

APPENDIX 14
INDEPENDENT VERIFIER

ANEXO 14

PREÂMBULO

A versão em língua inglesa deste Anexo é meramente referencial, não vinculante. A única versão oficial do documento está redigida em língua portuguesa, cujo conteúdo é vinculante para todos os interessados. Em caso de dúvidas de interpretação entre a versão traduzida do Anexo 14, em inglês, e a versão oficial, redigida em língua portuguesa, prevalecerá a versão em língua portuguesa, documento oficial da licitação.

APPENDIX 14

PREAMBLE

The English version of this Appendix is not binding to the parties. The Portuguese version of the document is the only official version of the auction and it is binding to all stakeholders. Should any interpretation doubt arise between this English version and the Portuguese version of this Appendix 14, the Portuguese version shall prevail, as the only official document for the auction.

1 GENERAL PROVISIONS

The INDEPENDENT VERIFIER will become a legal entity under private law proving total independence and impartiality in front of the CONCESSIONAIRE and the GRANTING AUTHORITY.

The INDEPENDENT VERIFIER may also be a consortium of legal entities, provided that it meets the requirements and rules contained in this APPENDIX and is jointly and severally responsible for the execution of the object of the contract.

The INDEPENDENT VERIFIER will be selected by the GRANTING AUTHORITY and hired, under the private regime, by the CONCESSIONAIRE, who will be responsible for paying, in full, the respective costs of hiring INDEPENDENT VERIFIER, under the terms of the applicable legislation and the guidelines set out in this APPENDIX.

The main duties of the INDEPENDENT VERIFIER will be the detailing of the GENERAL PERFORMANCE INDEXES systematic and measurement procedures foreseen in the CONTRACT.

The INDEPENDENT VERIFIER's work should be developed in partnership with the GRANTING AUTHORITY and the CONCESSIONAIRE, promoting the integration of teams and alignment with the best practices to be adopted.

The INDEPENDENT VERIFIER must have, observing the terms of this APPENDIX, a notable expertise in measuring quality in the provision of services, giving total impartiality to the process, so considered as the proven experience in *(i)* auditing or verifying indicators; or *(ii)* implementation and management of indicators.

The INDEPENDENT VERIFIER will enjoy total technical independence to perform the contracted services, and any disagreements regarding the content of its work will not give rise to the application of any penalties, delays or discounts on its remuneration.

Any disagreements regarding the content of the products conferred by the INDEPENDENT VERIFIER, whether by the CONCESSIONAIRE or by the GRANTING AUTHORITY, will be resolved through dispute settlement mechanism under the terms of the CONTRACT.

The INDEPENDENT VERIFIER does not replace nor remove the exercise of the supervisory power of the GRANTING AUTHORITY within the scope of the CONCESSION.

2 JUSTIFICATION

The GRANTING AUTHORITY will use an independent technical verification service to assist them in the monitoring the execution of the CONTRACT, as well as in the evaluation of the PERFORMANCE MEASUREMENT SYSTEM, in the calculation of the EFFECTIVE MONTHLY PAYMENT and in the verification of the fulfillment of the other obligations assumed by the CONCESSIONAIRE.

3 INDEPENDENT VERIFIER HIRING

The CONCESSIONAIRE must submit, for prior approval by the GRANTING AUTHORITY, three (3) companies or consortia of companies that meet the minimum conditions of qualification to act as INDEPENDENT VERIFIER.

Legal entities interested in acting as INDEPENDENT VERIFIER must prove to have a technical team with professionals, hired directly or indirectly, who demonstrate that they meet all the qualifications described below:

- I. To have acted directly in (i) rendering of INDEPENDENT VERIFIER services, for at least two (2) years, in projects of Public-Private Partnerships and Common Concessions; (ii) or in the elaboration of economic and financial modeling of projects of Public-Private Partnerships or Common Concessions, in the amount equal to or greater than R\$ 77,084,717.23 (seventy-seven million, eighty-four thousand, seven hundred and seventeen Reais and twenty-threecents), in Brazil or abroad, in the last five (5) years;
- II. Having worked directly in the provision of consultancy in the socioenvironmental area, with experience in PERFORMANCE STANDARDS, in the last five (5) years; and
- III. Have prepared an engineering project (referential project, preliminary project, basic project or executive project) for modernization/efficiency of the public lighting network with a minimum quantity of 29,000 (twenty nine thousand) PUBLIC LIGHTING POINTS.

The qualifications required above may be proven in isolation, by the same professional.

Legal entities organized in a consortium may present professionals with a link directly or indirectly proven by a single consortium member, and it is unnecessary for all consortium members to present the professional technical qualifications required previously.

Professionals may be linked to different legal entities in the consortium.

The link between the professional(s) with the technical profile described above and the legal entities and/or consortia must be proven:

- I. In the case of being a partner-holder of the company, through the presentation of the articles of association or other legal document, duly registered in the Commercial Registry;
- II. In the case of a company employee, through the presentation of the Work and Social Security Card - CTPS, the Employee Registration Form or other equivalent official document, proving the professional's employment relationship with legal entities and/or consortia; or
- III. In the case of professionals who have a bond through of a Service Provision Contract, the proof of the professional's link with legal entities and/or consortia will be given by the presentation of the referred document, with notarized signature, from both Parties.

For technical qualification purposes, legal entities and/or consortia must also demonstrate:

- I. Be a legal entity under private law that proves total independence and impartiality in front of the CONCESSIONAIRE and the GRANTING AUTHORITY; and
- II. Its work plan, through the presentation of the methodology to be applied in conducting of the works to monitor the activities of the CONCESSIONAIRE and its contractors.

The following legal entities and/or consortia cannot be hired as INDEPENDENT VERIFIER:

- I. Those who are prevented or suspended from contracting with the Public Administration;
- II. Those who are subject to liquidation, intervention or the Temporary Special Administration Regime - RAET, bankruptcy or judicial restructuring;
- III. Those who are serving a temporary suspension of participation in bidding or that are unable to contract with the Public Administration;
- IV. Those who have been declared untrue to bid or contract with the Public Administration, as well as have been sentenced, by final sentence, to the penalty of interdiction of rights due to the practice of environmental crimes, as disciplined in article 10, No. 9.605, of February 12, 1998;
- V. Those who provide an independent audit service at CONTRACT or have an existing contract with CONCESSIONAIRE, even if with a different purpose;
- VI. Those whose partners have direct or indirect participation in the management or in the corporate structure of the CONCESSIONAIRE;
- VII. Those who are RELATED PARTIES with the CONCESSIONAIRE or its direct and/or indirect shareholders; and
- VIII. Those who, in some way, may have their independence and impartiality compromised.

4 INDEPENDENT VERIFIER SELECTION

The selection of the proposal for pre-qualified participants will be carried out by the GRANTING AUTHORITY observing, cumulatively, the following criteria:

- I. Compliance with the parameters established in this APPENDIX; and
- II. Experience and qualification compatible with the object of the CONTRACT.

The GRANTING AUTHORITY may, at its discretion and at any time:

- I. Request, from the selection participants, additional information to ratify or complement your proposal; and
- II. Exclude from the selection companies prequalified by CONCESSIONAIRE, if the GRANTING AUTHORITY demonstrates, in writing and in a reasoned manner, the occurrence of the following situations:

- a) Identification of failure(s) in the fulfillment of any of the qualification requirements made by CONCESSIONAIRE, in order to verify the non-compliance with the parameters and requirements established in this APPENDIX and/or the lack of proof of adequate experience and qualification compatible with the object of the CONTRACT;
- b) Characterization of any of the impediments listed in Item 3 of this APPENDIX, which deals with the reasons for not hiring INDEPENDENT VERIFIER, in order to compromise the continuity of its hiring;
- c) Identification of inclusion in the registers referred to in articles 22 and 23, of Federal Law No. 12.846, of August 1, 2013; or
- d) Any other reason that proves that, when conducting their work and services, there was proven bad faith and/or compromised independence and impartiality.

III. Order the removal of the selected INDEPENDENT VERIFIER, in front of the demonstration, in writing and in a reasoned manner, through the occurrence of:

- a) Repeated failure to comply with any of its duties, under the terms of this APPENDIX;
- b) Any of the situations listed in the items above, subject to the guidelines set out in this APPENDIX; or
- c) Any other reason that proves that, when conducting their work and services, there was proven bad faith and/or compromised independence and impartiality.

The GRANTING AUTHORITY may refuse all pre-qualified companies as long as it provides justification for doing so. In this case, the CONCESSIONAIRE must submit, within a maximum period of ten (10) consecutive days, a new list, containing the indication of another 3 (three (3) companies or consortia of companies that meet the minimum qualification conditions to act as INDEPENDENT VERIFIER, at same form, term and under the same conditions previously established.

The GRANTING AUTHORITY manifest itself, within ten (10) days, of the suitability of companies or consortia of companies presented by CONCESSIONAIRE, while the CONCESSIONAIRE formalizes the hiring as efficacy condition of the CONTRACT.

Observed those requirements and impediments set forth in this APPENDIX, the INDEPENDENT VERIFIER team must rely on graduates experts in all relevant fields of knowledge for the performance of assignments listed in this APPENDIX and shall have available and mobilizing, if necessary, experts renowned for presentation of opinion on issues that arise during the execution of the CONTRACT that require this type of analysis.

Among the professionals appointed to compose the technical team of the INDEPENDENT VERIFIER, there must necessarily be professionally qualified technicians for the appropriate certifications with the issuance of reports and measurement technical reports on compliance with all guidelines contained in this CONTRACT, in compliance with the national and international standards and other techniques and methods applicable to the CONCESSION.

5 SCOPE OF THE SERVICES

The services to be provided, without prejudice to other provided for in the CONTRACT and/or possibly assigned to specific contract, include:

- a) Measurement of performance and quality of the SERVICES performed by the CONCESSIONAIRE and compliance with the CONCESSION MILESTONES;
- b) Support to the supervision of the CONCESSIONAIRE regarding the economic and financial aspects, as description, terms and conditions for performance of the services specified in the CONTRACT and their APPENDIXES;
- c) Monitoring of the CONCESSIONAIRE compensation process, as description, terms and conditions for the execution of the SERVICES specified in the CONTRACT and their APPENDIXES; and
- d) Conducting investigations, surveys, field inspections and information gathering can count on the support of the CONCESSIONAIRE and of the GRANTING AUTHORITY.

Specifically, INDEPENDENT VERIFIER will act in the following activities of the CONTRACT:

- a) Drawing up the QUARTERLY INDICATORS REPORT, including measurement of all indicators, subject to the APPENDIX 8;
- b) Calculation of the EFFECTIVE MONTHLY PAYMENT and annual adjustment of the MAXIMUM MONTHLY PAYMENT;
- c) Emission of the ACCEPTANCE TERM to the SERVICES within the scope of CONCESSION (BASE REGISTRY, OPERATIONAL CONTROL CENTER, CONCESSION MILESTONES, SPECIAL LIGHTING, TELEMAGEMENT SYSTEM and OPERATIONAL DEMOBILIZATION PLAN) under the terms of the APPENDIX 5;
- d) Validation of OPERATION AND MAINTENANCE PLAN and technical support to MUNICIPALITY in the validation of the MODERNIZATION PLAN. The INDEPENDENT VERIFIER shall deliver an opinion evaluating whether all contractual requirements (as APPENDIX 5) were fulfilled by the CONCESSIONAIRE; and
- e) Monitoring of compliance with the terms and conditions of the APPENDIX 7, through the management of the Socioenvironmental Management Programs.

6 TASKS OF THE INDEPENDENT VERIFIER

Monitoring compliance of the obligations of the CONCESSIONAIRE during the term of the CONTRACT will be held by the INDEPENDENT VERIFIER, who will be responsible, among other duties which may be set by the GRANTING AUTHORITY upon their hiring, by the following duties:

- a) analyze and issue an opinion on the plans drawn up by the CONCESSIONAIRE;
- b) analyze and issue an opinion on the implementation of the CONCESSION MILESTONES by the CONCESSIONAIRE and on facilities such as the OPERATIONAL CONTROL CENTER;
- c) carry out periodically the performance evaluation and verification of calculation of the EFFECTIVE MONTHLY PAYMENT due to the CONCESSIONAIRE from the

MAXIMUM MONTHLY PAYMENT, as well as monitoring the ENERGY BONUSES as indicators provided for in the APPENDIX 8;

- d) performing the measurements in place of the PUBLIC LIGHTING POINTS to be evaluated;
- e) monitor the GENERAL PERFORMANCE INDEX for execution of CONCESSION, validate the data obtained and prepare the QUARTERLY INDICATORS REPORT;
- f) carry out the calculation of adjustments values provided in the CONTRACT;
- g) monitor and report to GRANTING AUTHORITY about sharing of ACCESSORY REVENUES;
- h) undertake necessary actions required to perform its functions, carrying out surveys and field inspections where necessary and gathering information from the CONCESSIONAIRE, the GRANTING AUTHORITY and should have, therefore, access to the whole CONCESSION database;
- i) assist the GRANTING AUTHORITY, by the analysis of the documents and performing inspections prior to issuing ACCEPTANCE TERMS for the CONCESSIONAIRE as APPENDIX 5;
- j) inform the DEPOSITARY FINANCIAL INSTITUTION, the GRANTING AUTHORITY any changes in the value of MAXIMUM MONTHLY PAYMENT and EFFECTIVE MONTHLY PAYMENT;
- k) issue the notifications provided for in the DEPOSITARY FINANCIAL INSTITUTION contract referred to in APPENDIX 12;
- l) validate the updates made by the CONCESSIONAIRE to the REVERSIBLE ASSETS inventory;
- m) monitor the reversion process of REVERSIBLE ASSETS and issue an opinion on the conservation status of REVERSIBLE ASSETS at the end of the CONTRACT;
- n) attest, on a semiannual basis, the compliance by the CONCESSIONAIRE with the

socioenvironmental requirements of the International Finance Corporation - IFC, specifically the provisions of the applicable Socioenvironmental Sustainability Performance Standards (version dated January 2012);

- o) The evaluation of the Socioenvironmental Management Programs, in accordance with APPENDIX 7, including observations of non-conformities and, when applicable, corrective actions, with deadlines and responsibilities and/or recommendations, in the form of corrective action plans; and
- p) Other duties provided for in the CONTRACT and its APPENDIXES.

The CONCESSIONAIRE will grant the GRANTING AUTHORITY and the INDEPENDENT VERIFIER unrestricted, uninterrupted and online access, at any time, to the SERVICES monitoring systems and to data relating to CONCESSIONAIRE's administration, accounting and technical, economic and financial resources.

7 RELATIONSHIP WITH PARTIES

In order to provide technical independence of analyzes and content produced by the INDEPENDENT VERIFIER:

All documents, reports, manuals, analyses and studies produced by the INDEPENDENT VERIFIER, even if in preliminary versions, must be produced and delivered digitally, simultaneously to the CONCESSIONAIRE, the GRANTING AUTHORITY.

For those services in which INDEPENDENT VERIFIER acts upon demand, both CONCESSIONAIRE and GRANTING AUTHORITY may formally request their provision, and INDEPENDENT VERIFIER should immediately inform the other PARTY.

The INDEPENDENT VERIFIER enjoys total technical independence to perform the contracted services, and any disagreements regarding the content of its work will not give rise to the application of any penalties, delays or discounts on its remuneration.

8 MONITORING MEETINGS AND FORUMS

The INDEPENDENT VERIFIER shall hold periodic monitoring and control meetings with CONCESSIONAIRE, the GRANTING AUTHORITY, recording, in the minutes, the measures

to be taken to ensure compliance with CONTRACT's requirements and deadlines, with GRANTING AUTHORITY and the CONCESSIONAIRE to be informed of the scheduled agenda for such meetings and receive a copy of their minutes.

In addition, forums may be held, when requested by the PARTIES, so that any doubts that arise during the assessment process are resolved and proposals for improvements are debated.

9 CORPORATE GOVERNANCE

The INDEPENDENT VERIFIER must comply with good corporate governance practices, in the form of the guidelines of the Brazilian Institute of Corporate Governance - IBGC, with the presentation of standardized accounts and financial statements, in accordance with the accounting standards and practices adopted in Brazil.

10 REVIEW OF INDEPENDENT VERIFIER'S CONTRACTING GUIDELINES

In CONCESSION's ordinary review process, the PARTIES, by mutual agreement, may revise the guidelines provided for in this APPENDIX to adapt the INDEPENDENT VERIFIER's hiring guidelines to the changes agreed by the PARTIES during the ordinary review.

11 CONTRACT WITH INDEPENDENT VERIFIER

The draft of the contract must contain at least the following provisions:

- I. The object of the CONTRACT;
- II. The object of the hiring in question;
- III. The detailed description of the activities to be carried out by the INDEPENDENT VERIFIER;
- IV. The reports to be delivered and the respective deadlines;
- V. Contract duration limited to four (4) years;
- VI. Maximum percentage of subcontracting services;
- VII. Conditions of confidentiality and ownership of information;
- VIII. Sanctions for non-compliance with deadlines in the provision of information; and
- IX. Relationship with the contractor and with GRANTING AUTHORITY.

The professional(s) of the INDEPENDENT VERIFIER technical team must be available for the interactions with the PARTIES, contractually provided for, throughout the term of the contract

to be signed between CONCESSIONAIRE and the INDEPENDENT VERIFIER. The replacement of the professional(s) of the technical team can only be done by a professional who have a knowledge equivalent to or greater than the one to be replaced.

The draft of the contract must provide that INDEPENDENT VERIFIER will act independently and impartially. The assessment of the services provided by the INDEPENDENT VERIFIER on the part of the CONCESSIONAIRE will be restricted to the observance of its formal aspects, such as presentation in an appropriate format, within the agreed term, subscribed by a competent person, among others.

Any disagreements regarding the content produced by the INDEPENDENT VERIFIER will be resolved under the CONTRACT, through arbitration, if applicable, not giving rise to the application of any contractual penalty, nor will disqualify it from continuing to provide services.

The formalization of the contract between CONCESSIONAIRE and INDEPENDENT VERIFIER and any additives will depend on the prior approval of the GRANTING AUTHORITY, which will appear as an intervening and consenting to the agreement.

The contract to be signed between CONCESSIONAIRE and INDEPENDENT VERIFIER cannot exceed the term of four (4) years and, whenever there is availability in the market, rotation between the company and the professionals to be hired must be promoted.

Within six (6) months prior to the termination of the contract entered into with INDEPENDENT VERIFIER, CONCESSIONAIRE must initiate the selection procedure for a new INDEPENDENT VERIFIER, by submitting the selected companies to GRANTING AUTHORITY, respecting the same procedure provided for in this APPENDIX.

The formalization of the contract between CONCESSIONAIRE and INDEPENDENT VERIFIER, as well as any additives, will always depend on the prior approval of the GRANTING AUTHORITY.

When hiring INDEPENDENT VERIFIER, CONCESSIONAIRE will include in the Contract the obligation of INDEPENDENT VERIFIER to fully comply with the provisions of the CONTRACT.

12 INDEPENDENT VERIFIER PRODUCTS

INDEPENDENT VERIFIER must present a detailed report with the results of the work carried out, as provided for in the CONTRACT and, whenever appropriate, it will contain the following information:

- a) Results obtained in the evaluation of CONCESSIONAIRE's performance, according to APPENDIX 8;
- b) Sources of information and data used in the report;
- c) Calculation memories;
- d) Indication of procedures to improve the monitoring and inspection of the CONTRACT;
- e) Indication of faults possibly committed by the CONCESSIONAIRE;
- f) Name of the company and technical team responsible for preparing the report; and
- g) Other information deemed relevant.

In addition to the schedule and detailed report with the results of the work carried out, the INDEPENDENT VERIFIER must present the following products, without prejudice to others provided for in the CONTRACT and its APPENDIXES:

- a) Matrix of responsibilities of the INDEPENDENT VERIFIER, the GRANTING AUTHORITY, and the CONCESSIONAIRE, elaborated based on the obligations contained in the CONTRACT;
- b) Report containing the design of all the processes necessary for the performance of the activities of the INDEPENDENT VERIFIER;
- c) Report identifying the sources of information that will be used to calculate performance reports;
- d) Evaluation report of plans, programs and other documents and facilities prepared or implemented by the CONCESSIONAIRE, provided for in the CONTRACT and its APPENDIXES, which provide for evaluation by the INDEPENDENT VERIFIER;

- e) EFFECTIVE MONTHLY PAYMENT performance evaluation and calculation reports;
- f) Calculations of the readjustments provided for in the CONTRACT;
- g) Analysis of the calculation of costs/expenses and revenues;
- h) ACCESSORY REVENUES calculation reports;
- i) Reports for monitoring the results of the execution of the CONTRACT and validating the data obtained and recommendations for improving the measurement processes;
- j) Web system available to INDEPENDENT VERIFIER, GRANTING AUTHORITY and CONCESSIONAIRE, contemplating the results of the performance indicators provided by the INDEPENDENT VERIFIER;
- k) Technical opinions referring to requests for election and the scenarios that originated their claim; and
- l) Other opinions and reports, as required by the CONTRACT and requested by the PARTIES.

The INDEPENDENT VERIFIER shall hold periodic monitoring and control meetings with GRANTING AUTHORITY, recording, in the minutes, the measures to be taken in order to ensure compliance with the CONTRACT requirements and deadlines, and CONCESSIONAIRE must be informed of the agenda scheduled for such meetings and receive a copy of their minutes.