



**ESTADO DA BAHIA
PREFEITURA MUNICIPAL DE ALAGOINHAS
GABINETE DO PREFEITO**

CONCESSION CONTRACT No. 01/2023

ADMINISTRATIVE CONCESSION
CONTRACT FOR STREET LIGHTING
SERVICES PROVISION IN THE
MUNICIPALITY OF
ALAGOINHAS/BA, INCLUDING THE
MODERNIZATION, EXPANSION,
EFFICIENCY, MANAGEMENT,
OPERATION AND MAINTENANCE
OF THE MUNICIPAL NETWORK OF
STREET LIGHTING

On the [●] days of the month of [●] of the year [●], at the headquarters of the Municipality of Alagoinhas, CNPJ nº [●], in this city, attended on the one hand, [●], hereinafter referred to as GRANTOR, and on the other hand, [●], Specific Purpose Society specially constituted for the execution of this Administrative Concession Contract ("CONTRACT"), with address on [●], [●]/[●], in this act represented by Mr. [●], in the form of its constitutive acts, hereinafter referred to as the CONCESSIONAIRE,

Considering:

- 1) That the GRANTOR, authorized by Law No. 2661, January 10th of 2023, carried out a bidding procedure in the modality of international public competition for delegation of STREET LIGHTING services provision in the Municipality of Alagoinhas, including modernization, expansion,



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development, management, operation and maintenance of the MUNICIPAL NETWORK OF STREET LIGHTING;

- 2) That by this regular bidding procedure was selected(s) the company(s) [●], published in the Official Gazette of the Municipality ("DOM") of the day [●] of [●] of [●]; and
- 3) That, in the manner of what provides for public competition notice no. 01/2023 ("NOTICE"), the company(s) [●], winner of alluded to public competition constituted the CONCESSIONAIRE, having met the requirements for the CONTRACT signing established in the NOTICE,

the Parties ("PARTIES") among themselves, fair and agreed, the conditions expressed in this Administrative Concession Contract ("CONTRACT"), which shall be governed by the following rules and clauses.



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CHAPTER I - GENERAL PROVISIONS

1 APPLICABLE LEGISLATION

1.1 The CONCESSION will be governed by the rules provided for in this CONTRACT and its ANNEXES, and by Municipal Law No. 2458, of December 28, 2018; by Federal Law No. 11,079, of December 30, 2004; by Federal Law No. 8,987, of February 13, 1995; by Federal Law No. 8,666, of June 21, 1993, and other rules in force on the matter.

2 INTERPRETATION

2.1 In case of divergence among the rules provided for in the APPLICABLE LEGISLATION, the NOTICE, this CONTRACT and its ANNEXES, the following shall prevail:

2.1.1 First, the legal rules in force at the time of the publication of the NOTICE;

2.1.2 Secondly, the rules of the body of the NOTICE;

2.1.3 Third, the rules of the CONTRACT;

2.1.4 Fourthly, the rules of the remuneration system, as provided for in ANNEXES 5,7 and 8;

2.1.5 Fifthly, the other rules of the other ANNEXES of the CONTRACT, including the rules set out in ANNEXES 5, 7 and 8, not related to the remuneration system.

a. In case of divergence among the ANNEXES, those drawn up by the GRANTOR shall prevail and, in case of divergence among



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ANNEXES drawn up by the GRANTOR, the most recent date shall prevail.

- b. The ANNEXES prepared by the CONCESSIONAIRE and expressly approved by the GRANTOR shall be equated to the ANNEXES prepared by the GRANTOR for the purposes of the previous subclause.
- c. The titles assigned to the clauses and sub-clauses of the CONTRACT and its ANNEXES serve only as a reference and must not be considered for the purposes of interpreting the provisions contained in the corresponding clauses and sub-clauses.

2.2 Except where the context does not allow, the following rules apply to the interpretation of the CONTRACT:

2.2.1 The CONTRACT definitions shall also be applied in singular and plural forms; and

2.2.2 References to the CONTRACT or any other document shall include any changes and additives that may be concluded between the PARTIES.

3 ANNEXES

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



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- 3.1.1 ANNEX 1 - PUBLIC COMPETITION NOTICE No. 01/2023 AND ITS ANNEXES;
- 3.1.2 ANNEX 2 - CONTRACT DEFINITIONS AND ITS ANNEXES;
- 3.1.3 ANNEX 3 - CONCESSIONAIRE CONSTITUTIVE ACTS;
- 3.1.4 ANNEX 4 - WINNING BIDDER'S COMMERCIAL PROPOSAL;
- 3.1.5 ANNEX 5 - TECHNICAL SPECIFICATIONS;
- 3.1.6 ANNEX 6 - ENVIRONMENTAL GUIDELINES;
- 3.1.7 ANNEX 7 - PERFORMANCE MEASUREMENT SYSTEM;
- 3.1.8 ANNEX 8 - PAYMENT MECHANISMS;
- 3.1.9 ANNEX 9 - LIST OF EXISTING ASSETS;
- 3.1.10 ANNEX 10 - TERM FOR TRANSFER OF EXISTING ASSETS;
- 3.1.11 ANNEX 11 - GENERAL CONDITIONS OF INSURANCE POLICIES;
- 3.1.12 ANNEX 12 - GENERAL CONDITIONS OF GUARANTEE OF THE CONTRACT EXECUTION;
- 3.1.13 ANNEX 13 - GUIDELINES FOR HIRING THE DEPOSITORY FINANCIAL INSTITUTION;
- 3.1.14 ANNEX 14 - INDEPENDENT VERIFIER;
- 3.1.15 ANNEX 15 - REGISTRATION OF THE STREET LIGHTING NETWORK;
- 3.1.16 ANNEX 16 - GUIDELINES FOR SPECIAL LIGHTING;
- 3.1.17 ANNEX 17 - CLASSIFICATION OF MUNICIPALITY ROADS; and
- 3.1.18 ANNEX 18 - ACCESS GUIDELINES TO THE DISTRIBUTION NETWORK.



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CHAPTER II - ELEMENTS OF THE CONCESSION

4 OBJECT

- 4.1 The object of the CONTRACT is the delegation, through an Administrative Concession, of the provision of public lighting services in the Municipality of Alagoinhas, including the installation, improvement, development, modernization, expansion, energy efficiency, operation and maintenance of the set of equipment that make up the infrastructure of the MUNICIPAL STREET LIGHTING NETWORK, including all STREET LIGHTING POINTS located within the territorial limits of the Municipality of Alagoinhas, in the form of the guidelines and minimum specifications contained in ANNEX 5 and compliance with the parameters of the PERFORMANCE MEASUREMENT SYSTEM provided for in ANNEX 7.
- 4.2 The following activities are composed of the SUBJECT matter of this CONTRACT, subject to the specifications of the CONTRACT and ANNEXES:
- 4.2.1 Expansion and modernization: preparation of plans, projects, acquisition of equipment and works and services execution necessary for the updating, adequacy and expansion of the MUNICIPAL NETWORK OF STREET LIGHTING, to meet the obligations, specifications and quality parameters provided for in this CONTRACT and in its ANNEXES, including the implementation of REMOTE CONTROL SYSTEM in the form provided for in Annex 5;



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4.2.2 Energy Efficiency: preparation of plans, projects, acquisition of equipment and execution of works and services in the MUNICIPAL NETWORK OF STREET LIGHTING necessary to meet the goals of reducing the consumption of electricity consumption of ANNEX 5; and

4.2.3 Management, operation and maintenance: management, operational and predictive, preventive and corrective and emergency maintenance activities of the MUNICIPAL NETWORK OF STREET LIGHTING, to meet the specifications and quality parameters provided for in the CONTRACT and its ANNEXES.

4.3 The ABOVE OBJECT shall be implemented by observing the following PHASES:

4.3.1 PHASE 0 – PRELIMINARY;

4.3.2 PHASE I - TRANSITION OF THE MUNICIPAL NETWORK OF STREET LIGHTING;

4.3.3 PHASE II - MODERNIZATION OF THE MUNICIPAL NETWORK OF STREET LIGHTING;

4.3.4 PHASE III - OPERATION OF THE MUNICIPAL NETWORK OF STREET LIGHTING;

5 TERM

5.1 This CONTRACT shall be responsible for a period of thirteen (13) years, counted from the EFFECTIVE DATE, and may be extended under the terms and conditions of Federal Law No. 11,079 of December 30, 2004.



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5.2. The CONCESSION TERM may be extended, after evaluation and prior consent of the GRANTOR, based on guaranteeing the continuity and adequacy of the SERVICES object of this AGREEMENT, in the cases of:

5.2.1. Failure to obtain a GENERAL PERFORMANCE INDEX lower than 0.4 (zero point four) for 2 (two) consecutive quarters or for 5 (five) non-consecutive quarters;

5.2.2. Technological adequacy, with the consequent replacement of the REVERSIBLE ASSETS to the regulatory requirements foreseen at the time of the extension;

5.2.3. Making new investments, as determined by the GRANTOR;

5.2.4. Adequacy to environmental guidelines, observing ANNEX 6 of ENVIRONMENTAL GUIDELINES;

5.3. When the extension is requested by the CONCESSIONAIRE, appropriate documentation must be attached to prove the effective need for contractual extension.

5.4. Compliance with the above requirements does not bind the GRANTOR to the extension of the CONCESSION term, being only an elective condition for that.

5.5. Once the formalities set forth above have been fulfilled, the GRANTOR will decide on the extension, within a maximum period of 120 (one hundred and twenty) days, counting from the CONCESSIONAIRE's expression of interest.



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6 CONDITIONS OF VALIDITY OF THE CONTRACT

- 6.1 At the time of CONTRACT signing, from the date of publication of its statement in the DOM, the PARTIES shall initiate the prior measures and procedures necessary for the EFFECTIVE DATE.
- 6.2 This CONTRACT shall comply with the formalities provided for in the applicable legislation to become effective and effective, additionally considering the events of the subclauses below to initiate the EFFECTIVE DATE, which are:
- 6.2.1 The conclusion of the CONTRACT WITH THE DEPOSITORY FINANCIAL INSTITUTION, in accordance with the terms and conditions of ANNEX 13;
- 6.2.2 The hiring of the INDEPENDENT VERIFIER by the CONCESSIONAIRE, in accordance with the terms and conditions of ANNEX 14; and
- 6.2.3 The contracting, by the CONCESSIONAIRE, of the insurance policies provided for in this CONTRACT, in accordance with the terms and conditions of ANNEX 11.
- 6.3 The EFFECTIVE DATE of the CONTRACT shall only begin, for the purposes of this CONTRACT, in particular the TERM OF THE CONCESSION, after the realization of all the conditions described in the subclauses above, drafting, between the PARTIES, the INITIAL ORDER OF SERVICES, the extract of which shall be published, by the GRANTOR, in the DOM.



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- 6.3.1 Once all the events and formalities for the EFFECTIVE DATE have been completed, the GRANTOR's delay to sign and publish the INITIAL ORDER OF SERVICES for more than 30 (thirty) days gives the CONCESSIONAIRE the right to terminate the CONTRACT, in accordance with the provisions of the subclause below.
- 6.3.2 In the event of delay to the signing and publication of the INITIAL ORDER OF SERVICES, as provided for in the sub-clause 6.3.1, it is configured non-compliance with the contractual rules by the GRANTOR, for all purposes of law, and authorized to the CONCESSIONAIRE to immediately suspend any acts and investments for SERVICES assumption, also leaving authorized the CONCESSIONAIRE to prepare, in its sole discretion, Contingent Return Plan, for the early termination of the CONCESSION, which shall be fully resumed by the GRANTOR, within 60 (sixty) days, from the protocol date of the Contingent Return Plan with the GRANTOR.
- 6.4 From the EFFECTIVE DATE of the CONTRACT, the amounts defined in ANNEX 13 shall be deposited in the RESERVE ACCOUNT, according to the conditions established.

7 CONTRACT VALUE

- 7.1 The value of the CONTRACT is BRL [●] ([●]), having as reference the date of delivery of the COMMERCIAL PROPOSAL, which corresponds to the sum of the total projected revenues, arising from the concession operation, in value at constant prices, based on the amount to be perceived by the payment of the MAXIMUM MONTHLY PAYMENT, with any and all remuneration being made in national currency (Real).



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7.2 The amount contemplated in the subclause above has merely indicative effect and cannot be used by any of the PARTIES to plead to remake the economic and financial balance of the CONTRACT.

8 ASSETS LINKED TO THE CONCESSION

8.1 LINKED ASSETS are those that:

8.1.1 Belong to the GRANTOR and are transferred to the CONCESSIONAIRE, according to the BASE REGISTRATION signed by the PARTIES in the form of this CONTRACT, contained in Clause 14.3.2; and

8.1.2 Belong to the CONCESSIONAIRE, whether purchased and / or built for the purpose of providing the SERVICES.

8.2 For the purposes of the CONTRACT, THE LINKED ASSETS that correspond to the specifications contained in ANNEX 9 shall be considered REVERSIBLE ASSETS.

8.3 The LINKED ASSETS, in particular the REVERSIBLE ASSETS, shall be permanently inventoried and updated by the CONCESSIONAIRE.

8.4 Shall belong to the GRANTOR all works, improvements, upgrades and all equipment and software performed by the CONCESSIONAIRE in relation to the REVERSIBLE ASSETS indicated in ANNEX 9.

8.5 The CONCESSIONAIRE shall use the LINKED ASSETS exclusively to execute the SUBJECT MATTER OF THE CONTRACT.



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- 8.6 The GRANTOR may make use of the MUNICIPAL NETWORK OF STREET LIGHTING, except as provided in Sub-Clause 27.3.2, for purposes not provided for in this CONTRACT, provided that the said use does not compromise the SERVICES provided by the CONCESSIONAIRE and that the economic burden stemming from this exceptional use are borne by the GRANTOR itself.
- 8.6.1 The paid use of the MUNICIPAL NETWORK OF STREET LIGHTING by third parties is prohibited, except in the case of the exploitation of RELATED ACTIVITIES, in accordance with the terms of this CONTRACT.
- 8.7 The CONCESSIONAIRE must carry out the PREDICTIVE, PREVENTIVE, CORRECTIVE and EMERGENCY MAINTENANCE of the LINKED ASSETS and REVERSIBLE ASSETS, in order to keep them in appropriate conditions of use, respecting the technical standards related to health, safety, hygiene, environmental sustainability, comfort, among other parameters essential to their good use.
- 8.7.1 In the event of breakage, loss or assets loss referred to in this CONTRACT, the CONCESSIONAIRE shall repair, replace or replace the property by another with operating conditions and operation identical or superior to the replaced, in the provisions of ANNEX 5.
- 8.7.2 THE GRANTOR may inspect the LINKED ASSETS, including the REVERSIBLE ASSETS, and may also, in accordance with Federal Law No. 11,079, of December 30, 2004, with retain payments to the private partner, in the amount necessary to repair any irregularities detected in the REVERSIBLE ASSETS.



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- 8.8 Once the life cycle of the LINKED ASSETS and REVERSIBLE ASSETS has elapsed, or if it is necessary to replace them, for any reason, the CONCESSIONAIRE shall proceed to its immediate replacement by ASSETS of equal or superior quality, in view of the continuity of SERVICES provision and the duty of permanent technological timeliness of said assets.
- 8.9 The disposal, replacement, discard or transfer of ownership of reversible ASSETS is permitted, provided that the CONCESSIONAIRE proceeds to its immediate replacement, under the conditions provided for in the CONTRACT and in the ANNEXES.
- 8.9.1 The possible disposal of REVERSIBLE ASSETS of which the sub-clause above is treated may be carried out by the CONCESSIONAIRE, upon prior consent of the GRANTOR, by means of a competent administrative act issued by the GRANTOR with the object of declaring unserviceability or the authorization of the release of a certain REVERSIBLE ASSET from the GRANTOR's assets of the, in accordance with the legislation in force.
- 8.9.2 Gross revenue stemming from the eventual disposal of REVERSIBLE ASSETS shall be shared between the CONCESSIONAIRE and the GRANTOR in the proportion of 30% (thirty percent) of the gross revenue ascertained from the disposal, on GRANTOR'S behalf.
- 8.9.3 The sale of LINKED ASSETS whose origin comes from assignment by the GRANTOR must observe, as appropriate, all the steps of the relevant legislation.
- 8.10 The REVERSIBLE ASSETS belonging to or by the CONCESSIONAIRE acquired or constructed for the purpose of performing this CONTRACT



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must be fully amortized and depreciated within the CONCESSION TERM, and without indemnification.

CHAPTER III - RIGHTS AND OBLIGATIONS OF THE PARTIES

9 LICENSES AND AUTHORIZATIONS

- 9.1 The CONCESSIONAIRE shall prepare the necessary documentation, submit to the competent authorities the request to obtain and monitor all processing of the application until the regular approval of all licenses, authorizations and permits necessary for the full execution of the object of the CONCESSION, the SERVICES development and the performance of RELATED ACTIVITIES, and must comply with all the necessary measures, accordance with the legislation in force, as well as to bear all expenses and other costs involved.
- 9.2 Notwithstanding the provisions of Sub-Clause 9.1 above, the GRANTOR shall be responsible for the risk of any delays resulting from the delay in obtaining licenses and permits when the deadlines for analysis of the body responsible for issuing the licenses exceed the legal provisions or the schedule originally agreed in this AGREEMENT, unless arising from a fact attributable to the CONCESSIONAIRE.



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9.2.1 Provided that the applications have been duly instructed by the CONCESSIONAIRE, the delay in obtaining the licenses, authorizations and permits, thus understood as their non-dispatch or dispatch after the deadline initially established by the competent authority, may lead to the extension of the deadlines of the CONCESSION MILESTONES provided for in ANNEX 5, as well as the recomposition of the economic and financial balance of the CONTRACT, as the case may be.

10 INTERFACE WITH THE DISTRIBUTOR COMPANY

10.1 INTERFACE ACTIVITIES WITH THE DISTRIBUTOR COMPANY

10.1.1 The MUNICIPALITY shall provide for the assignment to the CONCESSIONAIRE of its obligations and prerogatives of access to the electric power distribution system of the DISTRIBUTOR COMPANY, including the partial or total assignment of the agreements currently in force with the DISTRIBUTOR COMPANY.

10.1.2 With the assignment referred to in Clause 10.1.1, the CONCESSIONAIRE may act, on its own behalf, with the DISTRIBUTOR COMPANY and other competent bodies, and must observe all obligations and procedures provided for in the terms assigned and/or jointly signed, as well as in the current regulation, ensuring the adequate provision of the SERVICES and compliance with the specifications and quality parameters provided for in this AGREEMENT and its ANNEXES.



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10.1.3 The PARTIES agree that the absence of signature of the assignment instruments referred to in Clause 10.1.1 above may generate rights of financial compensation from one PARTY to the other, giving rise to claims for economic and financial rebalancing of the CONTRACT if there is damage to any of the PARTIES.

10.1.4 The CONCESSIONAIRE shall also release and keep the GRANTOR harmless from any liability arising from the instruments assigned.

10.1.5 The assumption of additional responsibilities that generate or may generate any additional risks or burdens to the GRANTOR may only be carried out with its prior authorization.

10.1.6 The assignment of obligations and operational prerogatives by the GRANTOR, as provided for in the above Clauses, does not exclude the CONCESSIONAIRE's responsibility for the adequate provision of the SERVICES.

10.1.7 The PARTIES further agree that the GRANTOR shall enter into an instrument with the DISTRIBUTOR COMPANY to improve the regulation of the interface of the MUNICIPAL STREET LIGHTING NETWORK with the DISTRIBUTOR COMPANY, either by means of an amendment to any contract and/or agreement in force, or by means of a separate instrument, subject to the terms and conditions of this AGREEMENT, its ANNEXES and art. 26-A and following, of Normative Resolution No. 1,000/2021, of the National Electric Energy Agency - ANEEL, observing the following conditions:



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- (i) The GRANTOR shall enter into the instrument mentioned in Clause 10.1.7 until the end of PHASE I, referred to in Clause 14.2 of this AGREEMENT.
- (ii) The CONCESSIONAIRE shall appear as an intervening party to the instrument mentioned in Clause 10.1.7.
- (iii) The PARTIES agree that the GRANTOR will be exempted from the obligation of Clause 10.1.7, if legislation and/or supervening regulation is published that incorporates the guidelines of the CONTRACT and its ANNEXES, making them mandatory for the relationship of the distributors with the services street lighting

10.2 ACTIVITIES OF CONTRACTS WITH THE DISTRIBUTOR COMPANY

10.2.1. The contract for the supply of electricity for STREET LIGHTING signed by the GRANTOR with the DISTRIBUTOR COMPANY, as well as the responsibility for paying the corresponding electricity bills, will remain under the ownership of the GRANTOR, with the CONCESSIONAIRE only taking the necessary measures to reduce consumption of electricity, as provided for in Clause 10.2.2, as well as any rights and/or obligations that imply the correct operation of the MUNICIPAL STREET LIGHTING NETWORK.

10.2.2. Without prejudice to the assignment referred to in Clause 10.1.1, the GRANTOR, in this act, empowers the CONCESSIONAIRE to act directly in the electricity supply contract and in other agreements currently in force entered into with the DISTRIBUTOR COMPANY, or in other instruments that may come to officially replace them, being authorized to carry out, together with the DISTRIBUTOR COMPANY and other competent bodies, all activities necessary to reduce electricity consumption, including, but not limited to:



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- (i) Request to update the DISTRIBUTOR COMPANY's registration database for the purpose of billing electricity for the MUNICIPAL STREET LIGHTING NETWORK;
- (ii) Measures for the measurement of electricity consumption through the TELEMANAGEMENT SYSTEM, including any approvals and approvals with the relevant bodies, according to the legislation and regulations in force by ANEEL and INMETRO on this activity;
- (iii) Measures to change the MUNICIPAL STREET LIGHTING NETWORK, in compliance with the provisions of this CONTRACT, especially PHASE II;
- (iv) Presentation of studies and technical projects, as well as the request for measures necessary to reduce the time to be considered for daily consumption; and
- (v) Any other measures aimed at reducing energy consumption.

10.2.3. The assumption of additional responsibilities that generates or may generate any additional risks or burdens to the GRANTOR may only be carried out with its prior authorization.

10.2.3.1 The CONCESSIONAIRE shall be fully liable for the risks and burdens generated to the GRANTOR arising from any agreements entered into between the CONCESSIONAIRE and the DISTRIBUTOR COMPANY, subject to the terms of Sub-Clause 10.2.3.

10.2.4. All documents, studies and requests to be issued by the CONCESSIONAIRE, as defined in the contract with the DISTRIBUTOR COMPANY, must be previously sent to the GRANTOR, which must approve them within 15 (fifteen) days.



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10.2.4.1 In the event of non-manifestation by the GRANTOR within the period indicated above, the issuance of the respective document by the CONCESSIONAIRE, in all its form and content, will be considered approved.

10.2.5. If the CONCESSIONAIRE is prevented from acting with the DISTRIBUTOR COMPANY regarding the electric energy supply contract and/or other instruments necessary for the interface with the DISTRIBUTOR COMPANY, aiming at the faithful execution of the AGREEMENT, the GRANTOR shall take all measures applicable to reverse such situation, including legal actions, if applicable, without prejudice to any measures already taken or to be taken by the CONCESSIONAIRE.

10.2.6. The GRANTOR will make its best efforts to support the CONCESSIONAIRE with its claims and requests to the DISTRIBUTOR COMPANY, especially for the analysis and approval within a reasonable period of documents and information sent by the CONCESSIONAIRE, and shall, whenever it deems necessary, intercede with the DISTRIBUTOR COMPANY and regulatory entity, in favor of the CONCESSIONAIRE.

10.3. RESPONSIBILITIES IN THE INTERFACE WITH THE DISTRIBUTOR COMPANY

10.3.1. The CONCESSIONAIRE will not be held responsible and will not have its GENERAL PERFORMANCE INDEX and EFFECTIVE MONTHLY CONSIDERATION impacted, in the following cases:

- (i) Failures or interruptions in the distribution of electric energy, including those resulting from blackout, rationing or blackout within the scope of the national electric system, provided that they were not caused by the action or omission of the CONCESSIONAIRE; and



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(ii) Failures in the provision of SERVICES resulting from delays in obtaining authorizations from the DISTRIBUTOR COMPANY for modernization, efficiency and expansion of the MUNICIPAL STREET LIGHTING NETWORK, observing the deadlines set in this CONTRACT and its ANNEXES, as well as the allocation of risks in Clause 39 of this AGREEMENT, provided that the requests have been correctly substantiated and instructed by the CONCESSIONAIRE and that the CONCESSIONAIRE has provided all the activities and requirements provided for in the rules and agreements in force, and provided that the denial is not due to the CONCESSIONAIRE's fault or omission.

(iii) Any delay in approvals by the DISTRIBUTOR COMPANY, as mentioned in the above Clause, may also give rise to the rebalancing of the economic-financial equation of the CONTRACT, provided that damage to the affected PARTY is proven.

10.3.2. The CONCESSIONAIRE shall make its best efforts for the prompt action of the DISTRIBUTOR COMPANY aiming at the registration adequacy of electric energy billing. In the event of any omission or delay in the approval of the registration changes used to define the billing of the electricity charged by the DISTRIBUTOR COMPANY for the SERVICES, considering the terms set forth in this CONTRACT and its ANNEXES, the CONCESSIONAIRE shall not be entitled to any claim for economic rebalancing- financial related to the BONUS ON THE ENERGY ACCOUNT, which shall continue to be calculated in accordance with ANNEX 7.

11 URBAN AND ENVIRONMENTAL RESPONSIBILITY

11.1 The responsibility for the existing environmental liabilities until the EFFECTIVE DATE of the CONTRACT shall be the GRANTOR.



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11.2 The CONCESSIONAIRE shall be responsible for the environmental liabilities generated after the EFFECTIVE DATE, referring to events or facts related to SERVICES provision and the exploitation of RELATED ACTIVITIES.

11.2.1 The CONCESSIONAIRE shall be responsible for ensuring the proper disposal, disposal, sorting, transportation, storage and use of waste originating in the CONCESSION, including those arising from reverse logistics, as determined in ANNEX 6, as well as in the provisions of applicable federal, state and municipal legislation and in the requirements regarding authorizations and necessary for this purpose, including the prior environmental license, if applicable.

11.2.2 The CONCESSIONAIRE shall be responsible for the compliance of maintenance and adequacy of the MUNICIPAL NETWORK OF STREET LIGHTING to prevent impacts or damage to buildings and monuments declared as historical and / or cultural heritage.

12 EXPROPRIATIONS, SERVICE AND ADMINISTRATIVE LIMITATIONS

12.1 Responsibility for the costs and enforceable acts relating to expropriations, servitudes and administrative limitations necessary for SERVICES provision shall be the GRANTOR.

12.1.1 The CONCESSIONAIRE shall not be responsible for the effects resulting from the delay in the realization of expropriations, servitudes, administrative limitations or, also, the instalment and regularization of registration of the properties, in the form of the above subclause.



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13 PHASE 0 - PRELIMINARY

13.1 Phase 0, involving the preparation for SERVICES assumption, shall last for a period of 120 (one hundred and twenty) days, and may be extended at the exclusive discretion of the PARTIES, by an additive term to the CONTRACT.

13.1.1 Within 90 (ninety) days of the DATE OF THE VALIDITY, the CONCESSIONAIRE must present, to the GRANTOR and the INDEPENDENT VERIFIER, the OPERATION AND MAINTENANCE PLAN, in accordance with the terms of ANNEX 5.

13.1.2 Within 15 (fifteen) days of its receipt, the INDEPENDENT VERIFIER shall submit to the GRANTOR and the CONCESSIONAIRE an opinion on the conformity of the OPERATION AND MAINTENANCE PLAN, specifically regarding adherence to the provisions of ANNEX 5.

13.1.2.1 The GRANTOR will have a period of 15 (fifteen) business days to approve the OPERATION AND MAINTENANCE PLAN.

(i) In the event of non-compliance, the OPERATION AND MAINTENANCE PLAN must be reviewed and presented within 7 (seven) days by the CONCESSIONAIRE, and a new opinion on the Plan's compliance must be issued within the same period.

13.1.2.2 Once approved, the OPERATION AND MAINTENANCE PLAN will become an integral part of the CONTRACT as an ANNEX.

13.2 Additionally, as a condition for starting PHASE I, the CONCESSIONAIRE must have proven the implementation and operation of the definitive OPERATIONAL CONTROL CENTER, as provided for in ANNEX 5.



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13.2.1 The OPERATIONAL CONTROL CENTER must be implemented and be able to operate at the end of PHASE 0, being, in this PHASE 0, it is unnecessary for the OPERATIONAL CONTROL CENTER to operate any REMOTE MANAGEMENT SYSTEM, which will only be required from the CONCESSIONAIRE with the advent of PHASE II modernization.

13.2.2. After implementing the OPERATIONAL CONTROL CENTER, the CONCESSIONAIRE will notify the GRANTOR, with a copy to the INDEPENDENT SURVEYOR, to carry out the measurement and verification and issue the OPERATIONAL CONTROL CENTER ACCEPTANCE TERM.

13.3 Deliver the OPERATION AND MAINTENANCE PLAN in accordance with ANNEX 5 and, once the implementation and operation of the OPERATIONAL CONTROL CENTER is proven, measures are taken to close PHASE 0, with the assumption of the SERVICES by the CONCESSIONAIRE.

13.4 Once the milestones of Sub-Clause 13.3 above are reached, the GRANTOR shall adopt all measures necessary for the CONCESSIONAIRE to take over the SERVICES, adopting, among others, the measures provided for in the Sub-Clauses below:

13.4.1 Assignment of the LINKED ASSETS from the GRANTOR to the CONCESSIONAIRE, through the signature, by the PARTIES, of the SERVICE DELIVERY AGREEMENT and the ASSET TRANSFER AGREEMENT.



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13.4.2 The termination, by the GRANTOR, until the end of PHASE 0 and before the beginning of PHASE I, of contracts with third parties that conflict with the PURPOSE of the CONTRACT.

13.5 If the GRANTOR does not complete the activities provided for in the above Clauses, within 2 (two) months from the deadline indicated for the end of PHASE 0, the PARTIES will carry out the extension of the deadline, through an extraordinary review of the CONTRACT, with the restoration of the balance contractual economic-financial, as provided for in this AGREEMENT.

13.6. After signing the SERVICE DELIVERY AGREEMENT, PHASE I will begin and the CONCESSIONAIRE will assume the provision of the SERVICES in 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 AGREEMENT and its ANNEXES.

14 PHASE I - TRANSITION OF THE MUNICIPAL NETWORK OF STREET LIGHTING

14.1 On the 1st (first) day from the beginning of Phase I, the CONCESSIONAIRE shall assume the entire operation of the MUNICIPAL NETWORK OF INITIAL STREET LIGHTING, as provided for in its OPERATION AND MAINTENANCE PLAN and in compliance with the obligations and specifications of this CONTRACT and its ANNEXES and shall receive, monthly, the amount of the EFFECTIVE MONTHLY PAYMENT.

14.2 Phase I shall last up to 60 (sixty) days from the signing of the TERM OF SERVICE DELIVERY and the TERM OF ASSETS TRANSFER, as sub-



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clause above, and may be extended at the sole discretion of the PARTIES, by means of an additive term to the CONTRACT.

14.2.1 Within 20 (twenty) days of the signing of the TERMS OF DELIVERY OF THE SERVICES and THE TERM OF TRANSFER OF THE ASSETS, the CONCESSIONAIRE shall present the MODERNIZATION PLAN TO THE GRANTOR and the INDEPENDENT VERIFIER, in accordance with the terms of ANNEX 5.

14.2.2 Within up to 30 (thirty) days, counted from the receipt of the MODERNIZATION PLAN, the GRANTOR must express its opinion about its approval or request the necessary adjustments, demonstrating any failures and/or non-compliance with the applicable rules and/or legislation, of the CONTRACT and its ANNEXES, and the CONCESSIONAIRE must carry out the requested adjustments within 15 (fifteen) days.

14.2.3 After rectifying the proposed changes, the GRANTOR will have 15 (fifteen) days for final approval.

14.2.4 It is incumbent upon the INDEPENDENT SURVEYOR to provide technical support to the GRANTOR in the validation of the OPERATION AND MAINTENANCE PLAN and MODERNIZATION PLAN.

14.3. As of the EFFECTIVE DATE, the CONCESSIONAIRE shall prepare and submit the BASE REGISTRATION to the GRANTOR, observing the procedure below.

14.3.1. The deadline for submission of the BASE REGISTRATION will occur within 15 (fifteen) days from the beginning of PHASE I.



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- (i) The BASE REGISTRATION must be presented in a consolidated form, containing a detailed description of the SERVICES, as provided for in ANNEX 5, observing the technical standards and applicable legislation, as well as the guidelines provided for in the AGREEMENT and its ANNEXES.
- (ii) The GRANTOR must express its opinion, within 15 (fifteen) days from the receipt of the BASE REGISTRATION, about its approval or the request for the necessary adjustments, demonstrating, as the case may be, any failures and/or non-compliance of the applicable rules and/or legislation, the CONTRACT and/or its ANNEXES, and the CONCESSIONAIRE must carry out the requested adjustments within 10 (ten) days.

14.3.2. Once approved, the BASE REGISTRATION will become an integral part of the AGREEMENT, as ANNEX.

14.3.3. The approval of the BASE REGISTRATION and the MODERNIZATION PLAN will be a precedent condition for the beginning of PHASE II.

14.3.4. The PARTIES shall be entitled to recompose the economic-financial balance of the CONTRACT, according to the formula defined in Clause 43.7, in the event that the number of STREET LIGHTING POINTS verified in the BASE REGISTRATION is below the LOWER RANGE (FI) or above the UPPER RANGE (FS) for each STREET LIGHTING POINT GROUP.

**15 PHASE II - MODERNIZATION OF THE MUNICIPAL NETWORK OF
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- 15.1 After the fulfilment of the activities foreseen for Phase I and compliance with the suspensive requirements for the beginning of Phase II, the CONCESSIONAIRE shall begin the execution of the modernization and efficiency services of the MUNICIPAL NETWORK OF STREET LIGHTING, implementation of the REMOTE CONTROL SYSTEM and special lighting provided for in ANNEXES 5.
- 15.2 It shall be up to the CONCESSIONAIRE to prepare and forward monthly the executive projects to the GRANTOR, during Phase II, for the performance of each work and/or installation provided for in the CONCESSION MILESTONE, observing the information in ANNEXES 5 and 16.
- 15.2.1 Within 60 (sixty) days, counted from receipt of the executive project, the GRANTOR must express its approval or request the necessary adjustments, demonstrating, as the case may be, any failures and/or non-compliance with the applicable rules and/or legislation, the CONTRACT and/or its ANNEXES, and the CONCESSIONAIRE must make the adjustments requested within fifteen (15) days.
- 15.2.2 After the delivery, by the CONCESSIONAIRE, of the reformulated executive project, the GRANTOR shall have a period of up to 30 (thirty) days to approve it or request the rectification of the proposed changes, until there is the final approval of both documents.
- 15.2.3 In the event of no manifestation from the GRANTOR within the deadlines for approval of the executive project, the executive project shall be considered approved.
- 15.3 The INDEPENDENT VERIFIER shall monitor the execution of the MODERNIZATION PLAN and shall issue determinations to the



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CONCESSIONAIRE whenever it deems that the CONCESSION MARKS, provided for in ANNEX 5, contained in the CONCESSIONAIRE's MODERNIZATION PLAN, may be compromised or even that the quality of the STREET LIGHTING POINTS is compromised, without prejudice to the possible application of sanctions provided for in this CONTRACT.

15.3.1 The GRANTOR will also monitor the execution of PHASE II, evaluating the execution of the SERVICES, proposing improvements and corrections when applicable.

15.3.2 THE GRANTOR shall require the CONCESSIONAIRE to draw up plans for the recovery of delays in the CONCESSION MILESTONES, provided for in ANNEX 5.

15.4 To issue the TERMS OF ACCEPTANCE OF THE STREET LIGHTING POINTS delivered in accordance with the CONCESSION MILESTONE, provided for in ANNEX 5, the CONCESSIONAIRE must notify the INDEPENDENT VERIFIER, accompanied by proof of the contracting and/or complementation of the insurance provided for in this CONTRACT.

15.4.1 Upon receipt of the notification that the above subclause is addressed, the INDEPENDENT VERIFIER shall schedule the inspection of the facilities and equipment, within 15 (fifteen) days, following the deadlines and criteria set forth in this CONTRACT and ANNEX 5.

(i) The inspection mentioned in Sub-Clause 15.4.1 may be carried out with the support of the INDEPENDENT SURVEYOR, as requested by the GRANTOR.

15.4.2. After carrying out the inspection indicated in the Sub-Clause above, the GRANTOR shall, within a maximum period of 15 (fifteen) business days, issue



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the TERM OF ACCEPTANCE of the STREET LIGHTING POINTS inspected or indicate the requirements to be met, determining a period of 10 (ten) days to carry out the corrections.

15.4.3. Regardless of the TERM OF ACCEPTANCE, the CONCESSIONAIRE must update the REGISTRY in real time and inform the GRANTOR and the INDEPENDENT SURVEYOR about the update.

15.5 The CONCESSION MARKS shall be considered fulfilled when issuing all the TERMS OF ACCEPTANCE provided for each of them.

15.5.1 The CONCESSIONAIRE may anticipate the delivery of the CONCESSION MARKS, living up to the receipt of the equivalent EFFECTIVE MONTHLY PAYMENT, after the procedures for approval and issuance of the respective TERMS OF ACCEPTANCE are observed.

15.5.2 Considering the hypothesis mentioned in subclause 15.5.1 above, if the flow of amounts from the COSIP is not sufficient for the payment of the EFFECTIVE MONTHLY COUNTERPAYMENT and composition of the MINIMUM BALANCE OF THE RESERVE ACCOUNT, in the form of ANNEX 13, due to the anticipation of the delivery of the CONCESSION MILESTONE, the GRANTOR shall not be obliged to re-compart the MINIMUM BALANCE OF THE RESERVE ACCOUNT, deadline originally set for the completion of Phase II.

15.6 After issuing all the TERMS OF ACCEPTANCE provided for the CONCESSION MILESTONES, the GRANTOR shall issue THE TERM OF RECEIPT OF THE MUNICIPAL NETWORK OF MODERNIZED AND EFFICIENCY STREET LIGHTING.



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16 PHASE III - OPERATION OF THE MUNICIPAL STREET LIGHTING NETWORK

16.1 After the end of Phase II, formalized by the TERM OF RECEIPT OF THE MUNICIPAL NETWORK OF MODERNIZED AND EFFICIENCY STREET LIGHTING, and fulfilled the CONCESSION MILESTONES provided for in ANNEX 5, Phase III shall begin, which shall last until the end of this CONTRACT.

16.2 The CONCESSIONAIRE shall maintain the operational and maintenance procedures of the MUNICIPAL NETWORK OF STREET LIGHTING throughout the CONCESSION TERM, making, whenever necessary, the necessary updates of the REGISTRATION due to supervening changes in the conditions of the MUNICIPAL NETWORK OF STREET LIGHTING, always in accordance with the provisions of this CONTRACT and the ANNEXES.

17 COMPLEMENTARY SERVICES

17.1 Throughout the concession term, the CONCESSIONAIRE must meet the requests of the GRANTOR for complementary services execution for the expansion of the MUNICIPAL NETWORK OF STREET LIGHTING and the relocation of STREET LIGHTING POINTS in the MUNICIPAL NETWORK OF STREET LIGHTING.

17.2 From Phase II, the GRANTOR may use the credit bank credits:

17.2.1 CREDITS bank represents a balance of requests available only to the GRANTOR, measured in credits, as specified in ANNEX 5;



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17.2.2 CREDIT BANK credits do not expire;

17.2.3 The credits not used until the end of the CONCESSION shall be offset on GRANTOR'S behalf.

17.2.4 For each credit to be cleared on GRANTOR'S behalf, the following formula shall be considered:

$$CBC = 0,107933\% \times CMM \times SBC$$

Where:

CBC: CREDIT BANK Compensation, due by the CONCESSIONAIRE to the GRANTOR at the end of the CONCESSION, considering, for the calculation of the indemnity amount, the compensation of other credits and debits from both parties.

CBC: Balance accumulated during the CONCESSION period not consumed by the CREDITS BANK.

CMM: MAXIMUM MONTHLY CONSIDERATION included in the COMMERCIAL PROPOSAL, updated by the readjustment index established in Sub-Clause 35.1.

17.2.5 The MAXIMUM MONTHLY PAYBACK of the above sub-clause does not include the variations resulting from events that result from the recomposition economic-financial of the CONTRACT provided for in clause 42.



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17.2.6 The consumption of credits bank credits must not generate any additional remuneration for the CONCESSIONAIRE.

17.3 The CONCESSIONAIRE shall comply with the limits defined in ANNEX 5, for the purpose of installing ADDITIONAL STREET LIGHTING POINTS resulting from the use of the CREDIT BANK.

17.3.1 Upon receipt of the request by the GRANTOR that deals with the above subclause, the CONCESSIONAIRE shall, within a maximum of thirty (30) days, forward the corresponding executive projects for approval by the GRANTOR together with the following information regarding the use of the credit bank balance: (i) the amount of points used for the purpose of meeting the order, observed that this amount is binding if the GRANTOR does not request adjustments; and (ii) the remaining balance of points.

17.3.2 Within 30 (thirty) days, from the date of delivery of the executive projects as subclause, the GRANTOR shall approve them and issue the corresponding SERVICE ORDERS or request the adjustments it deems relevant, as the case may be, in order to resolve any failures and/or non-compliance with the rules and legislation applicable to the CONTRACT.

17.3.3 The CONCESSIONAIRE shall have up to 15 (fifteen) days to make adjustments in the executive projects requested by the GRANTOR.

17.3.4 In the event of absence of manifestation of the GRANTOR within the deadlines for approval of the executive projects, these shall be considered approved.



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17.3.5 Upon completion of the installation or relocation of the STREET LIGHTING POINTS, the CONCESSIONAIRE shall notify the INDEPENDENT VERIFIER about the completion, duly accompanied by proof of the contracting and/or complementation of the insurance, as provided for in this CONTRACT and annex 11, so that, within 15 (fifteen) days, this survey shall carry out the inspection and issue the corresponding TERMS OF ACCEPTANCE, for the purposes of using the CREDIT BANK, and the CONCESSIONAIRE must arrange its inclusion in the REGISTRATION.

(i) The GRANTOR may avail itself of the support of the INDEPENDENT SURVEYOR to inspect the STREET LIGHTING POINT, with a view to issuing the respective TERM OF ACCEPTANCE.

17.3.6 In addition to the cases described in the above subclauses, the GRANTOR may also use the CREDIT BANK to require, at no additional cost, throughout the term of the CONTRACT, the incorporation and subsequent operation and maintenance of STREET LIGHTING POINTS installed by the CONCESSIONAIRE or by third parties characterized as ENTREPRENEURS, subject to the terms of ANNEX 5.

17.3.7 The installation or relocation of STREET LIGHTING POINTS in the segments of existing public places, in spans between two STREET LIGHTING POINTS with a distance of up to 90 (ninety) meters in the same road, to meet technical parameters, elimination of dark spots and/or compliance with performance measurement system parameters shall not be counted in the calculation of CREDITS BANK use that this subclause deals with, the obligation originally assumed by the CONCESSIONAIRE.



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17.3.8 The GRANTOR'S requests for installation, relocation and/or operation and maintenance of STREET LIGHTING POINTS in quantity greater than the maximum limits defined in ANNEX 5, as well as requests for the adequacy of the STREET LIGHTING POINTS installed by ENTREPRENEURS to the luminotechnical and efficiency parameters provided for in the CONTRACT and in the ANNEXES, shall result in a revision of the contractual economic-financial balance, in this CONTRACT provisions.

17.4 If the GRANTOR requests changes in the luminotechnical projects for the execution of COMPLEMENTARY SERVICES, which lead to the non-compliance with the minimum requirements of uniformity and illuminance established in ANNEX 5, the STREET LIGHTING POINTS installed or absorbed by the CONCESSIONAIRE, based on the amended projects, shall receive specific identification in the REGISTRATION and shall not integrate the universe of STREET LIGHTING POINTS from which shall be selected sample to determine the quality criterion provided for in ANNEX 7.

18 UPDATES AND TECHNOLOGICAL INNOVATIONS AND CHANGES IN TECHNICAL PARAMETERS

18.1 The CONCESSIONAIRE must observe, in SERVICES provision, the duty of permanent technological timeliness and compliance with the technical parameters established in this CONTRACT and its ANNEXES.



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- 18.1.1 Up-to-date services are understood to be those characterized by the preservation of modernity and updating of equipment and facilities, which permanently accompany technological development as long as the technological update is necessary in the face of: (i) obsolescence of the CONCESSION's assets; or (ii) the need to comply with the PERFORMANCE INDEXES and other requirements established in the CONTRACT and its ANNEXES, and must also ensure the perfect functioning, improvement and expansion of the SERVICES, or the reduction of costs for the GRANTOR.
- 18.2 The CONCESSIONAIRE shall take into account the lifespan of the REVERSIBLE ASSETS and its proper use and operation, and, when necessary, replace it with other ASSETS and equipment that present technological timeliness and operating conditions identical or higher than those replaced.
- 18.3 The technological obsolescence of REVERSIBLE ASSETS shall be characterized when, during the CONCESSION TERM, the relevant loss of its initial functions or, also, its inability to meet the requirements established in the CONTRACT and in the ANNEXES.
- 18.4 Failures caused by the poor conservation or lack of maintenance by the CONCESSIONAIRE of REVERSIBLE ASSETS shall not be considered as obsolescence, and such situations shall be responsible for the specific rules provided for in this CONTRACT and in its ANNEXES.
- 18.5 To promote the change in the technological standards of the equipment of the MUNICIPAL NETWORK OF MODERNIZED AND EFFICIENCY STREET LIGHTING, the CONCESSIONAIRE must present the executive projects and equipment for homologation of the INDEPENDENT VERIFIER,



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proving its adequacy to the indications and specifications of the SERVICES contained in this CONTRACT and its ANNEXES, as well as demonstrating the guarantee of continuity of the supply of those equipment indispensable to the SERVICES provision.

18.5.1 The possible technological change promoted by the CONCESSIONAIRE spontaneously, without prior request of the GRANTOR, involving the incorporation of technological innovation in standards higher than the duty of the CONCESSIONAIRE to provide the SERVICES to comply with its current obligation shall be amortized within the CONCESSION TERM and shall not lead to a review of the contractual economic-financial balance.

18.5.2 The possible request of the GRANTOR that involves the incorporation of technological innovation in standards higher than the concessionaire's duty to provide the SERVICES with current information, including in the event of further change in technical standards and standards, must be implemented by prior Contract between the PARTIES and shall result in the revision of the economic and financial balance of the CONCESSION.

18.6 The procedures for the approval of executive projects and issuance of the corresponding TERMS OF ACCEPTANCE shall be the same as for the CONCESSION MILESTONES, provided for in ANNEX 5.

18.7 After the readjustment of the STREET LIGHTING POINTS, the CONCESSIONAIRE shall, if applicable, update the REGISTRATION, as well as adjust the insurance mentioned in ANNEX 11, as applicable.

19 RESPONSIBILITIES IN SERVICES PROVISION



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19.1 Throughout the term of the CONTRACT, the CONCESSIONAIRE is responsible for the execution of the SERVICES subject to the CONTRACT, in accordance with the plans set forth in ANNEX 5, observing the minimum guidelines, specifications and quality parameters of this CONTRACT and the ANNEXES, in order to guarantee the best results to the GRANTOR and users, permanently and continuously carrying out their best efforts to optimize the management of human resources, consumables and RELATED ASSETS, as well as the obligations set forth in this CONTRACT and other ANNEXES, including but not limited to:

19.1.1 Responsible for the adequacy and quality of the investments made, as well as for the fulfilment of contractual, regulatory and legal obligations related to schedules, projects and facilities;

19.1.1.1 GRANTOR'S approval of schedules, projects and facilities presented does not exclude the CONCESSIONAIRE's exclusive responsibility for the adequacy and quality of the investments made, as well as for the fulfilment of contractual, regulatory and legal obligations.

19.1.2 Being liable to the GRANTOR and third parties, in terms admitted by applicable law, including subcontracted services;

19.1.3 Responsible for the possession, custody, maintenance and surveillance of all LINKED ASSETS, in accordance with the provisions of the CONTRACT and the current regulations;

19.1.4 Reimbursing the GRANTOR of all disbursements arising from judicial determinations, to meet obligations originally attributable to the CONCESSIONAIRE, including labor claims proposed by employees or third parties linked to the CONCESSIONAIRE;



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- 19.1.5 Informing the GRANTOR, immediately, when cited or subpoenaed of any legal action or administrative procedure, which may result in GRANTOR'S liability, including the terms and procedural deadlines, as well as make the best efforts in the defense of common interests, practicing all appropriate procedural acts for this purpose;
- 19.1.6 Monitoring and advising the GRANTOR in meetings with third parties to deal with matters involving the MUNICIPAL NETWORK OF STREET LIGHTING, in topics adhering to the object of the CONCESSION, when requested;
- 19.1.7 Stamping the standard logo of the GRANTOR, in proportion equivalent to the logo of the CONCESSIONAIRE, as well as contain reference to the "Management by means of PPP" in all vehicles, uniforms of employees and third parties hired by the CONCESSIONAIRE, identification badges (recent photography), electronic sites and other elements of the concession relevant, following the rules of application of the logo of the Municipality of Alagoinhas and submitting the material in which the logos are applied to the approval of the GRANTOR prior to its production;
- 19.1.8 Developing, with a view to SERVICES execution, practices and management models according to the standards and standards in the CONTRACT and in the ANNEXES;
- 19.1.9 Identifying the interferences in the STREET LIGHTING POINTS due to the presence of afforestation in the MUNICIPALITY and ask the competent authorities for the pruning necessary to meet the performance parameters contained in ANNEX 7 and other obligations provided for in this CONTRACT and in its ANNEXES;



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- 19.1.10 Provide labor in the necessary amount and consistent with the proper SERVICES provision, regularly trained and trained to carry out the activities of your responsibility;
- 19.1.11 Observing, in the hiring of personnel, the labor legislation in force, notified the specific laws of labor, social security, tax, fiscal, authorities, as well as the Contracts, conventions and collective bargaining of each professional category;
- 19.1.12 Strictly complying with the standards of Occupational Safety and Medicine Engineering, in accordance with current legislation, and always aiming at the prevention of accidents at work;
- 19.1.13 Providing its personnel with personal protective equipment - EPIs and EPCs, necessary for the performance of their activities, as well as to present to the GRANTOR, whenever requested, the proof of delivery of these equipments to its personnel;
- 19.1.14 Ensuring free access to the GRANTOR, at any day and time, to the facilities used by the CONCESSIONAIRE to supervise the hygiene and standards related to work safety;
- 19.1.15 Maintaining all equipment and utensils necessary for SERVICES execution in perfect conditions of use;
- 19.1.16 Acquiring all the consumption material and spare parts that you use in the SERVICES execution;



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- 19.1.17 Ensuring availability in conditions of use, performance and with original functional and quality characteristics, of all equipment and systems of THE STREET LIGHTING POINTS, throughout the CONCESSION term, making the replacements and reinvestments that are necessary;
- 19.1.18 Allowing the use, by THE GRANTOR, of the infrastructure of the MUNICIPAL NETWORK OF STREET LIGHTING, provided that it does not impair the standards of SERVICES safety, quality and performance and is compatible with the legal and regulatory standards applicable to the CONTRACT;
- 19.1.19 Installing, operating, relocating and/or maintaining ADDITIONAL STREET LIGHTING POINTS demanded by the GRANTOR;
- 19.1.20 In accordance with the terms of ANNEX 6, being responsible for the disposal, sorting, storage, transportation, disposal and/or use of scrap and waste that may originate in the CONCESSION, including those arising from reverse logistics, in compliance with the relevant technical standards and the provisions of applicable federal, state and municipal legislation and the requirements for permits and necessary authorizations for this purpose, including environmental permits, if applicable;
- 19.1.21 Being responsible for the interlocution with third parties, such as public agencies (Military Police, Fire Department, Metropolitan Civil Guard, etc.), utilities and private companies (electricity, water and sewage, gas, telephony, cable TV, etc.), in order to release, isolate or protect areas or circuits of the MUNICIPAL NETWORK OF STREET LIGHTING;



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- 19.1.22 Promoting, in the process of operation and maintenance, the replacement or repair of materials and equipment to prevent all partial and/or complete degradation sands of LUMINAIRES or STREET LIGHTING POINTS, as the case may be, including in cases of acts of vandalism and other of this kind practiced by third parties, identified or not;
- 19.1.23 Recovering, preventing, correcting and managing any environmental liabilities related to the CONCESSION that is generated after the beginning of PHASE I, including the environmental liabilities related to the final disposal of equipment and ASSETS used in the services provided and the exploitation of RELATED ACTIVITIES;
- 19.1.24 Preparing a standard notebook with guidelines, procedures and technical specifications of materials and equipment to be used in the MUNICIPAL NETWORK OF STREET LIGHTING so that the implementation of STREET LIGHTING by ENTREPRENEURS or other public agencies follow the luminotechnical and efficiency requirements of the CONCESSION provided for in ANNEX 5, and ample publicity must be given to such document;
- 19.1.25 Updating the REGISTRATION in the cases provided for in this CONTRACT, in real time.
- 19.2 The approval by the GRANTOR of schedules, projects and facilities presented does not exclude or diminish the exclusive responsibility of the CONCESSIONAIRE for the adequacy and quality of the investments made, as well as for the fulfilment of contractual, regulatory and legal obligations.
- 19.3 Whereas (i) the GRANTOR, directly or by a municipal public administration body or entity, may authorize the installation of STREET LIGHTING POINTS directly by ENTREPRENEURS; and that (ii) the GRANTOR may



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determine that the CONCESSIONAIRE carries out the operation and maintenance of STREET LIGHTING POINTS installed by ENTREPRENEURS, it is agreed between the PARTIES the following:

- (i) Pursuant to clause 17, the GRANTOR may use the CREDIT BANK for the expansion of the MUNICIPAL NETWORK OF STREET LIGHTING, making use of the request for the CONCESSIONAIRE to incorporate in the STREET LIGHTING POINTS in the REGISTRATION, in accordance with the provisions of ANNEX 5;
- (ii) The CONCESSIONAIRE shall have the period of thirty (30) days from the receipt of each ENTREPRENEUR INSTALLATION PROJECT, to analyze them and indicate reasons for any adjustments that are necessary to meet the luminotechnical and efficiency requirements of the CONCESSION provided for in ANNEX 5;
- (iii) After the delivery, by THE GRANTOR, of the PROJECTS OF INSTALLATION OF ENTREPRENEURS reformulated based on the adjustments indicated by the CONCESSIONAIRE, this shall have the period of up to 05 (five) days to approve them or to request the rectification of the proposed changes, until there is the definitive approval of the document;
- (iv) After confirmation by the CONCESSIONAIRE that the ENTREPRENEUR INSTALLATION PROJECTS meet the luminotechnical and efficiency requirements of the CONCESSION provided for in ANNEX 5, the CONCESSIONAIRE must communicate to the GRANTOR its approval;



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- (v) If the ENTREPRENEURS install the STREET LIGHTING POINTS in accordance with the PROJECT OF INSTALLATION OF ENTREPRENEURS approved by the CONCESSIONAIRE, the CONCESSIONAIRE may not, after receiving the request of the GRANTOR for the operation and maintenance of the STREET LIGHTING POINTS installed by ENTREPRENEURS, request the additional use of credits from THE CREDIT BANK or the establishment of an extraordinary review process for the adequacy of the new STREET LIGHTING POINTS; and
- (vi) The rule of the above item is exceptional in cases where it is demonstrated by the CONCESSIONAIRE that the new STREET LIGHTING POINTS were not installed in accordance with the INSTALLATION PROJECTS OF ENTREPRENEURS previously approved by the CONCESSIONAIRE.

19.3.1 If the CONCESSIONAIRE understands the non-adequacy to the luminotechnical and efficiency parameters, the GRANTOR may avail itself of the INDEPENDENT VERIFIER to assess the existence or not of adequacy, and the opinion of the latter must prevail.

19.3.2 The concessionaire's approval of the ENTREPRENEUR INSTALLATION PROJECTS is limited to the verification of the service by the project to the luminotechnical and efficiency standards of the CONCESSION and does not supply or replace the authorizations, permissions and/or administrative licenses that must be granted exclusively by the competent organs and entities of the municipal Public Administration.



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19.3.3 It is up to the ENTREPRENEURS to provide the authorizations, permissions and/or administrative licenses necessary for THE ENTREPRENEUR INSTALLATION PROJECTS.

19.3.4 Within a maximum of 07 (seven) days, counted from the date of communication, by the CONCESSIONAIRE, the GRANTOR shall issue and forward the SERVICE ORDER corresponding to the CONCESSIONAIRE, for the beginning of the operation and maintenance of the STREET LIGHTING POINTS transfer and for its inclusion in the REGISTRATION.

19.3.5 Within 48 (forty-eight) hours, counted from the issuance of the SERVICE ORDER of which the above sub-clause is treated, the CONCESSIONAIRE shall arrange its inclusion in the REGISTRATION and prove to the GRANTOR the contracting and/or complementation of the corresponding insurance, as provided for in this CONTRACT and in ANNEX 11.

19.3.6 The CONCESSIONAIRE shall not have a direct relationship with the ENTREPRENEURS, and it shall be the GRANTOR'S responsibility to transmit to the CONCESSIONAIRE the PROJECTS OF INSTALLATION OF ENTREPRENEURS and send to the ENTREPRENEURS the requests for information, adjustments and approval issued by the CONCESSIONAIRE.

20 GRANTOR'S OBLIGATIONS

20.1 The GRANTOR shall assist the CONCESSIONAIRE in SERVICES provision, making its best efforts and intervening with the competent authorities whenever it deems necessary or when the CONTRACT so has, performing for such the activities described in the subsequent subclauses, without prejudice to others it deems pertinent:



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- 20.1.1 Making available to the CONCESSIONAIRE all technical reference documents of its possession that cover the MUNICIPAL NETWORK OF STREET LIGHTING OF THE MUNICIPALITY;
- 20.1.2 Interceding with the competent authorities in order to facilitate SERVICES execution belonging to the CONCESSION scope;
- 20.1.3 Providing free access to technicians and concessionaires to places that are under the GRANTOR'S control of the, in which the equipment intended for services execution provided are installed;
- 20.1.4 Informing the CONCESSIONAIRE, at least 30 (thirty) days in advance, about any projects of yours or third parties that may be known to you, that may interfere with the object of the CONCESSION or in SERVICES provision by the CONCESSIONAIRE;
- 20.1.5 Guiding and providing information and clarifications that may be necessary for operation;
- 20.1.6 Monitoring and assessing SERVICES execution, proposing improvements and corrections when applicable;
- 20.1.7 Carrying out, with the help of the CONCESSIONAIRE, which shall act as an intervener-annual, the contracting of the DEPOSITORY FINANCIAL INSTITUTION in accordance with this CONTRACT and ANNEX 13; and



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20.1.8 When requested by the CONCESSIONAIRE, send, within a reasonable period, to the competent and other concessionaires, permits and/or authorizers operating in the CONCESSION AREA, notification to inform or confirm the legitimacy of the CONCESSIONAIRE to deal with such authorities, concessionaires, permits and/or authorizers on matters related to SERVICES provision.

20.1.9 Comply with the obligations and timeframes of the CONTRACT, with emphasis on those provided for in Subitem 13.4.

21 HIRING OF THIRD PARTIES AND EMPLOYEES BY THE CONCESSIONAIRE

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

21.1.1 The knowledge of the GRANTOR about any contracts signed with third parties does not exclude the CONCESSIONAIRE from the fulfilment of its obligations under this CONTRACT.

21.1.2 Carry out the hiring of the INDEPENDENT SURVEYOR under the terms of this AGREEMENT and ANNEX 14.

21.2 The CONCESSIONAIRE shall have objective responsibility for the damages that its employees or contracted third parties, in this capacity, cause to users, the GRANTOR and to third parties.



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- 21.3 Employees and third parties hired by the CONCESSIONAIRE must have technical capacity compatible with the best practices for the performance of their activities.
- 21.4 The CONCESSIONAIRE assumes total and exclusive responsibility of a labor, social security, tax, accidental or any other nature related to its subcontractors, employees and third parties.
- 21.5 The CONCESSIONAIRE shall indemnify and maintain the GRANTOR indemnify due to any demand or injury that it may suffer due to acts committed by the CONCESSIONAIRE itself, its administrators, employees, agents, service providers, third parties with whom it has contracted or any other natural or legal person linked to it.
- 21.6 The CONCESSIONAIRE shall also indemnify and maintain the GRANTOR in relation to the procedural expenses, attorney's fees and other charges with which, directly or indirectly, it shall bear due to the occurrences described in the subclause above.
- 21.7 The GRANTOR is allowed to lower the value of the EFFECTIVE MONTHLY PAYMENT the amounts arising from the application of the above subclauses.
- 21.8 In case of the contracting of a SUBCONTRACTED OPERATOR, in addition to compliance with the provisions of the above clauses, without prejudice to other possible requests by the GRANTOR, the CONCESSIONAIRE shall, within 15 (fifteen) days of the signing of the respective contract, communicate to the GRANTOR, in writing, the following:
- (i) name, qualification and address of the contracted company;



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(ii) name, qualification and address of the administrators and contractors of the contracted company;

(iii) proof of the technical experience required in the NOTICE;

(iv) objective description of the contracted services, upon presentation of the contract signed, which shall contain (a) the delimitation of the activities to be performed by the SUBCONTRACTED OPERATOR and the CONCESSIONAIRE for SERVICES provision; and (b) the technical staff to be allocated by the SUBCONTRACTED OPERATOR and the CONCESSIONAIRE, for SERVICES provision;

(v) scheduled date for the start and completion of the contracted services; and

(vi) the constitutive acts of the contracted company, duly registered with the competent Commercial Board or Notary, as well as the documents relating to legal, fiscal and labor regularity, in accordance with Article 29 of Federal Law No. 8,666/93.

21.9. If a new subcontracting of the technical supervision of the provision of SERVICES is carried out, whenever requested by the GRANTOR, the CONCESSIONAIRE must prove the technical capacity of the contracted third party, following the requirements described for operational technical qualification provided for in the BID NOTICE.

21.10. The fact that the contract with the SUBCONTRACTED OPERATOR is known to the GRANTOR cannot be claimed by the CONCESSIONAIRE to exempt itself from the total or partial fulfilment of its obligations arising from the



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CONCESSION, or justify any delay or modification in costs, nor claim any liability of the GRANTING POWER.

21.11. Notwithstanding the above prerogatives, the full subcontracting of the object of the CONCESSION is prohibited, under penalty of forfeiture of the AGREEMENT under the terms of Sub-Clause 50.2.11 of the AGREEMENT, and the GRANTOR shall inspect the CONCESSIONAIRE's subcontracting, without this inhibiting the CONCESSIONAIRE's responsibility before the provision of the SERVICES.

22 INFORMATION PROVISION

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

22.1.1 Give immediate knowledge to the GRANTOR of any and all fact that alters the normal development of the CONCESSION, or that, in some way, interrupts correct SERVICES execution;

22.1.2 Provide reports with detailed information about the SERVICES at the frequency set out in ANNEX 5 of the CONTRACT;

22.1.3 Submit to the GRANTOR or the control organs of the Administration, within the period established by them, additional or complementary information that they may request;



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22.1.4 Present, when requested by the GRANTOR, within 10 (ten) days, the contracts and invoices of outsourced activities, the proof of payments of wages and other labor obligations, insurance policies against accidents at work and the proof of discharge of the respective social security obligations. The deadline for sending the documents shall be up to 03 (three) days when the GRANTOR request is made to obtain documentation for presentation in the Labor Court;

22.1.5 Keep an inventory of LINKED ASSETS, with details of the LINKED ASSETS, updated throughout the CONCESSION, and must inform the situation of the LINKED ASSETS whenever requested by the GRANTOR.

22.1.6 Without prejudice to the presentation of the information mentioned above, it is also up to the CONCESSIONAIRE to provide information, provide certificates and copies of documents, free of charge, to USERS, organs and consumer protection associations, the Public Prosecutor's Office and the GRANTOR, whenever requested, within the period of 15 (fifteen) days.

23 DECLARATIONS

23.1 The CONCESSIONAIRE declares that it has obtained, by itself or by third parties, all the necessary information for the fulfilment 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 execution of the object of the CONTRACT.

23.2 The CONCESSIONAIRE shall not in any way be released from its contractual obligations, nor shall it be entitled to be indemnified by the GRANTOR, due to any incorrect or insufficient information provided to it by the GRANTOR or by any other source, recognizing that it is its obligation to



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carry out the withdrawals for the verification of the adequacy and accuracy of any information provided to it.

23.3 The CONCESSIONAIRE also declares:

23.3.1 Having full knowledge of the nature and extension of the risks assumed by it in the CONTRACT;

23.3.2 Having taken such risks into consideration in the formulation of its COMMERCIAL PROPOSAL;

23.3.3 That the COMMERCIAL PROPOSAL is unconditional and took into account all investments, taxes, costs and expenses (including, but not limited to, financial) necessary for the operation of the CONCESSION, as well as the risks to be assumed by the CONCESSIONAIRE due to the operation of the CONCESSION and also the CONCESSION DEADLINE;

23.3.4 Having full knowledge about the variation of the MAXIMUM MONTHLY PAYOFF according to the MILESTONES OF THE MODERNIZATION AND EFFICIENCY SCHEDULE and the performance parameters of the PERFORMANCE MEASUREMENT SYSTEM and, recognizing that it is an agreed mechanism between the parties for maintaining the contractual equivalence between SERVICES provision and their remuneration, applied immediately and automatically by the GRANTOR, with a view to non-compliance between SERVICES provided and the requirements of the CONTRACT;



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23.3.5 That the remuneration system provided for in this CONTRACT represents the balance between the burden and bonuses of the CONCESSION, and that the MAXIMUM MONTHLY DEBT IS sufficient to remunerate all investments, operating costs, expenses and SERVICES actually performed.

24 MONITORING

24.1 The CONCESSION supervision, covering all the activities of the CONCESSIONAIRE, throughout the term of the CONTRACT, shall be executed by the GRANTOR and with the technical assistance of the INDEPENDENT VERIFIER, pursuant to this CONTRACT.

24.1.1 The CONCESSIONAIRE shall make available to the GRANTOR and the INDEPENDENT SURVEYOR a copy of the financial and accounting statements in the first 4 (four) months of each year.

24.1.2 The CONCESSIONAIRE shall provide the INDEPENDENT VERIFIER and the GRANTOR, or to any other entity that the GRANTOR indicates, free access, at any time, to the areas, facilities and places related to the CONCESSION, including statistics and administrative and accounting records, and shall provide on them, within the period established by them, the clarifications that are formally requested.

24.2 THE GRANTOR, directly or through its accredited representatives, including the INDEPENDENT VERIFIER, may carry out tests or tests that allow to adequately assess the operating conditions and characteristics of the equipment, systems and facilities used in the CONCESSION.



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24.3 The CONCESSIONAIRE shall be obliged to repair, correct, interrupt, suspend or replace, at its expense, the failures or defects verified in SERVICES provision.

24.4 The MUNICIPALITY shall record and process the occurrences determined by the inspection, notifying the CONCESSIONAIRE to regularize the failures or defects verified, without prejudice to the possible application of penalties provided for in this CONTRACT.

24.4.1 Even if the failures and defects determined by the inspection do not lead to the immediate application of penalties, the non-compliance with the deadlines of regularization or correction determined by the GRANTOR shall lead to the drafting of infraction notice, subjecting the CONCESSIONAIRE to the application of penalties provided for in the CONTRACT.

24.5 The GRANTOR may require, within the time limits it may specify, always compatible with the complexity of the request made and, in any case, not less than fifteen (15) days, that the CONCESSIONAIRE submit a plan of action to repair, correct, interrupt, suspend or replace any activity performed in an addicted, defective or incorrect manner, observed, when any, the manifestation of the INDEPENDENT VERIFIER on the respective topic.

24.5.1 In case of omission of the CONCESSIONAIRE as to the obligation provided for in this clause, without prejudice to the hypothesis of intervention provided for in clause 46.1, the GRANTOR may proceed to the correction of the situation, directly or through a third party, including the possibility of provisional occupation of the ASSETS and facilities of the CONCESSIONAIRE.



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24.5.2 THE GRANTOR may avail itself of the GUARANTEE OF THE CONTRACT EXECUTION for the reimbursement of the costs and expenses involved, as well as for any indemnities due to third parties, to remedy the defects, defects or inaccuracies identified.

25 INDEPENDENT VERIFIER

25.1 THE GRANTOR shall use an independent technical verification service to assist you in monitoring the performance of this CONTRACT, as well as in the evaluation of the PERFORMANCE MEASUREMENT SYSTEM, in the calculation of the EFFECTIVE MONTHLY PAYOFF, in the form of this CONTRACT and ANNEXES 7 and 8, and in the measurement of the fulfilment of other obligations, the INDEPENDENT VERIFIER may also assist the GRANTOR in the eventual settlement of amounts resulting from the recomposition of the contractual economic-financial rebalancing and the payment of indemnities to the CONCESSIONAIRE.

25.1.1 The INDEPENDENT VERIFIER, in the exercise of its activities and under the GRANTOR'S guidance, shall perform the necessary steps to perform its functions, performing surveys and field measurements and gathering information from the CONCESSIONAIRE and the GRANTOR, and must have access to the entire concession database.

25.1.2 The contracting of the INDEPENDENT VERIFIER and the related costs shall be the concessionaire, in accordance with the applicable legislation and the guidelines set out in ANNEX 14, including the possible need for more than one survey to complete a particular report, opinion and/or approval.



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25.1.3 The INDEPENDENT VERIFIER must be a legal entity with a high degree of technical specialization and adequacy of equipment, organization and technical staff, in addition to an outstanding ethical reputation with the market and with notorious specialization in the measurement of quality of services provision proven pursuant to ANNEX 14.

25.1.4 The measurement carried out by the INDEPENDENT VERIFIER and the reports produced by it shall be issued according to the periodicity and other requirements set out in ANNEX 7.

26 INSURANCE

26.1 The CONCESSIONAIRE shall contract and maintain in force the insurance policies throughout the term of the CONCESSION, which are sufficient to ensure the continuity of the SERVICES, as specified in ANNEX 11.

26.1.1 The amounts covered by insurance, including material damages and moral damages covered, shall meet the maximum indemnification limits calculated on the basis of the greatest probable damage, in accordance with the methodology provided for in ANNEX 11, and shall be adjusted annually, on the same date and by the application of the same adjustment index provided for in this CONTRACT.

26.2 It shall be the sole responsibility of the CONCESSIONAIRE to maintain in force the insurance required in the CONTRACT, and must promote the necessary renewals, extensions and updates.



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- 26.2.1 For the purposes of this CONTRACT, the CONCESSIONAIRE must forward to the GRANTOR, within 15 (fifteen) days before the expiration of the current insurance, the insurance policies contracted and renewed, in original route, second way, or digital copy, duly certified.
- 26.2.2 After the publication of the CONTRACT in the DOM, the CONCESSIONAIRE shall prove the contracting of the insurance listed in this subclause and ANNEX 11 within 90 (ninety) days, as indicated in this CONTRACT.
- 26.2.3 The CONCESSIONAIRE shall also, as a condition for issuing the TERMS OF ACCEPTANCE, prove the contracting or complementation of the corresponding insurance, in the amounts corresponding to the maximum insurable value of each of the risks listed in ANNEX 11.
- 26.3 The CONCESSIONAIRE assumes all responsibility for the scope or omissions arising from the realization of the insurance covered by the CONTRACT, as well as for the full payment of the deductible in the event of occurrence of the claim.
- 26.4 The existence of insurance coverage does not disclaim the concessionaire's responsibility to replace the LINKED ASSETS that have been damaged or unused.
- 26.5 The GRANTOR shall appear as co-insured in the insurance policies referred to in the CONTRACT.
- 26.6 Insurance policies may establish one or some of the financing financial institutions as the beneficiary of the indemnity.



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- 26.7 The CONCESSIONAIRE, with the GRANTOR'S prior authorization, may change coverage or other conditions of the insurance policies, in order to adapt them to new situations that occur during the term of the CONTRACT.
- 26.8 The insurance policies must include the obligation of insurers to immediately inform the GRANTOR of changes in insurance contracts, especially those that imply the cancellation, suspension, modification or replacement of any policies contracted by the CONCESSIONAIRE, as well as the adequacy of insurance to new situations that occur during the CONCESSION TERM, within the conditions of the policy.
- 26.9 The CONCESSIONAIRE is responsible for the full payment of the deductible, in case of use of any policy provided for in this CONTRACT and/or ANNEX 11.

27 RELATED ACTIVITIES

- 27.1 The CONCESSIONAIRE may exploit RELATED ACTIVITIES, directly or through the conclusion of contracts with third parties, provided that previously authorized by the GRANTOR and provided that the intended commercial exploitation does not prejudice the standards of safety, quality and performance of SERVICES and is compatible with the legal and regulatory standards applicable to the CONTRACT.
- 27.2 As a rule, the legal regime of Private Law shall apply for contracts arising from related ACTIVITIES, adopting, for cases where the GRANTOR may be the contractor, the legal regime of Public Law in what falls, envisioning in both cases the General Theory of Contracts.



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27.2.1 Upon receipt of the request to exploit the intended RELATED ACTIVITY, which must be accompanied by the documents indicated in this clause, the GRANTOR shall have a period of up to thirty (30) days, extendable for the same period, to rule on the request.

(i) Within the period provided for above, the GRANTOR may request clarifications, complementations and changes in the business plan, feasibility studies and the mechanism for sharing earnings presented, in which case the period provided for in the subclause above shall be suspended, from the date of communication to the CONCESSIONAIRE until receipt of the response by the GRANTOR.

(ii) Any negative of the GRANTOR regarding the request made by the CONCESSIONAIRE must occur in a reasoned and written manner and may only be based on the following reasons:

- a. insufficient feasibility studies submitted and inadequacy of the proposed business plan;
- b. economic, financial, technical or legal infeasibility of the proposal;
- c. disinterest in the contracting of services under the proposed conditions, in the event that the GRANTOR is the only potential client of the RELATED ACTIVITY;
- d. CONCESSIONAIRE invalidation in relation to the contract obligations; and
- e. reasons of public interest in accordance with the judgment of convenience and opportunity of the GRANTOR.



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(iii) In case GRANTOR does not manifest itself within the period provided for in sub-clause 27.2.1, the concessionaire's request under the proposed conditions shall be considered.

27.2.2 The supply of electricity intended for the operation of RELATED ACTIVITIES must be the subject of a specific contract with the DISTRIBUTOR COMPANY, and the CONCESSIONAIRE is responsible for paying the corresponding consumption accounts, or, if the conclusion of a specific contract is not feasible, the CONCESSIONAIRE shall reimburse the GRANTOR for the costs arising from the energy consumption of the RELATED ACTIVITY.

27.2.3 For the authorization of RELATED ACTIVITIES, the CONCESSIONAIRE must submit a proposal for a business plan containing, at least, object and intended product, target audience, revenue generation model, competitive strategy, cash flow projections containing estimates of investments, revenues, expenses and taxes, technical and legal feasibility of the proposal, identification of risks for services provision arising from RELATED ACTIVITY execution and alternatives to analysis of business profitability, as well as other information that is necessary to better understand the business.

27.2.4 If the GRANTOR is a potential customer of the RELATED ACTIVITY, the request must be accompanied by a detailed offer of the price, other conditions of contracting the service and proof that the contracting has an unequivocal advantage over other existing alternatives and at the GRANTOR'S disposal, notably due to the proven synergy and scale of the RELATED ACTIVITY to SERVICES provision.



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27.2.5 Along with the business plan, the CONCESSIONAIRE must present its proposal to share the ACCESSORY REVENUES with the GRANTOR, including with regard to the detailing of the form and periodicity of the sharing, meeting the criteria set forth in subclause 27.2.2.

27.2.6 The sharing amounts do not apply to cases where GRANTOR is for any reason the only customer of the RELATED ACTIVITY.

Related activities requested by the Granting Authority

27.3 The GRANTOR may indicate to the CONCESSIONAIRE potential RELATED ACTIVITIES to be developed, accompanied by the corresponding reference term, indicating a reasonable period for this purpose, not exceeding 30 (thirty) days, for the CONCESSIONAIRE to present the documents and information described in subclause 27.2.3, which may, in this case, be presented in a simplified manner, for further detail.

27.3.1 The details of the documents and information described in sub-clause 27.2.3 shall be made by the CONCESSIONAIRE, after the PARTIES, analyzed the documents and information presented in a simplified manner, agree that there are reasonable indications that the respective RELATED ACTIVITY is feasible.



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27.3.2 In view of the concessionaire's refusal, or the absence of manifestation of the CONCESSIONAIRE in the period of up to 30 (thirty) days, provided that at least 02 (two) years of the EFFECTIVE DATE have elapsed, the GRANTOR may avail itself of the prerogative to directly or indirectly execute the activity, upon payment of remuneration to the CONCESSIONAIRE, in accordance with the subclauses below, provided that the intended commercial exploitation does not prejudice the standards of safety, quality and execution of SERVICES and is compatible with the legal standards and regulations applicable to the CONTRACT.

(i) The GRANTOR may not use the contracting of third parties to carry out activities that imply interference, directly or indirectly, on the STREET LIGHTING POINTS, whose exploitation will be exclusively carried out by the CONCESSIONAIRE, with the exception of decoration for festive events

(ii) The remuneration referred to in the sub-clause above shall be fixed by Contract between the PARTIES, and shall reflect a fair compensation, thus understanding the cost value for the use of the ASSETS under management of the CONCESSIONAIRE.

(iii) The CONCESSIONAIRE may not prevent the execution of activities by the GRANTOR or by a third party contracted by it, regardless of divergences in relation to the fixed remuneration, which shall be resolved by the INDEPENDENT VERIFIER, or, in the absence of consensus on the proposal presented by it, through the adoption of the dispute resolution mechanisms provided for in this CONTRACT.

(iv) In cases where the GRANTOR avails itself of the prerogative provided for in subclause 27.3.2, the role played by the CONCESSIONAIRE is limited to the sharing of the structures used by



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the GRANTOR, or third party indicated by it, and in this case the CONCESSIONAIRE shall not assume any risk arising from activities that are not performed by you, answering the GRANTOR for any damages or losses caused to the CONCESSIONAIRE.

Related activities requested by the Granting Authority

27.4 The ACCESSORY REVENUE arising from the exploitation of RELATED ACTIVITY shall be shared between the CONCESSIONAIRE and the GRANTOR in the proportion of 15% (fifteen percent) of the gross revenue calculated in the exploitation of the RELATED ACTIVITY on GRANTOR's behalf.

27.4.1. The amounts resulting from the sharing referred to in the sub-clause above may be negotiated between the PARTIES to reduce the percentage of sharing with the GRANTOR, in the cases in which the pre-established sharing in the Sub-clause above makes it impossible to explore the RELATED ACTIVITY.

27.4.2. The amounts equivalent to the sharing percentages appropriated by the GRANTOR referred to in the sub-clause above shall be reverted to the Municipal Treasury, in the manner agreed by the PARTIES.

27.5 The CONCESSIONAIRE shall maintain specific accounts of each RELATED ACTIVITY contract, in particular regarding the respective ANCILLARY REVENUES, as well as send monthly management reports to the GRANTOR regarding each RELATED ACTIVITY execution.



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- 27.6 The contract relating to the operation of any RELATED ACTIVITIES shall be limited to the termination of this CONTRACT and may not, in any event, prejudice the CONCESSION.
- 27.7 All risks and investments arising from the execution of RELATED ACTIVITIES shall be the sole responsibility of the CONCESSIONAIRE, including losses resulting from its execution, other than the provisions of this CONTRACT in this Clause 27 and in Chapter VI of this AGREEMENT.
- 27.8 The PARTIES shall formalize, in a contract, the agreed conditions for the execution of the RELATED ACTIVITY, notified the rules relating (i) to the mechanism for sharing ANCILLARY REVENUES; (ii) the provision of information by the CONCESSIONAIRE; and (iii) penalties for the default of amounts due to the GRANTOR.
- 27.9 The investments made by the CONCESSIONAIRE for the operation of RELATED ACTIVITIES shall not be considered as investments in REVERSIBLE ASSETS, so the contractual rules relating to indemnification for early termination of the CONTRACT are not applicable to these investments.
- 27.10 Without prejudice to the provisions of the sub-clause above, the Parties may negotiate in the ACTIVITY contract RELATED to the transfer, as applicable, of certain assets to the GRANTOR, whenever the RELATED ACTIVITY has the GRANTOR as a client, and provided that the relevant legislation is observed.
- 27.11 THE GRANTOR declares, already, that it has an interest in using the technological infrastructure of this CONTRACT to implement smart cities actions, traveling, in this infrastructure, sensor data and applications necessary for monitoring and creating technological services for the citizen.



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28 USERS' RIGHTS

28.1 Without prejudice to other rights and obligations provided for by law, users' rights are:

28.1.1. receive information from the GRANTOR or the CONCESSIONAIRE regarding the SERVICES provision;

28.1.2. to bring to the GRANTOR's attention of the or the CONCESSIONAIRE the irregularities of which they are aware, related to the SERVICES provided;

28.1.3. communicate to the competent authorities the unlawful acts committed by the CONCESSIONAIRE in the provision of the SERVICES;

28.1.4. effective communication channels with the CONCESSIONAIRE, as ANNEX 5.

28.1.5. Count on the provision of quality SERVICES, based on the provisions of ANNEX 7

CHAPTER IV - LEGAL AND OPERATIONAL STRUCTURE OF SPE

29 CORPORATE COMPOSITION

29.1 The CONCESSIONAIRE shall notify the GRANTOR, within 15 (fifteen) days, the changes in its corporate composition described in ANNEX 3, existing at the time of the EFFECTIVE DATE, including the documents constitutive and subsequent changes, respecting the obligations defined in



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the CONTRACT related to the transfer of control of the CONCESSIONAIRE.

29.2 Any transfer in control of the CONCESSIONAIRE shall be previously authorized by the GRANTOR, in accordance with the law and, except for the possibility of assuming control by the CONCESSIONAIRE's FINANCIERS, may only occur after the closure of PHASE II, except in the event of imminent bankruptcy by the CONCESSIONAIRE.

29.3 The conditions and the period provided for in the sub-clause above also apply to the withdrawal of the corporate composition of SPE, for any reason, from the company holding the technical attests referred to in 29.5.1 from NOTICE.

29.4 Throughout the concession period, the CONCESSIONAIRE must also submit to the prior authorization of the GRANTOR the modifications in the respective bylaws involving:

29.4.1 the division, merger, transformation or incorporation of SPE;

29.4.2 the change in the social object of SPE; and/or

29.4.3 the issuance of shares of classes other than SPE than initially stipulated.

29.5 For the purpose of obtaining the Contract for the transfer of the CONCESSION or the company control of the CONCESSIONAIRE, the interested party must:



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29.5.1 meet the requirements of financial suitability and legal, fiscal and labor regularity necessary to take over the subject matter of the CONCESSION, as provided for in the NOTICE;

29.5.2 provide and maintain the relevant guarantees, as appropriate; and

29.5.3 undertake to comply with all provisions of this CONTRACT.

29.6 THE GRANTOR shall examine the request(s) forwarded by the CONCESSIONAIRE pursuant to this clause within 30 (thirty) days, extendable for the same period, and may request clarifications and additional documents from the CONCESSIONAIRE and the FUNDER(S), to summon the controlling shareholders of SPE and promote other due diligence.

29.6.1 After the period provided for above, including any extension, without manifestation of the GRANTOR, the request(s) submitted by the CONCESSIONAIRE shall be considered approved.

29.7 The total or partial transfer of the CONCESSION or control of the CONCESSIONAIRE, without the GRANTOR'S prior authorization, shall imply the immediate expiry of the CONCESSION.

30 CAPITAL SOCIAL

30.1 Under this CONTRACT, the CONCESSIONAIRE must prove the paid-up share capital, in national currency, in the amount equal to or greater than R\$ 9,350,000.00 (nine million, three hundred and fifty thousand reais) updated in the form of sub-item 19.3 (iv) of the BID NOTICE, as one of the conditions of signature of this AGREEMENT.



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30.2 The paid-up share capital may be reduced upon receipt of the TERM OF RECEIPT OF THE MUNICIPAL NETWORK OF MODERNIZED AND EFFICIENCY STREET LIGHTING, in cases authorized by applicable law, upon request by the CONCESSIONAIRE and GRANTOR'S prior approval, at its sole discretion.

30.2.1 The reduction that imports in the maintenance of a share capital equal to or greater than the minimum level provided for in the sub-clause above does not require GRANTOR'S prior approval.

31 FINANCING

31.1 The CONCESSIONAIRE is solely and exclusively responsible for obtaining the financing necessary for SERVICES execution and the CONCESSION purpose, and may choose, at its discretion and according to its own assessment, the modalities and types of financing available assuming the direct risks for the settlement of such financing, in order to comply, fully and timely, obligations under the CONTRACT.

31.2 The CONCESSIONAIRE may offer in guarantee of the financing contracted or as a counter-guarantee of credit operations linked to the fulfilment of the obligations of this CONTRACT, the rights arising from the CONCESSION, in these expressly covered the credit rights related to the remuneration to which it does justice, among others, and may, to do so, assign trustee, bind, engage, record or, in any way, constitute real burden on the main rights and accessories referred to herein, provided that the provision of such guarantees does not make it impossible or impossible to continue SERVICES execution, pursuant to this CONTRACT.



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31.3 The concessionaire's shares representing the concessionaire's capital, including the control block, may also be offered as collateral under any of the modalities provided for by law.

31.4 The CONCESSIONAIRE shall submit to the GRANTOR a certified copy of the financing and guarantee agreements that it may enter into, as well as documents representing the securities it may issue; and any changes to these instruments within 10 (ten) business days from the date of their signature and issuance, as the case may be.

31.5 The CONCESSIONAIRE shall also submit to the GRANTOR proof of payment of the instalments for the settlement of the financing contracted by it.

31.6. The entity that enters into a contract with the CONCESSIONAIRE for the supply of materials, equipment or services in the form of instalment or financed sale, may be recognized as a FINANCIAL INSTITUTION, if the supply contract clearly contains the description of a financing operation to the CONCESSIONAIRE on the part of this supplier, with the expected dates for settlement, interest rates and other parameters, and the CONCESSIONAIRE, in these cases, is responsible for making the communication provided for in Sub-Clause 31.4.

31.7. The CONCESSIONAIRE may not claim any provision, clause or condition of the financing contract(s) that may have been contracted, or any delay in the disbursement of resources, to exempt itself, in whole or in part, from the obligations assumed in this AGREEMENT whose terms must be fully known to the respective funders.



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31.8. The constitution of the guarantees referred to in the Sub-Clauses above must be communicated to the GRANTOR, within a period of up to 10 (ten) days from their registration with the competent bodies, and accompanied by a descriptive summary informing the conditions, terms and type of financing contracted.

31.8.1. The GRANTOR will provide clarifications in accordance with the applicable legislation, whenever necessary or as required by the FINANCERS.

31.8.2. Upon contracting FINANCING, covering the issuance of debt securities or the performance of debt operations of any other nature (including, but not limited to, the issuance of debentures or bonds, structuring of an Investment Fund in Credit Rights - FIDC etc.), the CONCESSIONAIRE shall expressly provide for and guarantee the effectiveness, by contractual means, of the obligation of the FINANCER or the structurer of the operation to immediately notify the GRANTOR of the breach of any contractual obligation (covenant) established between the FINANCER/structurer and the CONCESSIONAIRE, which may cause the execution of guarantees or the intervention in the FINANCING CONTRACTS.

31.9. The CONCESSIONAIRE may request the GRANTOR, upon notification, with a copy to the DEPOSITORY FINANCIAL INSTITUTION, to pay the EFFECTIVE MONTHLY CONSIDERATION related to this AGREEMENT directly to the FINANCERS, up to the limit of the credits due and payable under the respective FINANCING AGREEMENTS, observing the other provisions and limits provided for in this AGREEMENT. The direct payment as soon as made will operate the discharge of the GRANTOR's obligations to the CONCESSIONAIRE for the amount paid.



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31.9.1. If the activities of the CONCESSION are not started or are extended due to the CONCESSIONAIRE not obtaining the necessary financing for this purpose, the GRANTOR may declare the CONTRACT forfeiture.

31.10. The conditions related to the amount of debts assumed by the CONCESSIONAIRE, terms, coverage rates, margins and fees and other requirements of the FINANCERS are a risk assumed by the CONCESSIONAIRE.

31.11. The CONCESSIONAIRE may, in its FINANCING AGREEMENTS and guarantee instruments, grant its FINANCERS the right to intervene, directly or through its subsidiaries or even third parties appointed by it, in the CONCESSION and in the management of the CONCESSIONAIRE's activities, to promote its financial restructuring and ensure the continuity of the provision of SERVICES, with subsequent return of activities and their management to the CONCESSIONAIRE and/or definitive foreclosure of the real guarantees granted, guaranteeing the continuity of the provision of the SERVICES object of this CONTRACT.

31.12. The FINANCER's intervention in the CONCESSION will be carried out upon prior consent requested by the FINANCER from the GRANTOR, which must meet the following requirements: (i) appoint itself or a third party as an intervener; (ii) indicate the date of its effectiveness, which must occur at least 30 (thirty) business days after publication of the consent granted by the GRANTOR, and this period may be extended upon reasoned authorization from the GRANTOR; (iii) describe in detail the events that gave rise to the intervention of the FINANCER in the CONCESSION and present the relevant evidence in light of the FINANCING AGREEMENTS and respective guarantees; (iv) specify the form and particularities of the intervention and indicate the legal and contractual basis that supports it; (v) contain the intervener's commitment to comply with all



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provisions of the CONTRACT applicable to the CONCESSIONAIRE; and (vi) provide all other information requested by the GRANTOR.

31.12.1. The intervention of the FINANCER in the CONCESSION shall not exceed a period of 180 (one hundred and eighty) days and its implementation depends on the prior consent of the GRANTOR.

31.12.2. For the intervention of the FINANCER in the CONCESSION, the GRANTOR shall require the FINANCER, or third parties indicated by it, to meet the requirements of legal and fiscal regularity provided for in the BID NOTICE, and may waive the other requirements provided for in item I, § 1, of art. 27, of Federal Law No. 8,987, of February 13, 1995.

31.13. In compliance with the procedure provided for in this AGREEMENT, the GRANTOR will authorize the transfer of the CONCESSIONAIRE's control to its FINANCIER(S), or third parties indicated by them, with the objective of promoting its financial restructuring and ensuring the continuity of the exploration of the object of the CONCESSION.

31.13.1. The request for authorization of the transfer of control must be submitted to the GRANTOR, in writing, by the CONCESSIONAIRE, containing the justification for this, as well as elements that may support the analysis of the request, such as: copies of minutes of the shareholders' meeting, CONCESSIONAIRE's directors and officers, correspondence, audit reports, audited financial statements and other relevant documents.

31.13.2. The GRANTOR will examine the request and may, at its discretion, request clarifications and/or additional documents from the CONCESSIONAIRE and/or the FINANCING COMPANY(S), summon the CONCESSIONAIRE's



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controlling shareholders or directors and take other measures deemed appropriate.

31.13.3. The authorization for the transfer of the CONCESSIONAIRE's control, if granted by the GRANTOR, will be formalized in writing, indicating the conditions and requirements for its implementation.

31.13.4. The GRANTOR shall require the FUNDING FIRM(S), or third parties appointed by them, to meet the legal and fiscal regularity requirements provided for in the BID NOTICE and to sign a contractual amendment committing to comply with all rules of the CONTRACT and its ANNEXES.

31.14. If there is an express provision in the FINANCING AGREEMENTS entered into by the CONCESSIONAIRE, the FINANCERS will be entitled to:

- (i) To monitor and be informed, *pari passu*, of the progress of procedures, assessments and administrative proceedings for the application of penalties to the CONCESSIONAIRE;
- (ii) To have granted access to the CONCESSIONAIRE's computerized information, data and document management systems, in the manner and within the limits provided for in the FINANCING AGREEMENTS, observing, in any case, the inviolability and confidentiality of all information of the GRANTOR and USERS;
- (iii) Direct payment of indemnities and other amounts, as provided for in the FINANCING AGREEMENT and in compliance with the rules contained in this AGREEMENT;
- (iv) To perform on its own behalf the obligations for which the CONCESSIONAIRE is in arrears before the GRANTOR;



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(v) To assume the temporary administration of the CONCESSIONAIRE to promote its financial restructuring and ensure the continuity of the provision of the SERVICES;

(vi) To assume corporate control of the CONCESSIONAIRE under the terms of the law and this AGREEMENT, to promote its restructuring and ensure the provision of the SERVICES; or

(vii) To request the transfer of the CONCESSION or of the CONCESSIONAIRE's corporate control.

31.15. The CONCESSIONAIRE shall share with the GRANTOR the effective economic gains resulting from the reduction of the credit risk of the financing used.

32 CORPORATE GOVERNANCE

32.1 The CONCESSIONAIRE must observe the best corporate governance practices regarding transactions with RELATED PARTIES, for example, those recommended by the Brazilian Code of Corporate Governance (IBGC), with the presentation of standardized accounts and financial statements in accordance with the accounting standards and practices adopted in Brazil, as well as with the regulations of the Securities and Exchange Commission - CVM.

32.1.1 The CONCESSIONAIRE shall, within 01 (one) month of the signature of the EFFECTIVE DATE, develop, publish and implement a policy of transactions with RELATED PARTIES, observing, in its own right, best practices and containing at least the following elements:



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32.1.2 Criteria that must be observed for the execution of transactions between the CONCESSIONAIRE and its RELATED PARTIES, requiring compliance with a level playing field, compatible with market practice;

32.1.3 Procedures to assist in the identification of individual situations that may involve conflicts of interest and, consequently, determine the impediment of voting in relation to shareholders or directors of the CONCESSIONAIRE;

32.1.4 Procedures and responsible for identifying related parties and classifying transactions as transactions with RELATED PARTIES;

32.1.5 Indication of the approval instances of transactions with RELATED PARTIES, depending on the amount involved or other relevant criteria.

(i) Duty of the administration and the CONCESSIONAIRE to formalize, in a written document to be filed with the CONCESSIONAIRE, the justifications for the selection of RELATED PARTIES to the detriment of market alternatives.

32.1.6 The TRANSACTIONS POLICY WITH RELATED PARTIES must be updated by the CONCESSIONAIRE whenever necessary, observing the updates in the recommendations of best practices and the need to include or amend specific provisions aimed at giving greater VALIDITY to the transparency and commutability of transactions with RELATED PARTIES.

32.1.7 The CONCESSIONAIRE shall send to the GRANTOR, within ten (10) days, from its signature date, a copy of the contracts signed with RELATED PARTIES.



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32.1.8 The TRANSACTION POLICY WITH RELATED PARTIES of the CONCESSIONAIRE shall provide for the amounts and assumptions of transaction with RELATED PARTIES in which the CONCESSIONAIRE shall disclose, on its website, the following information about the contract performed:

- (i) general information about the hired RELATED PARTY;
- (ii) the subject of the contract;
- (iii) hiring deadline;
- (iv) general payment conditions and adjustment of the amounts related to the hiring; and
- (v) description of the transaction negotiation with the RELATED PARTY and the decision regarding the conclusion of the transaction.

32.1.9 The disclosure referred to in the above sub-clause shall take place within 30 (thirty) days of the conclusion of the transaction with the RELATED PARTY, and with at least 05 (five) working days from the communication of the obligations arising from the said transaction.

32.2 The CONCESSIONAIRE declares to know the Federal Law No. 12,846, of August 1, 2013, which provides for the administrative and civil liability of legal entities for the practice of acts against the Public Administration, national or foreign, and undertakes to act in an ethical, wholesome, legal and transparent manner in the relationship with the Public Power.



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32.3 The CONCESSIONAIRE shall implement internal integrity mechanisms and procedures, auditing and encouraging the reporting of irregularities and effective application of codes of ethics and conduct.

CHAPTER V - PAYMENTS TO THE CONCESSIONAIRE

33 EFFECTIVE MONTHLY PAYBACK AND BONUS ON ENERGY BILL

33.1 The GRANTOR shall pay the CONCESSIONAIRE the EFFECTIVE MONTHLY CONSIDERATION, calculated based on the provisions of this clause and ANNEXES 7 and 8.

33.2 Once the EFFECTIVE MONTHLY CONSIDERATION has been verified, the INDEPENDENT SURVEYOR will inform the DEPOSITORY FINANCIAL INSTITUTION, the GRANTOR and the CONCESSIONAIRE, quarterly, by sending a specific report.

33.2.1 In the absence of an INDEPENDENT SURVEYOR, the amount of the EFFECTIVE MONTHLY CONSIDERATION will be informed, by the CONCESSIONAIRE, to the DEPOSITORY FINANCIAL INSTITUTION and to the GRANTOR, by sending the QUARTERLY INDICATOR REPORT.

33.3 The payment of the EFFECTIVE MONTHLY CONSIDERATION will be made monthly by the DEPOSITORY FINANCIAL INSTITUTION, on behalf of the GRANTOR, and in accordance with the provisions of this AGREEMENT and the AGREEMENT WITH THE DEPOSITORY FINANCIAL INSTITUTION, upon issue by the CONCESSIONAIRE with the amount of the EFFECTIVE MONTHLY CONSIDERATION referring to the expired month, and the funds from the LIQUIDITY BALANCE must be transferred to the CONCESSIONAIRE's account in the amount indicated in the INDEPENDENT SURVEYOR's report or, in the event referred to in Sub-



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Clause 33.2.1, in the amount indicated by the CONCESSIONAIRE in the QUARTERLY REPORT OF INDICATORS.

33.4 Once the EFFECTIVE MONTHLY CONSIDERATION has been verified, the CONCESSIONAIRE shall send to the GRANTOR and the DEPOSITORY FINANCIAL INSTITUTION, until the 20th (twentieth) day of each month, the invoice with the amount of the EFFECTIVE MONTHLY CONSIDERATION, referring to the expired month.

33.4.1 Upon receipt of the monthly invoice issued by the CONCESSIONAIRE, the GRANTOR shall, within 5 (five) business days, non-extendable, complete the administrative and accounting procedures for recording the expense for the purpose of paying the EFFECTIVE MONTHLY CONSIDERATION.

33.4.2 The GRANTOR will be responsible for issuing the payment order and forwarding it to the DEPOSITORY FINANCIAL INSTITUTION, within the period described in sub-clause 33.4.1.

33.4.3 In the absence of manifestation by the GRANTOR within the period stipulated in sub-clause 33.4.1, the DEPOSITORY FINANCIAL INSTITUTION shall be obliged to proceed with the payment, pursuant to Sub-clause 33.5 and Clause 34 of this instrument.

33.4.4. Any disagreement between the PARTIES as to the value of the PERFORMANCE FACTOR, the EFFECTIVE MONTHLY CONSIDERATION or any other amount due will not cause interruption of the payment process and must be dealt with within the scope of the dispute settlement mechanisms provided for in the CONTRACT. Differences due between the PARTIES will be paid or offset upon payment of future EFFECTIVE MONTHLY CONSIDERATION, after issuing a binding decision on the subject matter of dispute.

33.5. Payment will be made within 7 (seven) business days after the date of receipt of notification from the CONCESSIONAIRE by the DEPOSITORY



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FINANCIAL INSTITUTION, referred to in sub-clause 33.4, through the transfer of funds from the LIQUIDITY BALANCE to the CONCESSIONAIRE's account.

33.5.1. The beginning of the payment of the EFFECTIVE MONTHLY CONSIDERATION will be linked to the beginning of the provision of the SERVICES, from the beginning of PHASE I;

33.5.2. The EFFECTIVE MONTHLY CONSIDERATION will be paid staggered in accordance with the actual availability of the SERVICES, as provided in ANNEX 8 and may vary depending on the GENERAL PERFORMANCE INDEX, in accordance with the parameters of ANNEX 7.

33.5.3. If the start of the SERVICES or the dates of issue of the TERMS OF ACCEPTANCE of the MODERNIZATION PLAN do not coincide with the beginning of the month, the calculation of the EFFECTIVE MONTHLY CONSIDERATION will be made pro rata according to the days that elapse between the start of the SERVICES and the last day of the respective month.

33.5.4. If the process of calculating and determining the EFFECTIVE MONTHLY CONSIDERATION is not completed before the scheduled payment date for reasons not attributable to the CONCESSIONAIRE, the EFFECTIVE MONTHLY CONSIDERATION will be paid based on the amount approved for the previous quarter, with any amounts overpaid or less in relation to the amount actually due will be incorporated into the payment of the EFFECTIVE MONTHLY CONSIDERATION of the following month.

33.5.5. If the process of calculating and determining the EFFECTIVE MONTHLY CONSIDERATION is not completed before the scheduled payment date, for reasons attributable to the CONCESSIONAIRE, the PERFORMANCE FACTOR, used in the calculation of the EFFECTIVE MONTHLY CONSIDERATION, will be



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equivalent to 0.80 (eighty hundredths) until the end of the process of calculation and determination of the EFFECTIVE MONTHLY CONSIDERATION, without prejudice to the application of contractual penalties provided for in this case.

33.6. Once the BONUS ON THE ENERGY ACCOUNT has been calculated in accordance with ANNEX 8, the INDEPENDENT SURVEYOR will inform the amount of the BONUS ON THE ENERGY ACCOUNT to the DEPOSITORY FINANCIAL INSTITUTION, the GRANTOR and the CONCESSIONAIRE.

33.6.1. THE BONUS ON THE ENERGY ACCOUNT will be granted as of the year following the year of compliance with the last CONCESSION MILESTONE and paid monthly, observing the rules described in this ANNEX 8.

33.6.2. The BONUS ON THE ENERGY ACCOUNT referring to the last year of the CONTRACT will be the object of indemnification due by the GRANTOR in favor of the CONCESSIONAIRE, upon termination of the CONTRACT, respecting the compensation of other debts and credits from both sides.

33.7. Exceptionally, in the event of delay in contracting the INDEPENDENT SURVEYOR, or when the INDEPENDENT SURVEYOR does not present the annual amount of the BONUS ON THE ENERGY ACCOUNT, the GRANTOR shall pay the CONCESSIONAIRE, under criminal law, the amounts equivalent to the last payment related to the BONUS ON THE ENERGY ACCOUNT, which must be repeated until the presentation by the INDEPENDENT SURVEYOR of the BONUS ON THE ENERGY ACCOUNT.



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34 DISAGREEMENTS REGARDING THE PAYMENT OF THE EFFECTIVE MONTHLY PAYMENT

34.1. The calculation of the EFFECTIVE MONTHLY CONSIDERATION will have as its starting point the MAXIMUM MONTHLY CONSIDERATION, corresponding to BRL [●] ([●]).

34.2. The EFFECTIVE MONTHLY CONSIDERATION will reflect the CONCESSIONAIRE's performance in providing the SERVICES and the effective availability of the MUNICIPAL STREET LIGHTING NETWORK, by verifying the deliveries of the CONCESSION MILESTONES as provided for in the MODERNIZATION PLAN and in ANNEX 5, considering the quarterly application of the GENERAL PERFORMANCE INDEX, in the form of this AGREEMENT and its ANNEXES.

34.3. The process of calculating and determining the EFFECTIVE MONTHLY CONSIDERATION shall comply with the following:

34.3.1. Until the 5th (fifth) day of the month following the quarter due, the CONCESSIONAIRE shall send to the GRANTOR and the INDEPENDENT SURVEYOR the QUARTERLY INDICATOR REPORT, containing the calculation of the CONCESSIONAIRE's GENERAL PERFORMANCE INDEX, in accordance with the performance parameters contained of ANNEX 7, including the EFFECTIVE MONTHLY CONSIDERATION for the following quarter;

34.3.2. If the QUARTERLY INDICATOR REPORT contains requests to disregard sample items due to the occurrence of events whose risk of occurrence is not attributed by this CONTRACT to the CONCESSIONAIRE, the GRANTOR may forward it to the INDEPENDENT SURVEYOR, within 5 (five) days from upon receipt of the QUARTERLY INDICATOR REPORT, a reasoned statement on the acceptance of the justifications presented by the CONCESSIONAIRE.



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34.3.3. Requests for disregard and any manifestations presented by the GRANTOR will be examined by the INDEPENDENT SURVEYOR.

34.3.4. Any questions by the GRANTOR regarding the INDEPENDENT SURVEYOR's decision on the disregard of sample items and their respective justifications will be subject to the provisions of Sub-Clause 34.7.

34.3.5. In the event of delay in contracting the INDEPENDENT SURVEYOR, or when the INDEPENDENT SURVEYOR does not deliver the report in a timely manner to the DEPOSITORY FINANCIAL INSTITUTION or is unable, for any reason not attributable to the CONCESSIONAIRE, to carry out the measurements and issue the reports under its responsibility, the GRANTOR's decision regarding requests to disregard sample items shall prevail.

34.4. Regardless of the provisions of Sub-clauses 34.3.2 and 34.3.3, the INDEPENDENT SURVEYOR will have a period of 10 (ten) consecutive days, counted from the receipt of the QUARTERLY INDICATOR REPORT, to complete its verifications and diligences, analyze the documents provided and send its report to the DEPOSITORY FINANCIAL INSTITUTION, the GRANTOR and the CONCESSIONAIRE, including the EFFECTIVE MONTHLY CONSIDERATION for the quarter following the calculation.

34.4.1 The control bodies of the Public Administration of the Municipality of Alagoinhas, observing the scope of their powers, may verify the accuracy of the measurement process, as well as the full compliance with the INDEPENDENT SURVEYOR's obligations under the terms of its contract.

34.4.2. Exceptionally, in the event of delay in hiring the INDEPENDENT SURVEYOR, or when the INDEPENDENT SURVEYOR does not deliver the



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report in a timely manner to the DEPOSITORY FINANCIAL INSTITUTION, or is unable, for any reason not attributable to the CONCESSIONAIRE, to carry out the measurements and issue the reports under responsibility, the amount of the EFFECTIVE MONTHLY CONSIDERATION will be informed by the CONCESSIONAIRE, to the DEPOSITORY FINANCIAL INSTITUTION and to the GRANTOR, by sending the QUARTERLY INDICATOR REPORT, this amount being used to pay the EFFECTIVE MONTHLY CONSIDERATION until the work is regularized of the INDEPENDENT SURVEYOR.

34.4.3. In the event that the CONCESSIONAIRE does not send or partially sends the QUARTERLY INDICATOR REPORT and/or does not exist in the period, the provisions of Sub-Clause 33.5.5 must be observed for the purpose of calculating the EFFECTIVE MONTHLY CONSIDERATION.

34.5. In possession of the INDEPENDENT SURVEYOR's report, the CONCESSIONAIRE shall issue its monthly invoice in the amount indicated in the INDEPENDENT SURVEYOR's report and notify the DEPOSITORY FINANCIAL INSTITUTION, with a copy to the GRANTOR, and the DEPOSITORY FINANCIAL INSTITUTION shall carry out, within 7 (seven) business days after the date of receipt of the notification, the transfer of the MONTHLY CONSIDERATION amount indicated in the report regardless of any previous manifestation by the GRANTOR, in the account held by the CONCESSIONAIRE, pursuant to this AGREEMENT and ANNEX 13.

34.6. The amount due after each quarterly calculation will remain in force until a new quarterly calculation is carried out and a new amount is fixed, regardless of the initiation of mediation to determine any discrepancies, pursuant to this CONTRACT.



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34.7. In the event of disagreements as to the amount of the EFFECTIVE MONTHLY CONSIDERATION, any of the PARTIES shall initiate a mediation and/or arbitration procedure, within 15 (fifteen) days of the INDEPENDENT SURVEYOR's manifestation mentioned in this AGREEMENT.

34.7.1. In the event of any discrepancies in relation to the INDEPENDENT SURVEYOR's report, the amounts contained therein must be regularly paid, pursuant to the Sub-Clause above; and

34.7.2. Any adjustments to the value of the EFFECTIVE MONTHLY CONSIDERATION, upwards or downwards, resulting from the analysis of the differences pointed out, will affect the EFFECTIVE MONTHLY CONSIDERATION immediately following the respective decision, considering any adjustments to the EFFECTIVE MONTHLY CONSIDERATION and the calculated monetary correction increments by the variation of the IPCA.

35 ADJUSTMENT OF MAXIMUM MONTHLY PAYOUT AND OTHER MONETARY VALUES

35.1 The monetary values provided for in this CONTRACT and its ANNEXES, including those referring to the MAXIMUM MONTHLY CONSIDERATION amount, shall be adjusted annually, through IPCA, according to the formula below:

$$R_t = \frac{IPCA_t}{IPCA_0}$$

where:

R_t : it is a readjustment factor, in the contractual year "t", which must be multiplied by the monetary values provided for in this CONTRACT and ANNEXES, including those referring to the maximum monthly instalment amount;



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$IPCA_0$: is IPCA index number on the base date defined in the COMMERCIAL PROPOSAL;

$IPCA_t$: is IPCA index number of the second month preceding the adjustment date in the contractual year "t".

35.2 The first adjustment of the MAXIMUM MONTHLY CONSIDERATION amount shall reflect IPCA variation of the between the base date of the MAXIMUM MONTHLY CONSIDERATION defined in the COMMERCIAL PROPOSAL and the month of the start of the payment. If 12 (twelve) months have not elapsed between the base date of the maximum monthly payment defined in the COMMERCIAL PROPOSAL and the beginning of the payment, the first adjustment shall be made only after the 12 (twelve) months of the date of the COMMERCIAL PROPOSAL.

35.3 If IPCA is extinguished, or in any way can no longer be used, it shall be adopted in place of what may be determined by the legislation then in force. In the absence of a legal forecast for the substitute index, the PARTIES shall elect a new official index to readjust the remaining value.

36 LINKING OF COSIP AND PAYMENT OF THE EFFECTIVE MONTHLY PAYMENT BY THE LINKED ACCOUNT

36.1 The guarantee of the amounts due by the GRANTOR under this CONTRACT shall be realized and ensured by binding the amounts arising from the COSIP and the conclusion of a CONTRACT with the DEPOSITORY FINANCIAL INSTITUTION, which shall regulate the transit of COSIP resources throughout the term of the CONTRACT, and whose movement shall be restricted and shall have the specific purpose of serving as a means of payment of the amounts due by the GRANTOR under this accordance with the terms and conditions set out in ANNEX 13.



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36.2 Under this CONTRACT, the GRANTOR binds to the CONCESSIONAIRE, throughout its term, the resources arising from COSIP collection, irrevocable and irrevocably, in accordance with the terms of ANNEX 13.

36.3 The linking of the amounts from COSIP shall cover the entire amount of funds collected with COSIP until (i) payment of the EFFECTIVE MONTHLY PAYMENT; (ii) the payment of any BONUS ON THE ENERGY BILL; (iii) the realization of the other transfers, amounts due, indemnities and compensation due to the CONCESSIONAIRE, in any respect, especially those that may arise from the early termination of the CONTRACT; and (iv) and the recomposition of the minimum balance of the RESERVE ACCOUNT, in the form of ANNEX 13.

36.4 Pursuant to sub-clause 36.2 above, the GRANTOR is obliged to constitute and maintain throughout the term of the CONCESSION, LINKED ACCOUNT to be fed by the collecting of the COSIP, with the objective of realizing the flow of payment of EFFECTIVE MONTHLY PAYMENTS.

36.4.1 Without prejudice to the provisions of the sub-clause above, the GRANTOR shall provide, in accordance with the CONTRACT WITH THE DEPOSITORY FINANCIAL INSTITUTION, the opening and maintenance of the RESERVE ACCOUNT, with a minimum balance of maximum monthly payment in force, in the form and in accordance with ANNEX 13.



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36.4.2 If the resources arising from COSIP collection are not sufficient to generate the payment of the EFFECTIVE MONTHLY PAYMENTS, or if, eventually, the COSIP is extinguished through subsequent legislative changes to this effect, it shall be up to the GRANTOR to maintain the regular remuneration of the CONCESSIONAIRE, through any other source of resources, as provided for in this CONTRACT and ANNEX 13, in order to ensure that the CONCESSIONAIRE shall not be harmed by such facts.

36.5 The payment of EFFECTIVE MONTHLY CONSIDERATIONS shall depend on the transfer of COSIP values or any other source of resources when the first option is insufficient, provided that the new source has a complementary or alternative budget allocation, the financial resources of which may also be carried over by the LINKED ACCOUNT.

36.6 In the event of default of the GRANTOR:

36.6.1 The debt will be increased by default interest according to the savings account remuneration index and monetary correction based on the IPCA-E.

36.6.2 The delay in the payment of the EFFECTIVE MONTHLY CONSIDERATION to the CONCESSIONAIRE, either by emptying the payment system, or by omission of the GRANTOR, which may exceed the period of ninety (90) days, shall give the CONCESSIONAIRE the power to suspend the ongoing investments, as well as the suspension of the activity that is not strictly necessary for the continuity of essential public services or the public use of existing infrastructure, without prejudice to the right to terminate the CONCESSION.

36.7 The binding of COSIP and the payment system based on LINKED ACCOUNT established by this clause may be replaced or supplemented by



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any other modalities capable of guaranteeing a flow of payment admitted by law, upon prior and express Contract between the PARTIES.

36.7.1 To ensure the quality and liquidity of the ASSETS destined for the replacement or complementation of the payment system, the CONCESSIONAIRE may contract independent audit.

36.8 The LINKED ACCOUNT, the RESERVE ACCOUNT and any alternatives presented by the GRANTOR, pursuant to this clause, shall be acceptable by financial institutions, and the GRANTOR shall be obliged to carry out all the necessary measures for its acceptance.

36.9 In case of failure or omission of the GRANTOR in establishing, maintaining or replacing the payment system backed by the LINKED ACCOUNT and the RESERVE ACCOUNT for a period of ninety (90) days, it is configured to be non-compliance with the contractual rules by the GRANTOR, for all purposes of law and authorized to the CONCESSIONAIRE to prepare a Contingent Return Plan, for the early termination of the CONCESSION, which will be fully resumed by the GRANTOR, within 180 (one hundred and eighty) days, counted from the date of filing the Contingent Return Plan.

36.9.1 In the event that the CONCESSIONAIRE chooses the early termination of the CONCESSION, in accordance with the above sub-clause, the composition, criteria and methodology for calculating the indemnification due to the CONCESSIONAIRE shall be the same as provisions of clause 51, which deals with the camping hypothesis.

37 GUARANTEE OF THE CONTRACT EXECUTION



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37.1 The CONCESSIONAIRE shall maintain, on GRANTOR's behalf, as a guarantee of the faithful fulfilment of contractual obligations, GUARANTEE OF THE CONTRACT EXECUTION, from the date of the CONTRACT signing up to at least 120 (one hundred and twenty) days after the advent of the contractual term, in the amount equivalent to:

- (i) 5% (five percent) of the value of the CONTRACT, from the beginning of PHASE I to the end of PHASE II;
- (ii) 2.5% (two and a half percent) of the value of the CONTRACT, from the beginning of PHASE III until 2 (two years) before the expiration of the CONCESSION TERM; and
- (iii) 5% (five percent) of the value of the CONTRACT, in the last 2 (two years) before the expiration of the CONCESSION TERM.

37.1.1 The minimum amounts of the GUARANTEE OF THE CONTRACT EXECUTION shall be adjusted annually by IPCA, or any other index that shall officially replace it, on the same date as the adjustments provided for in this CONTRACT.

37.2 In the event of partial or full execution of the GUARANTEE OF THE CONTRACT EXECUTION, the CONCESSIONAIRE shall promote its immediate renewal in the amounts set forth in the sub-clause above.

37.3 The GUARANTEE OF THE CONTRACT EXECUTION, at the discretion of the CONCESSIONAIRE, may be provided in one of the following modalities:

37.3.1 Security, cash;

37.3.2 Bank guarantee, in the condition of the conditions set out in ANNEX 11;



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37.3.3 Insurance, in the condition of the conditions set out in ANNEX 11; or

37.3.4 GRANTOR debt securities, which must be issued in book-entry form, by means of registration in a centralized settlement and custody system authorized by the Central Bank of Brazil, and assessed their values as defined by the Ministry of Finance.

37.4 The letters of guarantee must be contracted with financial institutions, as understood as the one that has minimum equity, on the date of contracting the guarantee letter, equivalent to R\$ 1,000,000,000.00 (one billion reais), and must have a minimum of 01 (one) year, from the EFFECTIVE DATE, being the CONCESSIONAIRE'S sole responsibility to keep them in full and in full form throughout the uninterrupted CONCESSION, as well as promoting the renewals and updates that are necessary to do so.

37.5 The guarantee insurance must be contracted with insurers, duly registered with SUSEP, and must have a minimum validity of 01 (one) year from the EFFECTIVE DATE, and it is the concessionaire's sole responsibility to keep them in full force and uninterruptedly for the duration of the CONCESSION TERM, as well as promote the renewals and updates that are necessary for this.

37.5.1 Any modification of the content of the letter of guarantee or the guarantee insurance must be previously submitted for GRANTOR'S approval.



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37.5.2 The CONCESSIONAIRE shall forward to the GRANTOR, within 15 (fifteen) days before the end of the term of validity, a document proving that bank guarantee letters or guarantee insurance policies have been renewed at full value, adjusted in the manner provided for in this CONTRACT.

37.6 In the event that the CONCESSIONAIRE chooses to present the public debt securities, it shall guarantee, WITHIN THE CONCESSION TERM, the coverage of the amount referred to in subclause 37.1, including the adjustment provided for in this CONTRACT.

37.7 Without prejudice to the other hypotheses provided for in the CONTRACT and in the current regulations, the GUARANTEE OF THE CONTRACT EXECUTION may be used in the following cases:

37.7.1 In the event that the CONCESSIONAIRE does not perform the obligations provided for in the CONTRACT or perform them in non-compliance with the established;

37.7.2 In the event that the CONCESSIONAIRE does not pay the fines imposed on it or indemnification imposed on it, in the form of the CONTRACT;

37.7.3 In the event of delivery of REVERSIBLE ASSETS in non-compliance with the requirements set out in the CONTRACT; or

37.7.4 In the declaration of expiry, in the form of clause 50.

37.8 The CONCESSIONAIRE shall remain responsible for the fulfilment of other contractual obligations, regardless of the use of the GUARANTEE OF THE CONTRACT EXECUTION.



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37.9 The GUARANTEE OF THE CONTRACT EXECUTION provided shall be refunded or released after the full execution of all contractual obligations and, when in cash, shall be updated monetarily by IPCA variation, as provided for in Article 56, § 4, of Federal Law No. 8,666/1993, or other index that may officially replace it.

37.9.1 The restitution or release of the guarantee shall depend on the proof of full compliance with all labor and social security obligations of the CONCESSIONAIRE and the dispatch of the Definitive Reversal Report.

CHAPTER VI - RISK ALLOCATION

38 GRANTOR'S RISKS

38.1 They constitute risks borne exclusively by the GRANTOR, which may result in an extraordinary revision of the contractual economic-financial balance for the benefit of the CONCESSIONAIRE, pursuant to this CONTRACT:

38.1.1 Damage to the MUNICIPAL NETWORK OF STREET LIGHTING, to third parties or to the environment, caused by service providers contracted by the GRANTOR for the operation and maintenance of the MUNICIPAL NETWORK OF STREET LIGHTING;



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- 38.1.2 Costs arising from the GRANTOR's requests that involve changes in the specifications of the services or in the PERFORMANCE MEASUREMENT SYSTEM, for the incorporation of technological innovation in standards superior to the CONCESSIONAIRE's duty to provide the SERVICES up to date, including in the event of a subsequent change in the standards and technical standards;
- 38.1.3 Failures in the provision of the SERVICES resulting from the non-assignment, by the GRANTOR, of the operational obligations to the CONCESSIONAIRE provided for in this CONTRACT;
- 38.1.4 Changes to the MODERNIZATION PLAN and projects arising therefrom, at the request of the GRANTOR or other public entities, unless such changes result from the non-compliance of the MODERNIZATION PLAN or projects with the legislation in force or with the specifications of the CONTRACT and its ANNEXES;
- 38.1.5 Requests from the GRANTOR, for the incorporation of additional STREET LIGHTING POINTS, in an amount greater than the maximum limits of the CREDIT BANK defined in the CONTRACT and ANNEX 5;
- 38.1.6 Costs arising from the GRANTOR's requests to adapt the STREET LIGHTING POINTS installed directly by ENTREPRENEURS, land developers and third parties to the CONCESSION's lighting standards, when the CONCESSIONAIRE does not approve the project presented by the ENTREPRENEURS;



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- 38.1.7 Changing in the LIGHTING CLASSES of the patios by GRANTOR'S determination, outside the technical criteria defined in ANNEX 17, due to works and or interventions of any nature by the municipal public administration;
- 38.1.8 Damages and losses, including the payment of any indemnities, related to environmental liabilities that originate and are not known until the end of PHASE I;
- 38.1.9 Delays in obtaining licenses, authorizations and permits, which can be attributed exclusively to the GRANTOR, provided that the formal regularity, timeliness and adequacy of the requirements and requests submitted by the CONCESSIONAIRE are proven, and provided that the GRANTOR fails to observe the maximum period established by law or, (i) in the absence thereof, that established by the competent authorities; or, (ii) in the absence thereof, the average term applicable for the licensing of similar projects;
- 38.1.10 Delay and/or omission of the GRANTOR in the measures it is responsible for, which results in a change in the economic result of the CONCESSION, including (i) the supervenience of collection of amounts, by the DISTRIBUTOR COMPANY, for the use of electricity distribution assets for the installation of equipment and materials used exclusively in the provision of SERVICES; (ii) the supervenience of collection of values from the CONCESSIONAIRE for the use of municipal land and subsoil for the installation of equipment and materials used exclusively in the provision of SERVICES; and/or (iii) the delay in entering into an instrument with the DISTRIBUTOR COMPANY to regulate the interface of the MUNICIPAL STREET LIGHTING NETWORK with the DISTRIBUTOR COMPANY, which must occur within the term of Sub-Clause 10.1.7.1, observing, in the latter case, the terms of Clause 10;



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- 38.1.11 Delay in the realization of expropriations, servitudes, administrative limitations, or, also, the instalment and regularization of registration of real estate, provided that the delay has not been caused by act or omission of the CONCESSIONAIRE;
- 38.1.12 Occurrence of strikes by the servants or employees of the GRANTOR or the DISTRIBUTOR COMPANY that impact the CONTRACT;
- 38.1.13 Delay in meeting the deadlines for answering calls due to impediments on the part of the distribution company, provided that the formal regularity, timeliness and adequacy of the requirements and requests forwarded by the concessionaire are proven, and, provided that the distribution company fails to observe the regulatory procedures and the deadlines given to it for the respective manifestation;
- 38.1.14 Judicial or administrative decisions that prevent or make the CONCESSIONAIRE impossible to provide the SERVICES, except in cases where the CONCESSIONAIRE has given cause to the decision or in the event that there is provision in this CONTRACT that shall link the risk associated with the CONCESSIONAIRE;
- 38.1.15 Interruptions or non-compliance with contractual obligations as a result of failures or interruption in the distribution of electricity, resulting from blackout, rationing or blackout within the scope of the national electric system, in which case the CONCESSIONAIRE will not be held responsible, will not have its GENERAL PERFORMANCE INDEX impacted and nor will it suffer any kind of sanction as a result of non-compliance with the goals established in this AGREEMENT and its ANNEXES;



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38.1.16 Unpredictable factors and foreseeable factors of incalculable consequences, ACTS OF GOD or FORCE MAJEURE that, under normal market conditions, are not subject to contracting insurance coverage available in the Brazilian insurance market;

38.1.17 Incidence of private light sources (reflectors, panels, among others) on the public road and that entail the non-compliance by the CONCESSIONAIRE of uniformity requirements.

38.1.18. Delays or failure to perform tree pruning and/or clearance of roads, which are attributable to the municipal Public Administration, provided that formal regularity, timeliness and adequacy of the requirements and requests forwarded by the CONCESSIONAIRE are proven;

38.1.19. Variation in the total number of STREET LIGHTING POINTS of the BASE REGISTER that exceeds the LOWER RANGES or UPPER RANGES, pursuant to Sub-Clause 43.7;

38.1.20. Legislative changes, in the regulation applicable to the CONCESSIONAIRE, as well as the creation, extinction, exemption or alteration of taxes or legal charges, including as a result of a court decision, including the Tax on Services of Any Nature - ISS, and, except for the taxes on income, which occur after the date of publication of the BID NOTICE and directly affect the services provided by the CONCESSIONAIRE, covered by the purpose of the CONCESSION, with proven direct repercussion on the contractual economic-financial balance, will imply a review of the remuneration values of the CONCESSIONAIRE for more or less, as the case may be; and

38.1.21. Costs of third-party lawsuits against the CONCESSIONAIRE or its subcontractors arising from the execution of the CONCESSION, when due to a fact attributable to the GRANTOR.



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38.2 The CONCESSIONAIRE is exclusively and fully responsible for all risks related to this CONCESSION, with the exception of those total risks partially attributed expressly to the GRANTOR in the CONTRACT.

38.3 Any contractual rebalancing resulting from the materialization of the risk provided for in sub-clause **Erro! Fonte de referência não encontrada.** shall be carried out by the Parties until the end of PHASE I, and the adjusted MAXIMUM MONTHLY DEBT shall be paid by the GRANTOR to the CONCESSIONAIRE from PHASE II.

39 CONCESSIONAIRE'S RISKS

39.1 The CONCESSIONAIRE assumes all other risks inherent to the execution of the CONTRACT, including, but not limited to, those specified below, which shall not lead to the recomposition of the economic and financial balance of the CONTRACT for the benefit of the CONCESSIONAIRE if they materialize:

39.1.1 Errors or omissions in the studies and surveys necessary for the preparation of the COMMERCIAL PROPOSAL and for the execution of the object of the CONTRACT;

39.1.2 Discrepancy of the information identified by the CONCESSIONAIRE in the BASE REGISTRATION when related to the technologies and the installed load of the STREET LIGHTING POINTS of the MUNICIPAL NETWORK OF STREET LIGHTING.

39.1.3 Obtaining licenses, permits, authorizations and permits related to the activities of the CONCESSION;



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- 39.1.4 Obtaining acts or authorizations from the DISTRIBUTOR COMPANY or competent authority and any delays in issuing these acts by fact, action or omission attributable to the CONCESSIONAIRE, provided for in clause 10;
- 39.1.5 Failures in the preparation, updating, consistency, execution and implementation of the plans required of the CONCESSIONAIRE, in accordance with the provisions of this CONTRACT and ANNEX 5;
- 39.1.6 Meeting the GOAL OF ENERGY EFFICIENCY, according to the provisions of ANNEX 5, through the preparation of plans, projects, the acquisition of equipment and works and SERVICES execution in the MUNICIPAL NETWORK OF STREET LIGHTING;
- 39.1.7 Errors or omissions of the CONCESSIONAIRE when incorporating in its plans and projections the information about the LIGHTING CLASSES of the roads of the MUNICIPALITY.
- 39.1.8 Variation of the total number of STREET LIGHTING POINTS of the BASE REGISTRATION that does not exceed the LOWER RANGES or UPPER RANGES, pursuant to subclause 43.7;
- 39.1.9 Additional investments, costs or expenses arising from the increase in the values of operating costs and purchase or maintenance of equipment;
- 39.1.10 Variation of any cost related to the investments to be made by the CONCESSIONAIRE;



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39.1.11 Installation, operation and/or maintenance costs of public lighting points in existing public street segments, at the time of publication of the notice, to meet technical, current and performance parameters, to eliminate dark spots or to adapt to due to the change in lighting classes, including the need to install, operate and maintain a telemanagement system;

39.1.12. Costs with the installation, operation and maintenance of ADDITIONAL STREET LIGHTING POINTS requested by the GRANTOR, up to the maximum limits defined in the CONTRACT and ANNEX 5;

39.1.13. Identification of obstruction in the luminous flux of STREET LIGHTING POINTS due to the presence of arboreal individuals, and request for the necessary pruning to the competent authorities of the MUNICIPALITY to promote compliance with the performance parameters contained in ANNEX 7 and other obligations provided for in this AGREEMENT and in its ANNEXES;

39.1.14. Technological changes implemented by the CONCESSIONAIRE meet its current obligation or technological innovations that have not been requested by the GRANTOR;

39.1.15. Adequacy and updating of the technology used to perform the SERVICES, in accordance with the procedure established in Sub-Clause 18.4, including the need for unforeseen reinvestments, due to any accelerated technical depreciation;

39.1.16. Costs resulting from damage or performance of equipment resulting from technological changes implemented by the CONCESSIONAIRE to meet its current obligation;



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39.1.17. Costs resulting from damage, performance or robustness of equipment resulting from technological changes requested by the GRANTOR;

39.1.18. Delay in complying with the CONCESSION MILESTONES, provided for in ANNEX 5, and other deadlines established in this AGREEMENT, considering any extensions agreed with the GRANTOR;

39.1.19 Changes in the MODERNIZATION PLAN or in the projects, at the initiative of the CONCESSIONAIRE;

39.1.20 Error in its projects, failures in services provision, and failures or errors caused by its subcontractors, employees or outsourced, including, among the latter, THE SUBCONTRACTED OPERATORS;

39.1.21. Safety and health of workers who are subordinate to it in the execution of the object of this CONTRACT and/or its subcontractors;

39.1.22. Variation in the cost of FINANCING (S) assumed for the realization of investments or for the cost of the SERVICES object of the CONCESSION;

39.1.23. Quality in the provision of the SERVICES object of this CONTRACT, including the quality of the materials and equipment used, as well as the compliance with the technical specifications of the SERVICES and the GENERAL PERFORMANCE INDICES of the PERFORMANCE MEASUREMENT SYSTEM of ANNEX 7;

39.1.24. Compliance with the ENERGY ENHANCEMENT GOALS as provided for in this CONTRACT and other enhancements promoted by the CONCESSIONAIRE on its own initiative;



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39.1.25. Obsolescence, robustness and full functioning of the technology used by the CONCESSIONAIRE in the CONCESSION, including that used to guarantee data and information traffic within the scope of the TELEMANAGEMENT SYSTEM of the MUNICIPAL STREET LIGHTING NETWORK;

39.1.26. From the EFFECTIVE DATE, the damages caused to third parties or to the environment resulting from the provision of SERVICES by the CONCESSIONAIRE, its employees, service providers, outsourced, subcontracted, SUBCONTRACTED OPERATORS or by any other individual or legal entity linked to it, in the exercise of activities covered in this CONTRACT;

39.1.27. Recovery, prevention, correction and management of environmental liabilities related to the CONCESSION, originated after the end of PHASE I, including the environmental liabilities related to the final destination of equipment and goods used in the SERVICES and the exploitation of revenues arising from RELATED ACTIVITIES;

39.1.28. Inefficiencies or economic losses resulting from failures, negligence, ineptitude or omission in the fulfilment of the object of this CONTRACT;

39.1.29. All risks related to the exploitation of RELATED ACTIVITIES, including the losses resulting from their execution, except as provided for in this AGREEMENT;

39.1.30. Supervening verification of errors or omissions in your COMMERCIAL PROPOSAL;

39.1.31. Contracting of insurance policies, as well as their scope, coverage and suitability for the purpose of the CONCESSION, including material damages and



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moral damages covered, which must meet the maximum indemnity limits calculated based on the greatest probable damage, in accordance with the methodology provided for in ANNEX 11;

39.1.32. Financial liquidity of the SPE in the investment phase, considering the minimum capital requirement established in this CONTRACT;

39.1.33. Training of the SPE, as a result of the change in its corporate control;

39.1.34. Any loss, destruction, theft, loss or any other types of damage caused to the LINKED ASSETS not covered by the insurance policies contracted by the CONCESSIONAIRE or by the manufacturer's warranty, including those resulting from acts of vandalism and acts resulting from social manifestations and/ or public;

39.1.35. Expenses resulting from hidden defects in LINKED ASSETS;

39.1.36. Increase in the cost of capital, including those resulting from increases in interest rates;

39.1.37. Variation in exchange rates;

39.1.38. Errors in estimates of costs of inputs, equipment and materials, including market cost variations;

39.1.39. Labor, social security, tax and commercial charges resulting from the execution of this CONTRACT and the liabilities arising therefrom, including those related to companies eventually subcontracted under the CONCESSION;



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39.1.40. Alignment with the historical and cultural heritage, respecting the current legislation for the protection of heritage;

39.1.41. Inflation higher or lower than the readjustment rates provided for in the CONTRACT for the same period;

39.1.42. Occurrence of strikes by its employees, service providers, outsourced workers or their subcontractors;

39.1.43. Interruption or failure to supply materials, supplies and services by its contractors;

39.1.44. Any increase in the costs of equipment and furniture between the date of submission of the COMMERCIAL PROPOSAL and the actual acquisition thereof;

39.1.45. Business, financial, economic, tax and accounting planning of the CONCESSION and the CONCESSIONAIRE;

39.1.46. Costs of third-party lawsuits against the CONCESSIONAIRE or subcontractors arising from the execution of the CONCESSION, unless due to a fact attributable to the GRANTOR;

39.1.47. Damage to the CONCESSION's equipment resulting from failures in the supply of electricity; and

39.1.48. Any other risks related to the execution of the purpose of the CONCESSION, which are not expressly provided for in this CONTRACT.



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39.2. Any contractual economic-financial rebalancing resulting from the materialization of the risk provided for in Sub-Clause 39.1.8 must be carried out by the PARTIES until the end of PHASE I, and the MAXIMUM MONTHLY CONSIDERATION adjusted must be paid by the GRANTOR to the CONCESSIONAIRE as of PHASE II.

39.3. The CONCESSIONAIRE may only demand the extraordinary review of the CONTRACT if it proves that the event generated an impact on the contractual economic-financial balance.

40 FORTUITOUS CASE AND FORCE MAJOR

40.1 In the context of the provisions to the contrary expressed in this CONTRACT, the occurrence of FORTUITOUS OR FORCE MAJOR SITUATIONS is considered as shared risk, as follows:

40.1.1 None of the PARTIES shall be deemed delinquent if the performance of obligations has been prevented by the occurrence of FORTUITOUS CASE or FORCE MAJOR, the consequences of which are not liable to contract insurance coverage available in the Brazilian insurance market and under viable commercial conditions, pursuant to this CONTRACT and its ANNEXES, and shall communicate within a maximum period of 48 (forty-eight) hours to the other Party the occurrence of any such event.



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40.1.2 Unless the GRANTOR provides other written instructions, the CONCESSIONAIRE shall continue to comply with its obligations under the CONTRACT, to the extent reasonably possible and shall seek, by all available means, to comply with those obligations not prevented by the event of FORCE MAJOR OR FORTUITOUS CASE, and the GRANTOR is also responsible for fulfilling its obligations not prevented by the event of FORCE GREATER OR FORTUITOUS CASE.

(i) The PARTIES may agree on the possibility of contractual review or termination of the CONCESSION.

(ii) If the PARTIES choose to terminate the CONTRACT, the rules for the CONTRACT termination shall apply, as appropriate, for the termination of the contract by the advent of the contractual term.

(iii) If the GRANTOR chooses the contractual review, there must be an equitable division of the damages caused by the event

40.1.3. In the event of an ACTS OF GOD or FORCE MAJEURE, when the coverage of its consequences can be contracted 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 costs arising.

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



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**CHAPTER VII - THE ECONOMIC AND FINANCIAL BALANCE OF THE
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41 ORDINARY REVISIONS OF CONCESSION PARAMETERS

41.1 In the 6th (sixth) and 10th (tenth) year of the CONTRACT, counted from the EFFECTIVE DATE, the PARTIES shall initiate and complete the process of reviewing the concession parameters in relation to the following aspects, preventing the change in the allocation of risks:

(i) Review of the GENERAL PERFORMANCE INDICES provided for in ANNEX 7;

(ii) Need to adapt the technology used with the current parameters, according to the provisions of clause 18;

(iii) Requests for technological innovations by the GRANTOR and possible revision of the contractual economic-financial balance; and

(iv) Revision of the MODERNIZATION PLAN and OPERATION AND MAINTENANCE PLAN, in the form of ANNEX 5.

41.1.1 The parameters that this clause handles shall be applied until the end of the subsequent GRANT parameters review process.

41.1.2 The implementation of any changes to the minimum specifications of the BOUND ASSETS, in the light of the revision provided for in this clause, must necessarily be preceded by a reasonable time for the parties to adapt.



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41.1.3 The review process shall be initiated by the GRANTOR of letter or at the request of the CONCESSIONAIRE.

41.1.4 The maximum period for the initiation of the review process is 60 (sixty) days from the milestones for review provided for in Sub-Clause 41.1 and Sub-Clause 41.1.3.

41.1.5 The review process shall be completed within a maximum of 06 (six) months, after which any of the PARTIES who feel harmed may resort to dispute resolution mechanisms.

41.1.6 The review process shall be concluded by Contract of the PARTIES, and their results shall be duly documented and, if they import changes to the CONTRACT, they shall be incorporated into a contractual additive.

41.1.7 The PARTIES may be assisted by technical consultants of any specialty in the course of the review process and the reports, studies, opinions or opinions issued by them must be written to the proceedings in order to explain the reasons for the parties' final Contract or possible divergence.

41.1.8 Meetings, negotiations or any hearings held in the course of the review process must be duly recorded, in breach of the duty of confidentiality applicable.

41.1.9 The review process shall only result in a review of the contractual economic-financial balance in the cases expressly provided for in the CONTRACT, in compliance with the allocation of risks.



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42 EXTRAORDINARY REVIEW

42.1 At any time, at the discretion of the GRANTOR, or on the basis of the concessionaire's request to be assessed by THE GRANTOR, extraordinary revisions may be made to SERVICES provision, in order to adjust it to the changes, changes or conditions that may influence the contractual compliance, pursuant to this CONTRACT, revision of this only in exceptional hypotheses, by presenting a written and proven justification, observed, in what may be, the preservation of the contractual economic-financial balance.

42.1.1 The exceptional hypotheses are the concrete or imminent materialization of an event whose consequences are sufficiently burdensome to the point of giving rise to the need for evaluation and urgent measures, under penalty of impacting the proper SERVICES provision.

42.2 In the event of new investments or services requested by the GRANTOR, not provided for in the CONTRACT, the GRANTOR may require the CONCESSIONAIRE, prior to the process of recomposition of the contractual economic-financial balance, the preparation of the basic project of the works and services, including the budget of the investments or additional expenses provided for, pursuant to this CONTRACT, whose preparation costs shall be the subject of economic and financial rebalancing, pursuant to this CONTRACT.

43 PROCEDURES FOR RECOMPOSITION OF THE ECONOMIC-FINANCIAL BALANCE

43.1 The procedure for recomposition of the economic and financial balance of the CONTRACT may be initiated by request of the CONCESSIONAIRE or by determination of the GRANTOR, and the claiming PARTY shall be



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responsible for the timely demonstration of the occurrence and identification of the event causing the imbalance.

43.1.1 The pleading PARTY shall preferably identify the event of imbalance and communicate to the other PARTY within a period of not more than 180 (one hundred and eighty) days from its materialization, with a view to safeguarding the contemporaneity of contractual relations, as well as enabling the proper management of the consequences of the event causing the imbalance.

43.1.2 The omission of either PARTY to request the recomposition shall be waived in waiver of this right after the period of 05 (five) years from the science of the event causing the imbalance.

43.2 At the time of each process of recomposition of the economic-financial balance of the CONTRACT, the then existing claims of both PARTIES shall be contemplated, in order to compensate for positive or negative economic-financial impacts arising from the events causing the imbalance.

43.3 The claim must be made by means of reasoned communication and be accompanied by all the documents necessary to demonstrate its appropriateness, including as to:

- (i) Precise identification of the event causing the imbalance, also contemplating data such as the date of occurrence and the probable duration of the hypothesis of the recomposition, accompanied, where relevant, by evidence that the responsibility is contractually allocated to the other PARTY, through the presentation of a technical report, expert report or independent study;



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(ii) Quantitative of the imbalances actually identified in cash flow, with the date of occurrence of each of them, or the estimate, in case of new investments, for the calculation of the recomposition of the economic-financial balance of the CONTRACT;

(iii) Identification of the economic, direct and indirect impacts, effectively incurred by the fielding PARTY, arising from the event causing the imbalance, accompanied by an explanatory summary containing the accounting and tax regimes applicable to supposedly unbalanced revenues or costs;

(iv) In the event of an assessment of possible future imbalances, demonstration of assumptions and parameters used for impact estimates; and

(v) The request, as the case may be, shall contain the indication of the intention to revise the CONTRACT, bringing the detailed statement of the assumptions and parameters used and informing the impacts and possible alternatives for balancing the benefits between the PARTIES.

43.3.1 In the event of a claim submitted by the CONCESSIONAIRE, the GRANTOR shall, within a maximum period of 60 (sixty) days, express itself in respect of its appropriateness.

43.3.2 The GRANTOR, or whoever indicated by it, shall have free access to information, ASSETS and facilities of the CONCESSIONAIRE or third parties contracted by it to assess the value of the imbalance alleged by the CONCESSIONAIRE in its request for the recomposition of the economic and financial balance of the CONTRACT.



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43.3.3 In case of claims filed by the GRANTOR, received the notification, the CONCESSIONAIRE shall have 60 (sixty) days to present a reasoned statement as to the respective request.

43.3.4 In view of the concessionaire's response to the REQUEST of the GRANTOR, it shall have 60 (sixty) days to ratify the appropriateness of the recomposition of the economic-financial balance.

43.4 In order to confirm the situations identified as resulting from the economic and financial imbalance of the CONTRACT and to dimension the effects and measures resulting there from, the PARTIES may count on the participation of a specialized entity specially contracted for this purpose or request economic reports to be prepared by the INDEPENDENT VERIFIER.

43.5 The GRANTOR may also request economic or technical reports prepared by organs or entities of the municipal public administration.

43.6 The methodology used to remake the economic-financial balance of the CONTRACT shall be that of marginal cash flow, according to the procedures described below.

43.6.1 The recomposition of the economic-financial balance of the CONTRACT shall be carried out in such a way that the net present value of marginal CASH FLOW projected due to the event that led to the recomposition is null and void, considering, on the same base date (i) the cash flows of marginal expenditure stemming from the event that gave rise to the recomposition, and (ii) the cash flows of marginal revenues resulting from the recomposition of the contractual economic-financial balance.



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

43.6.3 According to any assumptions possibly defined by the INDEPENDENT VERIFIER, the GRANTOR may request that the CONCESSIONAIRE demonstrate that the amounts necessary for making new investments shall be calculated based on market values, considering the overall cost of similar works or activities in Brazil or based on cost systems that use as a supply market values of the specific sector of the project, measured, in any case, by synthetic budget, elaborated by means of expeditious or parametric methodology.

43.6.4 The actual annual Discount Rate to be used in the calculation of net present value shall be obtained in the following terms:

$$TD = 149\% \times TR$$

Being:

TD: Actual annual discount rate;

TR: Average of the last 12 (twelve) months of the gross real interest rate on the sale of Treasury Notes IPCA + with semiannual interest (NTN-B or, in its absence, another one that replaces it), ex-ante tax deduction on income, due in 2040, published by the National Treasury Secretariat.



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43.6.5 For the purpose of determining the value to be rebalanced, the effects of direct and indirect taxes effectively on the flow of marginal and effectively disbursed expenditures must be considered.

43.6.6 Since the rule defined for the recomposition of the economic-financial balance of the CONTRACT is observed:

(i) The events causing imbalances related to investments defined by the CONCESSION MILESTONES shall consider, for calculation the recomposition of the economic-financial balance of the CONTRACT, the Discount Rate calculated on the date of signing the CONTRACT;

(ii) All other hypotheses shall consider, to calculate the recomposition of the economic and financial balance of the CONTRACT, the Discount Rate calculated on the date of the materialization of the event;

(iii) At each recomposition of the economic-financial balance of the CONTRACT, the definitive Discount Rate shall be defined for the entire concession period for the events considered therein.

43.7 If the amount of STREET LIGHTING POINTS verified in the BASE REGISTRATION is less than the LOWER RANGE (IF) or greater than the UPPER RANGE (FS), in relation to the TOTAL OF STREET LIGHTING POINTS, the MAXIMUM MONTHLY COUNTER-INSTALLMENT contained in the COMMERCIAL PROPOSAL of the CONCESSIONAIRE shall be adjusted to remake the economic and financial balance of the CONTRACT, according to the established in the table below:



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GROUP	NAME	LOW RANGE (FI)	HIGH RANGE (FS)	REBALANCING FACTOR (FR)
1.1	QUANTITATIVE REFERENCIAL OF LIGHTING POINTS WITH REMOTE MANAGEMENT	98% (ninety-eight percent) of quantitative REFERENCE OF LIGHTING POINTS, as ANNEX 5	102% (one hundred and two percent) QUANTITATIVE REFERENCE OF LIGHTING POINTS, as ANNEX 5.	0,004512%
1.2	QUANTITATIVE REFERENCIAL OF LIGHTING POINTS WITHOUT REMOTE MANAGEMENT			0,003675%

43.8 The amount of STREET LIGHTING POINTS subject to the rebalancing must be calculated by applying the REBALANCE FACTOR (FR), according to the formula below, resulting in a value that must be added or subtracted, having as reference the COMMERCIAL PROPOSAL of the CONCESSIONAIRE.

$$CMM_{Reajustada} = CMM_{Proposta} + CMM_{Acr\u00e9scimo} - CMM_{Rdu\u00e7\u00e3o}$$

Where:



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$CMM_{Proposta}$: is the MAXIMUM MONTHLY CONSIDERATION of the COMMERCIAL PROPOSAL of the CONCESSIONAIRE.

$CMM_{Acréscimo}$: calculated according to the above:

$$CMM_{Acréscimo} = CMM_{Proposta} \times (RC_{A1.1} + RC_{A1.2})$$

$$RC_{A1.1} = (QR_{1.1} - FS_{1.1}) \times FR_{1.1}$$

$$RC_{A1.2} = (QR_{1.2} - FS_{1.2}) \times FR_{1.2}$$

Where:

RC_{Ai} : is the rebalancing for each STREET LIGHTING POINT GROUP, if the quantity of its respective STREET LIGHTING POINT GROUP, identified in the BASE REGISTRATION, is greater than the UPPER RANGE (FS);

FR_i : is the REBALANCE FACTOR (FR) indicated for each STREET LIGHTING POINT GROUP;

FS_i : 102% (one hundred and two percent) of the amount of the STREET LIGHTING GROUP, according to ANNEX 4;

QR_i : is the number of STREET LIGHTING POINTS for each STREET LIGHTING POINT GROUP, according to BASE REGISTRATION.

$CMM_{Redução}$: must be calculated according to the above:

$$CMM_{Redução} = CMM_{Proposta} \times (RC_{R1.1} + RC_{R1.2})$$

$$RC_{R1.1} = (FI_{1.1} - QR_{1.1}) \times FR_{1.1}$$



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$$RC_{R1.2} = (FI_{1.2} - QR_{1.2}) \times FR_{1.2}$$

Being:

RC_{Ri} : is the rebalancing for each STREET LIGHTING POINT GROUP, if the quantity of its respective STREET LIGHTING POINT GROUP, identified in the BASE REGISTRATION, is greater than the LOWER RANGE (FI);

FR_i : is the REBALANCE FACTOR (FR) indicated for each STREET LIGHTING POINT GROUP;

FS_i : 98% (ninety-eight percent) of the amount of the STREET LIGHTING GROUP, according to ANNEX 4;

QR_i : is the number of STREET LIGHTING POINTS for each STREET LIGHTING POINT GROUP, according to BASE REGISTRATION.

43.9 Any divergences arising from the economic and financial rebalancing of the CONTRACT do not suspend or alter the obligations of the PARTIES during the pending review process.

43.9.1 If no friendly solution is found, or in case of disagreement as to the need for recomposition or as to the values or other data indicated, the PARTIES may resort to the dispute resolution procedures provided for in this CONTRACT for the resolution of disputes.

43.10 The recomposition of the economic and financial balance of the CONTRACT shall be implemented through the following modalities, alone or in a combined manner:



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- (i) extension or reduction of the CONCESSION DEADLINE, in the exception of the minimum and maximum periods provided for in the applicable legislation;
- (ii) review of the investment schedule;
- (iii) review of the PERFORMANCE MEASUREMENT SYSTEM;
- (iv) compensation with any tax credits due or overdue from the CONCESSIONAIRE by authorized law;
- (v) change in the percentage of sharing between the PARTIES of THE ACCESSORY REVENUES;
- (vi) review of THE MAXIMUM MONTHLY PAYBACK;
- (vii) payment of indemnity;
- (viii) revision of the concessionaire's obligations related to the requirements provided for in the ANNEXES of a technical nature;
- (ix) other modalities provided for by law.

43.11 If the review of the MAXIMUM MONTHLY CONSIDERATION is used as a means to restore the economic-financial balance of the CONTRACT, described in item (vi) of Clause 43.10 above, the Restoration of the Economic-Financial Balance shall follow the procedure below:



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- 43.11.1 The events causing imbalances related to the LINKED ASSETS of the CONCESSION must be incorporated into the MAXIMUM MONTHLY CONSIDERATION - INSTALLMENT A (CMA);
- 43.11.2 Events causing imbalances not related to the LINKED ASSETS of the CONCESSION must be incorporated into the MAXIMUM MONTHLY CONSIDERATION - INSTALLMENT B (CMB);
- 43.11.3 The readjustment of the additional or subtracted installments from the MAXIMUM MONTHLY CONSIDERATION will be carried out annually, separately from the readjustment defined in Clause 35.1, through the application of the IPCA, according to the formula below:

$$R_e = \frac{IPCA_t}{IPCA_{0e}}$$

Where:

R_e : is the Readjustment factor, in the contractual year "t", which must be multiplied by the additional portion or subtracted from the MAXIMUM MONTHLY CONSIDERATION, pursuant to clause 43.12;

$IPCA_{0e}$: is the IPCA/IBGE index number on the base date of the Economic-Financial Equilibrium Recomposition;

$IPCA_t$: is the IPCA/IBGE index number of the second month prior to the readjustment date in the contractual year "t".

43.12. In choosing the measure intended to implement the restoration of the contractual economic-financial balance, the GRANTOR shall consider the frequency and amount of payments due and due to be paid by the CONCESSIONAIRE, related to the FINANCING contracts entered into by it for the execution of the purpose of the AGREEMENT.



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CHAPTER VIII - THE ANOMALOUS EXECUTION OF THE CONTRACT

44 GENERAL PROVISIONS ON PENALTIES

44.1 Failure to comply with the terms of this CONTRACT, its ANNEXES, THE NOTICE, the applicable legislation and regulations shall, without prejudice to civil and criminal liability and other penalties that may be provided for in the legislation and regulations, the application of the following contractual penalties, as the case may be:

44.1.1 formal warning, in writing and with reference to the measures necessary to correct the non-compliance;

44.1.2 Fines, quantified and applied in the form of clause 46;

44.1.3 Temporary suspension of participation in bidding and impediment to contract with the GRANTOR, for a term of not more than 02 (two) years;

44.1.4 Declaration of inadequacy to bidding or contract with the Public Administration, as long as the reasons for the punishment of the GRANTOR persist; and

44.1.5 Expiry.

44.2 The penalties shall be applied by the GRANTOR, guaranteeing due administrative process and respect for the right to broad defense and



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contradictory, observing the provisions of the legislation in force at the time of the infringement.

44.3 The gradation of penalties shall observe the following scales:

44.3.1 The infraction shall be considered mild, when the concessionaire is conduct involuntary or excusable and from which it does not benefit;

44.3.2 The infraction shall be medium-sized, when it arises from recidivism conduct, but carried out for the first time by the CONCESSIONAIRE, without bringing any benefit or profit, nor affect SERVICES provision;

44.3.3 The infringement shall be considered serious when the GRANTOR finds present one of the following factors:

- (i) that the CONCESSIONAIRE acted in bad faith;
- (ii) the infringement result direct or indirect benefit to the CONCESSIONAIRE;
- (iii) the CONCESSIONAIRE is a repeat offender in the violation of medium severity; or
- (iv) significant economic injury to the GRANTOR.

44.3.4 The infringement shall be considered to be very serious when:

- (i) The GRANTOR to verify, in view of the circumstances of the service and the act practiced by the CONCESSIONAIRE, that its behavior is very harmful to the public interest, for harming,



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effectively or potentially, the life or physical safety of users, public health, the environment, or the continuity of the SERVICES;

- (ii) There is a recurrence of an infraction considered serious; or
- (iii) The CONCESSIONAIRE does not contract or maintain in force the GUARANTEE OF THE CONTRACT EXECUTION AND THE INSURANCE REQUIRED IN THE CONTRACT.

44.4 Without prejudice to clause 45, the GRANTOR shall observe, in the application of the penalties, the following circumstances, with a view to ensuring their proportionality:

44.4.1 the nature and severity of the infringement;

44.4.2 The resulting damages to USERS and to the GRANTOR;

44.4.3 The advantages obtained by the CONCESSIONAIRE as a result of the infringement;

44.4.4 Extenuating and aggravating circumstances;

44.4.5 The economic and financial situation of the CONCESSIONAIRE, in particular its ability to honor financial commitments, generate revenues and maintain the execution of the CONTRACT; and

44.4.6 The concessionaire's background, including possible recidivism.



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- 44.5 The warning may only be applied in response to the commit of mild or medium-severity infraction, as defined in this CONTRACT.
- 44.6 The fine may be imposed in response to the committing of any violations defined in this CONTRACT.
- 44.7 The temporary suspension of participation in bidding and the impediment to contract with the GRANTOR, for a period of not more than 02 (two) years, can only be applied in response to the committing of serious or serious infraction, as defined in this CONTRACT.
- 44.8 The declaration of iniquity to bid or contract with the Public Administration, as long as the reasons for the punishment persist, can only be applied in response to the committing of serious infraction, as defined in this CONTRACT.
- 44.9 The application of any penalty provided for in this clause does not prevent the declaration of expiry of the CONCESSION BY THE GRANTOR, in the cases provided for in the CONTRACT.

45 FINES

- 45.1 In comply with the criteria provided for in clause 44, the fines imposed as a result of the CONTRACT shall comply with the provisions of this clause.
- 45.2 In the case of continued infractions, daily fines shall be fixed for the duration of the non-compliance.



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- 45.3 The fines shall not be compensatory or indemnified and are not confused with the application of the PERFORMANCE MEASUREMENT SYSTEM for the calculation of the EFFECTIVE MONTHLY PAYMENT.
- 45.4 The pecuniary sums resulting from the application of the fines shall be allocated to the GRANTOR.
- 45.5 The fines may be cumulatively applicable with the other penalties provided for in the CONTRACT or applicable legislation.
- 45.6 Without prejudice to other behavior summable to be reprimanded by sanction, the CONCESSIONAIRE shall be liable for:
- 45.6.1 Daily fine of 1% (one percent) of the maximum monthly payment amount for delay in the fulfillment of any obligation prior to the beginning of PHASE I;
- 45.6.2 Daily fine of 2% (two percent) of the maximum monthly payment amount due to non-compliance with the deadline for delivery of the OPERATION AND MAINTENANCE PLAN and the MODERNIZATION PLAN;
- 45.6.3 Daily fine of 2% (two percent) of the amount of the MAXIMUM MONTHLY PAYMENT, up to the term limit established in this CONTRACT, in case of non-contracting or up-to-date maintenance of insurance policies required in the CONTRACT;



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- 45.6.4 Daily fine of 2% (two percent) of the amount of the MAXIMUM MONTHLY PAYMENT, up to the term limit established in this CONTRACT, in case of non-constitution or maintenance of the GUARANTEE OF THE CONTRACT EXECUTION in the amounts required by the CONTRACT;
- 45.6.5 Daily fine of 1% (one percent) of the amount of the MAXIMUM MONTHLY PAYMENT due to non-compliance with the deadline for completion of each CONCESSION MILESTONE, according to the amount established in ANNEX 5;
- 45.6.6 Fine of 20% (twenty percent) of the maximum monthly payoff amount, in the case of obtaining, in the form of ANNEX 7, a GENERAL PERFORMANCE INDEX below 0.4 (zero point four) for 03 (three) consecutive quarters or for 05 (five) non-consecutive quarters;
- 45.6.7 Fine of 10% (ten percent) of the maximum monthly payment amount in case of non-conformities in the accounting of related activities that impact on sharing with the GRANTOR;
- 45.6.8 Fine of 10% (ten percent) of the amount of the MAXIMUM MONTHLY PAYMENT, in the case of obtaining, in the form of ANNEX 7, of note 0 (zero) in any performance indicator for 03 (three) consecutive quarters or for 05 (five) non-consecutive quarters, in the period of 05 (five) years, even though the indicators are different;



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45.6.9 Fine of 1% (one percent) of the amount of the MAXIMUM MONTHLY PAYMENT in the event of any default of the obligations assumed by the CONCESSIONAIRE under the CONTRACT, except for those cases in which the CONTRACT already provides for a specific fine, as provided for in this clause.

45.6.10 Fine of 10% (ten percent) of the amount of indemnity due in the amount of the formula provided for in subclause 50.9 in situations in which the CONCESSIONAIRE practices an act that effectively leads to the decree of expiry of the CONTRACT, replacing the penalty provided for the default that led to the expiry, even if there is provision for a specific penalty for such act.

45.7 The amounts of fines referred to in this clause shall be adjusted annually by the IPCA, on the same date and form provided for in this CONTRACT.

45.8 Fines may be offset with future payments of the EFFECTIVE MONTHLY PAYMENT or execution of the GUARANTEE OF THE CONTRACT EXECUTION.

46 INTERVENTION

46.1 The GRANTOR may intervene in the CONCESSION, in order to ensure the proper SERVICE provision subject to the CONTRACT, as well as the faithful compliance with the relevant contractual, regulatory and legal standards, pursuant to Article 32 et. following of Federal Law No. 8,987 of February 13, 1995, in the following hypotheses:



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- 46.1.1 Unjustified stoppage of the activities subject to the CONCESSION outside the hypotheses allowed in this CONTRACT and without the presentation of reasons able to justify them;
- 46.1.2 Economic and financial imbalance of the CONTRACT resulting from mismanagement by the CONCESSIONAIRE that jeopardizes the continuity of the CONCESSION;
- 46.1.3 Serious and repeated inadequacies, inadequacies or deficiencies of the SERVICES and other activities object of the CONCESSION, characterized by the systematic failure to comply with the GENERAL PERFORMANCE INDICES provided for in ANNEX 7 and other criteria and obligations provided for in this AGREEMENT and its ANNEXES;
- 46.1.4 Use of infrastructure of the MUNICIPAL NETWORK OF STREET LIGHTING for illicit purposes; and
- 46.1.5 Omission in the accountability to the GRANTOR or offering of obstacle to the supervisory activity.
- 46.2 The intervention shall take place by decree of the GRANTOR, which shall contain, among other pertinent information:
- 46.2.1 The reasons for the intervention and its justification;
- 46.2.2 The term, which will be a maximum of 180 (one hundred and eighty) days, exceptionally extendable for an equal period, in a compatible and proportional manner to the reasons that gave rise to the intervention;



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46.2.3 The objectives and limits of the intervention; and

46.2.4 The name and qualification of the intervenor.

46.3 Decreed the intervention, the GRANTOR shall have the period of 30 (thirty) days to institute administrative proceedings with a view to proving the determining causes of the measure and to ascertain any responsibilities, ensuring the contradictory and the broad defense.

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

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

46.6 The invalidity of the intervention shall be declared if it is proven that the GRANTOR has not observed the legal and regulatory presuppositions, or the principles of the Public Administration, and the CONCESSION must be immediately returned to the CONCESSIONAIRE, without prejudice to its right to any indemnification.

46.7 After the intervention, if the CONCESSION is not extinguished by declaration of expiry pursuant to clause 50, the subject matter of the CONTRACT shall return to the concessionaire.

46.8 The revenues made during the intervention period, resulting from the remuneration due to the CONCESSIONAIRE, and the revenue stemming from the RELATED ACTIVITIES shall be used to cover the charges



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provided for the fulfilment of the concession object, including insurance and guarantee charges, financing charges and reimbursement of administration costs.

46.9 The remaining balance of the remuneration or revenue stemming from RELATED ACTIVITIES, after the intervention, shall be maintained with the CONCESSIONAIRE, unless the CONCESSION is extinguished, a situation in which such amounts shall revert to the GRANTOR.

CHAPTER IX - THE TERMINATION OF THE CONTRACT

47 GENERAL PROVISIONS ON CONTRACT TERMINATION

47.1 The CONTRACT termination shall take part in any of the following hypotheses:

47.1.1 Advent of the contractual term;

47.1.2 Encampation;

47.1.3 Expiry;

47.1.4 Termination;

47.1.5 Annulment;

47.1.6 Bankruptcy, judicial or extrajudicial recovery or extinction of the CONCESSIONAIRE that prevents the execution of the CONTRACT; or



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47.1.7 Occurrence of FORTUITOUS CASE or FORCE MAJOR, regularly proven, preventing the execution of the CONTRACT.

47.2 After the CONCESSION, the GRANTOR shall immediately assume the provision of the SERVICES, being reverted to it, free and clear of any burden or charges.

47.3 In any event of early termination of the CONTRACT, the CONCESSIONAIRE shall be entitled to the indemnification according to the formulas provided for in this CONTRACT for each modality of early termination.

47.3.1 The indemnity due to the CONCESSIONAIRE in any case shall be debilled, always in the order below:

47.3.2 the open portions due by the CONCESSIONAIRE to the FINANCIERS related to financing for investments linked to REVERSIBLE ASSETS, plus the contractual interest agreed on in the respective contractual instruments;

47.3.3 the amount of contractual fines, which have not been paid until payment of the indemnity;

47.3.4 the value of damages caused by the CONCESSIONAIRE to the GRANTOR and to the company;

47.3.5 any other amounts owed by the CONCESSIONAIRE to the GRANTOR.



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47.4 The dishonor of the CONCESSIONAIRE regarding the obligations arising from FINANCING contracts contracted by it for the performance of the CONTRACT may be carried out by:

(i) payment, by the GRANTOR or by third parties, to the FINANCERS or creditors, of the remaining contractual obligations of the CONCESSIONAIRE, in the schedule originally agreed upon in the competent financing instruments; or

(ii) prior indemnification to the CONCESSIONAIRE, limited to the amount of indemnification calculated as provided in clause 47.3.1, of all remaining debts that the concessionaire maintains before creditor FINANCERS.

47.4.1 The provisions of this clause constitute a general indemnification rule applicable to all hypotheses of early termination of the CONCESSION, and must be observed by the GRANTOR, in any case:

(i) the payment of indemnification of specific items contained in each of the clauses of early termination of the CONTRACT, in the form of this CONTRACT; and

(ii) the time of payment of indemnities defined in each of the clauses of early CONTRACT termination, in the form of this CONTRACT.

47.5 The claims for economic and financial rebalancing must be defined and decided before this CONTRACT termination or before the determination of the indemnification due, in the event of termination of the contract that require prior indemnification of the CONCESSIONAIRE.



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48 ADVENT OF THE CONTRACTUAL TERM

48.1 Upon the advent of the contractual term, the REVERSIBLE ASSETS must be in adequate conditions of conservation and operation in order to allow the continuity of the provision of the SERVICES object of the CONCESSION for a minimum period of 12 (twelve) months after the expiration of the CONCESSION, observed the provisions of ANNEX 5, except exceptionally when they have a shorter useful life;

48.2 Up to 01 (one) year before the end of the concession, the CONCESSIONAIRE shall present an OPERATIONAL DEMOBILIZATION PLAN, for GRANTOR'S approval, within a maximum period of 6 (six) months.

48.2.1 Within 02 (two) months of its receipt, the GRANTOR shall express its opinion on the OPERATIONAL DEMOBILIZATION PLAN, approving it or requesting the necessary adjustments, demonstrating, as the case may be, any failures and/or non-compliance with the legislation, applicable rules, provisions of the CONTRACT and/or ANNEXES.

48.2.1.1 In the same period, the INDEPENDENT VERIFIER shall issue a reasoned written opinion, demonstrating the service, by the CONCESSIONAIRE, of all the requirements pertinent to the OPERATIONAL DEMOBILIZATION PLAN, provided for in ANNEX 5.



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48.2.2 In the event of a request for adjustments, the CONCESSIONAIRE must carry them out within 01 (one) month, with the GRANTOR 03 (three) months to approve the reformulated OPERATIONAL DEMOBILIZATION PLAN or request the rectification of the proposed changes, until there is the final approval of the document, and such deadlines may be extended upon request.

- (i) in case of absence of manifestation of the GRANTOR within the deadlines for approval of the OPERATIONAL DEMOBILIZATION PLAN, it shall be considered approved;
- (ii) any divergences of the PARTIES in relation to the OPERATIONAL DEMOBILIZATION PLAN shall be resolved pursuant to this CONTRACT.
- (iii) After its approval, the GRANTOR will supervise the implementation of the OPERATIONAL DEMOBILIZATION PLAN by the CONCESSIONAIRE.
- (iv) The CONCESSIONAIRE shall send monthly reports to the GRANTOR indicating the measures completed, in progress and planned for each of the stages of the OPERATIONAL DEMOBILIZATION PLAN.

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



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48.4. Interventions and replacements must be duly justified, especially in terms of their convenience, need and economy.

48.5. The interventions and replacements carried out with the objective of giving concreteness to the duty of maintenance of the REVERSIBLE ASSETS by the CONCESSIONAIRE shall not generate the right to indemnification or compensation in favor of the CONCESSIONAIRE.

48.6. In the event of non-compliance with the duty to maintain the REVERSIBLE ASSETS, the GRANTOR shall determine the opening of due process for possible application of a penalty against the CONCESSIONAIRE.

48.7. The CONCESSIONAIRE will remove all non-reversible assets, in accordance with the OPERATIONAL DEMOBILIZATION PLAN.

48.7.1. Once the non-reversible assets have been removed, the GRANTOR must manifest itself within 30 (thirty) days about the fulfilment of the provisions of the OPERATIONAL DEMOBILIZATION PLAN, in order to release the CONCESSIONAIRE from all obligations inherent to the reversal of assets. If the CONCESSIONAIRE has fully complied with the OPERATIONAL DEMOBILIZATION PLAN, the GRANTOR will issue the Definitive Reversion Report.

48.8. As long as the GRANTOR has not attested to the full compliance with the provisions of the OPERATIONAL DEMOBILIZATION PLAN presented by the CONCESSIONAIRE, the CONTRACT PERFORMANCE GUARANTEE will not be released.

48.8.1. If the GRANTOR does not attest to the full compliance with the determinations of the Operational Demobilization Program presented by the



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CONCESSIONAIRE within 120 (one hundred and twenty) days after the advent of the contractual term, the CONTRACT PERFORMANCE GUARANTEE will be released.

48.9. The GRANTOR may, at its sole discretion, succeed the CONCESSIONAIRE in the lease or lease agreements of essential goods for the provision of the SERVICES.

48.10. Once the CONCESSION TERM has expired, subject to the provisions of the sub-clause above, the CONCESSIONAIRE will be responsible for terminating any contracts inherent to the CONCESSION entered into with third parties, assuming all the resulting charges, responsibilities and burdens.

48.11. The CONCESSIONAIRE shall take all reasonable measures and fully cooperate with the GRANTOR so that the SERVICES object of the CONCESSION continue to be provided in accordance with the CONTRACT, without interruption, as well as prevent and mitigate any inconvenience or risk to the health or safety of the USERS.

48.12. In the event of the advent of the contractual term, the CONCESSIONAIRE will not be entitled to any indemnification related to investments related to the LINKED ASSETS as a result of the end of the CONCESSION TERM.

48.13. The PARTIES may offset the credits and debits of each side in order to reach the final amount of the indemnity.



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49 TAKEOVER

49.1 The GRANTOR may, at any time, take over the CONCESSION, for reasons of public interest, by specific authorization law and prior payment of indemnification, to be calculated in accordance with the subclause below.

49.2 For indemnification purposes in the event of encampment, the amount referring to the portions of the investments made, including installation and maintenance of the ASSETS and facilities, not yet amortized or depreciated, which have been made for the fulfilment of this CONTRACT, shall be calculated in the following terms:

$$IND_1 = \sum_{i=1}^n \frac{CMA}{(1 + TDm)^i} \times RTt$$

Where:

- **IND₁**: indemnity amount;
- **n**: number of months for which the CONCESSIONAIRE would be able to receive the MAXIMUM MONTHLY PAYMENT - INSTALLMENT A (CMA), disregarding early termination;
- **t**: reference month, defined as the date on which the CONTRACT is terminated in advance;
- **CMA**: MAXIMUM MONTHLY PAYMENT - INSTALLMENT A (CMA), pursuant to ANNEX 8, on the base date defined in the COMMERCIAL PROPOSAL;
- **TDm**: Actual monthly discount rate equivalent, in compound interest, to the annual actual discount rate, pursuant to sub-clause 43.6.4; and
- **RT_t**: Adjustment factor, on date t, pursuant to sub-clause 35.1.



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49.2.1 If the early termination occurs while the implementation of a certain CONTRACTUAL MILESTONE is in progress, the INDEPENDENT VERIFIER shall assess on site the percentage of compliance with the respective CONTRACTUAL MILESTONE. This percentage must be applied to the respective element of the MAXIMUM MONTHLY CONSIDERATION - INSTALLMENT A (CMA) considered in the formula of clause 49.2.

49.2.2 If the early termination occurs between the signing of the CONTRACT and the end of Phase I, the indemnity due to the CONCESSIONAIRE shall correspond to the amount of reimbursement as provided in the NOTICE.

49.3 The indemnity due to the CONCESSIONAIRE in case of encampment, calculated according to the formula provided for above, shall cover exclusively:

49.3.1 The portions of the investments made, including installation and maintenance of the ASSETS and facilities, not yet amortized or depreciated, that have been made for the fulfilment of this CONTRACT, deducted from the remaining financial burdens;

49.3.2 The exemption of the CONCESSIONAIRE in regarding the obligations arising from financing contracts contracted by the CONCESSIONAIRE with a view to the fulfilment of the CONTRACT, through, as the case may be:

49.3.2.1 Prior assumption, before the FINANCIAL INSTITUTIONS, of the concessionaire's contractual obligations, especially when the revenue appears as a guarantee of financing; or



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49.3.2.2 Prior indemnification to financial institutions that financed all remaining concessionaire debts;

49.3.3 All charges and encumbrance stemming from fines, terminations and indemnities due to suppliers, contractors and third parties in general, including attorneys' fees, as a result of the consequent breach of their contractual ties.

49.4 The portion of the indemnity due to the CONCESSIONAIRE, corresponding to the outstanding balance of the financing, must be paid directly to the FINANCIERS. The remainder shall be paid directly to the CONCESSIONAIRE.

49.5 The GRANTOR shall determine the indemnification due to the CONCESSIONAIRE prior to the encampment of the CONCESSION.

49.6 The PARTIES may offset the credits and debits on each side for the purpose of achieving the final amount of the indemnification.

49.7 The payment of the indemnity mentioned in this Clause 49 will generate general, complete and unrestricted discharge as to the amount owed by the GRANTOR to the CONCESSIONAIRE as a result of the indemnity for expropriation.

50 EXPIRY

50.1 The total or partial non-execution of the CONTRACT by the CONCESSIONAIRE shall result, at the discretion of the GRANTOR, the declaration of the expiry of the CONCESSION, without prejudice to the applicable penalties.



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50.2 The GRANTOR may declare the expiry of the CONCESSION, without prejudice to the hypotheses provided for in the applicable legislation, in the event of any of the following events:

50.2.1 Decree, by a final and unappealable court decision, of bankruptcy of the CONCESSIONAIRE or its conviction or its controllers for tax evasion, including social contributions, or corruption, as defined in the applicable legislation;

50.2.2 Failure by the CONCESSIONAIRE to renew the contract's EXECUTION GUARANTEE in the event of offering guarantee insurance or bank guarantee, or rewriting the full amount of the GUARANTEE OF THE CONTRACT EXECUTION within 45 (forty-five) days of its use by the GRANTOR;

50.2.3 Non-compliance of more than 90 (ninety) days by the CONCESSIONAIRE of the obligation to contract or maintain the insurance policies provided for in the CONTRACT;

50.2.4 Obtaining a GENERAL PERFORMANCE INDEX of less than 0.4 (zero point four) for 10 (ten) non consecutive quarters;

50.2.5 Stoppage of the services subject to contracting by fault or deceit of the CONCESSIONAIRE, subject to the hypotheses arising from FORTUITOUS CASE or FORCE MAJOR, as provided in this CONTRACT.

50.2.6 The CONCESSIONAIRE loses the economic, technical or operational conditions to maintain the proper SERVICES provision;



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50.2.7 The CONCESSIONAIRE does not comply with the penalties imposed for infractions, in due time;

50.2.8 The CONCESSIONAIRE does not comply with the subpoena of the GRANTOR, within the period stipulated by it, in order to regularize SERVICES provision;

50.2.9 The CONCESSIONAIRE does not comply with the subpoena of the GRANTOR to, in 180 (one hundred and eighty) days, present the documentation related to fiscal regularity, in the course of the CONCESSION;

50.2.10 The CONCESSIONAIRE defrauds information related to the REGISTRATION and the volume of ANCILLARY REVENUES obtained;

50.2.11 In the event of transfer and modification of the concessionaire's control, assignment of the CONTRACT or new CONCESSION, without the prior authorization of the GRANTOR, when so required in the CONTRACT;

50.2.12 The CONCESSIONAIRE's conviction in a final and unappealable decision for tax evasion, including social contributions;

50.2.13 Practice of very serious infraction by the CONCESSIONAIRE or reincident practice of infractions defined as serious, under this CONTRACT, that put at risk the safety of users or the very existence of the SERVICES;

50.2.14 If there is disrespect to the conditions and requirements of payment of the concessionaire's share capital;



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50.2.15 Incidence of administrative assessments that lead to the application of contractual fines that add, in their added value, 20% (twenty percent) of the CONTRACT VALUE, considering for this purposes the fines not subject to appeal in the administrative sphere;

50.2.16 Decision(s) given in administrative proceedings(s) or judicial(s) relating to damages caused by the CONCESSIONAIRE, not insurable or whose value exceeds the amount covered by the insurance, whose added value corresponds to 20% (twenty percent) of the CONTRACT VALUE;

50.2.17 If the CONCESSIONAIRE meets a percentage lower than 95% (ninety-five percent) of the ENERGY ENHANCEMENT GOAL, as provided for in this AGREEMENT; and

50.2.18 If the concession's activities are not initiated or extended for more than 60 (sixty) days from the EFFECTIVE DATE, due to the concessionaire not obtaining the necessary financing.

50.3 THE GRANTOR may not declare the expiry of the CONCESSION in relation to the default of the CONCESSIONAIRE (a) resulting from the events related to the risks of the CONCESSION whose responsibility is the GRANTOR or (b) caused by the occurrence of FORTUITOUS CASE or FORCE MAJOR.

50.4 The declaration of expiry of the CONCESSION shall be preceded by the verification of the contractual default of the CONCESSIONAIRE in administrative proceedings, ensuring the right to broad defense and contradictory.



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50.5 Administrative proceedings of expiry shall not be instituted without prior notification to the CONCESSIONAIRE, being given, in each case, a deadline to correct the failures and transgressions pointed out and for the framework in the contractual terms.

50.6 After the administrative process and proven the default, the expiry shall be declared by the GRANTOR, regardless of prior indemnification, calculated in the course of the process and in accordance with this CONTRACT provisions.

50.7 After the expiry and payment of the respective indemnification, it shall not result to the GRANTOR any kind of liability in relation to the charges, encumbrance, obligations or commitments to third parties or employees of the CONCESSIONAIRE.

50.8 The declaration of expiry shall also result in:

50.8.1 The execution of the GUARANTEE OF THE CONTRACT EXECUTION, to compensation for any damages caused to the GRANTOR; and

50.8.2 Retention of any claims arising from the CONTRACT, up to the limit of losses caused to the GRANTOR.

50.9 The indemnity due to the CONCESSIONAIRE in case of expiry shall follow the formula below:

$$IND_2 = \left\{ \sum_{i=1}^T \frac{CMA}{(1 + TDm)^i} \times \left[1 - \frac{(t-1)}{(T-1)} \right] \right\} \times \frac{RTt}{RTt-1}$$



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Where:

- **IND₂**: Amount of Indemnity;
- **t**: Contractual reference month, defined as the date of early termination;
- **T**: Term of the CONCESSION;
- **CMA**: MAXIMUM MONTHLY CONSIDERATION - INSTALLMENT A (CMA), pursuant to ANNEX 8, on the base date considered in the COMMERCIAL PROPOSAL;
- **TD_m**: Actual monthly discount rate equivalent, in compound interest, to the annual actual discount rate, pursuant to sub-clause 43.6.4; and
- **RT_t**: Adjustment Factor, on date t, pursuant to sub-clause 35.1.

50.9.1 If the above formula results in a value greater than the amount corresponding to the LINKED ASSETS in the concessionaire's financial statements on the date of early termination, the amount corresponding to the LINKED ASSETS in the financial statements shall be considered.

50.9.2 If the early termination occurs while the implementation of a certain CONCESSION MILESTONE is in progress, the INDEPENDENT VERIFIER shall assess in place the percentage of compliance with the respective CONCESSION MILESTONE. This percentage must be applied to the respective element of the MAXIMUM MONTHLY CONSIDERATION - INSTALLMENT A (CMA) considered in the formula of clause 48.2.

50.9.3 If the early termination occurs between the signing of the CONTRACT and the termination of PHASE I, the indemnity due to the CONCESSIONAIRE shall correspond to the amount of reimbursement as provided for in sub-item 19.4, of the NOTICE.

50.10 The amount provided for in the previous sub-clause shall be discounted:



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- 50.10.1 The losses caused by the CONCESSIONAIRE to the GRANTOR and the company, as a result of the fulfilment of the object of this CONTRACT, are not insurable or whose value exceeds the amount covered by the insurance;
- 50.10.2 Contractual fines imposed on the CONCESSIONAIRE that have not been paid until the date of payment of the indemnity;
- 50.10.3 Any amounts received by the CONCESSIONAIRE as insurance coverage related to the events or circumstances that led to the declaration of expiry; and
- 50.10.4 The portion of the indemnity due to the CONCESSIONAIRE, corresponding to the outstanding balance of the financing actually applied in investments, must be paid directly to the FINANCIERS, at the discretion of the GRANTOR. The remainder shall be paid directly to the CONCESSIONAIRE.

51 TERMINATION

- 51.1 The CONTRACT may be terminated at the initiative of the CONCESSIONAIRE, upon action brought before the arbitral tribunal, especially for this purpose, in case of non-compliance with contractual rules by the GRANTOR, in particular:
- 51.1.1 expropriation, sequestration or request of a substantial part of the assets or equity interest of the CONCESSIONAIRE by the GRANTOR or by any other public agency;



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- 51.1.2 Default of instalments of the EFFECTIVE MONTHLY CONSIDERATION for more than 90 (ninety) days, except in the event of public calamity, serious disturbance of internal order or war;
- 51.1.3 breach of contract by the GRANTOR in relation to the payment of any other obligation greater than the equivalent of 2% (two percent) of the value of the CONTRACT, which is due under this CONTRACT and which is not made within 90 (ninety) days of the respective maturity date;
- 51.1.4 non-compliance with obligations by the GRANTOR that generates an economic and financial imbalance of the CONTRACT, the procedure of recomposition of which is not completed within the deadlines established in the CONTRACT for reasons attributable to the GRANTOR; or
- 51.1.5 Non-institution, non-maintenance or replacement of the LINKED ACCOUNT by the GRANTOR, as well as the hypothesis of non-compliance with the obligations assumed by it under the AGREEMENT WITH THE DEPOSITORY FINANCIAL INSTITUTION.
- 51.2 The SERVICES provided by the CONCESSIONAIRE may not be interrupted or paralyzed until 90 (ninety) days after the judgment of the arbitral tribunal that decrees the termination of the CONTRACT.
- 51.3 The indemnity due to the Concessionaire in the event of Termination shall follow the formula defined by clause 50.9.
- 51.4 The indemnity due to the CONCESSIONAIRE in the event of termination shall cover:



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51.4.1 The portions of the investments made, including installation and maintenance of the ASSETS and facilities, not yet amortized or depreciated, that have been made for the fulfilment of this CONTRACT, deducted the remaining financial burdens.

51.4.2 The exemption of the CONCESSIONAIRE in relation to the obligations arising from FINANCIAL CONTRACTS contracted by the CONCESSIONAIRE with a view to the fulfilment of the CONTRACT, through, as the case may be:

(i) Prior assumption, before the FINANCIAL INSTITUTIONS of the concessionaire's contractual obligations, especially when the revenue appears as a guarantee of financing; or

(ii) Prior indemnification to FINANCIAL INSTITUTIONS of all remaining debts of the CONCESSIONAIRE, upon authorization of the GRANTOR.

51.4.3 All charges and encumbrance stemming from fines, terminations and indemnities due to suppliers, contractors and third parties in general, including attorneys' fees, as a result of the consequent breach of their contractual ties.

51.4.4 For the purposes of calculating the indemnity referred to in this clause, the amounts received by the CONCESSIONAIRE as insurance coverage related to the events or circumstances that led to the termination shall be considered.

51.5. The PARTIES may consensually terminate this AGREEMENT, dispensing with the filing of a specific arbitration measure.



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51.6. It will be a condition for the consensual termination of the CONCESSION the execution of the respective amendment to the CONTRACT, disciplining, among other issues:

(i) Any suspension of new investments by the CONCESSIONAIRE or even the provision of SERVICES, exempting it from any penalties due to its non-execution;

(ii) Remaining period for the provision, by the CONCESSIONAIRE, of the SERVICES; or

(iii) Amount of indemnity eventually due by the PARTIES, calculated and calculated under the terms of this CONTRACT and the respective payment schedule.

51.7. The following are considered grounds for amicable termination:

(i) In the event of an ACTS OF GOD or FORCE MAJEURE; or

(ii) In the event of any legislative change or other event that prevents, limits or in any way makes the CONTRACT PERFORMANCE GUARANTEE or COSIP collection unfeasible; and

(iii) Termination to ensure the continuity of the SERVICES, which will observe the specific conditions indicated in sub-clause 51.9 et seq.

51.8. In addition to the above hypotheses, the GRANTOR and the CONCESSIONAIRE agree that the events below may generate default by the GRANTOR, for all legal purposes, authorizing the CONCESSIONAIRE to immediately suspend any investments that are not necessary for the provision of



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the SERVICES, also authorizing the CONCESSIONAIRE proceed with a procedure for early termination of the CONCESSION:

- (i) Delay in signing and publishing the INITIAL SERVICE ORDER; or
- (ii) Failure or omission of the GRANTOR to institute, maintain or replace the LIQUIDITY BALANCE for a period of 90 (ninety) days.

51.9. If there is convenience for the GRANTOR, and, in order to ensure the continuity of the provision of the SERVICES, the GRANTOR may, subject to the conditions set forth in this clause, suspend forfeiture proceedings and initiate a re-bidding process for the purpose of the CONTRACT if the CONCESSIONAIRE demonstrates inability to perform the contractual or financial obligations assumed in this AGREEMENT.

51.9.1. The initiation of the re-bidding process, mentioned in the sub-clause above, will only occur through agreement between the PARTIES.

51.10. It will be up to the GRANTOR to assess the need, relevance and reasonableness of the initiation of the re-bidding process of the purpose of the CONTRACT, in view of the operational and economic-financial aspects, the continuity of the provision of the SERVICES and the fulfilment, by the CONCESSIONAIRE, of the conditions set forth in this CONTRACT.

51.11. The initiation of the rebidding process is conditioned to the presentation by the CONCESSIONAIRE:

- (i) the justifications and technical elements that demonstrate the need and convenience of adopting the re-bidding process, with possible proposals for solutions to the issues faced;



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(ii) the irrevocable and irreversible waiver of the term to correct any failures and transgressions and for the framework provided for in §3, article 38, of Federal Law No. the expiry process;

(iii) formal declaration regarding the irrevocable and irreversible commitment to assist and support the GRANTOR in the process of re-bidding the object of the CONTRACT;

(iv) irrevocable and irreversible waiver of participation in the new competition or in the future re-bid contract; and

(v) information necessary to carry out the re-bidding process, in particular the statements related to investments in REVERSIBLE ASSETS and any financing instruments used in the AGREEMENT, as well as all contracts relevant to RELATED ACTIVITIES.

51.12. Once the re-bidding process has been initiated, the measures aimed at instituting or following up on expiry proceedings that may be in progress against the CONCESSIONAIRE will be suspended.

51.13. The re-bidding of the purpose of the CONTRACT will be conditioned to the execution of an amendment with the CONCESSIONAIRE, which will include, among other elements deemed relevant by the GRANTOR, the following:

(i) the CONCESSIONAIRE's irrevocable and irreversible commitment to assist and support the GRANTOR in the re-bidding of the project and in the subsequent amicable termination of the CONTRACT;



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(ii) the rules on the suspension of investment obligations falling due from the execution of the amendment and the minimum conditions under which the SERVICES must continue to be provided by the CONCESSIONAIRE until the new contract for the delegation of STREET LIGHTING services is fully effective, ensuring in any case, the continuity and security of the essential SERVICES related to the CONTRACT, as well as the maintenance of the REVERSIBLE GOODS; and

(iii) period that the PARTIES will have to negotiate the amount of compensation eventually due to the CONCESSIONAIRE as a result of the amicable termination of the CONCESSION, observing the provisions of the sub-clause below, with the provision that, if the PARTIES do not agree on the amount of the indemnity within this period, the dispute will be resolved as defined in this AGREEMENT.

51.13.1. From the amount of compensation eventually due to the CONCESSIONAIRE, the following must be deducted:

- (i) damages caused by the CONCESSIONAIRE to the GRANTOR and to society;
- (ii) contractual fines applied to the CONCESSIONAIRE that have not been paid by the date of payment of the indemnity; and
- (iii) any amounts received by the CONCESSIONAIRE as insurance coverage related to the events or circumstances that gave rise to the amicable termination of the CONCESSION.

51.13.2. The amendment and the rebidding notice may also include the provision that:



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(i) the indemnities due to the CONCESSIONAIRE will be paid by the future contractor, to the CONCESSIONAIRE itself or directly to the FINANCIERS, under the terms and limits set forth in the rebidding notice; and

(ii) With the consent of the FINANCIERS, the CONCESSIONAIRE'S FINANCING AGREEMENTS may be assigned to the new provider of the STREET LIGHTING SERVICES.

51.13.3. The payment to the CONCESSIONAIRE or the FINANCIERS of the indemnity referred to in sub-clause 51.13 will be a condition for the full effectiveness of the new contract for the provision of STREET LIGHTING SERVICES.

51.14. The following will be prevented from participating in the bidding process and in the new contract for the provision of SERVICES, individually, in a consortium or in a new special purpose company:

(i) the CONCESSIONAIRE; and

(ii) the direct and indirect shareholders of the CONCESSIONAIRE holding at least 10% (ten percent) of the capital stock at any time prior to the initiation of the re-bidding process.

51.15. In the event that interested parties do not come to the bidding process for the re-bidding of the purpose of the CONTRACT, the CONCESSIONAIRE shall continue to provide the SERVICES, maintaining the continuity and security of the essential SERVICES related to the CONTRACT, as well as the maintenance of the REVERSIBLE ASSETS, until the period provided for in the sub-clause below.



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51.15.1. If the lack of interest of potential bidders persists or a new re-bidding process is not concluded within a period of 24 (twenty-four) months, counting from the date of initiation of the first re-bidding process, the GRANTOR shall adopt the relevant contractual and legal measures, revoking the suspension of measures intended to initiate or follow-up on expiry proceedings previously instituted, in accordance with the law.

52 ANNULMENT

52.1 The GRANTOR shall declare the nullity of the CONTRACT, preventing the legal effects that ordinarily must produce, in addition to disconstituting those already produced, if it finds illegality in its formalization or in the bidding that preceded the CONTRACT.

52.2 In the case described in the clause above, if the illegality is attributable only to the GRANTOR, the CONCESSIONAIRE shall be indemnified according to the formula defined by sub-clause 50.9 and for other losses regularly proven, discounted, however, any amounts received by the CONCESSIONAIRE as insurance coverage related to the events or circumstances that led to the declaration of nullity.

53 BANKRUPTCY, JUDICIAL RECOVERY AND EXTINCTION OF THE CONCESSIONAIRE

53.1 The CONCESSION may be extinguished if the CONCESSIONAIRE has its bankruptcy ordered by a final judgment, requires judicial recovery that makes it impossible to execute this CONTRACT or even in the event of termination of the CONCESSIONAIRE.



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53.2 The possible net assets of the defunct CONCESSIONAIRE shall not be shared among its shareholders before the payment of all obligations with the GRANTOR.

53.3 The indemnity due to the CONCESSIONAIRE shall be paid by the GRANTOR after the termination of the CONTRACT, implying such payment in automatic discharge of the obligation of the GRANTOR to the CONCESSIONAIRE.

53.4 In the event of termination of the CONTRACT for the cause indicated in this clause, the GRANTOR shall make payment of indemnity to the CONCESSIONAIRE in accordance with the formula defined by clause 51, including, following, any amounts received by the CONCESSIONAIRE as insurance coverage related to the events or circumstances that led to the extinction of the CONCESSION.

53.4.1 In the event of CONTRACT termination in the form of this clause, the GUARANTEE OF THE CONTRACT EXECUTION shall revert in full to the GRANTOR, which shall promote the collection of any difference that may be determined between the import of the guarantee provided and the loss verified.

CHAPTER X - DISPUTE RESOLUTION

54 GENERAL PROVISIONS

54.1 In the event of disputes or disputes arising from this CONTRACT, the PARTIES shall meet and seek to resolve them consensually, always convening their directive bodies with decision-making powers.



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54.2 The INTERESTED PARTY shall notify the other PARTY in writing of all its allegations about the dispute or controversy and shall also be accompanied by a suggestion for its solution or elucidation.

54.2.1 The notified PARTY shall have a period of ten (10) working days, from receipt of the notification, to respond if it agrees with the proposed solution or elucidation.

54.2.2 If the notified PARTY agrees to the solution or elucidation presented, the PARTIES shall terminate the dispute or dispute and take the necessary measures to implement as agreed upon.

54.2.3 If it does not agree, the notified PARTY shall submit to the other PARTY, also within ten (10) working days, the reasons for disagreeing with the solution or elucidation presented, and shall, in such a case, submit an alternative proposal for the solution of the impasse.

55 MEDIATION

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

55.1.1 Unless otherwise agreed between the PARTIES, the mediation related to the CONTRACT will be conducted by 1 (one) mediator, governed by the terms and procedures provided for in the regulation of the Arbitration Chamber chosen under the terms of item 56 below, according to art. 22, §1, of Federal Law No. 13.140, of June 26, 2015, prevailing, and, in case of discrepancy, the provisions of this Sub-Clause.



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55.1.2 Unless otherwise provided in the term of mediation or Contract in the course of the procedure, mediation shall be terminated after thirty (30) days from the signing of the mediation term by the PARTIES.

55.2 The non-attendance of the Party invited to the first mediation meeting shall result in the assumption by the Party of 50% (fifty percent) of the costs and fees succumbed if it is to be won in a subsequent arbitration procedure, involving the scope of the mediation to which it was invited.

55.3 After the first mediation meeting, each PARTY may autonomously request the termination of the mediation procedure without the sanction or burden being applicable to it.

55.4 The mediator's proposal shall not be binding on the PARTIES, who shall decide autonomously and independently regarding their acceptance or refusal.

55.5 If accepted by the PARTIES, the amicable solution proposed by the mediator shall be incorporated into the CONTRACT by signing an additive term.

55.6 The mediation procedure shall be considered terminated in the following cases:

- (i) In view of the formalization of Contract between the PARTIES;
 - (ii) after the first meeting, in the event of a declaration by any of the PARTIES of lack of interest or the impossibility of reaching the Contract;
- or



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(iii) By decision of the mediator, when it is understood that no further efforts to reach consensus are justified.

56 ARBITRATION AND FORO

56.1 The PARTIES agree, in the manner disciplined by Federal Law No. 9,307 of September 23, 1996, to resolve by arbitration conflicts of interest that arise from the performance of the CONTRACT or from any contracts, documents, ANNEXES or Contracts related to it, provided that they relate to available property rights.

56.1.1 The submission of disputes to the arbitral tribunal may occur at any time and shall not depend on the prior establishment of consensual resolution procedures, mediation or the technical committee referred to in the preceding clauses.

56.2 The PARTY that requests the initiation of the arbitration procedure shall indicate, at the time of filing its claim, the chamber responsible for the administration of the dispute, which shall be selected from among those accredited by the Federal Attorney General's Office to resolve disputes involving the Direct Administration and their municipalities.

56.2.1 In the event of termination of the AGU accreditation and if there is an agreement between the parties, an Arbitration Chamber with representation in Brazil will be elected to process the arbitration.

56.3 Arbitration decisions will be based on the substantive laws of Brazil, in particular the legislation applicable to the CONTRACT and the SERVICES.



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56.3.1 The arbitration will be processed according to the rules provided for in the adopted Arbitration Chamber regulation, in force on the date the arbitration begins, as well as the provisions of Law No. 9,307, of September 23, 1996 and subsequent amendments, as well as the provisions contained in this CONTRACT.

56.4 The arbitration shall be conducted in the Municipality of Alagoins – Bahia, using the Portuguese language as the official language for the practice of any and all acts.

56.4.1 Technical documents written in other languages may be used, with translation only in case of disagreement of the PARTIES as to their meaning.

56.4.2 At the request of the CONCESSIONAIRE and with the consent of the GRANTOR, the arbitration may be partially bilingual, and the decisions are produced in versions in Portuguese and in English or other foreign language.

56.4.3 Where the arbitration is partly bilingual, the PARTIES shall bear the costs related to the translation of their respective documents, so that these costs did not cover the costs and procedural costs for the purposes of succumbing.

56.4.4 If there are divergences between the content of the decisions or documents in the Portuguese and foreign language versions, the content of the versions made in Portuguese shall prevail.

56.5 The arbitral tribunal shall be composed of 03 (three) arbitrators of recognized suitability and knowledge of the matter to be decided, and each



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PARTY shall appoint an arbitrator. The third arbitrator shall be chosen by common Contract by the arbitrators appointed by the PARTIES. The chairmanship of the arbitral tribunal shall be the third arbitrator.

56.6 If there is no consensus between the arbitrators chosen by the PARTIES, the third arbitrator will be appointed by the Arbitration Chamber, subject to the applicable terms and conditions provided for in its arbitration rules.

56.6.1 In any event, the arbitrators appointed by the PARTIES shall be cumulatively professionals linked to institutions specialized in arbitration and have proven experience in the matter that shall be discussed in the arbitration proceedings.

56.6.2 The arbitrators appointed by the PARTIES shall also comply with the following minimum requirements: (i) be in the enjoyment of full civil capacity; and (ii) not having, with the PARTIES or with the dispute before it, relationships that characterize cases of impediment or suspension of judges, as provided for in the Code of Civil Procedure.

56.7 The decisions and judgment of the arbitral tribunal shall be final, irrevocable and shall bind the PARTIES and their successors.

56.8 The costs of arbitration shall be advanced by the party giving rise to the initiation of the arbitration proceedings. The PARTY due in the arbitration proceedings shall assume all costs and shall reimburse the winning PARTY for the costs which it may have already assumed in the aforementioned procedure, excluding only any attorney's fees.



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- 56.8.1 In the event of partial origin of the claim brought to the arbitral tribunal, the costs shall be divided between the PARTIES, if the court so chooses, in proportion to the succession of each.
- 56.9 The PARTIES elect the Central Forum of Alagoinhas, State of Bahia, to obtain (a) injunctive protection that may be necessary prior to the formation of the arbitral tribunal; or (b) promote the execution of a precautionary measure, decision or judgment given by virtue of mediation or by the arbitral tribunal.
- 56.10 The file of the arbitration proceedings shall be public, except for the hypotheses of secrecy arising from the law, secrecy of justice, industrial secrecy or when indispensable to the security of society and the State.
- 56.11 The PARTIES acknowledge that decisions given by the arbitral tribunal may be regularly executed in Brazil, following the procedure for enforcement against the Public Treasury, and the GRANTOR does not have any sovereign immunity that inhibits execution.
- 56.12 The submission of any matter to the dispute resolution mechanisms provided for in this CONTRACT does not relieve the PARTIES of the punctual and timely compliance with the provisions of the CONTRACT and the determinations of the GRANTOR to it, nor does it allow any interruption of the development of the activities subject to the CONCESSION, which shall continue to take place in the contractually enforceable terms, until a decision is obtained in relation to the matter in question.



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56.12.1 The stoppage of the SERVICES shall only be admitted when the object of the divergence entails risks to the safety of persons or the enterprise or in the face of the supervenence of an arbitration or judicial decision that order the immediate stoppage of the SERVICES.

CHAPTER XI - FINAL PROVISIONS

57 GENERAL PROVISIONS

57.1 The non-exercise, or the late or partial exercise, of any right that assists any of the PARTIES to the CONTRACT does not matter in waiver, nor prevents its subsequent exercise at any time, nor constitutes a new addition to its obligation or precedent.

57.2 If any CONTRACT provision is found or declared void, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the other provisions contained in the CONTRACT shall not in any way be affected or restricted by such fact.

57.2.1 The PARTIES shall negotiate, in good faith, the replacement of invalid, illegal or unenforceable provisions by valid, legal and enforceable provisions, the economic effect of which is as close as possible to the economic effect of the provisions deemed invalid, illegal or unenforceable.

57.3 Every statement and warranty made by the PARTIES to this CONTRACT shall be treated as an independent statement and warranty, and liability for any failure shall be that which has made it and shall not be altered or modified by any of the PARTIES.



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57.4 Communications and notifications between the PARTIES shall be made in writing and sent: (i) in hand, provided that they are proven by protocol; (ii) by e-mail or other remote means, provided that the receipt is proven; or (iii) by registered mail, with acknowledged receipt.

57.5 All documents related to the CONTRACT and THE CONCESSION must be written in Portuguese or officially translated into Portuguese. In the event of any conflict or inconsistency, the Portuguese version shall prevail.

57.6 The deadlines established in days, in the CONTRACT, shall count on calendar days, unless explicitly reference is made to working days. In all cases, the first day must be excluded and the last day of the deadline must be included.

57.7 The Central Forum of Alagoinhas, State of Bahia, is elected to resolve any disputes arising from this CONTRACT that cannot be resolved by the dispute settlement mechanisms provided for in the CONTRACT.

And, because they are fair and contracted, the PARTIES sign the CONTRACT in five (5) ways of equal content and form, each considered as an original document.

Alagoinhas, [●] de [●] de [●].

GRANTOR

CONCESSIONAIRE

Witnesses:



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Name:

Name:

ID:

ID: