. stoppage of the SERVICES object of the contract agreement, due to the

CONCESSIONAIRE's fault or willful misconduct;

vii. the CONCESSIONAIRE loses the economic, technical or operational conditions to maintain the adequate provision of the SERVICES;

viii. the CONCESSIONAIRE does not settle the pecuniary penalties imposed for infringements, in due time;

ix. the CONCESSIONAIRE does not respond to the subpoena of the GRANTING AUTHORITY, within the period stipulated by it, in order to regularize the provision of SERVICES;

x. the CONCESSIONAIRE does not respond to the subpoena of the GRANTING AUTHORITY to, within 180 (one hundred and eighty) days, present the documentation pertaining to fiscal regularity, in the course of the CONCESSION;

xi. the CONCESSIONAIRE defrauds information provided to the GRANTING AUTHORITY, including those pertaining to the REGISTRY or the volume of ACCESSORY REVENUE obtained;

xii. in the case of transfer or modification of CONTROL of the CONCESSIONAIRE or assignment of the CONTRACT AGREEMENT, without the prior authorization of the GRANTING AUTHORITY, when so required in the CONTRACT AGREEMENT;

xiii. repeated practice of violations that jeopardize the security of USERS or the very existence of the SERVICES;

xiv. if there is a reduction of the capital stock below the minimum before the issuance of the MODERNIZED AND STREAMLINED MUNICIPAL STREET LIGHTING NETWORK TERMS OF RECEIPT;

xv. incidence of administrative assessments that lead to the application of contractual fines that add up, in their aggregate value, 30% (thirty percent) of INDEMNITY 2, considering for that purpose the fines that cannot be appealed at the administrative level;

xvi. decision(s) issued in administrative or judicial process(es) relating to damages caused by the CONCESSIONAIRE, which are not insurable or whose value exceeds that covered by insurance, and whose aggregate value matches 30% (thirty percent) of INDEMNITY 2;

xvii. if, within 24 (twenty-four) months after the end of PHASE II, the achievement of a percentage equal to or less than 95% (ninety-five percent) of the streamlining energy percentages, provided for in the SERVICES AND INVESTMENTS SPECIFICATIONS, for the CONCESSION MILESTONES; and

xviii. if the CONCESSIONAIRE does not conclude, for reasons arising from risks

allocated to the CONCESSIONAIRE, the implementation of all CONCESSION MILESTONES within 12 (twelve) months of the period foreseen for the conclusion of PHASE II, according to the SERVICES AND INVESTMENTS SPECIFICATIONS.

51.2 The GRANTING AUTHORITY may not declare the forfeiture of the CONCESSION in relation to the CONCESSIONAIRE's default (i) resulting from events pertaining to the risks of the CONCESSION for which the GRANTING AUTHORITY is responsible or (ii) caused by the occurrence of ACT OF GOD OR FORCE MAJEURE which is not insurable.

51.3 The declaration of termination of the CONCESSION shall be preceded by the verification of the CONCESSIONAIRE's contractual default in an administrative proceeding, ensuring the opportunity to be heard and adversarial proceedings.

51.4 An administrative process of forfeiture shall not be instituted without prior notification to the CONCESSIONAIRE, being given, in each case, a period of not less than 30 days, to remediate the failures and transgressions pointed out and to comply with the contractual terms, without prejudice to the possibility of imposition of fines or other penalties provided for in the CONTRACT AGREEMENT.

51.4.1 The initiation of an administrative procedure to ascertain the CONCESSIONAIRE's defaults, offering a deadline for defense, shall be immediately reported by the GRANTING AUTHORITY to the FINANCIERS and to the issuers of the PERFORMANCE BOND.

51.4.2 Once the administrative process is initiated and the default is proven, the termination shall be declared by the GRANTING AUTHORITY, regardless of prior indemnity, calculated during the course of the process and in accordance with the Clauses of this CONTRACT AGREEMENT.

51.5 The indemnity owed to the CONCESSIONAIRE in the event of FORFEITURE is limited to the installments of investments made, including installation and maintenance of assets, not yet amortized or depreciated, which have been carried out for the fulfillment of this CONTRACT AGREEMENT, being calculated according to the formula defined for the INDEMNITY 2.

51.6 In the event of declaration of termination for CONCESSIONAIRE event of default, the CONCESSIONAIRE shall be subject to the penalty of preventing bidding and contracting with the public administration of the MUNICIPALITY.

## **52 TERMINATION**

52.1 The CONTRACT AGREEMENT may be terminated by the CONCESSIONAIRE, through legal action, especially for this purpose, in the event of noncompliance with the contractual rules by the GRANTING AUTHORITY, especially in the following cases:

- i. expropriation, seizure or requisition of a substantial part of the CONCESSIONAIRE's assets or equity interest, by the GRANTING AUTHORITY or by any other public body;
- ii. contractual default, for more than 90 (ninety) days of the payment of the EFFECTIVE MONTHLY PAYMENT, CAPEX EXPANSION PAYMENT or BONUS ON THE ELECTRICITY BILL and provided that the guarantee represented by the balance of the RESERVE ACCOUNT and EXPANSION ACCOUNT is exhausted;
- iii. noncompliance, by the GRANTING AUTHORITY, with respect to the payment of any other pecuniary obligation greater than the equivalent of 2% (two percent) of the CONTRACT AGREEMENT VALUE, which is due under the terms of this CONTRACT AGREEMENT and for which payment is not made within 90 (ninety) days from the respective maturity date;
- iv. breach of obligations by the GRANTING AUTHORITY, which generates a contractual economic-financial imbalance, whose resumption procedure is not concluded within the deadlines established in the CONTRACT AGREEMENT, for reasons attributable to the GRANTING AUTHORITY;
- v. non-hiring by the GRANTING AUTHORITY of the TRUSTEE BANK within 90 (ninety) days of signing the CONTRACT AGREEMENT or breaching the duty to maintain said contracted entity throughout the term of the CONCESSION;
- vi. noncompliance with the rules of composition and maintenance of the MINIMUM BALANCE OF THE RESERVE ACCOUNT and MINIMUM BALANCE OF THE EXPANSION ACCOUNT for a period of 90 (ninety) consecutive days;
- vii. suspension of the CONTRACT AGREEMENT, by written order of the GRANTING AUTHORITY, for a period exceeding 120 (one hundred and twenty) days;
- viii. repeated suspensions of the CONTRACT AGREEMENT, by written order of the GRANTING AUTHORITY, which total a period exceeding 120 (one hundred and twenty) days;
- ix. non-issuance, by the GRANTING AUTHORITY, of the TRANSFER OF ASSETS AND SERVICES DELIVERY TERM, within 4 (four) months, counted from the period indicated for the end of PHASE 0.

52.2 Termination for the events provided for in the Clauses 52.1.ii, 52.1.iii, 52.1.vii and 52.1.ix shall not be admitted in the case of public calamity, serious disturbance of internal order or war, as well as when they result from an act or fact that the CONCESSIONAIRE has performed, in which it has participated or to which it has contributed.

52.3 The CONCESSIONAIRE shall have the option of processing the termination request with

the arbitral tribunal.

52.3.1 The CONCESSIONAIRE shall notify the GRANTING AUTHORITY of its intention to terminate the CONTRACT AGREEMENT, indicating the contractual rules in default by the GRANTING AUTHORITY.

52.4 The defaults by the GRANTING AUTHORITY listed in Subclause 52.1 authorize the CONCESSIONAIRE to immediately suspend any and all investments.

52.4.1 The suspension of investments cannot imply the interruption of the activities of operation and maintenance of the STREET LIGHTING infrastructure and other SERVICES provided by the CONCESSIONAIRE, which can only be interrupted or shut down after 90 (ninety) days of the rendering of the arbitration award that determines the termination of the CONTRACT AGREEMENT.

52.4.2 During the period of suspension of investments, the CONCESSIONAIRE shall be exempt from renewing the PERFORMANCE BOND or endorsing insurance policies until compliance by the GRANTING AUTHORITY.

52.4.2.1 The exemption from renewal of the PERFORMANCE BOND and from the endorsement of insurance policies are also applicable to the hypothesis of suspension of the CONTRACT AGREEMENT by order of the GRANTING AUTHORITY.

52.4.3 During the period of suspension of investments, the performance schedule shall be automatically extended for the corresponding time, such circumstances being noted in a simple apostille, without the need to conclude an amendment.

52.4.3.1 The extension of the Subclause above also applies in the event of suspension of the CONTRACT AGREEMENT by order of the GRANTING AUTHORITY.

52.5 The indemnity due to the CONCESSIONAIRE in case of Termination shall follow the formula defined for INDEMNITY 1.

## **53 ANNULMENT**

53.1 The GRANTING AUTHORITY shall declare the CONTRACT AGREEMENT null and void, preventing the legal effects that it should ordinarily produce, in addition to cancelling those already produced, if it verifies illegality in its execution or in the BIDDING PROCESS that preceded it.

53.2 If the nullity is attributable only to the GRANTING AUTHORITY, the CONCESSIONAIRE shall be indemnified according to the formula defined by INDEMNITY 1 and for other regularly proven losses.

53.3 If the annulment is attributable to the CONCESSIONAIRE, the indemnity shall meet the criteria and procedures for INDEMNITY 2.

#### **54 BANKRUPTCY, COURT-SUPERVISED OR OUT-OF-COURT REORGANIZATION AND LIQUIDATION OF THE CONCESSIONAIRE**

54.1 The CONCESSION may be terminated if the CONCESSIONAIRE is declared bankrupt by a final and unappealable court award, requires court-supervised or out-of-court reorganization that makes it impossible to execute this CONTRACT AGREEMENT, or even in the event of termination of the CONCESSIONAIRE.

54.2 The GRANTING AUTHORITY is entitled to act preventively, through the adoption of periodic monitoring mechanisms of the economic-financial situation of the CONCESSIONAIRE, to ensure the maintenance of the ENABLING CONDITIONS required during the bidding procedure.

54.3 The respective shareholding of the bankrupt or liquidated CONCESSIONAIRE cannot be shared without the GRANTING AUTHORITY certifying, through an inspection report, the status of the REVERSIBLE ASSETS and the CONCESSIONAIRE paying the amounts owed to the GRANTING AUTHORITY, as indemnity or any other title whatsoever.

54.4 In the event of termination of the CONTRACT AGREEMENT for the cause indicated in this Clause, the GRANTING AUTHORITY shall indemnify the CONCESSIONAIRE according to the formula defined by INDEMNITY 2.

## **CHAPTER X – DISPUTE RESOLUTION**

### **55 GENERAL PROVISIONS**

55.1 In the event of disputes or controversies arising from this CONTRACT AGREEMENT, the PARTIES shall meet and seek to resolve them consensually, always calling their governing bodies with powers of decision.

55.2 The interested PARTY shall notify the other PARTY in writing, presenting all its allegations regarding the dispute and a suggestion for its solution.

55.2.1 The notified PARTY shall have a period of 10 (ten) business days, counted from the receipt of the notification, to express its opinion on the proposal.

55.2.2 If the notified PARTY agrees with the solution or clarification presented, the PARTIES shall consider the dispute closed and shall take the necessary measures to implement what was agreed.

55.2.3 If it does not agree, the notified PARTY shall present to the other PARTY, also within 10 (ten) business days, the reasons why it disagrees with the solution presented, and, in this case, shall present an alternative proposal to end the impasse.

55.3 The submission of any issue to the dispute resolution mechanisms provided for in this CONTRACT AGREEMENT does not exempt the PARTIES from one-off and timely compliance with the provisions of the CONTRACT AGREEMENT and the GRANTING AUTHORITY's determinations, nor does it allow any interruption in the development of the activities object of the CONCESSION, which shall continue being processed under contractually required terms, remaining so until a decision is reached on the matter in question.

55.3.1 The SERVICES stoppage shall only be allowed when the object of the dispute involves risks to the safety of people or the enterprise or in the event of a binding decision ordering the immediate stoppage of the SERVICES.

55.4 Controversies regarding the following matters shall be presented and processed before the DISPUTE RESOLUTION COMMITTEE prior implementation of arbitration for their resolution:

- i controversies related to the KEY PERFORMANCE STANDARDS;
- ii controversies regarding the calculation of the EFFECTIVE MONTHLY PAYMENT, the CAPEX EXPANSION PAYMENT, BONUS ON THE ELECTRICITY BILL, and the share of ACCESSORY REVENUES;
- iii controversies regarding claims for restoring the economic-financial balance, which shall include, among others, controversies concerning the result of the process for



restoring the economic-financial balance carried out by the GRANTING AUTHORITY or on claims presented, but not processed, within the period established in this CONTRACT AGREEMENT.

55.5 Concerning matters not mentioned in Sub-Clause 55.4, the PARTIES shall be free to choose from among the mechanisms for dispute resolution provided for in the CONTRACT AGREEMENT, those they deem appropriate, as the case may be, for the protection of their rights and prerogatives, without observing an order of priority among the dispute resolution mechanisms in question.

55.6 In the case the accreditation of the institution provided in Sub-Clauses 57.1.2**Error! Reference source not found.** and 58.2 of this CONTRACT AGREEMENT is required from the competent body of the MUNICIPALITY due to a municipal law to be issued and, for any reason, the institution indicated is not accredited, the CONCESSIONAIRE must indicate a triple list of accredited arbitration institutions, and the GRANTING AUTHORITY will be responsible for choosing one of them within 30 (thirty) days from the communication.

55.7 If there are no institutions accredited in the form of municipal law that may be issued, it will be mandatory to adopt, as the case may be, the institution referred to in Sub-Clauses 57.1.2**Error! Reference source not found.** and 58.2.

## 56 MEDIATION

56.1 In the event of disputes or controversies arising from this CONTRACT AGREEMENT, the PARTIES may use the mediation procedure, pursuant to Federal Law No. 13,140, of June 26, 2015.

56.1.1 Except for a different stipulation agreed between the PARTIES, the mediation referring to the CONTRACT AGREEMENT shall be conducted by 1 (one) mediator, governed by the deadlines and procedures provided for in the mediation regulation of the institution indicated in Subclause 58.2, according to Article 22, paragraph 1, of Federal Law No. 13,140, of June 26, 2015, providing that the provisions of this Subclause shall prevail in the case of discrepancy.

56.1.2 Unless otherwise provided in the mediation instrument or in accordance with the course of the procedure, the mediation shall be terminated after a period of 30 (thirty) days from the signing of the mediation instrument by the PARTIES.

56.2 The non-attendance of the invited PARTY to the first mediation meeting shall result in the assumption by it of 50% (fifty percent) of the costs and fees of the losing party, if it becomes the winner in a subsequent arbitration procedure, which involves the scope of the mediation for which it has been invited.

56.3 After the first mediation meeting, any of the PARTIES may request the closure of the mediation procedure without any sanction or burden being applicable.

56.4 The mediator's proposal shall not be binding on the PARTIES, which shall decide autonomously and independently regarding its acceptance or refusal.

56.5 If accepted by the PARTIES, the amicable solution proposed by the mediator shall be carried out and signed by the PARTIES and, if it leads to a change in the contract conditions, it shall be incorporated into the CONTRACT AGREEMENT by signing an amendment.

56.6 The mediation procedure shall be considered terminated in the following cases:

- i before the conclusion of agreement between the PARTIES;
- ii after the first meeting, in case of declaration by any of the PARTIES of lack of interest or the impossibility of reaching an agreement; or
- iii by decision of the mediator, when he understands that new efforts to reach consensus are not justified.

## **57 DISPUTE RESOLUTION COMMITTEE**

57.1 Any of the PARTIES may call for the establishment of an ad-hoc DISPUTE RESOLUTION COMMITTEE (Dispute Board) to resolve any technical differences during the performance of the CONTRACT AGREEMENT.

57.1.1 The PARTIES may agree that the DISPUTE RESOLUTION COMMITTEE shall operate permanently.

57.1.2 The PARTIES may also agree that the functions of the DISPUTE RESOLUTION COMMITTEE be exercised by the Dispute Prevention and Resolution Committee of the Brazil-Canada Chamber of Commerce (CAM-CCBC), hypothesis in which the procedures for the establishment and operation of the DISPUTE RESOLUTION COMMITTEE shall observe the Rules for the Committee for the Prevention and Resolution of Disputes of CAM-CCBC.

57.1.3 In case of conflict between the provisions of the Rules for the Committee for the Prevention and Resolution of Disputes of CAM-CCBC and the provisions of this CONTRACT AGREEMENT, the provisions of this CONTRACT AGREEMENT shall prevail.

57.2 The interested PARTY may request the establishment of the DISPUTE RESOLUTION COMMITTEE from the configuration of the event causing the dispute, through communication addressed to the other PARTY and the INDEPENDENT CERTIFIER.

57.3 Each PARTY shall appoint its representative within a maximum period of 15 (fifteen) days from the request for the establishment of the DISPUTE RESOLUTION COMMITTEE.

57.4 The members of the DISPUTE RESOLUTION COMMITTEE shall be appointed as follows, each having the right to one vote in the resolutions:

- i. one member appointed by the GRANTING AUTHORITY;
- ii. one member by the CONCESSIONAIRE; and
- iii. a member, with proven expertise in the purpose of the divergence, who will occupy the position of Chairman of the DISPUTE RESOLUTION COMMITTEE and will be chosen:
  - a. by the INDEPENDENT CERTIFIER, in the event of disagreements regarding the EFFECTIVE MONTHLY PAYMENT, CAPEX EXPANSION PAYMENT, BONUS ON THE ELECTRICITY BILL, ACCESSORY REVENUE, or technical issues pertaining to the KEY PERFORMANCE STANDARDS.
  - b. by mutual agreement between the PARTIES, in the event of disagreements about the matters presented to the DISPUTE RESOLUTION COMMITTEE.

57.4.1 The INDEPENDENT CERTIFIER or the PARTIES, as the case may be, should appoint the third member of the DISPUTE RESOLUTION COMMITTEE within fifteen (15) days from the requirement to establish the DISPUTE RESOLUTION COMMITTEE.

57.4.2 In the event of absence of appointment of any member of the DISPUTE RESOLUTION COMMITTEE or lack of agreement regarding the appointment of the chairman of the DISPUTE RESOLUTION COMMITTEE, the PARTIES shall obligatorily adhere to the Rules for the Committee for the Prevention and Resolution of Disputes of CAM-CCBC and the respective appointment of the members shall be the responsibility of the Chairman of CAM-CCBC.

57.4.2.1 The appointment of a member of the DISPUTE RESOLUTION COMMITTEE by the Chairman of CAM-CCBC shall occur if the PARTIES or INDEPENDENT CERTIFIER, in the event provided for in Subclause 57.4.iii, have not exercised their right to appointment within the deadline of 90 (ninety) days from the expiry of the term defined in Subclauses 57.3 and 57.3.

57.4.3 The members appointed to compose the DISPUTE RESOLUTION COMMITTEE, in addition to the qualifications provided for Regulation DB – CAM-CCBC Bylaws shall also fulfill the following minimum requirements:

- i. be in full civil capacity;
- ii. not to have, with the PARTIES or with the dispute submitted to it, relations that characterize cases of impediment or suspension of judges, as provided for in the Code of Civil Procedure; and
- iii. have recognized and proven technical knowledge in the subject matter of competence of the DISPUTE RESOLUTION COMMITTEE.

57.4.4 Within five (5) days from the date of the nominations referred to in sub-clauses 57.3 and 57.4.1, the PARTIES may object to the names indicated to be part of the DISPUTE RESOLUTION COMMITTEE, on the grounds of non-compliance with the requirements set forth in sub-clause 57.4.3, also observing the following:

- i. Once the objection has been filed, the contested member and the person who appointed him/her, if applicable, shall have the right to express his/her opinion within five (5) days;
- ii. subsequently, the contesting PARTY shall have a period of five (5) days to respond to the clarifications referred to in the previous sub-clause, opining for the maintenance or withdrawal of the objection presented; and
- iii. if the objection is maintained, the nomination will be invalidated and there will be a period of ten (10) days for the PARTY that had its nomination invalidated to proceed with the new nomination or, if applicable, for the President of CAM-CCBC to nominate the new member.

57.4.4.1 The expiration of the period referred to in sub-clause 57.4.4 will result in the preclusion of the right to challenge a member of the DISPUTE RESOLUTION COMMITTEE, except in the case of the occurrence of an impediment or cause of suspicion.

57.4.5 The Chairman of the DISPUTE RESOLUTION COMMITTEE may appoint a third party with legal training to secretariat the activities and provide advice on the application of the Law.

57.5 After the establishment of the DISPUTE RESOLUTION COMMITTEE, the procedure for resolving disputes shall begin by notifying the other PARTY that a request for a ruling has been submitted to the DISPUTE RESOLUTION COMMITTEE.

57.5.1 All disputes raised shall be forwarded to the established DISPUTE RESOLUTION COMMITTEE and to the defendant, together with a copy of all documents necessary for understanding the claim.

57.5.2 Within a period of 15 (fifteen) days, counting from the receipt of the communication referred to in Subclause 57.5, the defendant shall present its allegations regarding the question raised together with a copy of all documents necessary for the understanding of its allegations.

57.6 The DISPUTE RESOLUTION COMMITTEE may request the PARTIES, in writing, to present complementary statements or documents or to carry out diligence proceedings, such as calling meetings, conducting technical visits to the execution sites of the CONTRACT AGREEMENTS and hearings, questioning the PARTIES or their representatives, calling witnesses to provide clarifications about the controversy under analysis and determining the performance of technical evidence, without prejudice to other measures it deems appropriate.

57.6.1 The probationary instruction referred to in the preceding Sub-Clause shall take place within thirty (30) days from the submission of the allegations referred to in Sub-Clause 57.5.2 **Error! Reference source not found.** and may be extended for an equal period.

57.7 Once the probationary instruction is concluded, and after the production of additional evidence to those presented in the original claim and initial response, the PARTIES will be entitled, after being notified, to present their final allegations within ten (10) days.

57.8 The opinion of the DISPUTE RESOLUTION COMMITTEE shall be issued within a maximum period of 30 (thirty) days, extendable for another 30 (thirty) days, to be counted, as the case may be, from the elapsing of the term referred to in Sub-Clause 57.5.2 or from the elapsing of the term for final allegations referred to in Sub-Clause 57.7, in case of probatory instruction.

57.8.1 The opinions of the DISPUTE RESOLUTION COMMITTEE shall be considered approved if they have the favorable vote of the majority of its members.

57.8.2 The member of the DISPUTE RESOLUTION COMMITTEE who eventually disagrees with the final decision will explain his reasons in writing.

57.8.3 The final decision shall, in an objective and concise manner, contain:

- i. a brief report of the dispute;
- ii. summary of the procedure followed;
- iii. the reasons on which the decision was made;
- iv. the decision regarding the divergence presented; and
- v. the date, place, and signature of all members.

57.8.4 If any member is unable or refuses to sign the final provision, the Chairman is required to certify this fact.

57.8.5 Any PARTY may request the correction of a formal error or the clarification of an omission, question, or contradiction regarding an intermediate or final provision, within 10 (ten) days after its delivery.

57.8.6 The DISPUTE RESOLUTION COMMITTEE reply will be issued within 10 (ten) days, and it may, if it deems appropriate, grant a 10 (ten) day period for the counterpart to manifest on the response given.

57.9 The decision of the DISPUTE RESOLUTION COMMITTEE portrayed in the opinion referred to in Subclause 57.6 shall be binding until an arbitral decision comes, confirming the decision of the DISPUTE RESOLUTION COMMITTEE or modifying it.

57.9.1 If none of the PARTIES requests the initiation of an arbitration procedure within a maximum period of 5 (five) years, counting from the decision of the DISPUTE RESOLUTION COMMITTEE, this shall be considered accepted, with the right of the PARTIES to contest it reaching statute of limitations.

57.9.2 If accepted by the PARTIES, the solution proposed by the DISPUTE RESOLUTION COMMITTEE shall be carried out and signed by the PARTIES and, if it entails a change in the contractual conditions, it shall be incorporated into the CONTRACT AGREEMENT by signing an amendment.

57.10 Participation of the PARTIES in this dispute resolution procedure is mandatory, under penalty of default.

57.11 The submission of any matter to the DISPUTE RESOLUTION COMMITTEE does not exempt the PARTIES from fully complying with their covenants.

57.12 The costs and expenses necessary for the functioning of the DISPUTE RESOLUTION COMMITTEE shall be divided as follows:

- i any costs pertaining to the Registration Fee, Administration Fee and Expenses Fund of the CAM-CCBC Dispute Prevention and Resolution Committee shall be the full responsibility of the CONCESSIONAIRE;
- ii each PARTY shall individually bear the fees of the members of the DISPUTE RESOLUTION COMMITTEE appointed by it;
- iii the other costs and expenses pertaining to the DISPUTE RESOLUTION COMMITTEE shall be advanced by the CONCESSIONAIRE and reimbursed by the GRANTING AUTHORITY by the end of the procedure, in an amount corresponding to 50% (fifty percent) of the amounts spent.

57.13 Except if otherwise agreed between the PARTIES, the DISPUTE RESOLUTION COMMITTEE shall be empowered to deliberate on all matters relating to the applicable procedure

and take the necessary measures for the fulfillment of its functions, in particular, to fill any gaps regarding the rules and conditions for its operation.

57.14 The PARTY interested in the resolution of a dispute may directly initiate arbitration, being exempted from waiting for a final decision by the DISPUTE RESOLUTION COMMITTEE, in the following hypotheses:

i when, for reasons not imputable to the interested PARTY, the DISPUTE RESOLUTION COMMITTEE has not been established within 150 (one hundred and fifty days) from the request referred to in Subclause 57.2.

ii when, for reasons not imputable to the interested PARTY, the DISPUTE RESOLUTION COMMITTEE has not preferred a final decision within the maximum period outlined in Subclause 57.8.

## **58 ARBITRATION AND JURISDICTION**

58.1 Pursuant to Federal Law 9307 dated September 23, 1996, the PARTIES agree to resolve through arbitration any disputes arising from the performance of the CONTRACT AGREEMENT or any contract agreements, documents, attachments or agreements pertaining thereto, provided that they are related to available property rights.

58.2 The PARTIES indicate the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce (CAM-CCBC) as competent to resolve disputes submitted to arbitration, under the terms of this CONTRACT AGREEMENT.

58.2.1 If there is an agreement between the PARTIES or in the event of the extinguishment of the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce (CAM-CCBC), another chamber shall be elected to process the arbitration.

58.2.2 In the event of extinguishment of the chosen institution, the CONCESSIONAIRE shall indicate a triple list of arbitration institutions, and the GRANTING AUTHORITY shall, within 30 (thirty) days from the communication, choose one of them.

58.3 Arbitration decisions shall be based on the substantive laws of Brazil, especially the legislation applicable to the CONTRACT AGREEMENT and the SERVICES.

58.3.1 The arbitration shall be processed according to the rules set forth in the regulation of the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce (CAM-CCBC), in force on the date the arbitration is initiated.

58.4 The arbitration shall be conducted in the MUNICIPALITY, using Portuguese as the official language for the practice of any and all acts.

58.4.1 Technical documents written in other languages may be used, with translation only in case of disagreement between the PARTIES as to their meaning.

58.4.2 At the request of the CONCESSIONAIRE and with the consent of the GRANTING AUTHORITY, the arbitration may be partially bilingual, with decisions produced in Portuguese and English versions, or another foreign language.

58.4.3 If the arbitration is partially bilingual, the PARTIES shall bear the expenses pertaining to the translation of their respective documents, so that these costs shall not compose the procedural costs and expenses for the purpose of the losing party.

58.4.4 If there are discrepancies between the content of the decisions or documents in the Portuguese and foreign language versions, the content of the Portuguese language versions shall prevail.

58.5 The arbitration shall be conducted by 1 (one) arbitrator of recognized suitability and knowledge of the matter to be decided, who shall be chosen by mutual agreement between the PARTIES.

58.6 If there is no consensus between the PARTIES to choose the arbitrator, he shall be appointed by the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce (CAM-CCBC), subject to the applicable terms and conditions provided for in its arbitration regulation.

58.6.1 The arbitrator shall have proven experience in the issue that shall be discussed in the arbitration process.

58.6.2 The arbitrator shall also fulfill the following minimum requirements:

- i. be in full civil capacity; and
- ii. not to have, with the PARTIES or with the dispute submitted to it, relations that characterize cases of impediment or suspension of judges, as provided for in the Code of Civil Procedure.

58.7 The decisions and judgment of the arbitral tribunal shall be final, unappealable, and binding on the PARTIES and their successors.

58.8 The costs of the arbitration shall be paid in advance by the party that files for the initiation of the arbitration procedure. The losing PARTY in the arbitration procedure shall bear all costs, and shall reimburse the winning PARTY for the costs that it may have already borne in the aforementioned procedure, excluding only any legal fees.

58.8.1 In case of partial acceptance of the claim taken to the arbitral tribunal, the costs shall



be divided between the PARTIES, if the court so intends, in proportion to the loss of suit of each one.

58.9 The PARTIES elect the Central Jurisdiction of the District of the MUNICIPALITY to obtain provisional remedy that may be necessary before the institution of the arbitral tribunal; or to execute precautionary measure, decision or award rendered by dispute resolution mechanisms provided for in this CONTRACT AGREEMENT. The record of the arbitration proceedings shall be public, except for cases of secrecy arising from the law, judicial secrecy, industrial secrecy or when essential for the security of society and the State.

58.10 The PARTIES recognize that arbitral awards may be regularly enforced in Brazil, following the procedure for enforcement against the Public Treasury, with the GRANTING AUTHORITY not having any sovereign immunity that inhibits enforcement.

58.11 The controllers may act as assistant co-parties or co-plaintiffs of the CONCESSIONAIRE.

## **CHAPTER XI - PROTECTION OF PERSONAL DATA**

### **59 GENERAL RULES FOR THE PROTECTION OF USERS' PERSONAL DATA**

59.1 The PARTIES represent and warrant that they meet all applicable legislation on privacy and protection of personal data, including, whenever and when applicable, the Federal Constitution, Federal Law 13709/2018, the Civil Code, Federal Law 8078/1990, Federal Law 12965/2014, Decree No. 8771/2016, and other sectoral or general rules on the subject.

59.2 Processing activities involving personal data of USERS and third parties, by any of the PARTIES, shall only be carried out to the extent necessary for the performance of the CONTRACT AGREEMENT, in keeping with the applicable legislation on Personal Data Protection and the rulings of regulatory and supervisory bodies on relevant subjects.

59.3 The CONCESSIONAIRE shall be responsible for protecting the personal data of USERS to which it may have access by virtue of or as a consequence of the performance of this CONTRACT AGREEMENT, including the provision of RELATED ACTIVITIES, through the adoption of technical, physical, and organizational measures of information security, binding it also to the duty of confidentiality and secrecy, as well as ensuring that its employees, consultants, and service providers who, in the exercise of their assignments, have access or knowledge of the information and personal data processed, are, equally and by contract, bound by the duty of professional secrecy.

59.4 The CONCESSIONAIRE shall adopt organizational measures, tools, and technologies that protect the personal data of USERS and third parties from accidental or unlawful destruction, loss, alteration, unauthorized communication or dissemination or access, in addition to ensuring that the environment (physical or virtual) used by it for the processing of personal data is structured in order to meet the security requirements, the standards of good practices and governance and the general principles provided under the law and other applicable regulatory standards.

59.5 The CONCESSIONAIRE shall be fully and individually responsible for any infringement committed by its managers, employees, agents, service providers, subcontractors, third parties with whom it has contracted or any other individual or legal person linked to it, in relation to the provisions of this CONTRACT AGREEMENT and the data protection legislation ("LGPD") or for any incident involving the personal data of USERS and third parties to which it causes.

59.5.1 The CONCESSIONAIRE shall not be liable for any claim or procedural relationship, at the administrative or judicial level, arising from an infringement perpetrated by the GRANTING AUTHORITY in relation to the personal data of USERS and third parties shared by the CONCESSIONAIRE in compliance with the obligations set forth in the legislation and in this CONTRACT AGREEMENT or to which they have access in any other way whatsoever.

## **CHAPTER XII - INTELLECTUAL PROPERTY**

### **60 INTELLECTUAL PROPERTY**

60.1 The CONCESSIONAIRE provides the GRANTING AUTHORITY, free of charge, with all projects, blueprints, plans, documents, and other materials, of any nature, that have been specifically acquired or prepared in the provision of SERVICES, either directly by the CONCESSIONAIRE, or by third parties contracted by it, and that prove necessary:

- i the performance of the functions incumbent upon the GRANTING AUTHORITY or the exercise of the rights to which it is entitled, under the terms of the CONTRACT AGREEMENT; or
- ii the continuity of the adequate provision of the SERVICES.

60.2 The rights to use intellectual property pertaining to the studies and projects prepared to provide the SERVICES shall also be transferred free of charge to the GRANTING AUTHORITY.

60.3 In the event of subsequent alteration of the studies and projects by the GRANTING AUTHORITY, the author shall be communicated, and the records shall be promoted in the competent bodies or entities.

## **CHAPTER XIII – FINAL PROVISIONS**

### **61 FINAL PROVISIONS**

61.1 The non-exercise, or late or partial exercise, of any right to which any of the PARTIES are entitled under the CONTRACT AGREEMENT does not imply waiver, nor does it prevent its subsequent exercise at any time, nor does it constitute novation of the respective obligation or precedent.

61.2 If any provision of the CONTRACT AGREEMENT is considered or declared null, invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the other provisions contained in the CONTRACT AGREEMENT shall not, in any way, be affected or restricted by such fact.

61.2.1 The PARTIES shall negotiate, in good faith, the replacement of invalid, illegal or unenforceable provisions with valid, legal, and enforceable provisions, whose economic effect is as close as possible to the economic effect of the provisions considered invalid, illegal or unenforceable.

61.3 Each representation and warranty made by the PARTIES in this CONTRACT AGREEMENT shall be treated as an independent representation and warranty, and the responsibility for any failure shall only be attributed to the one that made it and will not be altered or modified by its knowledge by any of the PARTIES.

61.4 Communications and notifications between the PARTIES shall be made in writing and submitted: (i) by hand, provided they are proven by protocol; (ii) by fax, e-mail or other remote means, provided reception is proven; or (iii) by registered mail, return receipt requested.

61.5 All documents pertaining to the CONTRACT AGREEMENT and the CONCESSION shall be written in, or officially translated into, the Portuguese language. In case of any conflict or inconsistency, the Portuguese language version shall prevail.

61.6 The deadlines established in days, in the CONTRACT AGREEMENT, shall be counted in calendar days, unless expressly reference is made to business days. In all cases, the first day shall be excluded and the last day shall be included.

61.7 The amendments to this CONTRACT AGREEMENT shall be in writing and shall be disclosed and made available to the public on the WEBSITE and on the ONLINE PORTAL.

61.7.1 For the execution of the amendments, a qualified electronic signature (ICP-Brazil standard) or a digital certification capable of verifying its authenticity shall be used.

61.7.2 It waives the execution of an amendment, and may be registered by simple apostille, in the following situations:

- i. variation of the CONTRACT AGREEMENT VALUE to incorporate the adjustment or renegotiation of prices provided for in the CONTRACT AGREEMENT itself;
- ii. updates, compensation or financial penalties arising from the payment conditions provided for in the CONTRACT AGREEMENT;
- iii. commitment of supplementary budget appropriations up to the limit of their corrected value.

61.7.3 The conclusion of the amendment is a condition for the performance, by the CONCESSIONAIRE, of the services determined by the GRANTING AUTHORITY in the course of the performance of the CONTRACT AGREEMENT, except in cases of justified need to advance its effects, in which case the conclusion shall occur within a maximum period of 1 (one) month.

61.8 The Central Jurisdiction of the District of the MUNICIPALITY is hereby elected to resolve any disputes arising from this CONTRACT AGREEMENT that cannot be resolved by the dispute resolution mechanisms provided for in the CONTRACT AGREEMENT.

In witness whereof, the PARTIES sign the CONTRACT AGREEMENT in 1 (one) digital counterpart.

Foz do Iguaçu, [●] [●], [●].

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GRANTING AUTHORITY

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CONCESSIONAIRE

Witnesses:

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Name:

Individual Taxpayer Number

(CPF):

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Name:

Individual Taxpayer Number

(CPF):