

CONCESSION AGREEMENT N.° [●]/2020

MINUTA DO CONTRATO DE
CONCESSÃO

PREÂMBULO

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

CONCESSION AGREEMENT DRAFT

PREAMBLE

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

CONCESSION AGREEMENT DRAFT

CONCESSION AGREEMENT N.º [●]/2020

ADMINISTRATIVE CONCESSION
AGREEMENT FOR THE SERVICES OF
PUBLIC LIGHTING IN THE
MUNICIPALITY OF ARACAJU,
INCLUDING THE DEVELOPMENT,
MODERNIZATION, EXPANSION,
ENERGY EFFICIENCY, OPERATION AND
MAINTAINING OF THE MUNICIPAL
PUBLIC LIGHTING GRID

On the [●]month [●] day of the [●] year, having on the one hand the Municipality of Aracaju, in this act represented through the Municipal Secretariat of Infrastructure - SEMINFRA, represented by its Secretary, Mr(s). [●], hereinafter referred to as GRANTING AUTHORITY, and on the other hand, [●], a Special Purpose Company constituted specially for the execution of this Administrative Concession Agreement (“CONTRACT”), with address at [●], [●] / [●], herein represented by Mr(s). [●], according to its Articles of Association, hereinafter referred to as CONCESSIONAIRE,

Whereas:

- 1) That the GRANTING AUTHORITY, authorized by Municipal Law No. 5.285, of December 18, 2019, carried out a bidding procedure as international public bidding delegating the provision of PUBLIC LIGHTING services to the Municipality of Aracaju, including development, modernization, expansion, operation and maintenance of the MUNICIPAL PUBLIC LIGHTING GRID;
- 2) That due to this regular bidding procedure, the company(ies) [●] was[were] selected, published in the Official Gazette of the Municipality (“DOM”) on [●] [●], [●]; and

- 3) That, in accordance with the terms of the Concession Notice No. 01/2020, (“BID NOTICE”), the company(ies) [●], winner of said international public bid, constituted the CONCESSIONAIRE, having met the requirements for signing the CONTRACT established in the BID NOTICE,

the parties ("PARTIES") have among themselves, fair and agreed, the conditions expressed in this CONTRACT, which will be governed by the rules and clauses referred to below.

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CHAPTER I – GENERAL PROVISIONS

1. APPLICABLE LAW

1.1. The CONCESSION will be governed by the rules provided for in this CONTRACT and its APPENDIXES, and by Municipal Law No. 4.476, dated December 26, 2013; Municipal Law No. 5.285, dated December 18, 2019; Federal Law No. 11.079, dated December 30, 2004; Federal Law No. 8.987, of February 13, 1995; Federal Law No. 8.666, of June 21, 1993, and other rules in force on the matter.

2. INTERPRETATION

2.1. Basic Rules of Interpretation. In case of divergence between the rules provided for in applicable law, in BID NOTICE, in this CONTRACT and its APPENDIXES, the following shall prevail:

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

2.1.2. Second, the standards of the BID NOTICE text;

2.1.3. Third, the CONTRACT rules;

2.1.4. Fourth, the rules of the payment system, provided for in APPENDIXES 8 and 9;

2.1.5. Fifth, the other rules of the other APPENDIXES of the CONTRACT, including the rules provided for in APPENDIXES 8 and 9, not related to the payment system.

2.1.5.1. In case of divergence between the contents of the APPENDIXES, it will prevail those prepared by the GRANTING AUTHORITY and, in case of divergence between the contents of the APPENDIXES prepared by the GRANTING AUTHORITY, those with most recent date will prevail.

2.1.5.2. The APPENDIXES prepared by the CONCESSIONAIRE and expressly approved by the GRANTING AUTHORITY will be treated as

APPENDIXES prepared by the GRANTING AUTHORITY for the purposes of the previous Sub-Clause.

2.1.5.3. The titles attributed to the Clauses and Sub-Clauses of the CONTRACT and its APPENDIXES are only for reference and should not be considered for the purposes of interpreting the provisions contained in the corresponding Clauses and Sub-Clauses.

2.2. Except when the context does not allow, the following rules apply to the interpretation of the CONTRACT's clauses:

2.2.1. CONTRACT definitions will also be applied in singular and plural forms; and

2.2.2. References to CONTRACT or any other document must include any changes and additives that may be entered into between the PARTIES;

3. APPENDIXES

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

3.1.1. APPENDIX 1 - BID NOTICE OF PUBLIC BIDDING N° 01/2020;

3.1.2. APPENDIX 2 – CONCESSIONAIRE'S ACTS OF INCORPORATION;

3.1.3. APPENDIX 3 – CONCESSIONAIRE'S COMMERCIAL PROPOSAL;

3.1.4. APPENDIX 4 - REGISTRATION OF MUNICIPAL PUBLIC LIGHTING GRID;

3.1.5. APPENDIX 5 - CHARGES NOTEBOOK;

3.1.6. APPENDIX 6 – GUIDELINES OF SPECIAL PUBLIC LIGHTING;

3.1.7. APPENDIX 7 - MINIMUM ENVIRONMENTAL GUIDELINES;

3.1.8. APPENDIX 8 - PERFORMANCE MEASUREMENT SYSTEM;

3.1.9. APPENDIX 9 - PAYMENT MECHANISM;

3.1.10. APPENDIX 10 - GENERAL CONDITIONS OF INSURANCE POLICIES;

3.1.11. APPENDIX 11 - GENERAL CONDITIONS FOR CONTRACT EXECUTION GUARANTEE;

3.1.12. APPENDIX 12 - CONTRACT WITH THE DEPOSITARY FINANCIAL INSTITUTION;

- 3.1.13. APPENDIX 13 - CLASSIFICATION OF ROADS IN THE MUNICIPALITY OF ARACAJU;
- 3.1.14. APPENDIX 14 – GUIDELINES OF INDEPENDENT VERIFIER;
- 3.1.15. APPENDIX 15 - LIST OF REVERSIBLE ASSETS;
- 3.1.16. APPENDIX 16 - GUIDELINES FOR INSTRUMENT CELEBRATION IN ORDER TO IMPROVE THE MUNICIPAL PUBLIC LIGHTING GRID OPERATIVE INTERFACE WITH THE DISTRIBUTION COMPANY; and
- 3.1.17. APPENDIX 17 - DEFINITIONS OF CONTRACT AND ITS APPENDIXES.

CHAPTER II – CONCESSION ELEMENTS

4. OBJECT

4.1. The object of the CONTRACT is the delegation, through Administrative Concession, of the provision of public lighting services in the Municipality of Aracaju/SE, including the development, modernization, expansion, energy efficiency, operation and maintenance of the set of equipment that make up MUNICIPAL PUBLIC LIGHTING GRID infrastructure, including all PUBLIC LIGHTING POINTS located within the territorial limits of the Municipality of Aracaju/SE, in the form of the guidelines and minimum specifications contained in the APPENDIXES 5, 6 and 7, as well as the LIGHTING CLASSES of the municipality of Aracaju of the APPENDIX 13, and compliance with the parameters of the PERFORMANCE MEASUREMENT SYSTEM, provided for in APPENDIX 8.

4.2. The object of this CONTRACT, subject to the specifications of the CONTRACT and its APPENDIXES, comprise the following activities:

4.2.1. Development, expansion and modernization: elaboration of plans, projects, acquisition of equipment and execution of the works and necessary services to update, adapt and expand the MUNICIPAL PUBLIC LIGHTING GRID, to meet the obligations, specifications and quality parameters provided for in this CONTRACT and its APPENDIXES, including the implementation of TELEMAGEMENT SYSTEM in the manner provided for in APPENDIXES 5 and 6;

4.2.2. Energy Efficiency: elaboration of plans, projects, acquisition of equipment and execution of works and services at MUNICIPAL PUBLIC LIGHTING GRID necessary to meet the targets for reducing electricity consumption in APPENDIX 5; and

4.2.3. Operation and maintenance: operational and preventive and corrective maintenance activities of MUNICIPAL PUBLIC LIGHTING GRID to meet the specifications and quality parameters provided for in the CONTRACT and its APPENDIXES.

4.3. The OBJECT above will be implemented observing the following Phases:

4.3.1. Phase 0 - PRELIMINARY;

4.3.2. Phase I - TRANSITION OF THE MUNICIPAL PUBLIC LIGHTING GRID;

4.3.3. Phase II - MODERNIZATION OF THE MUNICIPAL PUBLIC LIGHTING GRID; and

4.3.4. Phase III - MUNICIPAL PUBLIC LIGHTING GRID OPERATION.

5. CONTRACTUAL TERM

5.1. This CONTRACT will be valid for a period of thirteen (13) years, counted from the ASSUMPTION DATE, and may be extended under the terms and conditions of Federal Law No. 11.079, of December 30, 2004.

6. CONDITIONS OF CONTRACT EFFECTIVENESS

6.1. Upon signing the CONTRACT, from the date of publication of statement in the DOM, the PARTIES will initiate the preliminary steps and procedures necessary for the ASSUMPTION DATE.

6.2. This CONTRACT must observe the formalities provided for in the applicable legislation to become effective, additionally considering the events of the Sub-Clauses below to start the ASSUMPTION DATE, which are:

6.2.1. The celebration of the CONTRACT WITH THE DEPOSITARY FINANCIAL INSTITUTION, subject to the terms and conditions of the APPENDIX 12;

6.2.2. The hiring of INDEPENDENT VERIFIER by the CONCESSIONAIRE, observing the terms and conditions of the APPENDIX 14; and

6.2.3. The hiring, by the CONCESSIONAIRE, of the insurance policies provided for in this CONTRACT, subject to the terms and conditions of the APPENDIX 10.

6.3. CONTRACT's ASSUMPTION DATE will only start, for the purposes of this CONTRACT, in particular of CONCESSION TERM, after the fulfillment of all the conditions

described in the Sub-Clauses above, drawing up, between the PARTIES, the INITIAL SERVICE ORDER, whose extract must be published , by the GRANTING AUTHORITY, at DOM.

6.3.1. Once all the events and formalities for ASSUMPTION DATE have been completed, the delay of the GRANTING AUTHORITY in signing and publishing the INITIAL SERVICE ORDER for more than thirty (30) days gives to CONCESSIONAIRE the right to terminate the CONTRACT, under the terms set out in the Sub-Clause below.

6.3.2. In the event of a delay in the signature and publication of the INITIAL SERVICE ORDER, as provided for in the Sub-Clause above, GRANTING AUTHORITY's breach of contractual rules is configured, for all legal purposes, and CONCESSIONAIRE is authorized to immediately suspend any acts and investments for the assumption of SERVICES, and CONCESSIONAIRE is also authorized to prepare, at its sole discretion, a Contingent Return Plan, for the early termination of the CONCESSION, which will be fully resumed by the GRANTING AUTHORITY, within sixty (60) days, counted from the protocol date of the Contingent Return Plan with GRANTING AUTHORITY.

6.4. From the ASSUMPTION DATE of the CONTRACT, the amounts defined in the APPENDIX 12 will be deposited in RESERVE ACCOUNT, according to the established conditions.

7. CONTRACT VALUE

7.1. The CONTRACT value is [●] (R\$ [●]), based on the COMMERCIAL PROPOSAL delivery date, which corresponds to the sum of the total projected revenues from CONCESSION's operation, in constant price, based on in the amount to be perceived by the payment of the MAXIMUM MONTHLY PAYMENT.

7.2. The amount contemplated in the Sub-Clause above has an indicative effect only, and cannot be used by any of the PARTIES to claim the restoration of the contractual economic and financial balance.

8. ASSETS LINKED TO CONCESSION

8.1. LINKED ASSETS are those who:

8.1.1. Belong to the GRANTING AUTHORITY and are assigned to CONCESSIONAIRE, according to BASE REGISTRY signed by PARTIES in the form of this CONTRACT; and

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

8.2. For the purposes of the CONTRACT, only the goods listed in APPENDIX 15 will be considered REVERSIBLE ASSETS, excluding other LINKED ASSETS for administrative use and/or not essential to the provision of SERVICES, used in the execution of the CONTRACT.

8.3. LINKED ASSETS and REVERSIBLE ASSETS must be permanently inventoried and updated by the CONCESSIONAIRE, in the form and under the terms set out in APPENDIX 5.

8.4. All works, improvements, software equipment, improvements and accessions carried out by the CONCESSIONAIRE in relation to the REVERSIBLE ASSETS indicated in this CONTRACT will belong to the GRANTING AUTHORITY.

8.5. CONCESSIONAIRE will use LINKED ASSETS exclusively to execute the OBJECT of the CONTRACT.

8.6. The GRANTING AUTHORITY may make use of the MUNICIPAL PUBLIC LIGHTING GRID, included in the concept of LINKED ASSETS, except as provided for in Sub-Clause 27.3.2., for purposes not provided for in this CONTRACT, provided that said use does not compromise CONCESSIONAIRE's regular activities and economic burdens arising from this exceptional use are borne by GRANTING AUTHORITY itself.

8.6.1. The paid use of MUNICIPAL PUBLIC LIGHTING GRID by third parties is prohibited, except in the event of exploration of RELATED ACTIVITIES, subject to the terms of this CONTRACT.

8.7. The CONCESSIONAIRE must perform a PREDICTIVE, PREVENTIVE, CORRECTIVE and EMERGENCY MAINTENANCE of the LINKED ASSETS and REVERSIBLE ASSETS, in order to keep them in proper conditions of use, respecting the technical standards related to health, safety, hygiene, comfort, environmental sustainability, among other parameters essential to its good use.

8.7.1. In the event of a breakdown or loss of the goods referred to in this CONTRACT, the CONCESSIONAIRE must carry out the repair, replacement or restitution of the asset by another with operation and functioning conditions identical or superior to the replaced one, observing the provisions of the APPENDIX 5.

8.7.2. The GRANTING AUTHORITY may inspect LINKED ASSETS, including the REVERSIBLE ASSETS, and may, under the terms of Federal Law No. 11.079, of December 30, 2004, retain payments to the private partner, in the necessary amount to repair any irregularities detected in the REVERSIBLE ASSETS.

8.8. Once the useful life of the LINKED ASSETS and REVERSIBLE ASSETS has elapsed, or if it is necessary to replace them, for any reason, the CONCESSIONAIRE must proceed to their immediate replacement for goods of equal or higher quality, with due regard for the continuity of the provision of SERVICES and the duty of permanent technological updating of these goods.

8.9. The sale, replacement, disposal or transfer of possession of the REVERSIBLE ASSETS is permitted provided that CONCESSIONAIRE proceeds to its immediate replacement, under the conditions provided for in CONTRACT and its APPENDIXES.

8.9.1. The eventual sale of REVERSIBLE ASSETS referred to in the Sub-Clause above may be carried out by the CONCESSIONAIRE, subject to the prior consent of GRANTING AUTHORITY, by means of a competent administrative act issued by the GRANTING AUTHORITY with the object of decreeing unserviceability or authorizing the detachment of a certain REVERSIBLE ASSET from the GRANTING AUTHORITY patrimony, under the terms of the current legislation.

8.9.2. The gross revenues arising from the eventual sale of REVERSIBLE ASSETS will be shared between CONCESSIONAIRE and GRANTING AUTHORITY in the

proportion of thirty percent (30%) of the gross revenue determined with the sale, in favor of GRANTING AUTHORITY.

8.10. The offer of REVERSIBLE ASSETS in guarantee is prohibited.

8.11. All CONCESSIONAIRE's legal transactions with third parties involving REVERSIBLE ASSETS must expressly mention their connection.

8.12. REVERSIBLE ASSETS belonging to the CONCESSIONAIRE or acquired or built by it with the objective of executing this CONTRACT must be fully amortized and depreciated in CONCESSION TERM, with no compensation.

CHAPTER III – PARTIES' RIGHTS AND OBLIGATIONS

9. LICENSES AND AUTHORIZATIONS

9.1. The CONCESSIONAIRE shall prepare the necessary documentation, submit to the competent authorities the request for obtaining all licenses, authorizations and necessary permits for the full execution of the CONCESSION's object, accompany the entire processing of the request until its regular approval, and, therefore, comply with all required measures, under the terms of the current legislation, as well as bear all expenses and other costs involved.

9.2. The GRANTING AUTHORITY should make every effort so that, once the requests for obtaining licenses, authorizations and permits are delivered, they are analyzed and dispatched within the maximum period established by the competent authorities.

9.2.1. The delay in obtaining licenses, authorizations and permits, thus understood as their non-dispatch within the period initially established by the competent authority, provided that they have been properly instructed by the CONCESSIONAIRE, may give rise to the extension of the deadlines of the CONCESSION MILESTONES, provided for in APPENDIX 5 , as well as review of the maintenance of the contractual economic and financial balance, as the case may be.

10. RELATIONSHIP WITH THE DISTRIBUTION COMPANY

10.1. ACTIVITIES AND INTERFACE WITH THE DISTRIBUTION COMPANY

10.1.1. The GRANTING AUTHORITY will be responsible for assigning to CONCESSIONAIRE its obligations and prerogatives of access to the DISTRIBUTION COMPANY's electric energy distribution system, including the partial or total assignment of the agreements currently in force with DISTRIBUTION COMPANY.

10.1.2. With the assignment referred to in Sub-Clause 10.1.1, the CONCESSIONAIRE may act, in its own name, with the DISTRIBUTION COMPANY and other competent bodies, and must comply with 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 SERVICES and meeting the specifications and quality parameters provided for in this CONTRACT and its APPENDIXES.

10.1.3. The PARTIES agree that the failure to sign the assignment instruments referred to in Sub-Clause 10.1.1 above may generate financial compensation rights from one PARTY to another, giving rise to claims for economic and financial rebalancing of the CONTRACT in the event of a loss to any of the PARTIES.

10.1.4. The CONCESSIONAIRE shall also exempt and maintain GRANTING AUTHORITY harmless from any liability arising from the assigned instruments.

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

10.1.6. The assignment of operational obligations and prerogatives by the GRANTING AUTHORITY, as provided for in the Sub-Clauses above, does not exclude CONCESSIONAIRE's responsibility for the proper provision of SERVICES.

10.1.7. The PARTIES further agree that GRANTING AUTHORITY shall enter into an instrument with DISTRIBUTION COMPANY to improve the regulation of the MUNICIPAL PUBLIC LIGHTING GRID interface with DISTRIBUTION COMPANY, either by means of an addendum to any current contract and/or agreement,

either by means of a separate instrument, observed the terms and conditions of the Guidelines of the APPENDIX 16.

10.1.7.1. The GRANTING AUTHORITY shall enter into the instrument mentioned in Sub-Clause 10.1.7 until the end of Phase I, referred to in Sub-Clause 14.2 of this CONTRACT.

10.1.7.2. The CONCESSIONAIRE must appear as the intervening consenting party to the instrument mentioned in Sub-Clause 10.1.7.

10.1.7.3. The PARTIES agree that GRANTING AUTHORITY will be released from the obligation of the Sub-Clause 10.1.7, if supervening legislation and/or regulation is published that incorporates the Guidelines of the APPENDIX 16, making them mandatory in relation to DISTRIBUTION COMPANIES with public lighting services.

10.1.8. The content of the APPENDIX 16 is binding in terms of improving the interface between DISTRIBUTION COMPANY, GRANTING AUTHORITY and CONCESSIONAIRE during the execution of the CONTRACT.

10.2. ACTIVITIES OF CONTRACTS WITH THE DISTRIBUTION COMPANY

10.2.1. The ENERGY SUPPLY AGREEMENT for PUBLIC LIGHTING signed by the GRANTING AUTHORITY with DISTRIBUTION COMPANY, as well as the responsibility for the payment of the corresponding energy bills will remain under the ownership of the GRANTING AUTHORITY, with CONCESSIONAIRE only responsible for the necessary measures to reduce energy consumption, as provided for in the Sub-Clause below, as well as any rights and/or obligations that imply the correct operation of MUNICIPAL PUBLIC LIGHTING GRID.

10.2.2. Without prejudice to the assignment referred to in Sub-Clause 10.1.1, the GRANTING AUTHORITY, in this act, empowers CONCESSIONAIRE to act directly in the ENERGY SUPPLY AGREEMENT and in the other agreements currently in force entered into with the DISTRIBUTION COMPANY, or in other instruments that may officially replace it, being authorized to carry out, together with the DISTRIBUTION

COMPANY and other competent bodies, all necessary activities to reduce the consumption of electricity, including, but not limited to:

10.2.2.1. Request to update the DISTRIBUTION COMPANY registration database for the purpose of billing electricity destined for MUNICIPAL PUBLIC LIGHTING GRID;

10.2.2.2. Measures for measuring energy consumption through the TELEMANAGEMENT SYSTEM, including any approvals with the relevant bodies, in accordance with the legislation and regulations in force by ANEEL and INMETRO about this activity;

10.2.2.3. Provisions for the amendment of MUNICIPAL PUBLIC LIGHTING GRID, considering the provisions of this CONTRACT, especially Phase II;

10.2.2.4. Presentation of studies and technical projects, as well as requesting necessary measures to reduce the time to be considered for daily consumption; and

10.2.2.5. Any other measures aimed at reducing energy consumption.

10.2.3. The assumption of additional responsibilities that generate or may generate any additional risks or burdens to GRANTING AUTHORITY can only be carried out with prior authorization from the Municipal Public Administration.

10.2.4. All documents, studies and requests to be issued by the CONCESSIONAIRE, as defined by the ENERGY SUPPLY AGREEMENT, must be previously submitted to the GRANTING AUTHORITY, which must approve it within ten (10) days.

10.2.4.1. In the event that GRANTING AUTHORITY does not manifest within the period indicated above, the issuance of the respective document by CONCESSIONAIRE, in all its form and content, will be considered approved.

10.2.5. If CONCESSIONAIRE is prevented from acting with the DISTRIBUTION COMPANY with respect to the ENERGY SUPPLY AGREEMENT and/or other instruments necessary for the interface with the DISTRIBUTION COMPANY, aiming at the faithful execution of the CONTRACT, the GRANTING AUTHORITY must take all appropriate measures to reverse such situation, including judicial, if applicable, without prejudice to any measures already taken or to be taken by the CONCESSIONAIRE.

10.2.6. The GRANTING AUTHORITY will use its best efforts to support the CONCESSIONAIRE with its claims and requests with the DISTRIBUTION COMPANY, especially for its analysis and approval within a reasonable period of time, and should, whenever necessary, intercede with the DISTRIBUTION COMPANY and regulatory entity, in favor of the CONCESSIONAIRE.

10.3. RESPONSIBILITIES IN THE INTERFACE WITH THE DISTRIBUTION COMPANY

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

10.3.1.1. Failures or interruptions in the distribution of electricity, including those resulting from blackout or rationing within the scope of the national electricity system, provided that they have not been caused by action or omission of the CONCESSIONAIRE;

10.3.1.2. Failures in the provision of SERVICES resulting from delays in obtaining authorizations from the DISTRIBUTION COMPANY for modernization, efficiency and expansion of the MUNICIPAL PUBLIC LIGHTING GRID, observing the deadlines set in the Guidelines of APPENDIX 16 of this CONTRACT, provided that the requests have been properly substantiated and instructed by the CONCESSIONAIRE and that it has provided all the activities and requirements provided for in the current

rules and agreements, and provided that the denial does not result from the fault or omission of CONCESSIONAIRE; and

10.3.1.3. Any delay in approvals by the DISTRIBUTION COMPANY, as mentioned in Sub-Clause 10.3.1.2, may also give rise to the rebalancing of CONTRACT, provided that damage to the affected PARTY is proven.

10.3.2. The CONCESSIONAIRE shall use its best efforts to promptly operate the DISTRIBUTION COMPANY with a view to adjusting the registration of electricity billing. In the event of any omission or delay in approving the registration changes used to define the electricity billing charged by the DISTRIBUTION COMPANY for the SERVICES, taking into account the deadlines set by the Guidelines of APPENDIX 16, the CONCESSIONAIRE will not be entitled to any claim for economic and financial rebalancing related to the ENERGY BONUSES, which should continue to be calculated under the APPENDIX 9.

11. URBANISTIC AND ENVIRONMENTAL RESPONSIBILITY

11.1. Responsibility for the existing environmental liability until the beginning of Phase I of the CONTRACT will rest with GRANTING AUTHORITY.

11.1.1. The CONCESSIONAIRE will be responsible for the environmental liabilities generated after the beginning of Phase I of the CONTRACT, referring to events or facts related to the provision of SERVICES and the exploration of RELATED ACTIVITIES.

11.1.2. The CONCESSIONAIRE will be responsible for ensuring the proper disposal, destination, sorting, transportation, storage and use of waste originated at CONCESSION, including those resulting from reverse logistics, subject to what is determined in the APPENDIX 7, as well as in the applicable provisions of federal, state and municipal regulations and the requirements regarding the necessary licenses and authorizations for this purpose, including the prior environmental license, if applicable.

11.1.3. The CONCESSIONAIRE will be responsible for maintaining and adapting MUNICIPAL PUBLIC LIGHTING GRID to prevent impacts or damage to buildings and monuments declared as historical and/or cultural heritage.

12. EXPROPRIATION, EASEMENTS AND ADMINISTRATIVE LIMITATIONS

12.1. The GRANTING AUTHORITY will be responsible for the costs and enforcement actions related to necessary expropriations, easements and administrative limitations to provide the SERVICES.

12.1.1. The CONCESSIONAIRE will not be responsible for the effects resulting from the delay in carrying out expropriations, easements, administrative limitations, or even in installments and regularization of property registration, in the form of the Sub-Clause above.

13. PHASE 0 - PRELIMINARY

13.1. Phase 0, involving the preparation for taking over the SERVICES, should last for a period of one hundred and twenty (120) days, and may be extended at the PARTIES sole discretion, by means of an addendum to CONTRACT.

13.1.1. Within up to ninety (90) days from the ASSUMPTION DATE, the CONCESSIONAIRE must submit to GRANTING AUTHORITY and INDEPENDENT VERIFIER, the OPERATION AND MAINTENANCE PLAN, subject to the terms of the APPENDIX 5.

13.1.2. Within fifteen (15) days from receipt, INDEPENDENT VERIFIER must submit to the GRANTING AUTHORITY and CONCESSIONAIRE an opinion on the compliance of the OPERATION AND MAINTENANCE PLAN, specifically regarding adherence to the provisions of APPENDIX 5.

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

13.1.3. After delivery, the approved OPERATION AND MAINTENANCE PLAN will become an integral part of CONTRACT as APPENDIX.

13.1.4. Without prejudice to the supervisory power of the GRANTING AUTHORITY, under the terms of Clause 24, INDEPENDENT VERIFIER shall evaluate the OPERATION AND MAINTENANCE PLAN, for the purposes of monitoring the execution of the SERVICES.

13.2. Additionally, as a condition for the beginning of Phase I, the CONCESSIONAIRE must have proved the implementation and operationalization of the definitive OPERATIONAL CONTROL CENTER, as provided for in APPENDIX 5.

13.2.1. The OPERATIONAL CONTROL CENTER must be implemented and be able to operate when Phase 0 ends and, in this Phase 0, it is unnecessary for the OPERATIONAL CONTROL CENTER to operate any TELEMANAGEMENT SYSTEM, which will only be required from CONCESSIONAIRE with the advent of modernization of Phase II.

13.2.2. After the OPERATIONAL CONTROL CENTER has been implemented, the CONCESSIONAIRE will notify the INDEPENDENT VERIFIER to perform the measurement and verification and issue the ACCEPTANCE TERMS of the OPERATIONAL CONTROL CENTER, without prejudice to the supervisory power of the GRANTING AUTHORITY, as set forth in Clause 24.

13.3. Once the OPERATION AND MAINTENANCE PLAN has been delivered, in accordance with APPENDIX 5 and once the implementation and operation of the OPERATIONAL CONTROL CENTER has been proven, steps are taken to end Phase 0, with the assumption of SERVICES by the CONCESSIONAIRE.

13.4. Upon reaching the milestones of the Sub-Clause above, the GRANTING AUTHORITY shall adopt all necessary measures for the assumption of SERVICES by the CONCESSIONAIRE, adopting, among others, the measures provided for in the Sub-Clauses below:

13.4.1. Transfer of LINKED ASSETS from the GRANTING AUTHORITY to the CONCESSIONAIRE, by signature, by the PARTIES, of the SERVICES DELIVERY TERM and the TERMS OF TRANSFER OF GOODS; and

13.4.2. Assignment to the CONCESSIONAIRE of the obligations and prerogatives signed with the DISTRIBUTION COMPANY and related to the operation of MUNICIPAL PUBLIC LIGHTING GRID, as provided for in Sub-Clause **Erro! Fonte d e referência não encontrada..**

13.5. If GRANTING AUTHORITY does not complete the activities foreseen in the Sub-Clauses above, within two (2) months from the deadline indicated for the end of Phase 0, the PARTIES will carry out the extension of the term, via an extraordinary review of the CONTRACT, with the restoration of the contractual economic and financial balance, as provided for in this CONTRACT.

13.6. After signing the SERVICES DELIVERY TERM, Phase I will start and the CONCESSIONAIRE will assume the provision of SERVICES at INITIAL PUBLIC LIGHTING MUNICIPAL NETWORK, as provided for in its OPERATION AND MAINTENANCE PLAN and in compliance with the obligations and specifications of this CONTRACT and its APPENDIXES.

14. PHASE I – TRANSITION OF THE MUNICIPAL PUBLIC LIGHTING GRID

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

14.2. Phase I will have a duration of up to sixty (60) days, counting from the signing of the SERVICES DELIVERY TERM and the TERMS OF TRANSFER OF GOODS, as per Sub-Clause above, which may be extended at the PARTIES' sole discretion, by means of an addendum to the CONTRACT.

14.2.1. Within up to twenty (20) days from the signing of the SERVICES DELIVERY TERM and the TERMS OF TRANSFER OF GOODS, CONCESSIONAIRE must submit the MODERNIZATION PLAN to the GRANTING AUTHORITY and to the INDEPENDENT VERIFIER, subject to the terms of APPENDIX 5.

14.2.2. Within fifteen (15) days from receipt of the MODERNIZATION PLAN, the GRANTING AUTHORITY and the INDEPENDENT VERIFIER must evaluate it and manifest themselves.

14.2.2.1. If the GRANTING AUTHORITY and the INDEPENDENT VERIFIER decide to approve the MODERNIZATION PLAN, an ACCEPTANCE TERM will be issued.

14.2.2.2. If the GRANTING AUTHORITY does not manifest within the period stipulated in Sub-Clause **Erro! Fonte de referência não encontrada.**, the CONCESSIONAIRE and the INDEPENDENT VERIFIER shall consider, for all legal purposes, that the GRANTING AUTHORITY tacitly agrees and approves the MODERNIZATION PLAN presented by the CONCESSIONAIRE, and must INDEPENDENT VERIFIER, in the latter case, issue the ACCEPTANCE TERMS if it assesses that the MODERNIZATION PLAN is in compliance with the provisions of CONTRACT and its APPENDIXES.

14.2.3. In the event that GRANTING AUTHORITY and/or INDEPENDENT VERIFIER request(s) changes to the MODERNIZATION PLAN, the CONCESSIONAIRE must submit a new version of the MODERNIZATION PLAN within ten (10) days of notification of changes, and PARTIES must observe the rules of the Sub-Clause 14.2.2 and following until approval of the MODERNIZATION PLAN.

14.2.4. After being approved by the INDEPENDENT VERIFIER, the MODERNIZATION PLAN will become an integral part of CONTRACT as APPENDIX.

14.3. From ASSUMPTION DATE, the CONCESSIONAIRE must prepare and submit the BASE REGISTRY to the GRANTING AUTHORITY, observing the procedure below.

14.3.1. The deadline for delivery of the BASE REGISTRY will occur within thirty (30) days from the beginning of the Phase I.

14.3.1.1. The BASE REGISTRY must be presented on a consolidated basis, containing the detailed description of the SERVICES, as provided for in APPENDIX 5, observing the technical standards and applicable legislation, as well as the guidelines provided for in the CONTRACT and its APPENDIXES.

14.3.1.2. Without prejudice to the inspection power of GRANTING AUTHORITY, in accordance with Clause 24, INDEPENDENT VERIFIER must express itself, within fifteen (15) days from the receipt of BASE REGISTRY, regarding the approval of BASE REGISTRY or requesting the necessary adjustments, demonstrating, as the case may be, any failures and/or non-compliance with the applicable rules and/or legislation, of CONTRACT and/or its APPENDIXES, with CONCESSIONAIRE having to make the requested adjustments within ten (10) days.

14.3.2. After being approved by the INDEPENDENT VERIFIER, the BASE REGISTRY will become an integral part of the CONTRACT, as APPENDIX.

14.3.2.1. The approval of BASE REGISTRY and the MODERNIZATION PLAN will be a precondition for the beginning of the Phase II.

14.3.3. The PARTIES will be entitled to the restoration of the economic and financial balance of the CONTRACT, according to the formula defined in Sub-Clause 43.7, in the event that the quantity of PUBLIC LIGHTING POINTS verified in BASE REGISTRY is below of the LOWER RANGE (LR) or above of the UPPER RANGE (UR) for each GROUP OF PUBLIC LIGHTING POINTS.

15. PHASE II - MODERNIZATION OF THE MUNICIPAL PUBLIC LIGHTING GRID

15.1. After the fulfillment of the activities foreseen for Phase I and observing the suspensive requirements for the beginning of the Phase II, the CONCESSIONAIRE will begin the execution of the MODERNIZATION AND EFFICIENTIZATION services of the MUNICIPAL PUBLIC LIGHTING GRID, of implementation of the TELEMAGEMENT SYSTEM and SPECIAL LIGHTING provided for in the APPENDIXES 5 and 6.

15.2. The CONCESSIONAIRE will be responsible for preparing and submitting monthly executive projects to GRANTING AUTHORITY, during Phase II, to carry out each work and/or installation foreseen in the CONCESSION MILESTONES, observing the content of the APPENDIXES 5 and 6.

15.2.1. Within thirty (30) days, counted from the receipt of the executive project, the GRANTING AUTHORITY must comment on its approval or request the necessary adjustments, demonstrating, as the case may be, any failures and/or non-compliance with the rules and/or applicable legislation, of the CONTRACT and/or its APPENDIXES, and the CONCESSIONAIRE must carry out the requested adjustments within fifteen (15) days.

15.2.2. After the delivery, by CONCESSIONAIRE, of the reformulated executive project, the GRANTING AUTHORITY will have up to fifteen (15) 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 by the GRANTING AUTHORITY within the deadlines for approval of the executive project, the executive project will be considered approved.

15.3. The INDEPENDENT VERIFIER will monitor the execution of the MODERNIZATION PLAN and will issue determinations to CONCESSIONAIRE whenever it considers that the CONCESSION MILESTONES, provided on APPENDIX 5, contained in CONCESSIONAIRE'S MODERNIZATION PLAN, may be compromised or even if the quality of PUBLIC LIGHTING POINTS is compromised, without prejudice to the possible application of sanctions provided for in this CONTRACT.

15.3.1. The GRANTING AUTHORITY will require from CONCESSIONAIRE the elaboration of plans for the recovery of delays in the CONCESSION MILESTONES, foreseen in APPENDIX 5.

15.4. In order to issue the ACCEPTANCE TERMS of the PUBLIC LIGHTING POINTS delivered in accordance with the CONCESSION MILESTONES, provided for in APPENDIX 5,

CONCESSIONAIRE must notify INDEPENDENT VERIFIER, accompanied by proof of hiring and/or complementing the insurance provided for in this CONTRACT.

15.4.1. After receiving the notification referred to in the Sub-Clause above, the INDEPENDENT VERIFIER must schedule the inspection of the facilities and equipment, within a period of up to fifteen (15) days, observing the terms and criteria set forth in this CONTRACT and its APPENDIX 5.

15.4.2. After conducting the survey indicated in the Sub-Clause above, the INDEPENDENT VERIFIER shall, within a maximum period of five (5) business days, issue the ACCEPTANCE TERM of the PUBLIC LIGHTING POINTS inspected or indicate the requirements to be met, determining the deadline for completion of corrections, without burden for GRANTING AUTHORITY to exercise its powers of inspection.

15.4.3. The GRANTING AUTHORITY may, within up to five (5) business days after the issuance of the ACCEPTANCE TERM, send notification to INDEPENDENT VERIFIER regarding any disagreement related to the survey indicated in the Sub-Clause above, duly substantiated and accompanied by all necessary documents for the demonstration of its appropriateness.

15.4.4. In the event of disagreement initiated by the GRANTING AUTHORITY, if the PARTIES cannot find a consensual solution, the provisions of CHAPTER X - DISPUTE RESOLUTION of this CONTRACT will be adopted.

15.4.5. Regardless of the ACCEPTANCE TERM, CONCESSIONAIRE must make the corresponding update of the REGISTRATION in real time and inform to the GRANTING AUTHORITY and INDEPENDENT VERIFIER about the update.

15.5. The CONCESSION MILESTONES will be considered fulfilled when all the ACCEPTANCE TERMS provided for each of them are issued.

15.5.1. The CONCESSIONAIRE may anticipate the delivery of the CONCESSION MILESTONES, being entitled to receive the equivalent EFFECTIVE MONTHLY PAYMENT, after observing the approval and issuing procedures of the respective ACCEPTANCE TERMS.

15.5.2. Considering the hypothesis mentioned in Sub-Clause 15.5.1 above, if the flow of values from COCIP is not sufficient for the payment of the EFFECTIVE MONTHLY PAYMENT and composition of the MINIMUM BALANCE OF THE RESERVE ACCOUNT, due to the anticipated delivery of the CONCESSION MILESTONES, the GRANTING AUTHORITY will not be obliged to recompute the MINIMUM BALANCE OF THE RESERVE ACCOUNT, during the period initially foreseen for the conclusion of the Phase II.

15.6. After the issuance of all the ACCEPTANCE TERMS provided for the CONCESSION MILESTONES, the GRANTING AUTHORITY will issue the TERMS OF RECEIPT OF THE MODERNIZED AND EFFICIENTIZED MUNICIPAL PUBLIC LIGHTING GRID.

16. PHASE III - OPERATION OF THE MUNICIPAL PUBLIC LIGHTING GRID

16.1. After the end of Phase II, formalized by the TERMS OF RECEIPT OF THE MODERNIZED AND EFFICIENTIZED MUNICIPAL PUBLIC LIGHTING GRID, and fulfilled the CONCESSION MILESTONES provided for in APPENDIX 5, Phase III will begin, which will last until the end of this CONTRACT.

16.2. The CONCESSIONAIRE shall maintain the operational and maintenance procedures of MUNICIPAL PUBLIC LIGHTING GRID throughout the CONCESSION TERM, carrying out, whenever necessary, the necessary updates due to supervening changes in the conditions of the MUNICIPAL PUBLIC LIGHTING GRID, always in accordance with the provisions of this CONTRACT and its APPENDIXES.

17. COMPLEMENTARY SERVICES

17.1. During the entire term of CONCESSION, the CONCESSIONAIRE must meet the requests of the GRANTING AUTHORITY for the execution of complementary expansion services of MUNICIPAL PUBLIC LIGHTING GRID and the reallocation of PUBLIC LIGHTING POINTS in MUNICIPAL PUBLIC LIGHTING GRID.

17.2. As of Phase II, GRANTING AUTHORITY will be able to use the credits from CREDIT BANK:

17.2.1. The CREDIT BANK represents a balance of requests available to GRANTING AUTHORITY only, measured in credits, as specified in APPENDIX 5;

17.2.2. The credits of CREDIT BANK do not expire.

17.2.3. Credits not used until the end of CONCESSION will be compensated in favor of GRANTING AUTHORITY.

17.2.4. For each credit to be compensate in favor of the GRANTING AUTHORITY, the following formula will be considered:

$$CBC = 0.057520\% \times MMP-PC \times AB$$

Where:

CBC = CREDIT BANK COMPENSATION, due by CONCESSIONAIRE to the GRANTING AUTHORITY at the end of CONCESSION, considering, for the calculation of the indemnity amount, the compensation of other credits and debts incurred by both parties.

AB = accumulated balance during the CONCESSION period not consumed by the CREDIT BANK.

MMP-CP = MAXIMUM MONTHLY PAYMENT contained in the COMMERCIAL PROPOSAL, updated by the adjustment index established in Sub-Clause 35.1.

17.2.4.1. The MAXIMUM MONTHLY PAYMENT of the Sub-Clause above does not include the variations resulting from events that trigger the recomposition of the CONTRACT Economic and Financial Rebalance provided for in Clause 43.

17.2.5. The consumption of CREDIT BANK's credits should not generate any additional remuneration for CONCESSIONAIRE.

17.3. The CONCESSIONAIRE must comply with the limits defined in APPENDIX 5, for the purposes of installing ADDITIONAL PUBLIC LIGHTING POINTS resulting from the use of the CREDIT BANK.

17.3.1. Upon receipt of the request by GRANTING AUTHORITY referred to in the Sub-Clause above, the CONCESSIONAIRE must, within a maximum period of thirty (30) days, forward the corresponding executive projects for approval by GRANTING AUTHORITY together with the following information regarding the use of the balance from CREDIT BANK: (i) the amount of points used to fulfill the order, observing that this amount is binding in case GRANTING AUTHORITY does not request adjustments; and (ii) the remaining balance of points.

17.3.2. Within up to thirty (30) days, counted from the delivery date of the executive projects in accordance with the Sub-Clause above, the GRANTING AUTHORITY must approve them and issue the corresponding SERVICE ORDERS or request any adjustments it deems pertinent, as the case may be, in order to remedy eventual failures and/or non-compliance with the rules and legislation applicable to CONTRACT.

17.3.3. The CONCESSIONAIRE will have up to fifteen (15) days to adjust the executive projects requested by the GRANTING AUTHORITY.

17.3.4. If GRANTING AUTHORITY does not manifest within the deadlines for the approval of executive projects, they will be considered approved.

17.3.5. Upon completion of the installation or relocation of PUBLIC LIGHTING POINTS, the CONCESSIONAIRE will send notification to INDEPENDENT VERIFIER about the conclusion, duly accompanied by proof of contracting and/or supplementing the insurance, as provided for in this CONTRACT and APPENDIX 10, so that, within the term of up to fifteen (15) days, this will carry out an inspection and issue the corresponding ACCEPTANCE TERMS, for the purposes of using the CREDIT BANK, and CONCESSIONAIRE shall provide for inclusion in the REGISTRY.

17.3.6. In addition to the cases described in the Sub-Clauses above, the GRANTING AUTHORITY may also use the CREDIT BANK to require, at no additional cost,

throughout the CONTRACT term, the incorporation and subsequent operation and maintenance of PUBLIC LIGHTING POINTS installed by CONCESSIONAIRE or by third parties characterized as ENTREPRENEURS, subject to the terms of the APPENDIX 5 and Sub-Clause **Erro! Fonte de referência não encontrada.** of the CONTRACT.

17.3.7. The installation or relocation of PUBLIC LIGHTING POINTS in the existing public street segments, in openings between two PUBLIC LIGHTING POINTS with a distance of up to ninety (90) meters on the same road, to meet technical parameters, eliminate dark spots and/or compliance with the parameters of the PERFORMANCE MEASUREMENT SYSTEM will not be counted in the calculation of the use of CREDIT BANK referred to in this Sub-Clause, constituting an obligation originally assumed by the CONCESSIONAIRE.

17.3.8. The GRANTING AUTHORITY requests for installation, relocation and/or operation and maintenance of PUBLIC LIGHTING POINTS in excess of the maximum limits defined in APPENDIX 5, as well as requests for the adequacy of PUBLIC LIGHTING POINTS installed by ENTREPRENEURS to the lighting and efficiency parameters provided for in the CONTRACT and its APPENDIXES will enable the review of the contractual economic and financial balance, in compliance with the provisions of this CONTRACT.

17.4. In the event that GRANTING AUTHORITY requests changes to the lighting projects for the execution of COMPLEMENTARY SERVICES, which lead to non-compliance with the minimum requirements for uniformity and illuminance established in APPENDIX 5, the PUBLIC LIGHTING POINTS installed or absorbed by CONCESSIONAIRE based on the altered projects will receive specific identification in the REGISTRY and will not be part of the PUBLIC LIGHTING POINTS universe from which a sample will be selected to assess the quality criteria provided for in APPENDIX 8.

18. TECHNOLOGICAL UPDATES AND INNOVATIONS AND CHANGES IN TECHNICAL PARAMETERS

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

18.1.1. Services currently provided are those characterized by the preservation of modernity and updating of equipment and installations, which permanently accompany technological development, provided that technological up-to-date is necessary in view of: (i) obsolescence of CONCESSION assets; or (ii) the need to comply with the GENERAL PERFORMANCE INDEXES and other requirements established in the CONTRACT and its APPENDIXES, which must also ensure the perfect functioning, improvement and expansion of the SERVICES, or even the reduction of costs for GRANTING AUTHORITY.

18.2. CONCESSIONAIRE shall consider the useful life of CONCESSION's assets and their proper use and functioning, and, when necessary, replace them with other assets and equipment that present the latest technology and operating conditions identical or higher than those replaced.

18.3. The technological obsolescence of CONCESSION's assets will be characterized when it is found, during CONCESSION TERM, the relevant loss of its initial functions or, still, its inability to meet the GENERAL PERFORMANCE INDEXES and other requirements established in the CONTRACT and its APPENDIXES.

18.3.1. Excluded from the provisions of the Sub-Clause above is the hypothesis of poor conservation or absence of maintenance, by the CONCESSIONAIRE, of CONCESSION's assets, such situations being governed by the specific rules provided for in this CONTRACT and its APPENDIXES.

18.4. In order to change the technological standards of the MODERNIZED AND EFFICIENTIZED MUNICIPAL PUBLIC LIGHTING GRID equipment, CONCESSIONAIRE must present the executive projects and equipment for approval by the INDEPENDENT VERIFIER, proving its adequacy to the indications and specifications of the SERVICES contained in this CONTRACT and its APPENDIXES, as well as demonstrating the guarantee of continuity of supply of those essential equipment to the provision of SERVICES.

18.4.1. The eventual technological change promoted by the CONCESSIONAIRE spontaneously, without previous request from GRANTING AUTHORITY, which involves the incorporation of technological innovation in standards higher than the duty of CONCESSIONAIRE to provide the SERVICES today, should be amortized within CONCESSION TERM, not giving rise to a review of the contractual economic and financial balance.

18.4.2. The eventual request from GRANTING AUTHORITY that involves the incorporation of technological innovation in standards higher than the CONCESSIONAIRE's duty to provide SERVICES nowadays, including in the case of subsequent changes in technical standards and norms, must be implemented by means of prior agreement between the PARTIES and the review of the contractual economic and financial balance.

18.5. The procedures for approving executive projects and issuing the corresponding ACCEPTANCE TERMS will be the same as those for the CONCESSION MILESTONES, provided for in APPENDIX 5.

18.6. After the readjustment of the PUBLIC LIGHTING POINTS, the CONCESSIONAIRE shall, if applicable, update the REGISTRY, and adjust the insurance mentioned in APPENDIX 10, as applicable.

19. RESPONSIBILITIES FOR THE PROVISION OF SERVICES

19.1. During the entire term of CONTRACT, the CONCESSIONAIRE is responsible for the execution of the SERVICES object of the CONTRACT, according to the plans provided for in APPENDIX 5, observing the guidelines, specifications and minimum quality parameters of this CONTRACT and its APPENDIXES, in order to guarantee the best results to GRANTING AUTHORITY and USERS, permanently and continuously making their best efforts to optimize the management of human resources, consumables and LINKED ASSETS, as well as the obligations provided for in this CONTRACT and other APPENDIXES, including, but not limited to:

19.1.1. To be responsible for the adequacy and quality of the investments made, as well as for the fulfillment of contractual, regulatory and legal obligations related to schedules, projects and installations;

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

19.1.2. Respond to GRANTING AUTHORITY and third parties, under the terms allowed by applicable law, including for subcontracted services;

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

19.1.4. Reimburse GRANTING AUTHORITY for all disbursements resulting from judicial determinations, to satisfy obligations originally imputable to CONCESSIONAIRE, including labor claims filed by employees or third parties linked to CONCESSIONAIRE;

19.1.5. Inform GRANTING AUTHORITY, immediately, when cited or summoned of any legal action or administrative procedure, which may result in GRANTING AUTHORITY's liability, including the terms and procedural deadlines, as well as make the best efforts in the defense of common interests, practicing all procedural acts applicable for that purpose;

19.1.6. Accompany and advise the GRANTING AUTHORITY in meetings with third parties to deal with matters involving the MUNICIPAL PUBLIC LIGHTING GRID, in matters adhering to the object of CONCESSION, when requested;

19.1.7. Stamp the standard logo of GRANTING AUTHORITY, in proportion equivalent to the CONCESSIONAIRE logo, as well as contain reference to "Management through PPP" on all vehicles, uniforms of employees and third parties hired by the CONCESSIONAIRE, identification badges (recent photo) , electronic sites

and other pertinent CONCESSION elements, following the rules of application of the Aracaju City Hall logo and submitting the material in which the logos are applied for approval by GRANTING AUTHORITY before their production;

19.1.8. Develop, with a view to the execution of SERVICES, management practices and models in accordance with the norms and standards in the CONTRACT and its APPENDIXES;

19.1.9. Identify the interferences in the PUBLIC LIGHTING POINTS due to the presence of afforestation in the MUNICIPALITY and ask for the Municipal Company of Urban Service – EMURB to request the municipal authorities to realize the pruning, according to Municipal Law No 1.789/1992 and Municipal Law No 2.457/96, necessary for the reaching of the performance parameters contained in APPENDIX 8 and other obligations provided for in this CONTRACT and its APPENDIXES;

19.1.10. Provide manpower in the necessary quantity and consistent with the proper provision of the SERVICES, regularly trained and qualified to perform the activities under their responsibility;

19.1.11. Keep your personnel (employees and contracted third parties) duly identified through uniforms and badges with recent photo;

19.1.12. Observe, in the hiring of personnel, the current labor legislation, notably the specific labor, social security, tax laws, as well as the collective agreements, conventions and agreements of each professional category;

19.1.13. Strictly comply with the Safety and Occupational Engineering standards, in accordance with current legislation, and always aiming at preventing accidents at work;

19.1.14. Provide your personnel with Personal and Collective Protection Equipment - PPE and CPE, necessary for the performance of their activities, as well as presenting to GRANTING AUTHORITY, whenever requested, proof of delivery of this equipment to their personnel;

19.1.15. Ensure free access to the GRANTING AUTHORITY, at any time, to the premises used by the CONCESSIONAIRE for inspection of hygiene and rules related to occupational health and safety;

19.1.16. Maintain all equipment and utensils necessary for the execution of SERVICES in perfect conditions of use;

19.1.17. Acquire all the consumables and spare parts used in the execution of SERVICES;

19.1.18. Ensure availability in conditions of use, performance and with original functional and quality characteristics, of all PUBLIC LIGHTING POINTS' equipment and systems, during the entire CONCESSION period, making the necessary replacements and reinvestments;

19.1.19. Allow the use, by the GRANTING AUTHORITY, of the MUNICIPAL PUBLIC LIGHTING GRID infrastructure, as long as it does not affect the safety, quality and performance standards of the SERVICES and is compatible with the legal and regulatory standards applicable to the CONTRACT;

19.1.20. Install, operate, relocate and/or maintain ADDITIONAL PUBLIC LIGHTING POINTS required by the GRANTING AUTHORITY;

19.1.21. In compliance with the terms of APPENDIX 7, be responsible for the destination, sorting, transportation, storage, disposal and/or use of scrap and waste eventually originated in CONCESSION, including those resulting from reverse logistics, observing the relevant technical standards and the devices of the applicable federal, state and municipal laws and the requirements for the necessary licenses and authorizations for this purpose, including environmental licenses, if applicable;

19.1.22. Take responsibility for interlocution with third parties, such as public bodies (Military Police, Fire Department, Metropolitan Civil Guard, etc.), public service concessionaires and private companies (electricity, water and sewage, gas, telephony, cable TV etc. .) in order to release, isolate or protect areas or circuits of MUNICIPAL PUBLIC LIGHTING GRID;

19.1.23. Promote, in the operation and maintenance process, the replacement or repair of materials and equipment to eliminate all partial and/or complete degradation and deterioration of the LUMINAIRES, including in cases of vandalism and other acts of this kind practiced by third parties, identified or not;

19.1.24. Recover, prevent, correct and manage any environmental liability related to CONCESSION that is generated after the beginning of Phase I, including the environmental liability related to the final destination of the equipment and goods used in the services provided and in the exploration of RELATED ACTIVITIES;

19.1.25. Prepare a standard notebook with guidelines, procedures and technical specifications for the materials and equipment to be used at MUNICIPAL PUBLIC LIGHTING GRID so that the implementation of PUBLIC LIGHTING by ENTREPRENEURS or other public bodies follows the lighting and efficiency requirements of CONCESSION provided for in APPENDIX 5 , and such document should be widely publicized;

19.1.26. Update the REGISTRY in the cases provided for in this CONTRACT, within a period of up to five (5) days, unless another term, greater or lesser, has been established in the APPENDIXES.

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

19.3. Considering that (i) the GRANTING AUTHORITY, directly or by a body or entity of the Municipal Public Administration, may authorize the installation of PUBLIC LIGHTING POINTS directly by ENTREPRENEURS; and that (ii) the GRANTING AUTHORITY may determine that CONCESSIONAIRE performs the operation and maintenance of PUBLIC LIGHTING POINTS installed by ENTREPRENEURS, the following is agreed between the PARTIES:

- (i) Pursuant to Clause 17, the GRANTING AUTHORITY may use the CREDIT BANK for expansion of MUNICIPAL PUBLIC LIGHTING GRID, using a request for CONCESSIONAIRE to incorporate the PUBLIC LIGHTING

POINTS in the REGISTRY, in accordance with the provisions of APPENDIX 5.

- (ii) The GRANTING AUTHORITY may submit to CONCESSIONAIRE the PROJECTS FOR THE INSTALING ENTREPRENEURS OF VENTURES for verification by CONCESSIONAIRE of the lighting and efficiency requirements of CONCESSION provided for in APPENDIX 5, which will be disclosed by CONCESSIONAIRE;
- (iii) CONCESSIONAIRE will have a period of thirty (30) days from the receipt of each PROJECTS FOR THE INSTALING ENTREPRENEURS OF VENTURES, to analyze them and indicate in detail any adjustments that are necessary to meet the lighting and efficiency requirements of CONCESSION provided for in APPENDIX 5;
- (iv) After the delivery, by GRANTING AUTHORITY, of the PROJECTS FOR THE INSTALING ENTREPRENEURS OF VENTURES reformulated based on the adjustments indicated by the CONCESSIONAIRE, it will have up to five (5) days to approve them or to request the rectification of the proposed changes, until the document is finally approved;
- (v) After confirmation by the CONCESSIONAIRE that the PROJECTS FOR THE INSTALING ENTREPRENEURS OF VENTURES meet CONCESSION's lighting and efficiency requirements set out in APPENDIX 5, CONCESSIONAIRE must notify the GRANTING AUTHORITY of its approval;
- (vi) If the ENTREPRENEURS install PUBLIC LIGHTING POINTS under the terms of the PROJECTS FOR THE INSTALING ENTREPRENEURS OF VENTURES approved by the CONCESSIONAIRE, the CONCESSIONAIRE may not, after receiving the request from GRANTING AUTHORITY for the operation and maintenance of PUBLIC LIGHTING POINTS installed by ENTREPRENEURS, claim to additional use of credits from CREDIT BANK or the establishment of an extraordinary review process to adapt the new PUBLIC LIGHTING POINTS; and

- (vii) Exceptions to the rule of the item above are cases in which CONCESSIONAIRE demonstrates that the new PUBLIC LIGHTING POINTS were not installed in accordance with the PROJECTS FOR THE INSTALING ENTREPRENEURS OF VENTURES previously approved by the CONCESSIONAIRE.

19.3.1.1. If CONCESSIONAIRE understands the lack of adequacy to the lighting and efficiency parameters, GRANTING AUTHORITY may use INDEPENDENT VERIFIER to assess the existence or not of adequacy, and the opinion of the latter should prevail.

19.3.2. CONCESSIONAIRE's approval of PROJECTS FOR THE INSTALING ENTREPRENEURS OF VENTURES is limited to verification of compliance by the project with CONCESSION's lighting and efficiency standards and does not meet or replace authorizations, permissions and/or administrative licenses that must be granted exclusively by the competent bodies and entities of the Municipal Public Administration.

19.3.2.1. It is the responsibility of the ENTREPRENEURS to provide the necessary authorizations, permissions and/or administrative licenses for the PROJECTS FOR THE INSTALING ENTREPRENEURS OF VENTURES.

19.3.3. Within a maximum period of seven (7) days, counted from the date of communication, by the CONCESSIONAIRE, the GRANTING AUTHORITY will issue and forward the SERVICE ORDER corresponding to the CONCESSIONAIRE, for the beginning of the operation and maintenance of the transferred PUBLIC LIGHTING POINTS and for their inclusion in the REGISTRATION.

19.3.4. Within forty-eight (48) hours, counted from the issuance of the SERVICE ORDER referred to in the Sub-Clause above, CONCESSIONAIRE shall provide for inclusion in the REGISTRATION and prove to GRANTING AUTHORITY the contracting and/or complementation of the corresponding insurance, as provided for in this CONTRACT and its APPENDIX 10.

19.3.5. CONCESSIONAIRE will not have a direct relationship with the ENTREPRENEURS, and it will be the responsibility of the GRANTING AUTHORITY to transmit to the CONCESSIONAIRE the PROJECTS FOR THE INSTALING ENTREPRENEURS OF VENTURES and to send to the ENTREPRENEURS requests for information, adjustments and approvals issued by the CONCESSIONAIRE.

20. GRANTING AUTHORITY OBLIGATIONS

20.1. The GRANTING AUTHORITY shall assist the CONCESSIONAIRE in the provision of SERVICES, making its best efforts and intervening with the competent authorities whenever it deems necessary or when CONTRACT so disposes, carrying out the activities described in the subsequent Sub-Clauses, without prejudice to others that it deems relevant:

20.1.1. Make available to CONCESSIONAIRE all the referential technical documents in its possession that cover the MUNICIPAL PUBLIC LIGHTING GRID of the Municipality of Aracaju;

20.1.2. Intercede with the competent authorities in order to facilitate the execution of SERVICES that are within the scope of CONCESSION;

20.1.3. Provide free access to CONCESSIONAIRE's technicians and representatives to locations that are under the control of the GRANTING AUTHORITY, where the equipment for the execution of the SERVICES provided is installed;

20.1.4. Inform the CONCESSIONAIRE, with a minimum of thirty (30) days in advance, about any projects of yours or third parties that may be known to you, that may interfere with the object of CONCESSION or the provision of SERVICES by the CONCESSIONAIRE;

20.1.5. Guide and provide information and clarifications that may be necessary for operation;

20.1.6. Monitor and evaluate the execution of SERVICES, proposing improvements and corrections when applicable;

20.1.7. Carry out, with the assistance of the CONCESSIONAIRE, which will act as the consenting intervening party, the hiring of the DEPOSITARY FINANCIAL INSTITUTION under the terms of this CONTRACT and its APPENDIX 12; and

20.1.8. When requested by the CONCESSIONAIRE, send, within a reasonable time, to the competent authorities and other concessionaires, permittees and/or authorization holders operating in the CONCESSION AREA, notice to inform or confirm the legitimacy of CONCESSIONAIRE to deal with such authorities, concessionaires, permittees and/or authorizations on matters related to the provision of SERVICES.

21. CONTRACTING THIRD PARTIES AND EMPLOYEES BY THE CONCESSIONAIRE

21.1. For the execution of SERVICES, CONCESSIONAIRE will use its employees and may contract with third parties and, including, among these, SUBCONTRACTED OPERATORS for the development of activities inherent, accessory or complementary to SERVICES, as well as the implementation of RELATED ACTIVITIES.

21.1.1. GRANTING AUTHORITY's knowledge of any contracts entered into with third parties does not exempt CONCESSIONAIRE from fulfilling, in whole or in part, its obligations arising from this CONTRACT.

21.2. The CONCESSIONAIRE shall have strict liability for the damages that its employees, or contracted third parties, in this capacity, cause to the USERS, to the GRANTING AUTHORITY and to third parties.

21.3. The employees or third parties hired by 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, accident or any other nature related to its subcontractors, employees and outsourced workers.

21.5. The CONCESSIONAIRE shall indemnify and maintain GRANTING AUTHORITY harmless due to any demand or loss it may suffer as a result of acts performed by it, by its

administrators, employees, agents, service providers or 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 GRANTING AUTHORITY harmless in relation to procedural expenses, attorney fees and other charges that, directly or indirectly, it will bear depending on the events described in the Sub-Clause above.

21.7. The GRANTING AUTHORITY is entitled to deduct from the value of EFFECTIVE MONTHLY PAYMENT the values resulting from the application of the Sub-Clauses above.

21.8. In the case of subcontracting to third parties for carrying out the activities of technical supervision of the provision of SERVICES, in addition to complying with the provisions of the clauses above, without prejudice to other possible requests by the GRANTING AUTHORITY, CONCESSIONAIRE shall, within fifteen (15) days of the signature of the contract with the SUBCONTRACTED OPERATOR, communicate the following in writing to GRANTING AUTHORITY:

- i. Name, qualification and address of the contracted company;
- ii. Name, qualification and address of the administrators and representatives of the contracted company;
- iii. Proof of the technical experience required in Sub item 19.3, item “iii”, of the BID NOTICE;
- iv. Objective description of the contracted services, upon presentation of the signed contract, which must contain (a) the delimitation of the activities to be performed by the SUBCONTRACTED OPERATOR and by the CONCESSIONAIRE for the provision of SERVICES; and (b) the technical staff to be allocated by the SUBCONTRACTED OPERATOR and by the CONCESSIONAIRE, for the provision of SERVICES.
- v. Expected date for the beginning and conclusion of the contracted services; and
- vi. The articles of incorporation of the contracted company, duly registered with the competent Board of Trade or Registry, as well as the documents referring to legal, tax and labor regularity, according to 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 GRANTING AUTHORITY, the CONCESSIONAIRE

must obligatorily prove the technical capacity of the third party contracted, following the requirements described in Sub item 19.3, item “v”, of the BID NOTICE .

21.10. The fact that the contract with the SUBCONTRACTED OPERATOR is known by the GRANTING AUTHORITY cannot be claimed by the CONCESSIONAIRE to be exempt from the total or partial fulfillment of its obligations arising from the CONCESSION, or to justify any delay or modification in costs, nor to claim any liability of the GRANTING AUTHORITY.

22. PROVISION OF INFORMATION

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

22.1.1. Immediately inform GRANTING AUTHORITY of any and all facts that alter the normal development of CONCESSION, or that, in any way, interrupt the correct execution of SERVICES;

22.1.2. Provide reports with detailed information about the SERVICES in the periodicity established in the APPENDIX 5 of CONTRACT;

22.1.3. Present to GRANTING AUTHORITY or to the Management control bodies, within the period established by them, additional or complementary information that they may request;

22.1.4. Present, when requested by the GRANTING AUTHORITY, within up to ten (10) days, the contracts and invoices for outsourced activities, proof of payment of wages and other labor obligations, insurance policies against accidents at work and proofs of discharge of the respective social security obligations. The deadline for sending the documents will be up to three (3) days when the GRANTING AUTHORITY's request is made to obtain documentation for presentation in a hearing in the Labor Court;

22.1.5. Without prejudice to the presentation of the aforementioned information, the CONCESSIONAIRE is also responsible for providing information, providing certificates and copies of documents, free of charge, to USERS, consumer protection

bodies and associations, the Public Ministry and GRANTING AUTHORITY, whenever requested, within the non-extendable time limit of fifteen (15) days.

23. DECLARATIONS

23.1. CONCESSIONAIRE declares that it has obtained, by itself or by third parties, all the information necessary for the fulfillment of its contractual obligations and that it has carried out the surveys and studies necessary for the preparation of its COMMERCIAL PROPOSAL and for the execution of the object of the CONTRACT.

23.2. CONCESSIONAIRE will in no way be released from its contractual obligations, nor will it be entitled to indemnification by the GRANTING AUTHORITY, due to any incorrect or insufficient information provided to it by the GRANTING AUTHORITY or any other source, recognizing that it is its obligation to carry out surveys to verify the suitability and accuracy of any information provided.

23.3. CONCESSIONAIRE further declares:

23.3.1. Have full knowledge of the nature and extent of the risks assumed by it in CONTRACT;

23.3.2. Have taken such risks into account when formulating the COMMERCIAL PROPOSAL;

23.3.3. That COMMERCIAL PROPOSAL is unconditional and has taken into account all investments, taxes, costs and expenses (including, but not limited to, financial ones) necessary for CONCESSION's operation, as well as the risks to be assumed by the CONCESSIONAIRE as a result of the operation of CONCESSION, and also CONCESSION TERM;

23.3.4. Have full knowledge about the variation of MAXIMUM MONTHLY PAYMENT according to the milestones of the MODERNIZATION AND EFFICIENTIZATION schedule and the performance parameters of the PERFORMANCE MEASUREMENT SYSTEM and, recognizing that it is a mechanism agreed between the PARTIES to maintain the contractual equivalence between the

provision of the SERVICES and their remuneration, applied immediately and automatically by the GRANTING AUTHORITY, in view of the non-conformity between the SERVICES provided and the requirements of CONTRACT; and

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

24. SUPERVISION

24.1. CONCESSION's inspection, covering all CONCESSIONAIRE's activities, throughout the CONTRACT term, will be performed by the GRANTING AUTHORITY, with the INDEPENDENT VERIFIER's technical assistance under the terms of this CONTRACT.

24.1.1. The GRANTING AUTHORITY will supervise through the Municipal Secretariat of Infrastructure – SEMINFRA, and may be assisted by the Municipal Company of Urban Service – EMURB in the supervision and technical supporting of the CONTRACT, according to the municipal laws.

24.1.2. CONCESSIONAIRE will provide to the INDEPENDENT VERIFIER and the GRANTING AUTHORITY, or any other entity that GRANTING AUTHORITY indicates, free access, at any time, to the areas, facilities and locations relating to CONCESSION, including administrative and accounting statistics and records, and will provide on these, within the period established, the clarifications that are formally requested.

24.2. GRANTING AUTHORITY, directly or through its accredited representatives, including INDEPENDENT VERIFIER, may carry out tests or trials that allow an adequate assessment of the operating conditions and characteristics of the equipment, systems and facilities used in CONCESSION.

24.3. The CONCESSIONAIRE will be obliged to repair, correct, interrupt, suspend or replace, at its own expense and within the period set by GRANTING AUTHORITY, the failures or defects found in the provision of SERVICES.

24.4. The GRANTING AUTHORITY will register and process the occurrences found by the inspection, notifying 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 found by the inspection do not give rise to the immediate application of penalties, failure to comply with the regularization or correction deadlines determined by the GRANTING AUTHORITY will result in the drawing up of an infraction notice, subjecting CONCESSIONAIRE to the application of penalties provided for in the CONTRACT.

24.5. The GRANTING AUTHORITY may require, within the periods specified, not less than fifteen (15) days, that CONCESSIONAIRE submit an action plan aiming to repair, correct, interrupt, suspend or replace any activity performed in a manner flawed, defective or incorrect, according to the assessment of the INDEPENDENT VERIFIER.

24.5.1. In the event of CONCESSIONAIRE's omission regarding the obligation provided for in this Clause, without prejudice to the intervention hypothesis provided for in Clause 46, the GRANTING AUTHORITY may proceed to correct the situation, directly or through a third party, including with the possibility of provisional occupation of CONCESSIONAIRE's assets and facilities.

24.5.2. The GRANTING AUTHORITY may use the PERFORMANCE BOND to reimburse the costs and expenses involved, as well as any indemnities due to third parties and to remedy the failures, defects or inaccuracies identified.

25. INDEPENDENT VERIFIER

25.1. The GRANTING AUTHORITY will use an independent verification technical service to assist you in monitoring the execution of this CONTRACT, as well as in the evaluation of the PERFORMANCE MEASUREMENT SYSTEM, in the calculation of EFFECTIVE MONTHLY PAYMENT, in the form of this CONTRACT and its APPENDIXES 8 and 9, and in the verification of the fulfillment of the other obligations assumed by it.

25.1.1. INDEPENDENT VERIFIER, in the exercise of its activities and under the guidance of the GRANTING AUTHORITY, will carry out the necessary steps to fulfill its functions, carrying out surveys and field measurements and collecting information from CONCESSIONAIRE and GRANTING AUTHORITY, and must have, for this purpose, access to the entire CONCESSION database.

25.1.2. The hiring of INDEPENDENT VERIFIER and the related costs will be the responsibility of the CONCESSIONAIRE, under the terms of the applicable legislation and the guidelines set out in APPENDIX 14, including the eventual need for more than one survey to complete a certain report, opinion and/or approval.

25.1.3. INDEPENDENT VERIFIER must be a legal entity with a high degree of technical specialization and adequate organization, equipment and technical staff, in addition to an outstanding ethical reputation with the market and with a notable specialization in quality measurement in the provision of services, as well as the proven experience in terms of APPENDIX 14.

25.1.4. The measurement carried out by the INDEPENDENT VERIFIER and the reports produced by it will be issued according to the frequency and other requirements established in APPENDIX 8.

25.2. GRANTING AUTHORITY may request the assistance of the INDEPENDENT VERIFIER in the eventual settlement of amounts arising from the restoration of the contractual economic and financial balance and the payment of indemnities to CONCESSIONAIRE.

25.2.1. GRANTING AUTHORITY assistance is considered essential in situations identified as economic and financial imbalance caused by the evaluation of the PERFORMANCE MEASUREMENT SYSTEM and the calculation of EFFECTIVE MONTHLY PAYMENT, in which INDEPENDENT VERIFIER has provided technical service of independent verification.

25.2.2. The assistance provided by the INDEPENDENT VERIFIER to the GRANTING AUTHORITY in the settlement of amounts resulting from the restoration of the contractual economic and financial balance and the payment of indemnities to CONCESSIONAIRE will be materialized, if possible, through economic reports,

without prejudice to the hiring of other specialized entities by PARTIES for the provision of consultancies, as provided for in Sub-Clause 41.8 and 43.5.

25.2.3. The costs related to any additions or changes in the scope of INDEPENDENT VERIFIER, as result of the GRANTING AUTHORITY support services mentioned in the Sub-Clause above, will be offset concurrently with CONTRACT's economic and financial rebalancing processes.

26. INSURANCE

26.1. The CONCESSIONAIRE shall contract and maintain insurance policies in force, throughout CONCESSION's term, which are sufficient to guarantee the continuity of SERVICES, as specified in APPENDIX 10.

26.1.1. The amounts covered by insurance, including material damages and moral damages covered, must meet the maximum indemnity limits calculated based on the greatest probable damage, according to the methodology provided for in APPENDIX 10, and must be readjusted annually, on the same date and by applying the same adjustment index provided for in this CONTRACT.

26.2. The CONCESSIONAIRE will be fully responsible for maintaining the insurance required in CONTRACT in force, and must therefore promote the necessary renewals, extensions and updates.

26.2.1. After the publication of CONTRACT in the DOM, the CONCESSIONAIRE must prove the contracting of the insurance listed in this Sub-Clause and APPENDIX 10 within ninety (90) days, as indicated in this CONTRACT.

26.2.2. CONCESSIONAIRE must, as a condition for issuing the ACCEPTANCE TERMS, prove the hiring or complementation of the corresponding insurance, in the amounts corresponding to the maximum insurable value of each of the risks listed in APPENDIX 10.

26.2.3. For the purposes of this CONTRACT, the CONCESSIONAIRE must forward to the GRANTING AUTHORITY, within fifteen (15) days before the

expiration of the current insurance, the insurance policies contracted and renewed, in original, duplicate, or digital copy, duly certified.

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 an accident.

26.4. The existence of insurance coverage does not release CONCESSIONAIRE's responsibility to replace LINKED ASSETS that have been damaged or rendered unusable.

26.5. The GRANTING AUTHORITY must 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.

26.7. CONCESSIONAIRE, with prior authorization from GRANTING AUTHORITY, may change coverage or other conditions of insurance policies, in order to adapt them to the new situations that occur during the term of the CONTRACT.

26.8. Insurance policies must include the obligation of insurers to inform GRANTING AUTHORITY immediately of changes in insurance contracts, especially those that imply the total or partial cancellation of the insurance(s) contracted or reduction of insured amounts.

26.9. The CONCESSIONAIRE is responsible for the full payment of the deductible, in case of using any policy provided for in this CONTRACT and/or APPENDIX 10.

27. RELATED ACTIVITIES

27.1. RELATED ACTIVITIES requested by the CONCESSIONAIRE. The CONCESSIONAIRE may explore RELATED ACTIVITIES, directly or by entering into contracts with third parties, provided that it is previously authorized by the GRANTING AUTHORITY and, provided that the intended commercial exploitation does not affect the safety, quality and performance standards of the SERVICES and is compatible with the standards legal and regulatory requirements applicable to the CONTRACT.

27.2. As a rule, the Private Law legal regime will apply to contracts resulting from RELATED ACTIVITIES, adopting, for cases in which the GRANTING AUTHORITY is eventually the contracting party, the Public Law legal regime, as appropriate, envisioning in both cases the General Theory of Contracts.

27.2.1. After receiving the request for exploration of the intended RELATED ACTIVITY, which must be accompanied by the documents indicated in this Clause, the GRANTING AUTHORITY will have a period of up to thirty (30) days, extendable for an equal period, to comment on the request.

27.2.1.1. Within the period provided for above, GRANTING AUTHORITY may request clarifications, additions and changes to the business plan, feasibility studies and the profit sharing mechanism presented, in which case the term provided for in the Sub-Clause above will be suspended, from the date of communication to the CONCESSIONAIRE until the answer received by the GRANTING AUTHORITY.

27.2.1.2. GRANTING AUTHORITY's eventual denial as to the request made by the CONCESSIONAIRE must occur in a reasoned manner, in writing, and can only be based on the following reasons:

- (i) Insufficiency of the submitted feasibility studies and repeated inadequacy of the proposed business plan;
- (ii) Economic and financial, technical or legal unfeasibility of the proposal;
- (iii) Lack of interest in contracting services under the proposed conditions, in the event that the GRANTING AUTHORITY is the only potential customer of the RELATED ACTIVITY;
- (iv) CONCESSIONAIRE's default in relation to CONTRACT's obligations; or

- (v) Reasons of public interest in accordance with the judgment of convenience and opportunity of the GRANTING AUTHORITY.

27.2.1.3. In case of the GRANTING AUTHORITY does not respond within the period provided for in Sub-Clause 27.2.1, CONCESSIONAIRE's request will be deemed granted, under the proposed conditions.

27.2.2. The supply of energy for the exploration of RELATED ACTIVITIES must be the subject of a specific contract, with CONCESSIONAIRE being responsible for the payment of the corresponding consumption bills, or, if the execution of a specific contract is not feasible, the CONCESSIONAIRE must reimburse the GRANTING AUTHORITY for costs arising from the energy consumption of the RELATED ACTIVITY.

27.2.3. For the authorization of RELATED ACTIVITIES, the CONCESSIONAIRE must present a proposed business plan containing, at a minimum, object and product intended, target audience, revenue generation model, competitive strategy, cash flow projections containing investment estimates, revenues, expenses and taxes, technical and legal feasibility of the proposal, identification of risks for the provision of SERVICES may caused by the execution of RELATED ACTIVITY and the alternatives to mitigate them, analysis of business profitability, as well as other information that is necessary for better knowledge/understanding of business.

27.2.4. If the GRANTING AUTHORITY is a potential customer of the RELATED ACTIVITY, the request must be accompanied by a detailed price offer and other conditions for contracting the service.

27.2.5. Together with the business plan, CONCESSIONAIRE must present its proposal for sharing ACCESSORY REVENUES with GRANTING AUTHORITY, including with regard to detailing the form and frequency of sharing, subject to the criteria set out in Sub-Clause 27.2.3.

27.2.5.1. The sharing amounts referred to in the sub-clause above do not apply to cases where the GRANTING AUTHORITY is for any reason a customer of the RELATED ACTIVITY.

27.3. RELATED ACTIVITIES requested by the GRANTING AUTHORITY. The GRANTING AUTHORITY may indicate to CONCESSIONAIRE potential RELATED ACTIVITIES to be developed, upon presentation of the competent Term of Reference, indicating a reasonable period of time, not exceeding thirty (30) days, for CONCESSIONAIRE to present the documents and information described in Sub-clause 27.2.3, which may, in this case, be presented in a simplified form, for further details.

27.3.1. The details of the documents and information described in Sub-Clause 27.2.3 will be made by CONCESSIONAIRE, after the PARTIES, after analyzing the documents and information presented in a simplified form, agree that there are reasonable indications that the respective RELATED ACTIVITY is viable.

27.3.2. In the face of CONCESSIONAIRE's refusal, or the absence of CONCESSIONAIRE's manifestation within a period of up to thirty (30) days, provided that, at least, 2 (two) years after ASSUMPTION DATE, the GRANTING AUTHORITY may use the prerogative to execute directly or indirectly the activity, through the payment of remuneration according to the Sub-Clauses below, provided that the intended commercial exploitation does not affect the safety, quality and performance standards of the SERVICES and is compatible with the legal and regulatory rules applicable to the CONTRACT.

27.3.2.1. The GRANTING AUTHORITY will not be able to hire third parties to carry out activities that imply interferences, directly or indirectly, over PUBLIC LIGHTING POINTS, which will be exploited exclusively by CONCESSIONAIRE, with the exception of decoration for festive events.

27.3.2.2. The remuneration referred to in the Sub-Clause above will be fixed by agreement between the PARTIES, and must reflect a fair compensation, thus understanding the cost value for the use of the goods under CONCESSIONAIRE's management.

27.3.2.3. The CONCESSIONAIRE may not impede the execution of activities by the GRANTING AUTHORITY or contracted by it, regardless of differences in relation to the fixed remuneration, which must be resolved by the INDEPENDENT VERIFIER, or, in the absence of consensus regarding

the definition presented, through the adoption the dispute resolution mechanisms provided for in this CONTRACT.

27.3.2.4. In cases where GRANTING AUTHORITY uses the prerogative provided for in Sub-Clause 27.3.2, the role exercised by the CONCESSIONAIRE is limited to sharing the structures used by the GRANTING AUTHORITY, or the third party indicated by it, in which case, the CONCESSIONAIRE will not assume any risk arising from activities that are not performed by it, with GRANTING AUTHORITY responding for any damages and/or losses caused to the CONCESSIONAIRE.

27.4. Revenue sharing. ACCESSORY REVENUE resulting from the exploration of RELATED ACTIVITY will be shared between CONCESSIONAIRE and GRANTING AUTHORITY in the proportion of up to five percent (5%) of the gross revenue obtained in the exploration of RELATED ACTIVITY in favor of the GRANTING AUTHORITY.

27.4.1. The values 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 GRANTING AUTHORITY, in the event that the sharing pre-established in the Sub-Clause above makes the exploitation of the RELATED ACTIVITY unfeasible.

27.4.2. The amounts equivalent to the sharing percentages appropriated by the GRANTING AUTHORITY referred to in the Sub-Clause above shall be reverted to the Municipal Treasury, in the form agreed by the PARTIES.

27.5. The CONCESSIONAIRE must maintain specific accounting for each RELATED ACTIVITY contract, in particular regarding the respective ACCESSORY REVENUE, as well as send monthly management reports to GRANTING AUTHORITY about the execution of each RELATED ACTIVITY.

27.6. The contract relating to the exploitation of any RELATED ACTIVITIES will have a limited duration at the end of this CONTRACT and may not, under any circumstances, harm CONCESSION.

27.7. All risks and investments resulting from the execution of RELATED ACTIVITIES will be the exclusive responsibility of the CONCESSIONAIRE, including losses resulting from their execution, except as provided for in this CONTRACT.

27.8. The PARTIES shall formalize, in a separate contract, the conditions agreed for the execution of the RELATED ACTIVITY, notably the rules relating to (i) the ACCESSORY REVENUE sharing mechanism; (ii) the provision of information by CONCESSIONAIRE; and (iii) the penalties for non-payment of amounts due to GRANTING AUTHORITY.

27.9. The investments made by the CONCESSIONAIRE for the exploration of the RELATED ACTIVITIES will not be considered as investments in REVERSIBLE ASSETS, so the contractual rules related to CONTRACT's early termination indemnities are not applicable to these investments.

27.10. Without prejudice to the provisions of the Sub-Clause above, the PARTIES may negotiate in the RELATED ACTIVITY contract the transfer, as applicable, of certain assets to GRANTING AUTHORITY, whenever the RELATED ACTIVITY relies on GRANTING AUTHORITY as a client, and provided the relevant legislation is observed.

27.11. The GRANTING AUTHORITY declares, as of now, that it is interested in using the technological infrastructure of this CONTRACT to implement Smart Cities actions, transferring, in this infrastructure, sensor data and applications necessary for the monitoring and creation of technological services for the citizen.

28. USER RIGHTS

28.1. Without prejudice to other rights and obligations provided by law, the USERS are entitled to:

28.1.1. Count on the provision of quality SERVICES, based on the provisions of APPENDIX 8.

28.1.2. Receive information from the GRANTING AUTHORITY or the CONCESSIONAIRE regarding the provision of SERVICES;

28.1.3. Bring to the attention of the GRANTING AUTHORITY or the CONCESSIONAIRE the irregularities of which they are aware, regarding the SERVICES provided;

28.1.4. Communicate to the competent authorities the unlawful acts practiced by the CONCESSIONAIRE in the provision of SERVICES; and

28.1.5. Have effective communication channels with the CONCESSIONAIRE, according to APPENDIX 5.

29. GOVERNANCE COMMITTEES

29.1. For the coordination, integration and discipline of the PARTIES' efforts in the execution of the SERVICES granted and services under the responsibility of the GRANTING AUTHORITY, the PARTIES must establish, within ninety (90) days from the publication of the CONTRACT extract in the DOM, a GOVERNANCE COMMITTEE, which will be governed by its own regulation, respecting the provisions below.

29.2. The GOVERNANCE COMMITTEE will have as main objective to discuss and improve the interrelationship between CONCESSIONAIRE and the GRANTING AUTHORITY under CONTRACT and will have, among others, the following functions:

29.2.1. Joint action of CONCESSIONAIRE and GRANTING AUTHORITY in the relationship with the DISTRIBUTION COMPANY, to adequately meet the objectives and parameters of the SERVICES established in this CONTRACT and its APPENDIXES;

29.2.2. Monitoring the REGISTRATION, as well as identifying any errors and failures, establishing measures and procedures necessary for its correction and making, by CONCESSIONAIRE, of the relevant corrections;

29.2.3. The elimination of difficulties, conflicts and disagreements between the teams of CONCESSIONAIRE and GRANTING AUTHORITY;

29.2.4. The institution and disclosure of rules, flows and working methods aimed at the integration of GRANTING AUTHORITY employees with CONCESSIONAIRE employees;

29.2.5. The registration and reporting of imperfections found during the execution of CONTRACT;

29.2.6. The identification of possible improvements in the management of SERVICES and MUNICIPAL PUBLIC LIGHTING GRID;

29.2.7. Planning the start of operations for INITIAL PUBLIC LIGHTING MUNICIPAL NETWORK and MODERNIZED MUNICIPAL PUBLIC LIGHTING GRID;

29.2.8. The scheduling of emergency actions in the course of the SERVICES operation; and

29.2.9. Other actions that may be defined by the PARTIES.

29.3. The GOVERNANCE COMMITTEE will consist of:

29.3.1. Representatives of PARTIES in equal numbers, and, eventually;

29.3.2. Specialists, who will be summoned on demand and whenever there is a need for analysis and/or design of specific technical aspects of CONCESSION.

29.4. The GOVERNANCE COMMITTEE will seek to define the criteria and protocols for the best performance of the SERVICES, in order to meet the USERS within the quality standards established in the BID NOTICE, CONTRACT and their APPENDIXES.

29.5. Respecting the provisions of the legislation, regulations and CONTRACT, the resolutions of the GOVERNANCE COMMITTEE will depend on the consensus of all representatives and will be binding, until an eventual decision by the TECHNICAL, arbitral or judicial committee on the subject.

29.6. The decisions of the GOVERNANCE COMMITTEE that affect the contractual economic and financial balance must be formally submitted and approved by the GRANTING AUTHORITY.

29.7. The GOVERNANCE COMMITTEE procedures and decisions do not depart from the obligations, penalties and application of the PERFORMANCE MEASUREMENT SYSTEM provided for in the CONTRACT and its APPENDIXES.

29.8. The PARTIES may also call for the establishment of specific GOVERNANCE COMMITTEES (ad hoc), when deemed pertinent, with the provisions of this Clause being applicable to them, as appropriate.

CHAPTER IV - SPE LEGAL AND OPERATIONAL STRUCTURE

30. CORPORATE COMPOSITION

30.1. The CONCESSIONAIRE must communicate to GRANTING AUTHORITY, within up to fifteen (15) days, the changes in its corporate composition described in APPENDIX 2, existing at the time of ASSUMPTION DATE, including the constitutive documents and subsequent changes, in compliance with the obligations defined in the CONTRACT referring to the transfer of control of CONCESSIONAIRE.

30.2. Any transfer in the control of CONCESSIONAIRE must be previously authorized by the GRANTING AUTHORITY under the terms of the law and, except for the assumption of control by the CONCESSIONAIRE'S FINANCIERS, it can only occur after the end of Phase II, except in the event of imminent insolvency by the CONCESSIONAIRE, provided that such insolvency is duly justified.

30.3. The conditions and term provided for in the Sub-Clause above also apply to the withdrawal, for any reason, of the company holding the technical certificate referred to in Sub-Item 12.3.4. of the BID NOTICE from the SPE's corporate composition.

30.4. During the entire period of CONCESSION, the CONCESSIONAIRE must also submit to the prior authorization of GRANTING AUTHORITY changes in the respective bylaws that involve:

30.4.1. The spin-off, merger, transformation or incorporation of the SPE;

30.4.2. The change in the corporate purpose of the SPE; or

30.4.3. The issuance of shares of classes other than the SPE in addition to those initially stipulated.

30.5. For the purpose of obtaining the consent for the transfer of CONCESSION or the CONCESSIONAIRE corporate CONTROL, the interested party must:

30.5.1. Meet the requirements of technical capacity compatible with the CONTRACT execution stage, financial suitability and legal, fiscal and labor regularity necessary to assume the object of CONCESSION, as provided for in the BID NOTICE;

30.5.2. Provide and maintain the relevant guarantees, as appropriate; and

30.5.3. Commit to fulfill all Clauses of this CONTRACT.

30.6. The GRANTING AUTHORITY will examine the request(s) sent by the CONCESSIONAIRE under the terms of this Clause within a period of up to thirty (30) days, extendable for an equal period, and may request additional clarifications and documents from CONCESSIONAIRE and the FINANCER(ES), call the controlling shareholders of the SPE and promote other measures deemed appropriate.

30.6.1. After the period provided for above, including any extension, without manifestation by the GRANTING AUTHORITY, the request(s) sent by the CONCESSIONAIRE will be considered approved.

30.7. The total or partial transfer of CONCESSION or the control of CONCESSIONAIRE, without the prior authorization of GRANTING AUTHORITY, will imply the immediate expiry of CONCESSION.

31. SHARE CAPITAL

31.1. Under penalty of forfeiture, according to the terms of this CONTRACT, CONCESSIONAIRE must prove the paid-up share capital in the amount equal to or greater than twenty-four million, seven hundred and ninety thousand, a hundred twenty-nine Reais and eleven cents (R\$ 24,790,129.11), on the base date of May 2020, as one of the conditions for signing this CONTRACT.

31.2. The paid-up capital may be reduced after receipt of the TERM OF RECEIPT OF THE MODERNIZED AND EFFICIENTIZED MUNICIPAL PUBLIC LIGHTING GRID, in the cases authorized by applicable law, at the request of CONCESSIONAIRE and prior approval by GRANTING AUTHORITY, at its sole discretion.

31.2.1. The reduction that results in the maintenance of a share capital equal to or higher than the minimum level provided for in the Sub-Clause above does not need prior approval by the GRANTING AUTHORITY.

32. FINANCING

32.1. CONCESSIONAIRE is solely and exclusively responsible for obtaining the financing necessary for the execution of SERVICES and the object of CONCESSION, being able to choose, at its discretion and according to its own assessment, the modes and types of financing available, assuming direct risks for the settlement of such financing, in order to comply, fully and in a timely manner, with all the obligations assumed in the CONTRACT.

32.2. The CONCESSIONAIRE may offer as a guarantee for the contracted financing, or as a guarantee for credit operations linked to the fulfillment of the obligations of this CONTRACT, the rights arising from CONCESSION, therein expressly covered the credit rights related to MAXIMUM MONTHLY PAYMENT, among others, and may, assign in a fiduciary form, bind, pledge, record, or in any way constitute a real burden on the main and accessory rights referred to herein, provided that the offering of such guarantees does not make the execution of the SERVICES unfeasible or impossible, under the terms of this CONTRACT.

32.3. The shares representing CONCESSIONAIRE's share capital, including the control block, may also be offered as a guarantee to financiers, under any of the modalities provided for by law.

32.4. The constitution of the guarantees referred to in the Sub-Clauses above must be communicated to the GRANTING AUTHORITY, within up to sixty (60) days from their registration with the competent bodies, and accompanied by a descriptive summary informing the conditions, terms and the type of financing contracted.

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

32.4.2. When contracting FINANCING, to cover the issuance of debt securities or the execution of a debt transaction of any other nature (including, but not limited to, the issuance of debentures or bonds, structuring of a Credit Rights Investment Fund - FIDC etc.), CONCESSIONAIRE shall expressly foresee and guarantee the effectiveness, by contractual means, of the obligation of the FINANCER, or of the operation's structurer, to immediately report to GRANTING AUTHORITY the breach of any contractual obligation (covenant) established between the FINANCER / structurer and CONCESSIONAIRE, which may cause the execution of guarantees or intervention in the FINANCIAL CONTRACTS.

32.5. The CONCESSIONAIRE may request from DEPOSITARY FINANCIAL INSTITUTION, upon notification, with copy to GRANTING AUTHORITY, the payment of EFFECTIVE MONTHLY PAYMENT relating to this CONTRACT directly to the FINANCERS, up to the limit of the credits due and payable under the respective FINANCIAL CONTRACTS, subject to the other provisions and limits provided for in this CONTRACT. The direct payment, once made, will settle the obligations of GRANTING AUTHORITY before CONCESSIONAIRE for the amount paid.

32.5.1. If CONCESSION's activities are not started or are extended because CONCESSIONAIRE does not obtain the necessary financing for this purpose, the GRANTING AUTHORITY may declare CONTRACT's forfeiture.

32.6. 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.

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

32.8. The FINANCER's intervention in CONCESSION will be effected by notice to the GRANTING AUTHORITY by the FINANCER, which must meet the following requirements: (i) appoint himself or a third party as an intervener; (ii) indicate the ASSUMPTION DATE, which must occur at least thirty (30) business days after receipt of notification by GRANTING AUTHORITY; (iii) describe in detail the events that gave rise to the FINANCER's intervention in CONCESSION and present the relevant evidence in the light of the FINANCIAL CONTRACTS 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 commitment of the intervener to comply with all CONTRACT provisions applicable to CONCESSIONAIRE; and (vi) provide all other information requested by the GRANTING AUTHORITY.

32.8.1. The FINANCER's intervention in CONCESSION must not exceed one hundred and eighty (180) days and its implementation does not depend on prior consent from GRANTING AUTHORITY.

32.8.2. For the FINANCER's intervention in CONCESSION, GRANTING AUTHORITY will require the FINANCER, or third parties appointed by him, to meet the requirements of legal and fiscal regularity set forth in the BID NOTICE, and may dispense with the other requirements provided for in item I, of the sole paragraph, of article 27, of Federal Law No. 8.987, of February 13, 1995.

32.9. Observing the procedure provided for in this CONTRACT, GRANTING AUTHORITY will authorize the transfer of control from CONCESSIONAIRE to its FINANCER(ES), or third parties indicated by them, with the objective of promoting its financial restructuring and ensuring the continuity of the exploration of the CONCESSION's object.

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

32.9.2. The GRANTING AUTHORITY will examine the request and may, at its discretion, request additional clarifications and/or documents from CONCESSIONAIRE and/or the FINANCER(ES), call the controlling shareholders or officers of CONCESSIONAIRE and take other measures deemed appropriate.

32.9.3. Authorization for the transfer of control of CONCESSIONAIRE, if granted by the GRANTING AUTHORITY, will be formalized, in writing, indicating the conditions and requirements for its implementation.

32.9.4. The GRANTING AUTHORITY will require the FINANCER(ES), or third parties appointed by them, to meet the legal and tax compliance requirements set out in the BID NOTICE and to sign a contractual amendment committing to comply with all the rules of the CONTRACT and its APPENDIXES.

32.10. If there is an express provision in the FINANCIAL CONTRACTS entered into by the CONCESSIONAIRE, the FINANCERS will be entitled to:

- (i) Monitor and be informed, *pari passu*, of the progress of procedures, assessments and administrative procedures for applying penalties to CONCESSIONAIRE;
- (ii) Have franchised access to CONCESSIONAIRE's computerized information, data and document management systems, in the form and within the limits provided for in the FINANCIAL CONTRACTS, observing, in any case, the inviolability and confidentiality of all GRANTING AUTHORITY's and USERS' information;

- (iii) The direct payment of indemnities and other amounts, in the manner disciplined in the FINANCING CONTRACT and subject to the rules contained in this CONTRACT;
- (iv) Perform on its own behalf the obligations for which CONCESSIONAIRE is in default before GRANTING AUTHORITY;
- (v) Assume the temporary management of the CONCESSIONAIRE to promote its financial restructuring and ensure the continuity of the provision of SERVICES;
- (vi) Assume the corporate control of CONCESSIONAIRE under the terms of the law and of this CONTRACT, to promote its restructuring and ensure the provision of SERVICES; and
- (vii) Request the transfer of CONCESSION or the corporate control of CONCESSIONAIRE.

32.11. The CONCESSIONAIRE must share with GRANTING AUTHORITY the effective economic gains resulting from the reduction in the credit risk of the financing used.

33. CORPORATE GOVERNANCE

33.1. The CONCESSIONAIRE must observe the best corporate governance practices regarding transactions with RELATED PARTIES, for example, in face of those recommended by the Brazilian Corporate Governance Code (IBGC).

33.2. The CONCESSIONAIRE shall, within one (1) month from the signing of this CONTRACT, develop, publish and implement a policy for transactions with the RELATED PARTIES, observing, where appropriate, the best practices, and containing, at least, the following elements:

33.2.1. Criteria that must be observed in order to carry out transactions between CONCESSIONAIRE and its RELATED PARTIES, requiring the observance of equal conditions, compatible with market practice;

33.2.2. Procedures to assist in the identification of individual situations that may involve conflicts of interest and, consequently, to determine the impediment to vote in relation to shareholders or administrators of CONCESSIONAIRE;

33.2.3. Procedures and those responsible for identifying RELATED PARTIES and classifying transactions as transactions with RELATED PARTIES;

33.2.4. Indication of the instances for approval of transactions with RELATED PARTIES, depending on the amount involved or other relevant criteria; and

33.2.5. Duty of CONCESSIONAIRE's management to formalize, in a written document to be filed with CONCESSIONAIRE, the justifications for the selection of RELATED PARTIES at the expense of market alternatives.

33.3. POLICY ON TRANSACTIONS WITH RELATED PARTIES shall be updated by CONCESSIONAIRE whenever necessary, observing the updates in the recommendations of best practices and the need to include or change specific provisions that aim to give greater effectiveness to the transparency and commutability of transactions with RELATED PARTIES.

33.4. The CONCESSIONAIRE must send to GRANTING AUTHORITY, within ten (10) days, counting from its signature date, a copy of the contracts signed with RELATED PARTIES.

33.5. POLICY ON TRANSACTIONS WITH RELATED PARTIES shall provide for the values and hypotheses of transactions with RELATED PARTIES in which CONCESSIONAIRE shall disclose, on its website, the following information about the contracting carried out:

33.5.1. General information about the contracted RELATED PARTY;

33.5.2. Object of the contract;

33.5.3. Contract term;

33.5.4. General payment conditions and readjustment of the amounts related to the contracting; and

33.5.5. Description of the transaction negotiation with RELATED PARTY and the decision on the conclusion of the transaction.

33.5.6. The disclosure referred to in the Sub-Clause above must take place within thirty (30) days from the conclusion of the transaction with RELATED PARTY and with at least five (5) business days from the beginning of the execution of the obligations arising from said transaction.

33.6. The CONCESSIONAIRE declares to know Federal Law No. 12.846, of August 1, 2013, which provides for administrative and civil liability of legal entities for the practice of acts against the Public Administration, national or foreign, and is committed to acting in an ethical, integral, legal and transparent manner in the relationship with the Public Administration.

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

CHAPTER V - PAYMENTS TO CONCESSIONAIRE

34. EFFECTIVE MONTHLY PAYMENT AND BONUS ON ENERGY ACCOUNT

34.1. The GRANTING AUTHORITY will pay to CONCESSIONAIRE the EFFECTIVE MONTHLY PAYMENT, calculated based on the provisions of this clause and APPENDIXES 8 and 9.

34.2. The calculation of EFFECTIVE MONTHLY PAYMENT will start from MAXIMUM MONTHLY PAYMENT, corresponding to [●] (R\$ [●]).

34.3. EFFECTIVE MONTHLY PAYMENT will reflect the performance of CONCESSIONAIRE in the provision of SERVICES and the effective availability of MUNICIPAL PUBLIC LIGHTING GRID, by verifying the deliveries of CONCESSION MILESTONES as provided for in the MODERNIZATION PLAN and APPENDIX 5, considering the application of GENERAL PERFORMANCE INDEX, in the form of this CONTRACT and its APPENDIXES.

34.4. The EFFECTIVE MONTHLY PAYMENT calculation and determination process will obey the following:

34.4.1. Until the fifth (5th) day of the month following the expired quarter, the INDEPENDENT VERIFIER will send to the GRANTING AUTHORITY, the CONCESSIONAIRE and the DEPOSITARY FINANCIAL INSTITUTION the QUARTERLY INDICATORS REPORT, containing the calculation of CONCESSIONAIRE's GENERAL PERFORMANCE INDEX, in accordance with the performance parameters contained in APPENDIX 8, including the EFFECTIVE MONTHLY PAYMENT for the following quarter;

34.4.1.1. The control bodies of the Municipal Public Administration, observing the scope of their competences, will be able to verify the accuracy of the measurement process, as well as the full compliance with the obligations of INDEPENDENT VERIFIER according to the terms of their hiring.

34.4.2. In the event the INDEPENDENT VERIFIER does not send the QUARTERLY INDICATORS REPORT within the time limits, EFFECTIVE MONTHLY PAYMENT will be equivalent to seventy-six percent (76%) of the value of the MAXIMUM MONTHLY PAYMENT, until the QUARTERLY INDICATORS REPORT is sent and regularized, without prejudice to the application of contractual penalties provided for in this case.

34.5. Once EFFECTIVE MONTHLY PAYMENT has been verified, CONCESSIONAIRE must send to the GRANTING AUTHORITY and the DEPOSITARY FINANCIAL INSTITUTION, by the twentieth (20th) day of each month, the invoice with the value of EFFECTIVE MONTHLY PAYMENT, for the month due.

34.6. Payment will be made within two (2) business days after the date of receipt of notice from CONCESSIONAIRE by DEPOSITARY FINANCIAL INSTITUTION, through the transfer of the MONTHLY CONSIDERATION amount indicated in the QUARTERLY INDICATORS REPORT, regardless of any prior manifestation by GRANTING AUTHORITY, in the CONCESSIONAIRE free movement and ownership account, in the form of this CONTRACT and its APPENDIX 12.

34.6.1. The beginning of the payment of EFFECTIVE MONTHLY PAYMENT will be linked to the beginning of the provision of SERVICES, from the beginning of Phase I.

34.6.2. EFFECTIVE MONTHLY PAYMENT will be paid in installments according to the actual issuance of the ACCEPTANCE TERMS, as provided for in APPENDIX 9 and may vary according to the GENERAL PERFORMANCE INDEX, in accordance with the parameters of APPENDIXES 8.

34.6.3. If the beginning of the SERVICES or the dates of issue of the ACCEPTANCE TERMS of the MODERNIZATION PLAN do not coincide with the beginning of the month, the calculation of the EFFECTIVE MONTHLY PAYMENT will be done pro rata according to the days between the beginning of the SERVICES and the last day of such month.

34.6.4. If the EFFECTIVE MONTHLY PAYMENT calculation and determination process is not closed before the estimated payment date, for reasons not attributable to CONCESSIONAIRE, EFFECTIVE MONTHLY PAYMENT will be paid based on the amount approved for the previous quarter, with any amounts paid to greater or less in relation to the amount actually owed will be incorporated into the payment of the EFFECTIVE MONTHLY PAYMENT of the following month.

34.6.5. If the EFFECTIVE MONTHLY PAYMENT calculation and determination process is not closed before the expected payment date, for reasons attributable to CONCESSIONAIRE, the PERFORMANCE PARAMETER, used in the calculation of EFFECTIVE MONTHLY PAYMENT, will be equivalent to seventy-six per percent (76%) until the end of the EFFECTIVE MONTHLY PAYMENT calculation and determination process, without prejudice to the application of the contractual penalties provided for in this case.

34.7. The amount due after each quarterly assessment will remain in effect until a new quarterly assessment is made and a new amount is determined, regardless of the establishment of a TECHNICAL COMMITTEE to investigate possible differences, pursuant to this CONTRACT.

34.8. Once the ENERGY BONUSES has been calculated under APPENDIX 9, the INDEPENDENT VERIFIER will inform the ENERGY BONUSES to the DEPOSITARY FINANCIAL INSTITUTION, GRANTING AUTHORITY and CONCESSIONAIRE.

34.8.1. The ENERGY BONUSES will be granted from the year following the year of fulfillment of the last CONCESSION MILESTONE and paid monthly, observing the rules described in this APPENDIX 9.

34.8.2. THE ENERGY BONUSES for the last year of CONTRACT will be subject to indemnification due by GRANTING AUTHORITY in favor of CONCESSIONAIRE, upon the extinction of CONTRACT, respecting the compensation of other debts and credits incurred by both parties.

34.9. In the event that INDEPENDENT VERIFIER does not present the annual amount of the ENERGY BONUSES, the GRANTING AUTHORITY must pay to CONCESSIONAIRE the amounts equivalent to the last payment referring to the ENERGY BONUSES, which must be repeated until submission, by the INDEPENDENT VERIFIER, of the ENERGY BONUSES.

34.10. In the event of disagreements regarding the value of the EFFECTIVE MONTHLY PAYMENT, any of the PARTIES may call the TECHNICAL COMMITTEE, within fifteen (15) days of the INDEPENDENT VERIFIER manifestation mentioned in this CONTRACT.

34.10.1. In the event of any discrepancies in relation to the INDEPENDENT VERIFIER report, the amounts contained therein must be regularly paid, according to the Sub clause 34.7; and

34.10.2. Any adjustments to the value of EFFECTIVE MONTHLY PAYMENT, upwards or downwards, resulting from the analysis of the discrepancies pointed out, will incur on the EFFECTIVE MONTHLY PAYMENT immediately after the respective decision, taking into account any readjustments of EFFECTIVE MONTHLY PAYMENT and the monetary correction additions calculated by the IPCA variation.

34.11. In any case, will be guaranteed to any PARTIES the use of dispute resolution mechanisms, under the terms of this CONTRACT.

35. READJUSTMENT OF THE MAXIMUM MONTHLY PAYMENT AND OTHER MONETARY VALUES

35.1. The monetary values provided for in this CONTRACT and its APPENDIXES, including those referring to the value of MAXIMUM MONTHLY PAYMENT, will be readjusted annually, through the application of the IPCA, according to the formula below:

$$R_t = IPCA_t / IPCA_0$$

Where:

R_t: it is a readjustment factor, in contract year “t”, which must be multiplied by the monetary values provided for in this CONTRACT and its APPENDIXES, including those referring to the value of MAXIMUM MONTHLY PAYMENT;

IPCA₀: is the index number¹ of the IPCA on the base date defined in the COMMERCIAL PROPOSAL;

IPCA_t: is the index number² of the IPCA of the second month prior to the adjustment date in the contractual year "t".

35.2. The first readjustment of the value of MAXIMUM MONTHLY PAYMENT will reflect the variation of the IPCA between the base date of MAXIMUM MONTHLY PAYMENT defined in COMMERCIAL PROPOSAL and the first month of payment. If twelve (12) months have not elapsed between the MAXIMUM MONTHLY PAYMENT base date defined in COMMERCIAL PROPOSAL and the beginning of the payment, the first adjustment will be made only after twelve (12) months from the date of COMMERCIAL PROPOSAL.

35.3. The date of the first readjustment of MAXIMUM MONTHLY PAYMENT will be considered as the base date for the purposes of the following annual readjustments.

35.4. If the IPCA is extinguished, or in any case can no longer be used, will be adopted instead of that the index determined by the legislation in force at the time. In the absence of a legal provision regarding the substitute index, PARTIES will elect a new official index, to readjust the remaining amount.

¹ December 93 = 100

² December 93 = 100

36. BINDING OF COCIP AND PAYMENT OF THE CONSIDERATION BY THE LINKED ACCOUNT

36.1. The payment of the amounts due by the GRANTING AUTHORITY, pursuant to this CONTRACT, will be made and ensured by linking the amounts from COCIP, as authorized by the legislation related to the matter, and by signing the CONTRACT WITH THE DEPOSITARY FINANCIAL INSTITUTION, which it will regulate the transit of COCIP resources throughout the CONTRACT term, whose movement will be restricted and will have the specific purpose of serving as a means of payment of the amounts due by the GRANTING AUTHORITY, under the terms and conditions provided for in APPENDIX 12.

36.2. Under this CONTRACT, the GRANTING AUTHORITY binds in favor of the CONCESSIONAIRE, throughout its validity period, the resources from the collection of COCIP, in an irrevocable and irreversible manner, in compliance with the terms of APPENDIXES 8, 9 and 12.

36.3. The binding of the values from COCIP will cover the totality of the funds collected with COCIP until (i) the payment of the EFFECTIVE MONTHLY PAYMENT; (ii) the payment of any ENERGY BONUSES; (iii) the realization of other transfers, amounts due, indemnities and compensation due to CONCESSIONAIRE, in any capacity, especially those that may result from the early termination of CONTRACT; and (iv) the restoration of the MINIMUM BALANCE OF THE RESERVE ACCOUNT, in the form of APPENDIX 12.

36.4. Pursuant to Sub-Clause 36.2 above, the GRANTING AUTHORITY is obliged to establish and maintain, for the entire duration of CONCESSION, a LINKED ACCOUNT to be fed by COCIP receivables, in order to provide the flow of payments for MAXIMUM MONTHLY PAYMENTS.

36.4.1. Without prejudice to the provisions of the Sub-Clause above, the GRANTING AUTHORITY shall provide, under the terms of the CONTRACT WITH THE DEPOSITARY FINANCIAL INSTITUTION, the opening and maintenance of the RESERVE ACCOUNT, with a minimum balance of MAXIMUM MONTHLY PAYMENT in force, in the form and under the terms of APPENDIX 12.

36.4.2. If the receivables from COCIP are not sufficient to effect the payment of the MAXIMUM MONTHLY CONSIDERATIONS, or if, eventually, COCIP is extinguished by means of subsequent legislative changes in this sense, the GRANTING AUTHORITY will be solely and exclusively responsible for maintaining the regular remuneration of the CONCESSIONAIRE, through any other source of funds, as provided for in this CONTRACT and APPENDIX 12, in order to ensure that the CONCESSIONAIRE will not be harmed by such facts.

36.5. The payment of MAXIMUM MONTHLY PAYMENTS will depend on the transfer of COCIP values through LIQUIDITY BALANCE, or any other source of funds, when the first option is insufficient, provided that the new source has a complementary or alternative budgetary allocation whose financial resources may also be transferred through the LINKED ACCOUNT.

36.6. In the event of default by the GRANTING AUTHORITY:

36.6.1. The debt will be increased by a ten percent (10%) fine and interest, according to the rate in force for the late payment of taxes due to the Municipal Treasury.

36.6.2. The delay in the payment of EFFECTIVE MONTHLY PAYMENT to CONCESSIONAIRE, either by emptying the LIQUIDITY BALANCE, or by default of GRANTING AUTHORITY, which will exceed the ninety (90) day period, will grant CONCESSIONAIRE the option of suspending ongoing investments, as well as the suspension of activity that is not strictly necessary for the continuity of essential public services or for the public use of existing infrastructure, without prejudice to right to terminate the CONCESSION.

36.7. The binding of COCIP and the creation of the LIQUIDITY BALANCE may be replaced or complemented by any other modalities capable of guaranteeing a payment flow permitted by law, upon prior and express agreement between the PARTIES.

36.7.1. In order to ensure the quality and liquidity of the goods destined to replace or complement the LIQUIDITY BALANCE, CONCESSIONAIRE may contract an independent audit.

36.8. The LINKED ACCOUNT, RESERVE ACCOUNT and possible alternatives presented by GRANTING AUTHORITY, under the terms of this Clause, must be acceptable to financial

institutions, GRANTING AUTHORITY being obliged to carry out all the necessary measures for its acceptance.

36.9. In the event of failure or omission of GRANTING AUTHORITY to institute, maintain or replace the LIQUIDITY BALANCE for a period of ninety (90) days, GRANTING AUTHORITY's breach of contractual rules is configured, for all legal purposes, and authorized by CONCESSIONAIRE to prepare Contingent Return Plan, for the early termination of CONCESSION, which will be fully resumed by GRANTING AUTHORITY, within one hundred and eighty (180) days, counted from the protocol date of the Contingent Return Plan.

36.9.1. In the event that CONCESSIONAIRE opts for early termination of CONCESSION under the terms of the Sub-Clause above, the composition, criteria and methodology for calculating the indemnification due to CONCESSIONAIRE will be the same as provided for in Clause 51 **Erro! Fonte de referência não encontrada.**, which deals with the rescission hypothesis.

37. PERFORMANCE BOND

37.1. The CONCESSIONAIRE shall maintain, in favor of the GRANTING AUTHORITY, as a guarantee of the faithful fulfillment of contractual obligations, the PERFORMANCE BOND, from the CONTRACT signature date until, at least, one hundred and twenty (120) days after the end of the contractual term, in the amount equivalent to:

(i) five percent (5%) of the value of CONTRACT, from the constitution of the PERFORMANCE BOND, under the terms of item 19.3 of BID NOTICE, until the end of Phase II;

(ii) two and a half percent (2.5%) of the value of CONTRACT, from the beginning of Phase III until two (2) years before the end of CONCESSION TERM; and

(iii) five percent (5%) of the value of CONTRACT, in the last two (2) years before the end of CONCESSION TERM.

37.1.1. The minimum amounts of the PERFORMANCE BOND will be adjusted annually by the IPCA, or any other index that may 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 PERFORMANCE BOND, CONCESSIONAIRE shall promote its immediate renewal at the amounts established in the Sub-Clause above.

37.3. The PERFORMANCE BOND, at the discretion of CONCESSIONAIRE, may be provided in one of the following modalities:

37.3.1. Security deposit, in cash;

37.3.2. Bank guarantee, respecting the conditions established in APPENDIX 11;

37.3.3. Guarantee insurance, respecting the conditions established in APPENDIX 11;
or

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

37.4. The letters of guarantee must be contracted with financial institutions, thus understood as the one with minimum equity, on the date of contracting the letter of guarantee, equivalent to one billion Reais (R\$ 1,000,000,000.00), and must be effective minimum of one (1) year from the ASSUMPTION DATE, and CONCESSIONAIRE is entirely responsible for maintaining them in full force and in an uninterrupted manner throughout the CONCESSION TERM, as well as promoting the renewals and updates that are necessary for this purpose.

37.5. Guarantee insurance must be contracted with Insurance Companies, duly regularized by SUSEP, and must be valid for at least one (1) year from the ASSUMPTION DATE, and CONCESSIONAIRE is fully responsible for maintaining them in full validity and on an uninterrupted basis for the entire CONCESSION TERM, as well as promoting the renewals and updates that are necessary for this purpose.

37.5.1. Any modification of the content of the letter of guarantee or guarantee insurance must be previously submitted for approval by the GRANTING AUTHORITY.

37.5.2. The CONCESSIONAIRE must forward to the GRANTING AUTHORITY, up to fifteen (15) days before the end of the term, a document proving that bank letters of guarantee or guarantee insurance policies have been renewed for the full amount, readjusted as provided for in this CONTRACT.

37.6. In the event that the CONCESSIONAIRE opts for the presentation of public debt securities, it shall guarantee, in CONCESSION TERM, the coverage of the amount referred to in Sub-Clause 37.4, including the adjustment provided for in this CONTRACT.

37.7. Without prejudice to the other cases provided for in the CONTRACT and in the current regulations, the PERFORMANCE BOND may be used in the following cases:

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

37.7.2. In the event that CONCESSIONAIRE does not proceed with the payment of fines imposed or indemnities imposed on it, in the form of CONTRACT;

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

37.7.4. In the declaration of forfeiture.

37.8. The CONCESSIONAIRE will remain responsible for the fulfillment of other contractual obligations, regardless of the use of the PERFORMANCE BOND.

37.9. The PERFORMANCE BOND provided will be refunded or released after full execution of all contractual obligations and, when in cash, will be monetarily restated by the variation of the IPCA, as provided for in article 56, § 4, of Federal Law No. 8.666, of June 21, 1993, or any other index that will officially replace it.

37.9.1. The refund or release of the guarantee will depend on proof of full compliance with all CONCESSIONAIRE's labor and social security obligations and the issuance of the Final Reversion Report.

CHAPTER VI - RISK ALLOCATION

38. GRANTING AUTHORITY RISKS

38.1. The following risks are borne exclusively by the GRANTING AUTHORITY, which may give rise to an extraordinary review for the benefit of CONCESSIONAIRE, under the terms of this CONTRACT:

38.1.1. Impacts arising from the taking over of the PUBLIC LIGHTING GRID by the CONCESSIONAIRE during the transition period of any operation and maintenance contract signed between the GRANTING AUTHORITY and PUBLIC LIGHTING service providers;

38.1.2. Costs resulting from requests from GRANTING AUTHORITY that involve changes in the specifications of services or in the PERFORMANCE MEASUREMENT SYSTEM, for the incorporation of technological innovation in standards higher than CONCESSIONAIRE's duty to provide the SERVICES with actuality, including in the case of subsequent change of technical standards and rules, observing the criteria of Clause 18 of this CONTRACT;

38.1.3. Failures in the provision of SERVICES resulting from the non-assignment, by the GRANTING AUTHORITY, of the operational obligations to the CONCESSIONAIRE provided for in this CONTRACT;

38.1.4. Changes in the MODERNIZATION PLAN and projects resulting therefrom, at the request of the GRANTING AUTHORITY or other public entities, unless such changes arise from the non-conformity of the MODERNIZATION PLAN or projects with the legislation in force or with the specifications of the CONTRACT and its APPENDIXES;

38.1.5. The GRANTING AUTHORITY requests for the incorporation of additional PUBLIC LIGHTING POINTS, in excess of the maximum limits of the CREDIT BANK defined in the CONTRACT and its APPENDIX 5;

38.1.6. Costs arising from requests from the GRANTING AUTHORITY to adapt the PUBLIC LIGHTING POINTS installed directly by ENTREPRENEURS, developers and third parties to the CONCESSION lighting standards, when the CONCESSIONAIRE does not approve the project submitted by the ENTREPRENEURS;

38.1.7. Eventual alteration of the LIGHTING CLASSES of street paths at the request of the GRANTING AUTHORITY, outside the pre-defined technical criteria and parameters defined in APPENDIX 13, as a result of works and/or interventions of any nature by the GRANTING AUTHORITY or Municipal Public Administration;

38.1.8. Damages and losses, including the payment of eventual indemnities, related to environmental liabilities that originate and are not known until the beginning of Phase I;

38.1.9. Delays resulting from the slowness in obtaining licenses and permits when the deadlines for analysis by the body responsible for issuing the licenses exceed the legal provisions, except if due to a fact attributable to CONCESSIONAIRE;

38.1.10. Delay and/or omission of the GRANTING AUTHORITY in the measures it is responsible for, which results in a change in the economic result of CONCESSION, including (i) the supervening collection of values, by the DISTRIBUTION COMPANY, for the use of electricity distribution assets for the installation of equipment and materials used exclusively in the provision of SERVICES; (ii) CONCESSIONAIRE's collection of amounts for the use of land and municipal subsoil to install equipment and materials used exclusively in the provision of SERVICES; and/or (iii) the delay in concluding an instrument with the DISTRIBUTION COMPANY to regulate the interface between MUNICIPAL PUBLIC LIGHTING GRID and the DISTRIBUTION COMPANY, which must occur within the term of Sub-Clause 10.1.7.1, in the latter case, observing the terms of Clause 10 and the Guidelines of APPENDIX 16;

38.1.11. Effects resulting from the delay in carrying out expropriations, easements, administrative limitations, or even in installments and regularization of property registration, provided that the delay was not caused by an act or omission by the CONCESSIONAIRE;

38.1.12. Strikes of servers and/or employees of the GRANTING AUTHORITY or the DISTRIBUTION COMPANY that impact the CONTRACT;

38.1.13. Delay in the fulfillment of the deadlines for answering calls due to impediments on the part of the DISTRIBUTION COMPANY, provided the formal regularity, timeliness and adequacy of the requirements and requests sent by the CONCESSIONAIRE are proven, and, as long as 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 the CONCESSIONAIRE from providing the SERVICES, except in cases where the CONCESSIONAIRE has given cause to the decision, or, in the event that there is a provision in this CONTRACT that allocates the risk associated with the CONCESSIONAIRE;

38.1.15. Delays or no pruning of trees and/or clearing of roads, which are attributable to the Municipal Public Administration, provided that formal regularity, timeliness and adequacy of the requirements and requests submitted by the CONCESSIONAIRE are proven;

38.1.16. Failures or interruptions in the distribution of electricity, including those resulting from blackout or rationing within the scope of the national electricity system;

38.1.17. Unpredictable factors and predictable factors of incalculable consequences, ACT OF GOD or FORCE MAJEURE that, under normal market conditions, are not eligible for insurance coverage available in the Brazilian insurance market;

38.1.18. Failure to meet uniformity requirements due to the incidence of private light sources (reflectors, panels, among others) on the public road;

38.1.19. Variation in the total number of PUBLIC LIGHTING POINTS of the BASE REGISTRY that exceeds the LOWER or UPPER RANGES, under the terms of Sub clause 43.7; and

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

38.2. Except for the risks expressly allocated to the GRANTING AUTHORITY in the CONTRACT, the CONCESSIONAIRE is exclusively and fully responsible for all other risks related to this CONCESSION.

38.3. Any contractual rebalancing resulting from the materialization of the risk provided for in Sub-Clause 38.1.19 must be carried out by the PARTIES until the end of Phase I, and the adjusted MAXIMUM MONTHLY PAYMENT must be paid by the GRANTING AUTHORITY to the CONCESSIONAIRE as from Phase II.

39. CONCESSIONAIRE 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 will not give rise to the restoration of the contractual economic and financial balance 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. Non-conformity of the information identified by the CONCESSIONAIRE in the BASE REGISTRY when related to the technologies and installed load of PUBLIC LIGHTING POINTS of MUNICIPAL PUBLIC LIGHTING GRID.

39.1.3. Obtaining licenses, permissions and authorizations related to CONCESSION's activities;

39.1.4. Obtaining the authorizations provided for in the operational agreements with the DISTRIBUTION COMPANY and any delays resulting, except in the event of non-assignment of obligations and prerogatives, by the GRANTING AUTHORITY, provided for in Sub-Clause 10.1.1;

39.1.5. Failures in the preparation, updating, consistency, execution and implementation of the plans required by the CONCESSIONAIRE, in accordance with the provisions of this CONTRACT and APPENDIX 5;

39.1.6. Meeting the goals of reducing electricity consumption, in accordance with the provisions of APPENDIX 5, through the preparation of plans, projects, acquisition of equipment and execution of works and services at MUNICIPAL PUBLIC LIGHTING GRID;

39.1.7. Errors and omissions in the MUNICIPAL LIGHTING CLASSES;

39.1.8. Variation in the total number of PUBLIC LIGHTING POINTS of the BASE REGISTRY that does not exceed the LOWER RANGES or UPPER RANGES, under the terms of Sub-Clause 43.7;

39.1.9. Additional investments, costs or expenses arising from the increase in the values of operating costs and the purchase or maintenance of equipment;

39.1.10. Incorrect estimate of the cost of investments to be made by the CONCESSIONAIRE;

39.1.11. Costs of installation, operation and/or maintenance of PUBLIC LIGHTING POINTS in the segments of public places already existing at the time of publication of the BID NOTICE, in openings between two PUBLIC LIGHTING POINTS with a

distance of up to ninety (90) meters on the same route, for service of technical, current and performance parameters, to eliminate dark spots or to adapt to changing of LIGHTING CLASSES, including with regard to the need for installation, operation and maintenance of TELEMANAGEMENT SYSTEM;

39.1.12. Costs with the installation, operation and maintenance of ADDITIONAL PUBLIC LIGHTING POINTS requested by the GRANTING AUTHORITY, up to the maximum limits defined in the CONTRACT and its APPENDIX 5;

39.1.13. Identification of obstruction in the luminous flux of PUBLIC LIGHTING POINTS due to the presence of afforestation, and requesting the necessary pruning to the competent authorities of the MUNICIPALITY to promote compliance with the performance parameters contained in APPENDIX 8 and other obligations provided for in this CONTRACT and its APPENDIXES;

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

39.1.15. Adequacy and timeliness of the technology used to execute the SERVICES, according to the procedure established in Sub-Clause 18, including the need for unforeseen reinvestments, due to possible 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;

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

39.1.18. Delay in the fulfillment of the CONCESSION MILESTONES, provided for in APPENDIX 5, and other deadlines established in this CONTRACT, considering any extensions agreed with the GRANTING AUTHORITY;

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

39.1.20. Errors in their projects, failures in the provision of SERVICES and errors or failures caused by their subcontractors, employees, or outsourced workers, including, among the latter, the SUBCONTRACTED OPERATORS;

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

39.1.22. Variations in the cost of financing assumed to make investments or to fund the SERVICES object of the CONCESSION;

39.1.23. Quality in the provision of SERVICES subject to this CONTRACT, including the quality of the materials and equipment used, as well as meeting the technical specifications of the SERVICES to the GENERAL PERFORMANCE INDEXES of the PERFORMANCE MEASUREMENT SYSTEM of APPENDIX 8;

39.1.24. Compliance with ENERGY EFFICIENCY TARGET as provided for in this CONTRACT and other efficiencies promoted by the CONCESSIONAIRE on its initiative;

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

39.1.26. From ASSUMPTION DATE, the losses caused to third parties or to the environment resulting from the provision of SERVICES by the CONCESSIONAIRE, its employees, service providers, outsourced, subcontractors, SUBCONTRACTED OPERATORS or by any other natural or legal person related to it, in the exercise the activities covered in this CONTRACT;

39.1.27. Recovery, prevention, correction and management of environmental liabilities related to the CONCESSION, originated after the beginning of Phase I, including the

environmental liabilities related to the final destination of the equipment and assets used in the SERVICES and the exploration of revenues resulting from RELATED ACTIVITIES;

39.1.28. Inefficiencies or economic losses resulting from failures, negligence, ineptitude or failure to comply with the object of this CONTRACT;

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

39.1.30. Supervening finding of errors or omissions in the COMMERCIAL PROPOSAL;

39.1.31. Contracting of insurance policies, as well as their scope, coverage and adequacy to the object of the CONCESSION, including material damages and moral damages covered, which must meet the maximum indemnity limits calculated based on the highest probable damage, according to the methodology provided for in APPENDIX 10;

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

39.1.33. Qualification of the SPE, due to the change in its corporate control;

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

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. Exchange rate variation;

39.1.38. Errors in estimates of input, equipment and material costs, including changes in market costs;

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

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

39.1.41. Inflation higher or lower than the readjustment indexes foreseen in the CONTRACT for the same period;

39.1.42. Strikes by 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. Eventual increase in the costs of equipment and furniture between the date of presentation of the COMMERCIAL PROPOSAL and the effective acquisition of the same;

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

39.1.46. Costs of third party lawsuits against the CONCESSIONAIRE or subcontractors arising from the execution of CONCESSION, except if due to a fact attributable to the GRANTING AUTHORITY;

39.1.47. Damage to CONCESSION equipment due to power supply failures; and

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

39.2. Any contractual economic and 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 adjusted MAXIMUM MONTHLY PAYMENT must be paid by the GRANTING AUTHORITY to the CONCESSIONAIRE as from Phase II.

39.3. The CONCESSIONAIRE can only demand the extraordinary review of the CONTRACT if it proves that the event had an impact on the contractual economic and financial balance.

39.4. Except if the GRANTING AUTHORITY provide different information by write, the CONCESSIONAIRE will maint the execution of the CONTRACT, as is reasonably practicable, and, by all available means, will comply with all the obligations not prevented by Acts of God or Force Majeure, in the same way, the GRANTING AUTHORITY shall satisfy its obligations not prevented by Acts of God or Force Majeure.

40. ACTS OF GOD AND FORCE MAJEURE

40.1. Subject to the provisions to the contrary expressed in this CONTRACT, the occurrence of situations of ACTS OF GOD or FORCE MAJEURE is considered to be of shared risk, as follows:

40.1.1. None of the PARTIES will be considered in default if the fulfillment of obligations has been prevented by the occurrence of ACTS OF GOD or FORCE MAJEURE whose consequences are not subject to contracting insurance coverage available in the Brazilian insurance market and under viable commercial conditions, under the terms of this CONTRACT and its APPENDIXES, and must inform the other PARTY within forty-eight hours (48) of the occurrence of any event of this nature.

40.1.2. Unless the GRANTING AUTHORITY provides other written instructions, the CONCESSIONAIRE will continue to fulfill its obligations under the CONTRACT, as far as reasonably possible, and will endeavor, by all means available, to comply with those obligations not impeded by the FORCE MAJEURE or ACTS OF GOD, and the GRANTING AUTHORITY shall, in the same way, to fulfill with its obligations not impeded by the event of FORCE MAJEURE or ACTS OF GOD.

40.1.2.1. The PARTIES may agree on the possibility of contractual review or extinction of the CONCESSION.

40.1.2.2. If the PARTIES choose to terminate the CONTRACT, the rules for the termination of the CONTRACT will apply, as appropriate, due to the end of the contractual term.

40.1.2.3. If the GRANTING AUTHORITY chooses to review the contract, there should be an equitable division of the losses caused by the event.

40.1.3. In the event of 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 the materialization of the risk, the risk has been insurable for at least two (2) years and by at least two (2) insurance companies.

CHAPTER VII - CONTRACT'S ECONOMIC AND FINANCIAL BALANCE

41. ORDINARY REVISIONS OF CONCESSION PARAMETERS

41.1. In the sixth (6th) and tenth (10th) year of the CONTRACT, counted from the ASSUMPTION DATE, the PARTIES will begin and conclude the process of reviewing the parameters of the CONCESSION in relation to the following aspects, and the alteration of the risk allocation is prohibited:

41.1.1. Review of the GENERAL PERFORMANCE INDEXES provided for in APPENDIX 8;

41.1.2. Need to adapt the technology used with the current parameters, in accordance with the provisions of Sub-Clause 18.1.

41.1.3. Requests for technological innovations by the GRANTING AUTHORITY and eventual revision of the contractual economic and financial balance; and

41.1.4. Review of the MODERNIZATION PLAN and OPERATION AND MAINTENANCE PLAN, in the form of APPENDIX 5.

41.2. The parameters referred to in this Clause will be applied until the end of the process of reviewing the parameters of the subsequent CONCESSION.

41.3. The implementation of any changes to the minimum specifications of LINKED ASSETS, due to the revision provided for in this Clause, must necessarily be preceded by a reasonable time for adaptation of the PARTIES.

41.4. The revision process will be initiated by the GRANTING AUTHORITY by letter or at the request of CONCESSIONAIRE.

41.5. The maximum period for the initiation of the review process is sixty (60) days from the milestones for review provided for in this Clause.

41.6. The review process must be completed within a maximum period of six (6) months, after which any PARTIES that feel impaired may resort to dispute resolution mechanisms.

41.7. The review process will be concluded by agreement of the PARTIES, and its results will be duly documented and, in case of changes in the CONTRACT, they will be incorporated into a contractual amendment.

41.8. The PARTIES may be assisted by technical consultants of any specialty in the course of the review process and reports, studies, or opinions issued by them must be included in the process in order to explain the reasons that led the PARTIES to the final agreement or to any eventual divergence.

41.9. The meetings, negotiations or eventual hearings held in the course of the review process must be duly registered, observing the applicable confidentiality duty.

41.10. The review process will only give rise to a review of the contractual economic and financial balance in the cases expressly provided for in CONTRACT, subject to the allocation of risks.

42. EXTRAORDINARY REVIEW

42.1. At any time, at the discretion of the GRANTING AUTHORITY or based on a request from the CONCESSIONAIRE to be evaluated by the GRANTING AUTHORITY, extraordinary reviews may be made regarding the provision of SERVICES, in order to adjust it to changes or conditions that may influence contractual compliance, under the terms of this CONTRACT, which revision is only applicable in exceptional cases, upon presentation of a written and proven justification, observing, where appropriate, the preservation of the contractual economic and financial balance.

42.1.1. Exceptional hypotheses are the concrete or imminent materialization of an event whose consequences are sufficiently severe to give rise to the need for urgent assessment and measures, under penalty of impacting the proper provision of SERVICES.

42.1.2. If the extraordinary review process is initiated at the request of CONCESSIONAIRE, it must provide the necessary subsidies to demonstrate to the GRANTING AUTHORITY that the non-immediate treatment of the event will result in an extraordinary worsening of the situation of the CONCESSIONAIRE and the conditions for providing the SERVICES in an appropriate manner.

42.1.3. The GRANTING AUTHORITY will have a period of sixty (60) days, counted from the formalization of the request submitted by the CONCESSIONAIRE, to assess whether the reasons presented would justify the extraordinary review of the provision of SERVICES.

42.2. In the event of new investments or services requested by the GRANTING AUTHORITY not provided for in CONTRACT, the GRANTING AUTHORITY may require the CONCESSIONAIRE, prior to the process of restoring the economic and financial balance of the CONTRACT, to prepare the basic project for the works and services, including the estimated investment budget or additional expenses, under the terms of this CONTRACT.

43. PROCEDURES TO RESTORE THE ECONOMIC-FINANCIAL BALANCE

43.1. The procedure for restoring the contractual economic and financial balance may be initiated at the request of the CONCESSIONAIRE or by determination of the GRANTING AUTHORITY, and the pleading PARTY will be responsible for the timely demonstration of the occurrence and identification of the event causing the imbalance.

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

43.1.2. Failure by either PARTY to request reinstatement will result in a waiver of this right after a period of five (5) years from the awareness of the event that causes the imbalance.

43.2. During each process of restoration of the contractual economic and financial balance, the claims then existing by both PARTIES will be jointly contemplated, in order to offset positive or negative economic and financial impacts resulting from the events causing the imbalance.

43.3. Instruction of rebalancing claims. The request must be made through reasoned communication and be accompanied by all the documents necessary to demonstrate its suitability, including regarding:

- (i) Accurate identification of the event causing the imbalance, also including data such as the date of the occurrence and the probable duration of the hypothesis giving rise to the restoration, accompanied, when relevant, by evidence that the responsibility is contractually allocated to the other PARTY, by presentation of a technical report, expert report or independent study;
- (ii) Quantities of the imbalances effectively identified in the cash flow, with the date of occurrence of each of them, or the estimate, in case of new investments,

for calculating the restoration of the contractual economic and financial balance;

- (iii) Identification of the economic impacts, direct and indirect, actually incurred by the pleading PARTY, resulting from the event causing the imbalance, accompanied by an explanatory summary containing the accounting and tax regimes applicable to the allegedly unbalanced revenues or costs;
- (iv) In the event of an assessment of possible future imbalances, a detailed statement of the assumptions and parameters used to estimate the impacts; and
- (v) The request, as the case may be, must contain the indication of the intention to review 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 case of a claim submitted by the CONCESSIONAIRE, the GRANTING AUTHORITY must, within a maximum period of up to sixty (60) days, express its opinion on its suitability.

43.3.2. The GRANTING AUTHORITY, or whoever it indicates, will have free access to information, assets and facilities of the CONCESSIONAIRE or from third parties contracted by it, to assess the value of the imbalance alleged by the CONCESSIONAIRE in its request to restore the contractual economic and financial balance.

43.3.3. In the case of claims submitted by the GRANTING AUTHORITY, upon receipt of the notification, CONCESSIONAIRE will have sixty (60) days to submit a reasoned statement regarding the respective request.

43.3.4. In consideration of the CONCESSIONAIRE's response to the GRANTING AUTHORITY's request, it will have sixty (60) days to ratify the appropriateness of restoring the contractual economic and financial balance.

43.4. In order to confirm the situations identified as giving rise to contractual economic and financial imbalance and to measure the effects and measures resulting from them, 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 GRANTING AUTHORITY may also request economic or technical reports prepared by bodies or entities of the Municipal Public Administration.

43.6. Restoration of the Economic and Financial Balance by MARGINAL CASH FLOW. The methodology used to restore the contractual economic and financial balance will be that of MARGINAL CASH FLOW, according to the procedures described below.

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

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

43.6.3. According to the eventual assumptions eventually defined by the INDEPENDENT VERIFIER, GRANTING AUTHORITY may request that the CONCESSIONAIRE demonstrate that the amounts necessary for making new investments will be calculated based on market values, considering the global cost of similar works or activities in Brazil, or based on cost systems that use market values of the specific sector of the project as input, measured, in any case, by means of a synthetic budget, prepared using expeditious or parametric methodology.

43.6.4. The actual annual Discount Rate to be used in calculating the net present value must be obtained in the following terms:

$$TD = 195.58 \% \times TR$$

Where:

TD: Annual real discount rate;

TR: Average of the last twelve (12) months of the real gross interest rate on the sale of IPCA Treasury Notes + with interest (NTN-B Principal or, in the absence of this, another that replaces it), ex-deducting tax on income, due in 2035, published by the National Treasury Secretariat.

43.6.5. For the purposes of determining the amount to be rebalanced, the effects of direct and indirect taxes effectively levied on the flow of marginal expenditures and effectively disbursed should be considered.

43.6.6. Provided that the rule defined for the restoration of the contractual economic and financial balance is observed:

- (i) The events that cause imbalances related to the investments defined by CONCESSION MILESTONES will consider, for calculating the recomposition of the contractual economic and financial balance, the Discount Rate, calculated on the date of the CONTRACT signature;
- (ii) All other hypotheses will consider, for calculating the restoration of the contractual economic and financial balance, the Discount Rate calculated on the date of the materialization of the event; and
- (iii) For each restoration of the contractual economic and financial balance, the definitive Discount Rate will be defined for the entire term of CONCESSION regarding the events considered therein.

43.7. Restoration of the Economic and Financial Balance due to the variation in the quantity of PUBLIC LIGHTING POINTS in the BASE REGISTRY. If the quantity of PUBLIC LIGHTING POINTS verified in the BASE REGISTRY is less than the LOWER RANGE (LR) or greater than the UPPER RANGE (UR), in relation to its respective GROUP OF PUBLIC LIGHTING POINTS , MAXIMUM MONTHLY PAYMENT from the

COMMERCIAL PROPOSAL of CONCESSIONAIRE will be readjusted to restore the economic and financial balance of the CONTRACT, as set out in the Table below:

GROUP OF PUBLIC LIGHTING POINTS	NAME	LOWER RANGE (LR)	UPPER RANGE (UR)	REBALANCING PARAMETER (RP)
1.1	PUBLIC LIGHTING POINT on ROUTES WITH TELEMAGEMENT.	ninety-eight percent (98%) of the quantity of the GROUP OF PUBLIC LIGHTING POINTS, according to APPENDIX 4.	one hundred and two percent (102%) of the quantity of the GROUP OF PUBLIC LIGHTING POINTS, according to APPENDIX 4.	0.001660%
1.2	PUBLIC LIGHTING POINT which are not included on ROUTES WITH TELEMAGEMENT			0.000970%

43.8. The quantity of PUBLIC LIGHTING POINTS object of rebalancing, according to its respective GROUP OF PUBLIC LIGHTING POINTS, shall be calculated by applying the respective REBALANCING PARAMETER (RP), according to the formula below, resulting in a value that must be added or subtracted, having as reference the COMMERCIAL PROPOSAL of CONCESSIONAIRE.

$$CMM_{Readjusted} = CMM_{Proposed} + CMM_{Addition} - CMM_{Reduction}$$

Where:

MMP_{Proposed}: MAXIMUM MONTHLY PAYMENT of CONCESSIONAIRE's COMMERCIAL PROPOSAL.

MMP_{Addition}: should be calculated as follows:

$$MMP_{Addition} = MMP_{Proposed} \times (RC_{A1.1} + RC_{A1.2})$$

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

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

Where:

RC_{Ai} : rebalancing for each GROUP OF PUBLIC LIGHTING POINTS, if the amount of their respective GROUP OF PUBLIC LIGHTING POINTS, identified in BASE REGISTRY, is greater than the UPPER RANGE (FS);

RP_i : REBALANCING PARAMETER (RP) indicated for each GROUP OF PUBLIC LIGHTING POINTS;

FS_i : one hundred and two percent (102%) of the amount of the GROUP OF PUBLIC LIGHTING POINTS, according to APPENDIX 4;

QR_i : quantity of PUBLIC LIGHTING POINTS for each GROUP OF PUBLIC LIGHTING POINTS, according to BASE REGISTRY.

$MMP_{Reduction}$: will be calculated as follows:

$$MMP_{Reduction} = MMP_{Proposed} \times (RC_{R1.1} + RC_{R1.2})$$

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

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

Being:

RC_{Ri} : rebalancing for each GROUP OF PUBLIC LIGHTING POINTS, if the quantity of their respective GROUP OF PUBLIC LIGHTING POINTS, identified in BASE REGISTRY, is less than the LOWER RANGE (LR);

RP_i : rebalancing factor indicated in the tables above for each Group;

FI_i : ninety-eight percent (98%) of the quantity of the GROUP OF PUBLIC LIGHTING POINTS, according to APPENDIX 4; and

QR_i : quantity of PUBLIC LIGHTING POINTS for each Group, according to BASE REGISTRY.

43.9. Resolution of Divergences. Any divergences arising in relation to the contractual economic and financial rebalancing do not suspend or alter the PARTIES' obligations during the pending review process.

43.9.1. Since no friendly solution has been found, or even in case of disagreement as to the need for recomposition or regarding the values or other data indicated, PARTIES may resort to the dispute resolution procedures provided for in this CONTRACT.

43.10. Modalities for the Restoration of the Economic and Financial Balance. The restoration of the contractual economic and financial balance will be implemented through the following modalities, either alone or in combination:

- (i) Extension or reduction of the CONCESSION TERM, subject to the minimum and maximum terms provided for in the applicable legislation;
- (ii) Review of the investment schedule;
- (iii) Review of the GENERAL PERFORMANCE INDEXES;
- (iv) Compensation with eventual overdue or falling due CONCESSIONAIRE tax credits by means of authorizing law;
- (v) Change in the percentage of sharing between the PARTIES of ACCESSORY REVENUES;
- (vi) Review of MAXIMUM MONTHLY PAYMENT;
- (vii) Payment of indemnity;
- (viii) Review of CONCESSIONAIRE's obligations related to the requirements provided for in the technical annexes;
- (ix) Compensation with penalties already attributed to CONCESSIONAIRE; and
- (x) Other modalities provided for by law.

43.11. The GRANTING AUTHORITY can only use the CONCESSION TERM extension as a means for restoring the economic and financial balance of the CONTRACT, described in item of Sub-Clause 43.10 above, as from the first ORDINARY REVIEW, which should occur on the sixth(6th) year of CONCESSION.

43.12. If the MAXIMUM MONTHLY PAYMENT revision is used as a means to restore the economic and financial balance of the CONTRACT, described in item (vi) of Sub-Clause 43.10 above, the Economic and Financial Balance Recomposition should follow the procedure below:

43.12.1. The events causing imbalances related to CONCESSION's LINKED ASSETS, should be incorporated into MAXIMUM MONTHLY PAYMENT – INSTALLMENT A (MMA);

43.12.2. The events causing imbalances not related to CONCESSION'S LINKED ASSETS should be incorporated into MAXIMUM MONTHLY PAYMENT – INSTALLMENT B (MMB);

43.12.3. The readjustment of additional installments or subtracted from MAXIMUM MONTHLY PAYMENT will be carried out annually, apart from the readjustment defined in Clause 35.1, by applying the IPCA, according to the formula below:

$$Rte = IPCAt / IPCA0e$$

Where:

Rte: it is an Adjustment factor, in the contract year “t”, which must be multiplied by the additional installment or subtracted from MAXIMUM MONTHLY PAYMENT, under the terms of Sub-Clause 43.12;

IPCA0e: is the index number³ of the IPCA on the base date of the Economic and Financial Balance Recomposition, pursuant to Sub-Clause 43.12; and

IPCA_t: is the index number⁴ of the IPCA of the second month prior to the adjustment date in the contractual year "t".

43.13. It will be up to the PARTIES, by mutual agreement, to choose the way in which the restoration of the contractual economic and financial balance will be implemented, always seeking to ensure the continuity of the provision of SERVICES, the payment capacity of GRANTING AUTHORITY and the preservation of the payment capacity of the FINANCING.

³ December 93 = 100

⁴ December 93 = 100

43.14. If, within thirty (30) days from the CONTRACT rebalancing decision, there is no agreement regarding the mechanism to be applied, the GRANTING AUTHORITY will elect the mechanisms for restoring the contractual economic and financial balance to be adopted, at its exclusive criterion, through motivated decision.

43.15. In choosing the measure to implement the restoration of the contractual economic and financial balance, the GRANTING AUTHORITY will consider the periodicity and the amount of the payments due and falling due by the CONCESSIONAIRE, regarding the FINANCIAL CONTRACTS signed by it for the execution of the CONTRACT's object.

CHAPTER VIII - CONTRACT'S ANOMALOUS EXECUTION

44. GENERAL PROVISIONS ON PENALTIES

44.1. Failure to comply with the Clauses of this CONTRACT, its APPENDIXES, the BID NOTICE, the applicable legislation and regulations will give rise, without prejudice to civil and criminal liabilities and other penalties possibly provided for in the legislation and regulations, to 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 accordance with Clause 45;

44.1.3. Temporary suspension of participation in bidding and impediment to contract with GRANTING AUTHORITY, for a period not exceeding two (2) years;

44.1.4. Declaration of lack of good standing to bid or contract with the Public Administration, while the reasons for the punishment of the GRANTING AUTHORITY persist; and

44.1.5. Coconcessionaire Default.

44.2. The penalties will be applied ex officio by the GRANTING AUTHORITY, ensuring due administrative process and respect for the right to full defense and the right to appeal, observing the provisions of the legislation in force at the time of the infraction.

44.3. The gradation of penalties will observe the following scales:

44.3.1. The infraction will be considered minor, when it results from involuntary or excusable conduct by CONCESSIONAIRE and from which it does not benefit;

44.3.2. The infraction will have a medium severity, when it results from volitional conduct, but carried out for the first time by the CONCESSIONAIRE, without bringing any benefit or profit to it, nor affecting the provision of SERVICES;

44.3.3. The infraction will be considered serious when the GRANTING AUTHORITY finds one of the following factors present:

44.3.3.1. CONCESSIONAIRE acted in bad faith;

44.3.3.2. The infraction results in a direct or indirect benefit to CONCESSIONAIRE;

44.3.3.3. CONCESSIONAIRE is a repeat offender in the infringement of medium severity; or

44.3.3.4. Significant economic loss for the GRANTING AUTHORITY.

44.3.4. The infraction will be considered very serious when:

44.3.4.1. The GRANTING AUTHORITY finds, in view of the circumstances of the service and the act practiced by the CONCESSIONAIRE, that its behavior is highly damaging to the public interest, as it effectively or potentially harms the life or physical safety of the USERS, public health, environment, or the continuity of the SERVICES; or

44.3.4.2. CONCESSIONAIRE does not contract or maintain in force the PERFORMANCE BOND and the insurance required in the CONTRACT.

44.4. Without prejudice to the provisions of Clause 45, the GRANTING AUTHORITY will observe, in the application of sanctions, the following circumstances, in order to guarantee its proportionality:

44.4.1. The nature and severity of the infringement;

44.4.2. The resulting damages to USERS and the GRANTING AUTHORITY;

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

44.4.4. Mitigating and aggravating circumstances;

44.4.5. CONCESSIONAIRE's economic and financial situation, in particular its ability to honor financial commitments, generate revenue and maintain the execution of the CONTRACT; and

44.4.6. CONCESSIONAIRE's background, including possible recurrences.

44.5. The warning can only be applied in response to a minor or medium-sized violation, as defined in this CONTRACT.

44.6. The fine may be applied in response to the commission of any infractions defined in this CONTRACT.

44.7. The temporary suspension of participation in bidding and impediment to contract with GRANTING AUTHORITY, for a period not exceeding two (2) years, can only be applied in response to the commission of a serious or extremely serious infraction, as defined in this CONTRACT.

44.8. The declaration of lack of good standing to bid or contract with the Public Administration, while the reasons for the punishment persist, can only be applied in response to the commitment of a very serious infraction, as defined in this CONTRACT.

44.9. The penalties will be applied ex officio by the GRANTING AUTHORITY, ensuring due administrative process, especially the right to full defense and the right to appeal.

44.10. The application of any penalty provided for in this Clause does not preclude the declaration of forfeiture of CONCESSION by GRANTING AUTHORITY, in the cases provided for in the CONTRACT.

45. FINES

45.1. In compliance with the criteria provided for in Clause 44, the fines imposed as a result of the CONTRACT must comply with the provisions of this Clause.

45.2. In the case of continued violations, daily fines will be fixed for the duration of non-compliance.

45.3. Fines will not have a compensatory or indemnity character, and should not be confused with the application of the GENERAL PERFORMANCE INDEX for calculating the EFFECTIVE MONTHLY PAYMENT.

45.4. The monetary amounts resulting from the application of fines will be allocated to the GRANTING AUTHORITY.

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

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

45.6.1. Daily fine of one percent (1%) of the MAXIMUM MONTHLY PAYMENT value, for delay in fulfilling any obligation prior to the start of Phase I;

45.6.2. Daily fine of two percent (2%) of the value of MAXIMUM MONTHLY PAYMENT, due to non-compliance with the deadline for delivering the MODERNIZATION PLAN and the OPERATION AND MAINTENANCE PLAN;

45.6.3. Daily fine of two percent (2%) of the value of MAXIMUM MONTHLY PAYMENT, up to the term limit established in this CONTRACT, in the event of non-contracting or updated maintenance of the insurance policies required in the CONTRACT;

45.6.4. Daily fine of two percent (2%) of the value of MAXIMUM MONTHLY PAYMENT, up to the term limit established in this CONTRACT, in the event of no constitution or maintenance of the PERFORMANCE BOND in the amounts required in the CONTRACT;

45.6.5. Daily fine of one percent (1%) of the value of MAXIMUM MONTHLY PAYMENT, due to non-compliance with the final deadline for completion of each CONCESSION MILESTONE, according to what is established in APPENDIX 5;

45.6.6. Fine of twenty percent (20%) of the value of MAXIMUM MONTHLY PAYMENT, in case of obtaining, in the form of APPENDIX 8, a GENERAL PERFORMANCE INDEX below zero point four (0.4) for three (3) consecutive quarters or for five (5) non-consecutive quarters, in the period of five (5) years;

45.6.7. Fine of ten percent (10%) of the value of MAXIMUM MONTHLY PAYMENT, in case of non-conformities in the accounting of RELATED ACTIVITIES that impact sharing with the GRANTING AUTHORITY;

45.6.8. Fine of ten percent (10%) of the value of MAXIMUM MONTHLY PAYMENT, in case of non-hiring of the INDEPENDENT VERIFIER, under the terms and deadlines set forth in Clause 25;

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

45.6.10. Fine of ten percent (10%) of the amount of indemnity due, as a result of the formula provided for in Sub-Clause 50.9, in situations in which CONCESSIONAIRE practices an act that effectively leads to the forfeiture of the CONTRACT, in substitution of the penalty provided for the default that led to forfeiture, even though there is a specific penalty for that act.

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

45.8. The fines may be offset against future payments from EFFECTIVE MONTHLY PAYMENT, or from the execution of the PERFORMANCE BOND.

46. INTERVENTION

46.1. The GRANTING AUTHORITY may intervene in the CONCESSION, in order to ensure the adequacy of the provision of the SERVICE object of the CONTRACT, as well as the faithful compliance with the relevant contractual, regulatory and legal rules, pursuant to article 32 and following of Federal Law No. 8.987, February 13, 1995, in the following cases:

46.1.1. Unjustified stoppage of the activities that are the object of CONCESSION outside the possibilities admitted in this CONTRACT and without the presentation of reasons capable of justifying them;

46.1.2. Contractual economic and financial imbalance resulting from bad management by the CONCESSIONAIRE that puts CONCESSION's continuity at risk;

46.1.3. Serious and repeated inadequacies, insufficiencies or deficiencies of the SERVICES and other activities that are the object of the CONCESSION, characterized by the non-systematic compliance with the GENERAL PERFORMANCE INDEXES provided for in APPENDIX 8 and other criteria and obligations provided for in this CONTRACT and its APPENDIXES;

46.1.4. Use of MUNICIPAL PUBLIC LIGHTING GRID infrastructure for illicit purposes; and

46.1.5. Omission in rendering accounts to the GRANTING AUTHORITY or offering an obstacle to the inspection activity.

46.2. The intervention will be carried out by decree of the GRANTING AUTHORITY, which will 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 one (1) year, exceptionally extendable for another one (1) year, in a compatible and proportional manner to the reasons that gave rise to the intervention;

46.2.3. The objectives and limits of the intervention;

46.2.4. The name and qualification of the intervenor.

46.3. Once the intervention is decreed, the GRANTING AUTHORITY will have a period of thirty (30) days to initiate an administrative proceeding with a view to proving the determinant causes of the measure and ascertaining any responsibilities, ensuring the full defense and the right to appeal.

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

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

46.6. The nullity of the intervention will be declared if it is proven that GRANTING AUTHORITY did not observe the legal and regulatory assumptions, or the principles of the Public Administration, and CONCESSION must be immediately returned to CONCESSIONAIRE, without prejudice to its right to eventual compensation.

46.7. After the intervention is terminated, if CONCESSION is not extinguished through a declaration of expiry under the terms of Clause 50, the object of the CONTRACT will again be the responsibility of CONCESSIONAIRE.

46.8. The revenues realized during the intervention period, resulting from the COMPENSATION due to CONCESSIONAIRE and/or the revenues arising from the RELATED ACTIVITIES, will be used to cover the charges foreseen for the fulfillment of the CONCESSION's object, including the charges for insurance and guarantees, charges arising from financing and reimbursement of administration costs.

46.9. The eventual remaining balance of the remuneration or income arising from RELATED ACTIVITIES, after the intervention ends, will be delivered to CONCESSIONAIRE, unless CONCESSION is extinguished, in which case these amounts will revert to GRANTING AUTHORITY.

CHAPTER IX - EXTINCTION OF CONTRACT

47. GENERAL PROVISIONS ON EXTINCTION OF CONTRACT

47.1. The extinction of the CONTRACT will occur in any of the following cases:

47.1.1. End of the Contractual Term;

47.1.2. Termination of Convenience;

47.1.3. Concessionaire Default;

47.1.4. Rescission;

47.1.5. Annulment;

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

47.1.7. Occurrence of ACTS OF GOD or FORCE MAJEURE, regularly proven, impeding the execution of the CONTRACT.

47.2. When the CONCESSION is extinguished, the GRANTING AUTHORITY will immediately assume the provision of the SERVICES, with all REVERSIBLE ASSETS being reversed free of any charges.

47.3. In any event of early termination of the CONTRACT, the CONCESSIONAIRE will be entitled to compensation according to the formulas provided for in this CONTRACT for each type of early termination.

47.3.1. The indemnification due to the CONCESSIONAIRE, in any event, will be discounted, always in the order below:

(i) The outstanding installments owed by the CONCESSIONAIRE to FINANCIERS related to financing for investments linked to REVERSIBLE ASSETS, plus contractual interest agreed in the respective contractual instruments;

(ii) the amount of the contractual fines;

(iii) The amount of damages caused by the CONCESSIONAIRE to the GRANTING AUTHORITY; and

(iv) Any other amounts owed by the CONCESSIONAIRE to the GRANTING AUTHORITY.

47.4. CONCESSIONAIRE's exemption in relation to the obligations arising from FINANCIAL CONTRACTS contracted by it for the fulfillment of the CONTRACT may be carried out by:

(i) Payment, by the GRANTING AUTHORITY or by third parties, to the FINANCIERS or creditors, of CONCESSIONAIRE's remaining contractual obligations, in the schedule originally agreed in the relevant financing instruments;

or

(ii) Prior indemnity to CONCESSIONAIRE, limited to the amount of indemnity calculated as provided for in clause 47.3.1, of the total of the remaining debts that it has with creditors FINANCIERS.

47.4.1. The provisions of this Clause constitute a general indemnity rule applicable to all cases of early termination of CONCESSION, and must be observed, by GRANTING AUTHORITY, in any case:

47.4.1.1. The payment of indemnity for specific items in each of the Clauses for early termination of the CONTRACT, in the form of this CONTRACT; and

47.4.1.2. The moment of payment of the indemnities defined in each of the Clauses of early extinction of the CONTRACT, in the form of this CONTRACT.

47.5. The contractual economic and financial rebalancing claims must be defined and decided before the termination of this CONTRACT.

48. END OF THE CONTRACTUAL TERM

48.1. Up to two (2) years before the CONCESSION's ASSUMPTION DATE, the CONCESSIONAIRE will present an OPERATIONAL DEMOBILIZATION PLAN, in accordance with APPENDIX 5, for GRANTING AUTHORITY approval, within a maximum period of six (6) months.

48.1.1. Within two (2) months of receipt, GRANTING AUTHORITY must 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, and provisions of the CONTRACT and/or its APPENDIXES.

48.1.1.1. In the same period, the INDEPENDENT VERIFIER must issue a reasoned opinion, in writing, demonstrating the compliance, by the CONCESSIONAIRE, with all the requirements related to the

OPERATIONAL DEMOBILIZATION PLAN, provided for in APPENDIX 5.

48.1.2. In the event of a request for adjustments, the CONCESSIONAIRE must carry them out within 1 (one) month, and the GRANTING AUTHORITY will have three (3) months to approve the OPERATIONAL DEMOBILIZATION PLAN reformulated or request the rectification of the proposed changes, until there is definitive approval of the document, which may be extended upon request.

48.1.2.1. In the event that the GRANTING AUTHORITY does not manifest within the deadlines for approval of the OPERATING DEMOBILIZATION PLAN, it will be considered approved.

48.1.2.2. Any divergences by the PARTIES in relation to the OPERATING DEMOBILIZATION PLAN will be resolved under the terms of this CONTRACT.

48.1.2.3. After its approval, the GRANTING AUTHORITY will supervise the implementation of the OPERATING DEMOBILIZATION PLAN by the CONCESSIONAIRE.

48.1.2.4. The CONCESSIONAIRE must send monthly reports to the GRANTING AUTHORITY indicating the completed, ongoing and planned measures for each of the stages of the OPERATIONAL DEMOBILIZATION PLAN.

48.2. If there are, in the OPERATING DEMOBILIZATION PLAN, REVERSIBLE ASSETS acquired through a commercial lease or other form of contract with similar effect regarding the transfer of ownership, the CONCESSIONAIRE must exercise the option to purchase in such contracts before the Final Reversion Report.

48.3. Interventions and replacements must be duly justified, especially regarding their convenience, necessity and economy.

48.4. The interventions and substitutions carried out with the objective of giving concreteness to the duty of maintenance of REVERSIBLE ASSETS by the CONCESSIONAIRE will not generate the right to indemnity or compensation in favor of the CONCESSIONAIRE.

48.5. In the event of a failure to comply with the maintenance duty of REVERSIBLE ASSETS, the GRANTING AUTHORITY will determine the opening of the due process for the possible application of a penalty against the CONCESSIONAIRE.

48.6. The CONCESSIONAIRE will promote the withdrawal of all non-reversible assets, in accordance with the OPERATING DEMOBILIZATION PLAN.

48.6.1. With the removal of non-reversible assets, the GRANTING AUTHORITY must manifest itself within thirty (30) days regarding the fulfillment of the determinations of the OPERATING DEMOBILIZATION PLAN, with the objective of releasing the CONCESSIONAIRE from all obligations inherent to the reversal of assets. If the CONCESSIONAIRE has fully complied with the OPERATING DEMOBILIZATION PLAN, the GRANTING AUTHORITY will issue the Final Reversion Report.

48.7. While the full compliance with the provisions of the OPERATIONAL DEMOBILIZATION PLAN presented by CONCESSIONAIRE is not fully certified by the GRANTING AUTHORITY, the PERFORMANCE BOND will not be released.

48.7.1. If the GRANTING AUTHORITY does not attest to the full compliance with the determinations of the OPERATIONAL DEMOBILIZATION PLAN presented by the CONCESSIONAIRE within one hundred and twenty (120) days after the end of the contractual term, the PERFORMANCE BOND will be released.

48.8. The GRANTING AUTHORITY may, at its sole discretion, succeed the CONCESSIONAIRE in the lease agreements for goods essential to the provision of the SERVICES.

48.9. CONCESSION TERM terminated, observing the provisions of the Sub-Clause above, the CONCESSIONAIRE will be responsible for the termination of any contracts inherent to the

CONCESSION entered into with third parties, assuming all the resulting charges and responsibilities.

48.10. The CONCESSIONAIRE shall take all reasonable measures and cooperate fully with the GRANTING AUTHORITY so that the SERVICES object of the CONCESSION continue to be provided in accordance with the CONTRACT, in an uninterrupted manner, as well as preventing and mitigating any inconvenience or risk to the health or safety of USERS.

48.11. Indemnity. In the event of the end of the contractual term, the CONCESSIONAIRE will not be entitled to any indemnity related to investments relating to LINKED ASSETS as a result of the termination of the CONCESSION TERM.

48.12. The PARTIES may offset credits and debits on each side for the purpose of reaching the final indemnity amount.

49. TERMINATION OF CONVENIENCE

49.1. The GRANTING AUTHORITY may, at any time, take over the CONCESSION, for reasons of public interest, by means of a specific authorization law and prior payment of indemnity, to be calculated under the terms of the Sub-Clause below.

49.2. The indemnity due to the CONCESSIONAIRE in case of termination of convenience, including the corresponding loss of profits due to the extinction of the CONCESSION, must follow the formula below:

$$IND_1 = \left[\sum_{i=1}^n \frac{CMA}{(1 + T D m)^i} \right] \times RT_t$$

Where:

IND₁: Amount of Indemnity;

n: number of months for which CONCESSIONAIRE would be entitled to receive MAXIMUM MONTHLY PAYMENT – INSTALLMENT A (MMAA), disregarding the early termination;

t: contractual reference month, defined as the date on which the CONTRACT is terminated in advance;

MMA: MAXIMUM MONTHLY PAYMENT - INSTALLMENT A (MMA), under APPENDIX 9, on the base date considered in COMMERCIAL PROPOSAL;

T_{Dm}: Real monthly Discount Rate equivalent, in compound interest, to the annual real Discount Rate, under the terms of Sub-Clause 43.6.4; and

R_{Tt}: Adjustment factor, on date t, pursuant to Sub-Clause 35.1.

49.2.1. The formula provided above should only consider the elements of MAXIMUM MONTHLY PAYMENT - INSTALLMENT A (MMA), whose CONCESSION MILESTONES already have the respective ACCEPTANCE TERMS issued.

49.2.2. In case the early termination occurs while the implementation of a certain CONCESSION MILESTONE is in progress, the INDEPENDENT VERIFIER must check in loco the percentage of compliance with the respective CONTRACTUAL MILESTONE. This percentage must be applied to the respective element of MAXIMUM MONTHLY PAYMENT - INSTALLMENT A (MMA) considered in the formula of Clause 49.2.

49.2.3. If the early termination occurs between the signing of CONTRACT and the end of Phase I, the indemnity due to the CONCESSIONAIRE must correspond to the reimbursement amount as provided for in Sub item 19.4 of BID NOTICE.

49.3. The indemnity due to CONCESSIONAIRE in case of termination of convenience, calculated according to the formula provided above, will exclusively cover:

49.3.1. The installments of the investments made, including the installation and maintenance of the assets and facilities, not yet amortized or depreciated, that have been carried out to comply with this CONTRACT, less the remaining financial charges;

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

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

49.3.2.2. Prior indemnity to the FINANCIAL INSTITUTIONS that finance all of the remaining CONCESSIONAIRE debts.

49.3.3. All charges arising from fines, terminations and indemnities that are due to suppliers, contractors and third parties in general, including attorney's fees, as a result of the consequent breach of the respective contractual bonds.

49.4. The part of the indemnity owed to the CONCESSIONAIRE, corresponding to the debt balance of the financing, must be paid directly to the FINANCERS. The remainder will be paid directly to the CONCESSIONAIRE.

49.5. The GRANTING AUTHORITY will determine the indemnity due to the CONCESSIONAIRE before the expropriation of the CONCESSION.

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

50. CONCESSIONAIRE DEFAULT

50.1. The total or partial non-execution of CONTRACT by the CONCESSIONAIRE will cause, at the discretion of the GRANTING AUTHORITY, the declaration of CONCESSION's forfeiture, without prejudice to the applicable penalties.

50.2. The GRANTING AUTHORITY may declare forfeiture of the CONCESSION, without prejudice to the cases provided for in the applicable legislation, in the event of any of the following events:

50.2.1. Decree by judicial verdict, of bankruptcy of CONCESSIONAIRE or its conviction or its controllers for tax evasion, including social contributions, or corruption, as defined in the related legislation.

50.2.2. Non-compliance, by the CONCESSIONAIRE, of the obligation to renew the PERFORMANCE BOND annually in the event of a guarantee or bank guarantee offer,

or to replace the full amount of the PERFORMANCE BOND, within forty-five (45) days after its use by the GRANTING AUTHORITY;

50.2.3. Non-compliance greater than ninety (90) days, by the CONCESSIONAIRE, of the obligation to contract or keep contracted the insurance policies provided for in the CONTRACT;

50.2.4. When the total amount of fines and penalties applied to the CONCESSIONAIRE exceeds the current value of the PERFORMANCE BOND;

50.2.5. Obtaining GENERAL PERFORMANCE INDEX lower than zero point four (0.4) for four (4) consecutive quarters or for ten (10) non-consecutive quarters;

50.2.6. Shutdown of the SERVICES object of contracting due to CONCESSIONAIRE's fault or intent, or if it has competed for that purpose, except in the cases arising from ACTS OF GOD or FORCE MAJEURE, as provided for in this CONTRACT.

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

50.2.8. CONCESSIONAIRE does not comply with the penalties imposed for infractions, in due time;

50.2.9. The CONCESSIONAIRE does not comply with the GRANTING AUTHORITY subpoena, within the term stipulated by it, in order to regularize the provision of SERVICES;

50.2.10. The CONCESSIONAIRE does not comply with the GRANTING AUTHORITY subpoena for, within one hundred and eighty (180) days, present the documentation related to tax regularity, during the CONCESSION;

50.2.11. The CONCESSIONAIRE defrauding information regarding the REGISTRATION, and the volume of ACCESSORY REVENUE obtained;

50.2.12. In the case of transfer and modification of CONCESSIONAIRE control, assignment of CONTRACT or new CONCESSION, without the prior authorization of the GRANTING AUTHORITY, when so required in the CONTRACT;

50.2.13. Practice of very serious infraction by the CONCESSIONAIRE or recurring practice of infractions defined as serious, under the terms of this CONTRACT, which endanger the safety of USERS or the existence of SERVICES;

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

50.2.15. Incidence of administrative assessments that give rise to the application of contractual fines that add up to twenty percent (20%) of the CONTRACT VALUE, in its aggregate value, considering the fines that are not subject to appeal at the administrative level;

50.2.16. Decision(s) rendered in administrative proceedings or judicial processes related to damage caused by the CONCESSIONAIRE, which are not insurable or whose value exceeds the amount covered by insurance, or whose aggregate value corresponds to twenty percent (20%) of the CONTRACT VALUE;

50.2.17. If CONCESSIONAIRE meets a percentage of less than ninety-five percent (95%) of the ENERGY EFFICIENCY TARGET, as provided for in this CONTRACT;
and

50.2.18. If CONCESSION's activities are not started or are extended, for a period of more than sixty (60) days from the ASSUMPTION DATE, because CONCESSIONAIRE does not obtain the necessary FINANCING for this purpose.

50.3. The GRANTING AUTHORITY will not be able to declare CONCESSION's forfeiture with respect to CONCESSIONAIRE's default (i) resulting from events related to CONCESSION's risks which are the responsibility of the GRANTING AUTHORITY, or (ii) caused by the occurrence of ACTS OF GOD or FORCE MAJEURE.

50.4. CONCESSION's declaration of forfeiture must be preceded by the verification of CONCESSIONAIRE's contractual default in an administrative proceeding, ensuring the right of full defense and the right to appeal.

50.5. No administrative proceeding of forfeiture will be initiated without prior notification to CONCESSIONAIRE, being given, in each case, a deadline to correct the shortcomings and violations pointed out, and to comply with the contractual terms.

50.6. Once the administrative proceeding is established and the default is confirmed, the forfeiture will be declared by the GRANTING AUTHORITY, regardless of prior indemnity, calculated during the process and in accordance with the Clauses of this CONTRACT.

50.7. Once the forfeiture is declared and the respective indemnity is paid, GRANTING AUTHORITY will not result in any kind of liability in relation to charges, encumbrances, obligations or commitments with third parties or with CONCESSIONAIRE employees.

50.8. The declaration of forfeiture will also result in:

50.8.1. execution of the PERFORMANCE BOND, to reimburse any losses caused to the GRANTING AUTHORITY;

50.8.2. retention of any credits arising from the CONTRACT, up to the limit of the losses caused to the GRANTING AUTHORITY.

50.9. Indemnity. The indemnity due to CONCESSIONAIRE in case of expiry will follow the formula below:

$$IND_2 = \left\{ \sum_{i=1}^T \frac{MMA}{(1 + T D m)^i} \times \left[1 - \frac{(t - 1)}{(T - 1)} \right] \right\} \times \frac{RT_t}{RT_{t-1}}$$

Where:

IND₂: Amount of Indemnity;

t: contractual reference month, defined as the date of early termination;

T: CONCESSION TERM;

MMA: MAXIMUM MONTHLY PAYMENT - INSTALLMENT A (MMA), under the terms of APPENDIX 9, on the base date considered in the COMMERCIAL PROPOSAL;

T_{Dm}: Real monthly Discount Rate equivalent, in compound interest, to the annual real Discount Rate, under the terms of 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 an amount higher than the amount corresponding to LINKED ASSETS in CONCESSIONAIRE's financial statements on the early termination date, the amount corresponding to LINKED ASSETS in the financial statements should be considered.

50.9.2. The formula provided above, should only consider the elements of MAXIMUM MONTHLY PAYMENT - INSTALLMENT A (MMA) whose CONCESSION MILESTONES already have the respective ACCEPTANCE TERMS issued.

50.9.3. In case the early termination occurs while the implementation of a specific CONCESSION MILESTONE is in progress, the INDEPENDENT VERIFIER must assess the percentage of compliance with the respective CONCESSION MILESTONE in loco. This percentage must be applied to the respective element of MAXIMUM MONTHLY PAYMENT - INSTALLMENT A (MMA) considered in the formula of Clause **Erro! Fonte de referência não encontrada.**

50.9.4. In case the early termination occurs between the signing of the CONTRACT and the end of Phase I, the indemnification due to CONCESSIONAIRE must correspond to the reimbursement amount as provided for in Sub item 19.4, of the BID NOTICE.

50.10. From the amount provided for in the previous Sub-Clause will be discounted:

50.10.1. The losses caused by the CONCESSIONAIRE to the GRANTING AUTHORITY and to society, as a result of the fulfillment of the OBJECT of this CONTRACT, are not insurable, or whose value exceeds the amount covered by the insurance;

50.10.2. Contractual fines applied to the CONCESSIONAIRE that have not been paid by 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 gave rise to the declaration of forfeiture; and

50.10.4. The part of the indemnity due to the CONCESSIONAIRE, corresponding to the debit balance of the financing actually invested in investments, must be paid directly to the FINANCIERS, at the discretion of the GRANTING AUTHORITY. The remainder will be paid directly to the CONCESSIONAIRE.

50.11. In addition to the provisions above, the PARTIES may offset credits and debits on each side for the purpose of reaching the final amount of indemnity.

50.11.1. The declaration of forfeiture will also result in:

- (i) The execution of the PERFORMANCE BOND, for the reimbursement of fines and eventual losses caused to the GRANTING AUTHORITY; and
- (ii) The retention of any credits arising from the CONTRACT, up to the limit of the losses caused to the GRANTING AUTHORITY.

51. RESCISSION

51.1. The CONTRACT may be terminated at the initiative of the CONCESSIONAIRE, by means of an action brought before the arbitral tribunal especially for this purpose, in the event of breach of contractual rules by the GRANTING AUTHORITY, in particular:

51.1.1. Expropriation, sequestration or requisition of a substantial part of CONCESSIONAIRE's assets or equity interest by the GRANTING AUTHORITY or any other public body;

51.1.2. Contractual default for more than thirty (30) days of at least four (4) installments of EFFECTIVE MONTHLY PAYMENT;

51.1.3. Contractual breach by the GRANTING AUTHORITY with respect to the payment of any other obligation greater than the equivalent of two percent (2%) of the VALUE OF THE CONTRACT, which is due under the terms of the CONTRACT and which is not made within ninety (90) days of the respective due date;

51.1.4. Non-compliance with obligations by the GRANTING AUTHORITY that generates a contractual economic and financial imbalance, whose recovery procedure is not completed within the deadlines established in the CONTRACT for reasons attributable to GRANTING AUTHORITY; or

51.1.5. Non-institution, non-maintenance or replacement of the LINKED ACCOUNT by the GRANTING AUTHORITY, as well as the hypothesis of non-fulfillment of the obligations assumed by it under the CONTRACT WITH THE DEPOSITARY FINANCIAL INSTITUTION.

51.2. The default referred to in the Sub-Clauses above will only be considered to have been met with the success of the renegotiation or the full settlement of debts.

51.3. The SERVICES provided by the CONCESSIONAIRE cannot be interrupted or paralyzed until ninety (90) days after the sentence of the arbitral tribunal that decrees the rescission of the CONTRACT.

51.4. Indemnity. The indemnity due to the Concessionaire in case of Rescission must follow the formula defined by Sub-Clause 49.2.

51.5. The indemnity due to CONCESSIONAIRE in the event of Rescission will cover:

51.5.1. The installments of the investments made, including the installation and maintenance of the assets and facilities, not yet amortized or depreciated, that have been made to comply with this CONTRACT, less the remaining financial charges.

51.6. The PARTIES may offset credits and debits on each side for the purpose of reaching the final indemnity amount.

51.6.1. The exemption from CONCESSIONAIRE in relation to the obligations arising from FINANCIAL CONTRACTS contracted by it with a view to compliance with the CONTRACT, through, as the case may be:

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

51.6.1.2. Prior indemnification to the FINANCIAL INSTITUTIONS that financed all the remaining debts of the remaining CONCESSIONAIRES.

51.6.2. All charges arising from fines, terminations and indemnities that are due to suppliers, contractors and third parties in general, including attorney's fees, as a result of the consequent breach of the respective contractual bonds.

51.6.3. For the purpose of calculating the indemnity referred to in this Clause, the amounts received by the CONCESSIONAIRE will be considered as insurance coverage related to the events or circumstances that gave rise to the rescission.

51.7. The PARTIES may terminate this CONTRACT by consensus, exempting the filing of a specific arbitration measure.

51.8. It will be a condition for CONCESSION's consensual extinction to sign the respective amendment to CONTRACT, disciplining, among other issues:

- (i) Eventual suspension of the realization of new investments by the CONCESSIONAIRE or, still, of the provision of SERVICES, exempting it from any penalties due to its non-execution;
- (ii) Remaining term for the provision, by the CONCESSIONAIRE, of SERVICES; or
- (iii) Amount of indemnification possibly due by the PARTIES, calculated under the terms of this CONTRACT and such payment schedule.

51.9. The following are considered causes for friendly rescission:

- (i) The hypothesis of Acts of God or events of force majeure; or
- (ii) In the event of any legislative change or other event that prevents, limits or, in any way, makes the PERFORMANCE BOND unfeasible.

51.10. In addition to the above hypotheses, GRANTING AUTHORITY and CONCESSIONAIRE agree that the events below may generate default by the GRANTING AUTHORITY, for all legal purposes, authorizing CONCESSIONAIRE to immediately suspend any investments that are not necessary to provide the SERVICES, also authorizing the CONCESSIONAIRE to proceed with the procedure for early rescission of CONCESSION:

- (i) Delay in the signature and publication of the INITIAL SERVICE ORDER; or
- (ii) GRANTING AUTHORITY's failure or omission to institute, maintain or replace the LIQUIDITY BALANCE for a period of ninety (90) days.

52. ANNULMENT

52.1. The GRANTING AUTHORITY shall declare the nullity of the CONTRACT, preventing the legal effects that it should ordinarily produce, in addition to deconstructing those already produced, if there is any illegality in its formalization or in the bidding that preceded the CONTRACT.

52.2. Indemnity. In the hypothesis described in Sub-Clause above, if the illegality is attributable only to the GRANTING AUTHORITY, the CONCESSIONAIRE will be compensated according to the formula defined by Sub-Clause **Erro! Fonte de referência não encontrada.**, including other losses regularly proven, discounting, however, any amounts received by the CONCESSIONAIRE as insurance coverage related to the events or circumstances that gave rise to the declaration of nullity.

53. BANKRUPTCY, JUDICIAL REORGANIZATION AND EXTINCTION OF THE CONCESSIONAIRE

53.1. Extinction of CONCESSION. The CONCESSION may be extinguished if CONCESSIONAIRE has its bankruptcy declared, requires judicial reorganization that makes it impossible to execute this CONTRACT or even in the event of CONCESSIONAIRE's extinction.

53.2. There will be no sharing of the eventual net assets of CONCESSIONAIRE extinct among its shareholders before the payment of all obligations with GRANTING AUTHORITY.

53.3. Indemnity. The indemnity due to CONCESSIONAIRE must be paid by the GRANTING AUTHORITY to the CONCESSIONAIRE after the extinction of the CONTRACT, implying such payment in automatic settlement of the obligation of GRANTING AUTHORITY before CONCESSIONAIRE.

53.4. Indemnities Due. In the event of the extinction of CONTRACT due to the cause indicated in this Clause, GRANTING AUTHORITY shall pay compensation to CONCESSIONAIRE according to the formula defined by Sub-Clause **Erro! Fonte de referência não encontrada.**, excluding, subsequently, any amounts received by the CONCESSIONAIRE as insurance coverage related to events or circumstances that led to the extinction of CONCESSION.

53.4.1. In the event of the termination of the CONTRACT pursuant to this Clause, the PERFORMANCE BOND will revert entirely to the GRANTING AUTHORITY, which will promote the collection of any difference that may be determined between the amount of the guarantee provided and the verified loss.

54. FRIENDLY EXTINCTION

54.1. If there is convenience for the GRANTING AUTHORITY, and, in order to ensure the continuity of the provision of the SERVICES, the GRANTING AUTHORITY may, subject to the conditions provided for in this Clause, override forfeiture processes and initiate a process for re-bidding the object of the CONTRACT if the CONCESSIONAIRE demonstrates inability to fulfill the contractual or financial obligations assumed in this CONTRACT.

54.1.1. The initiation of the re-bidding process referred to in the Sub-Clause above will only occur through an agreement between the PARTIES.

54.2. The GRANTING AUTHORITY will be responsible for assessing the need, relevance and reasonableness of the initiation of the process of re-bidding of the object of the CONTRACT, bearing in mind the operational and economic and financial aspects, the continuity of the provision of SERVICES and the fulfillment, by the CONCESSIONAIRE, of the conditions provided for in this CONTRACT.

54.3. The initiation of the re-bidding process is subject to the presentation by CONCESSIONAIRE:

- (i) Of justifications and technical elements that demonstrate the necessity and convenience of adopting the re-bidding process, with possible proposals for solutions to the issues faced;
- (ii) Of the irrevocable and irreversible waiver of the term to correct any failures and transgressions and to the framework provided for in paragraph 3, of article 38, of Federal Law No. 8.987, of February 13, 1995, if the forfeiture process is subsequently initiated or resumed;
- (iii) Of a formal declaration regarding the irrevocable and irreversible commitment to assist and support GRANTING AUTHORITY in the process of re-bidding the object of the CONTRACT;
- (iv) Of the irrevocable and irreversible waiver as to participation in the new event or in the future re-bidding of the contract; and
- (v) Of the information necessary to carry out the re-bidding process, in particular the statements related to investments in REVERSIBLE ASSETS and to any financing instruments used in the CONTRACT, as well as all contracts related to RELATED ACTIVITIES.

54.4. Once the re-bidding process has been initiated, the measures aimed at instituting or following up on any forfeiture proceedings that may be pending against CONCESSIONAIRE will be suspended.

54.5. The re-bidding of the object of CONTRACT will be conditioned to the signing of an addendum with CONCESSIONAIRE, which will include, among other elements deemed relevant by the GRANTING AUTHORITY, the following:

- (i) CONCESSIONAIRE's irrevocable and irreversible commitment to assist and support the GRANTING AUTHORITY in re-bidding of the project and in the subsequent friendly termination of the CONTRACT;
- (ii) The rules on the suspension of investment obligations falling due as of the conclusion of the addendum and the minimum conditions under which SERVICES must continue to be provided by the CONCESSIONAIRE until the new PUBLIC LIGHTING services delegation contract is fully effective, guaranteeing in any case, the continuity and security of the essential SERVICES related to the CONTRACT, as well as the maintenance of REVERSIBLE ASSETS; and
- (iii) Period that the PARTIES will have to negotiate the amount of indemnity that may be due to CONCESSIONAIRE as a result of CONCESSION's friendly extinction, observing the provisions of Sub-Clause below, with the provision that, in case PARTIES do not agree on the amount of indemnity within this period, the dispute will be resolved as defined in this CONTRACT;

54.5.1. The amount of the indemnity eventually due to CONCESSIONAIRE will be restricted to the value resulting from the formula defined by Sub-Clause 49.2, being deducted from this amount:

- (i) Losses caused by the CONCESSIONAIRE to the GRANTING AUTHORITY and to the company;
- (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 friendly extinction of the CONCESSION.

54.5.2. The additive term and the invitation to bid may also include the provision that:

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

- (ii) If the FINANCERS agree, the CONCESSIONAIRE FINANCIAL CONTRACTS may be assigned to the new PUBLIC LIGHTING SERVICES provider.

54.5.2.1. The payment to CONCESSIONAIRE and/or the FINANCERS of the indemnity referred to in Sub-Clause 54.5.1 will be a condition for the full effectiveness of the new contract for the provision of PUBLIC LIGHTING SERVICES.

54.6. The following will be prevented from participating in the bidding contest and the new contract for the provision of PUBLIC LIGHTING SERVICES, in isolation, in a consortium or in a new special purpose company:

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

54.7. In the event that the interested parties are not involved in the bidding process for the re-bidding on the object of the CONTRACT, CONCESSIONAIRE shall continue to provide the SERVICES, maintaining the continuity and security of the essential SERVICES related to the CONTRACT, as well as maintaining the REVERSIBLE ASSETS, until the term provided for in the Sub-Clause below.

54.7.1. If the disinterest of potential bidders persists or a re-bidding process is not completed within twenty-four (24) months counted from the date of the first bidding process, GRANTING AUTHORITY will adopt the relevant contractual and legal measures, revoking the overturning of measures aimed at instituting or following up on the forfeiture proceedings previously instituted, in accordance with the law.

CHAPTER X - DISPUTE RESOLUTION

55. GENERAL PROVISIONS

55.1. In the event of disputes or controversies arising from this CONTRACT, the PARTIES will meet and seek to resolve them by consensus, always summoning their governing bodies with decision-making powers.

55.2. The interested PARTY will notify the other PARTY in writing of all its allegations about the dispute or controversy, and must also be accompanied by a suggestion for its resolution or elucidation.

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

55.2.2. If the notified PARTY agrees with the solution or elucidation presented, the PARTIES will dismiss the dispute or controversy and take the necessary measures to implement as agreed.

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

56. MEDIATION

56.1. In the event of disputes or controversies arising from this CONTRACT, the PARTIES may use the mediation procedure, under the terms of Federal Law No. 13.140, of June 26, 2015.

56.1.1. Except for a different stipulation agreed between the PARTIES, the mediation referring to the CONTRACT will be conducted by one (1) mediator, governed by the terms and procedures provided for in the mediation regulation of the institution indicated in Sub-Clause 58.2, according to article 22, §1, of Federal Law No. 13.140, of June 26, 2015, prevailing, in case of discrepancy, the provisions of this Sub-Clause.

56.1.2. Unless otherwise provided in the mediation term or agreement in the course of the procedure, mediation will be terminated after thirty (30) days from the PARTIES signing the mediation term.

56.2. Failure by the PARTY invited to the first mediation meeting will result in the assumption by the latter of fifty percent (50%) of the costs and defeat fees, if it wins in a subsequent arbitration procedure that involves the scope of the mediation for which it was invited.

56.3. After the first mediation meeting, each PARTY, in an autonomous manner, may request the closure of the mediation procedure without being subject to a sanction or burden.

56.4. The mediator's proposal will not be binding on the PARTIES, which will decide autonomously and independently regarding their acceptance or refusal.

56.5. If PARTIES accepts the friendly solution proposed by the mediator, it will be incorporated into the CONTRACT by signing an addendum.

56.6. The mediation procedure will be considered closed in the following cases:

- (i) In view of the formalization of an agreement between the PARTIES;
- (ii) After the first meeting, in the event of any PARTIES' declaration of lack of interest or the impossibility of reaching an agreement; or
- (iii) By decision of the mediator, when he understands that new efforts to reach consensus are not justified.

57. TECHNICAL COMMITTEE

57.1. Any of the PARTIES may call for the establishment of a specific Technical Commission (ad hoc) to resolve any technical differences during the execution of the CONTRACT.

57.1.1. The PARTIES may agree that the Technical Commission has permanent functioning, in which case they shall establish, by mutual agreement, the rules of operation of that body, and the regulation for the Prevention and Solution of Disputes Committee in force in the institution provided for in Sub-Clause 58.2 may be used for the functioning of the Technical Commission.

57.1.2. The Technical Commission will not be able to revise the CONTRACT Clauses.

57.1.3. The expenses necessary for the functioning of the Technical Commission will be borne by the CONCESSIONAIRE, with the exception of any compensation eventually due to the members appointed by the GRANTING AUTHORITY.

57.2. The interested PARTY will have fifteen (15) days from the event causing the dispute to request the establishment of the Technical Commission.

57.2.1. Each PARTY must indicate its representative within a maximum period of fifteen (15) days from the request for the establishment of the Technical Commission.

57.2.2. The members of the Technical Commission will be appointed as follows, each having the right to one vote in the resolutions:

- (i) One member appointed by the GRANTING AUTHORITY;
- (ii) One member appointed by the CONCESSIONAIRE; and
- (iii) One member with proven expertise in the subject matter of the dispute, who will be chosen by mutual agreement between the PARTIES, or by a member appointed by the INDEPENDENT VERIFIER, in the event of disagreements about EFFECTIVE MONTHLY PAYMENT, of strictly economic issues or related to the GENERAL PERFORMANCE INDEXES.

57.3. After the establishment of the Technical Commission, the procedure for resolving differences will begin by communicating to the other PARTY that a request for pronouncement has been submitted to the Technical Commission.

57.3.1. Any divergence raised must be forwarded to the constituted Technical Commission and to the PARTY claimed, together with a copy of all documents necessary to understand the demand.

57.3.2. Within fifteen (15) days from the receipt of the communication referred to in Sub-Clause 57.3, the defendant PARTY will present its allegations regarding the question asked.

57.4. The opinion of the Technical Commission will be issued within a maximum period of thirty (30) days, counting from the date of receipt, by the Technical Commission, of the allegations presented by the defendant.

57.5. The opinions of the Technical Commission will be considered approved if they have the favorable vote of all its members.

57.6. The performance of the Technical Committee will be considered impaired if PARTY refuses to participate in the procedure, without indicating its representative, or, if the solution is not presented by the Technical Committee within a maximum period of sixty (60) days from the request for the establishment of the procedure.

57.7. The decision of the Technical Commission portrayed in the opinion referred to in this Clause will be binding until an eventual arbitration decision on the dispute arises.

57.7.1. If none of the PARTIES requests the initiation of an arbitration proceeding within a maximum period of sixty (60) days, as of the decision of the Technical Commission, this will be considered accepted, precluding the right of the PARTIES to challenge it.

57.7.2. If accepted by the PARTIES, the solution proposed by the Technical Commission may be incorporated into the CONTRACT by signing an addendum.

57.8. The submission of any question to the Technical Commission does not relieve CONCESSIONAIRE from fully complying with its contractual obligations.

58. ARBITRATION AND JURISDICTION

58.1. The PARTIES agree to, in the manner disciplined by Federal Law No. 9.307 of September 23, 1996, resolve through arbitration conflicts of interest arising from the execution of the CONTRACT or any related contracts, documents, attachments or agreements, provided that relating to available property rights.

58.1.1. The submission of disputes to the arbitral tribunal may occur at any time and will not depend on the prior establishment of procedures for consensual resolution, mediation or the Technical Commission referred to in the previous Clauses.

58.2. The PARTIES indicate the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce (CAM-CCBC) as competent to settle disputes submitted to arbitration, under the terms of this CONTRACT.

58.2.1. In the event of an agreement between the PARTIES or in the event of the extinction of the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce (CAM-CCBC), another chamber will be elected to process the arbitration.

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

58.3.1. The arbitration will be processed according to the rules provided for in the regulation of the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce (CAM-CCBC), in force on the date on which the arbitration starts.

58.4. The arbitration will be conducted at the Municipality of Sergipe, using the Portuguese language as the official language for the practice of any and all acts.

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

58.4.2. At the request of CONCESSIONAIRE and with the consent of the GRANTING AUTHORITY, the arbitration may be partially bilingual, with decisions being made in Portuguese and English or another foreign language.

58.4.3. If the arbitration is partially bilingual, the PARTIES must bear the expenses related to the translation of their respective documents, so that these costs will not compose the costs and procedural expenses for purposes of judicial claims.

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

58.5. The arbitral tribunal will be composed of three (3) arbitrators of recognized reputation and knowledge of the matter to be decided, each PARTY being responsible for appointing an arbitrator. The third arbitrator will be chosen by mutual agreement by the arbitrators appointed by the PARTIES. The presidency of the arbitral tribunal will be the responsibility of the third arbitrator.

58.6. If there is no consensus among the arbitrators chosen by the PARTIES, the third arbitrator will be appointed by the Arbitration and Mediation Center of the Brazil-Canada Chamber of Commerce (CAM-CCBC), subject to the applicable terms and conditions set forth in its arbitration regulations.

58.6.1. In any event, the arbitrators appointed by the PARTIES must, cumulatively, be professionals linked to institutions specialized in arbitration and have proven experience in the matter that will be discussed in the arbitration process.

58.6.2. The arbitrators appointed by the PARTIES must also observe the following minimum requirements: (i) be in full civil capacity; and (ii) not having, with the PARTIES or with the litigation submitted to it, relationships that characterize cases of impediment or suspension of judges, as provided for in the Civil Procedure Code.

58.7. The decisions and judgment of the arbitral tribunal will be final, unappealable and will bind PARTIES and their successors.

58.8. The costs of arbitration will be paid by the party that causes the initiation of arbitration proceedings. The PARTY unsuccessful in the arbitral proceedings will assume all costs, and the winning PARTY shall be reimbursed for the costs that it may have already assumed in the referred procedure, excluding only any attorney fees.

58.8.1. In the case of partial validity of the claim brought to the arbitral tribunal, the costs will be divided between the PARTIES, if the court so chooses, in proportion to the judicial claims of each one.

58.9. The PARTIES elect the Central Court of the District of Aracaju – Sergipe to obtain (i) precautionary protection that may be necessary before the formation of the arbitral tribunal; or (ii) promote the execution of a precautionary measure, decision or sentence rendered by virtue of mediation or by the arbitral tribunal.

58.10. The records of the arbitral proceedings will be public, except for the cases of secrecy arising from the law, secrecy of justice, industrial secrecy or when essential to the security of society and the State.

58.11. The PARTIES recognize that the decisions rendered by the arbitral tribunal may be regularly enforced in Brazil, following the procedure for enforcement against the Public Treasury, with GRANTING AUTHORITY not having any sovereign immunity that inhibits enforcement.

58.12. The controllers may act as CONCESSIONAIRE's assistants or active co-consultants.

58.13. Pending Disputes. The submission of any question to the dispute resolution mechanisms provided for in this CONTRACT does not exempt PARTIES from the timely compliance with the provisions of the CONTRACT and the GRANTING AUTHORITY determinations related thereto, nor does it allow any interruption in the development of the activities object of the CONCESSION, which they must continue to proceed under the contractually required terms, remaining so until a decision is reached on the matter in question.

58.13.1. The stoppage of the SERVICES will only be allowed when the object of the divergence involves risks to the safety of people or the enterprise or in view of the supervenience of an arbitration or judicial decision that orders the immediate stoppage of the SERVICES.

CHAPTER XI - FINAL PROVISIONS

59. GENERAL PROVISIONS

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

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

59.2.1. The PARTIES will negotiate, in good faith, the replacement of invalid, illegal or unenforceable provisions with valid, legal and enforceable provisions, the economic effect of which is as close as possible to the economic effect of the provisions considered invalid, illegal or unenforceable.

59.3. Each statement and guarantee made by the PARTIES to this CONTRACT shall be treated as an independent statement and guarantee, and the responsibility for any failure will be that of the one who made it and will not be altered or modified by your knowledge by any of the PARTIES.

59.4. Communications and notifications between PARTIES will be made in writing and sent: (i) by hand, provided they are confirmed by protocol; (ii) by fax, e-mail or other remote means, provided receipt is confirmed; or (iii) by registered mail, with acknowledgment of receipt.

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

59.6. The deadlines established in days, in CONTRACT, will be counted in calendar days, unless express reference is made to working days. In all cases, the first day must be excluded and the last day of the period must be included.

59.7. It is hereby elected the Central Forum of the District of Aracaju – Sergipe to settle any disputes arising from this CONTRACT that cannot be resolved through the Technical Commission or through an arbitration procedure, under the terms of CONTRACT.

In witness whereof, the PARTIES sign the CONTRACT in five (5) counterparts of equal content and form, each of which is considered an original.

Aracaju/SE, [●] [●], [●].

GRANTING AUTHORITY

CONCESSIONAIRE

Witnesses:

Name:

ID:

Name:

ID: