



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

**INTERNATIONAL PUBLIC BIDDING PROCESS**

**DRAFT CONCESSION CONTRACT FOR USE OF PUBLIC ASSET NO. [●]/2020  
ZOO, BOTANIC GARDEN AND FARM**

**INTERNATIONAL BIDDING PROCESS No. 02/2020**

**SÃO PAULO – SP**



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

### TABLE OF CONTENTS

CHAPTER I – GENERAL PROVISIONS	7
CLAUSE ONE – DEFINITIONS	7
CLAUSE TWO – INTERPRETATION OF CONTRACT	14
CLAUSE THREE – APPLICABLE LEGISLATION AND GENERAL CONTRACT CONDITIONS	16
CLAUSE FOUR – ANNEXES	16
CHAPTER II – ON THE CONCESSION	17
CLAUSE FIVE – ON THE PURPOSE OF THE CONCESSION	17
CLAUSE SIX – ON THE GRANT	19
CLAUSE SEVEN – ON THE CONCESSION TERM	19
CLAUSE EIGHT – ON TRANSFERRING THE PUBLIC ASSET TO THE CONCESSIONAIRE AND THE START OF BIOLOGICAL ASSET OPERATIONS	21
CLAUSE NINE – ON THE ESTIMATED CONTRACT VALUE	22
CLAUSE TEN – ON REMUNERATION	23
CLAUSE ELEVEN – OPERATION OF LINKED ACCOUNTS	27
CLAUSE TWELVE – ON THE FIXED GRANT	28
CLAUSE THIRTEEN – ON THE VARIABLE GRANT	28
CLAUSE FOURTEEN – ON INSPECTION FEES	29
CLAUSE FIFTEEN – ON THE INDEPENDENT RAPPORTEUR	29
CLAUSE SIXTEEN – ON THE CONCESSION ASSET REGIME	31
CLAUSE SEVENTEEN – ON INTERVENTIONS AND INVESTMENTS	34
CLAUSE EIGHTEEN – ON THE SÃO PAULO ZOO'S OPERATIONS AND WORKING CONDITIONS	35
CLAUSE NINETEEN – ON THE FLORA SECTOR'S OPERATIONS AND WORKING	



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

CONDITIONS	36
CLAUSE TWENTY – ON MECHANISMS FOR UPHOLDING UP-TO-DATE STANDARDS AND ADDING NEW TECHNOLOGIES	36
CHAPTER III – ON OBLIGATIONS OF THE PARTIES AND ECONOMIC-FINANCIAL BALANCE OF THE CONTRACT	37
CLAUSE TWENTY-ONE – MAIN RIGHTS AND OBLIGATIONS OF THE CONCESSIONAIRE	37
CLAUSE TWENTY-TWO – MAIN RIGHTS AND OBLIGATIONS OF THE GRANTING AUTHORITY	42
CLAUSE TWENTY-THREE – MAIN RIGHTS AND OBLIGATIONS OF USERS	43
CLAUSE TWENTY-FOUR – ON RISKS OF THE CONCESSIONAIRE	44
Engineering, Construction and Operating Risks	44
Economic-Financial Risks	46
Legal Risks	47
Environmental Risks	48
CLAUSE TWENTY-FIVE – ON RISKS OF THE GRANTING AUTHORITY	48
CLAUSE TWENTY-SIX – MAINTAINING ECONOMIC-FINANCIAL BALANCE OF THE CONTRACT	51
CLAUSE TWENTY-SEVEN – ON IDENTIFYING EVENTS THAT GIVE RISE TO ECONOMIC- FINANCIAL IMBALANCE OF THE CONTRACT	51
On Requests Brought by the CONCESSIONAIRE	52
On Requests Brought by the GRANTING AUTHORITY	53
CLAUSE TWENTY-EIGHT – ON RECOVERING ECONOMIC-FINANCIAL BALANCE	54
CLAUSE TWENTY-NINE – ON MODALITIES FOR RECOVERING ECONOMIC-FINANCIAL BALANCE OF THE CONTRACT	57
CHAPTER IV – ON CONTRACT REVIEWS	58
CLAUSE THIRTY – ORDINARY CONTRACT REVIEW	58
On Processing Ordinary Reviews	59



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

CLAUSE THIRTY-ONE – EXTRAORDINARY CONTRACT REVIEWS	60
CHAPTER V – ON THE CONCESSIONAIRE	60
CLAUSE THIRTY-TWO – ON THE SPC'S LEGAL STRUCTURE	60
CLAUSE THIRTY-THREE – ON TRANSFERRING CONTROL OF THE CONCESSIONAIRE	63
CLAUSE THIRTY-FOUR – ON SUBCONTRACTING	66
CLAUSE THIRTY-FIVE – ON TECHNICAL RESPONSIBILITIES AND THOSE AFFECTING THIRD PARTIES	67
CHAPTER VI – ON INSURANCE AND GUARANTEES	67
CLAUSE THIRTY-SIX – ON GENERAL RULES	67
CLAUSE THIRTY-SEVEN – ON INSURANCE	68
CLAUSE THIRTY-EIGHT – ON GUARANTEES PROVIDED BY THE CONCESSIONAIRE	71
CLAUSE THIRTY-NINE – ON FINANCING AND GUARANTEES PROVIDED TO FINANCIERS	75
On Financing	75
On structuring guarantees and signing the restricted transaction Centralizer Management Account Contract	76
On the Tripartite Agreement	77
CHAPTER VII – INSPECTIONS	77
CLAUSE FORTY – ON PAYMENT FOR INSPECTIONS	77
CLAUSE FORTY-ONE – ON INSPECTIONS UNDERTAKEN	77
CLAUSE FORTY-TWO – ON THE RELATIONSHIP WITH INTERVENING PARTIES	80
CLAUSE FORTY-THREE – ON ACTS CONDITIONAL UPON THE GRANTING AUTHORITY'S PRIOR CONSENT OR NOTIFICATION	81
CLAUSE FORTY-FOUR – ON PENALTIES	83
CHAPTER VIII – INTERVENTION	88
CLAUSE FORTY-FIVE – INTERVENTION	88
CHAPTER IX – TERMINATION OF CONTRACT	91



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

CLAUSE FORTY-SIX – CIRCUMSTANCES FOR TERMINATING THE CONCESSION	91
CLAUSE FORTY-SEVEN – END OF CONTRACT TERM	92
CLAUSE FORTY-EIGHT – GENERAL RULES FOR COMPENSATION	93
CLAUSE FORTY-NINE – EXPROPRIATION	95
CLAUSE FIFTY – EXPIRY	96
CLAUSE FIFTY-ONE – RESCISSION	99
CLAUSE FIFTY-TWO – ANNULMENT	99
CLAUSE FIFTY-THREE – ON BANKRUPTCY OR TERMINATION OF THE CONCESSIONAIRE, OR ITS FINANCIAL RESTRUCTURING	100
CLAUSE FIFTY-FOUR – ON FORTUITOUS AND FORCE MAJEURE EVENTS	100
CLAUSE FIFTY-SIX – ON ASSET REVERSION	103
CLAUSE FIFTY-SEVEN – ON DEMOBILIZATION	104
CLAUSE FIFTY-EIGHT – ON THE TRANSITION	105
CHAPTER XI – ON DISPUTE SETTLEMENT	106
CLAUSE FIFTY-NINE – ON AMICABLE DISPUTE SETTLEMENT	106
CLAUSE SIXTY – ON ARBITRATION	107
CLAUSE SIXTY-ONE – COURT OF JURISDICTION	109
CHAPTER XIII – FINAL PROVISIONS	109
CLAUSE SIXTY-TWO – FINAL PROVISIONS	109



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

### CONCESSION CONTRACT No. [●]

On day [●] of month [●] of [●], by this instrument

On the one hand, as the GRANTING AUTHORITY, the **STATE OF SÃO PAULO**, through its **STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT - SIMA**, a Direct Administration body of the State of São Paulo established by State Law No. 24.932 of March 24, 1986, and regulated by State Decree No. 64.132 of March 11, 2019, headquartered in the State of São Paulo, in the Municipality of São Paulo, at [●], hereunder represented by the Secretary for Infrastructure and Environment, Mr. [●], bearer of ID card number [●] and registered under Individual Taxpayer ID Number [●], appointed by decree of appointment issued by the Governor, published in the DOE/SP on [●] month of day [●] of [●], and on the other hand, as the **CONCESSIONAIRE**, the [●], a limited liability company headquartered in the State of São Paulo, in the municipality of [●], in [●], registered under Corporate Taxpayer ID Number [●], hereunder represented by its [●], Mr. [●], bearer of ID card number [●] and registered under Individual Taxpayer ID Number/ME [●], whose powers derive from its articles of incorporation, with the intervention-consent restricted under the terms of clause forty-two, and regulated in the concerning annexes, of the he **FUNDAÇÃO PARQUE ZOOLOGICO DE SÃO PAULO – FPZSP**, [●], hereunder represented by its articles of incorporation, by its Director [●], Mr. [●], bearer of ID card number [●] and registered under Individual Taxpayer ID Number [●], of the **INSTITUTO DE BOTÂNICA – IBT**, [●], hereunder represented by its articles of incorporation, by its Director [●], Mr. [●], bearer of ID card number [●], and registered under Individual Taxpayer ID Number [●], and of the **UNIVERSIDADE DE SÃO PAULO – USP**, hereunder represented by its Dean [●], Mr. [●], bearer of ID card number [●], and registered under the Individual Taxpayer ID Number [●].

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

### WHEREAS:

- A) pursuant to State Law No.17.107 of July 04, 2019, the State of São Paulo, which in this CONCESSION CONTRACT is denoted as the GRANTING AUTHORITY, was authorized to commission the right to use the ZOO, the BOTANIC GARDEN, whose territory is located in the *Parque Estadual Fontes do Ipiranga* – PEFI, and the FARM, located in the Municipality of Araçoiaba da Serra/SP, to the private sector;
- B) the Director Council of the State Privatization Program of the State of São Paulo - CDPED approved this commissioning at its 16<sup>th</sup> Joint Meeting concerning the 252<sup>nd</sup> Ordinary Meeting held on September 29, 2020;
- C) to make this decision effective, the GRANTING AUTHORITY proceeded to carry out a bidding process as INTERNATIONAL BIDDING PROCESS No. 02/2020, regulated, as applicable, by Federal Law No. 8.666 of June 21, 1993, by State Law No. 6.544 of November 22, 1989, by State Law No. 17.107 of July 04, 2019, by Federal Law No. 8.987 of February 13, 1995, and by State Law No. 7.835 of May 08, 1992 and No. 10.177 of December 30, 1998, as well as by additional regulations governing the matter;
- D) the INTERNATIONAL BIDDING PROCESS No. 02/2020 was won by [●], according to the decision published in the Official Register/SP on the date of [●], and, as a result, a SPECIAL PURPOSE COMPANY - SPC was established, which signs this CONCESSION CONTRACT as the CONCESSIONAIRE;
- E) The PARTIES mentioned above mutually resolve to sign this CONCESSION CONTRACT, which shall be governed by clauses and conditions set forth hereunder.

### CHAPTER I – GENERAL PROVISIONS

#### CLAUSE ONE – DEFINITIONS

- 1.1. For purposes of this CONTRACT, unless clearly stated otherwise, all terms, phrases and expressions listed below, when used in this CONTRACT and its ANNEXES, and written in capital letters or with initial capital letters, shall be understood and construed in accordance with the following meanings, and shall be used both in their plural and singular forms, without this entailing any change to their meaning:

<b>TRIPARTITE AGREEMENT</b>	Agreement signed between the trustee representing FINANCIERS, the GRANTING AUTHORITY and the CONCESSIONAIRE, and which sets forth the relationship between all three parties, aimed at ensuring full performance of the CONTRACT, as well as upholding FINANCIERS' interests.
<b>GRANTEE</b>	BIDDER awarded the object of the BIDDING PROCESS, pursuant to the terms of the applicable legislation and the AUCTION NOTICE.
<b>FEDERAL PUBLIC ADMINISTRATION</b>	Direct or indirect federal, state, Federal District and municipal public administration bodies or entities.
<b>ANNEXES</b>	Set of documents that are a full part of the AUCTION NOTICE and the CONTRACT, as listed.
<b>CONCESSION AREA</b>	Area subject to commissioning by the CONCESSION CONTRACT, corresponding to the SÃO PAULO CONCESSION AREA and to the FARM grounds, whose perimeters are described in ANNEX I.
<b>CONCESSION AREA-SP</b>	Comprises the SÃO PAULO ZOO and the BOTANIC GARDEN, as well as grounds currently destined for parking lot enterprises, whose

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

	territory is located within the <i>Parque Estadual Fontes do Ipiranga – PEFI</i> .
<b>BIOLOGICAL ASSETS</b>	Relates to the breeding stock to be managed at the ZOO and/or the FARM, in addition to live collections pertaining to the BOTANIC GARDEN, CONCESSION AREA and at buildings under their responsibility.
<b>INFRACTION NOTICE</b>	Document containing application of contractual or regulatory penalties arising from es verified during inspections carried out at the CONCESSION AREA, pursuant to the terms of the CONTRACT and its ANNEXES.
<b>DEPOSITARY BANK</b>	FINANCIAL INSTITUTION authorized to provide custodial financial services to the PARTIES, pursuant to the terms of the CONTRACT and its ANNEXES.
<b>CONCESSION ASSETS</b>	Assets concerning the CONCESSION, and pursuant to the ANNEXES.
<b>REVERTIBLE ASSETS</b>	All assets tied to the CONCESSION, listed in ANNEXES III, IV and V, which are required for rendering of services and shall be reversed back and/or returned to the GRANTING AUTHORITY upon termination of the CONTRACT and pursuant to its terms, so as to ensure continuity of services rendered.
<b>CONTROLLING BLOCK</b>	Group of SPECIAL PURPOSE COMPANY shareholders who hold CONTROL over the company.
<b>FACILITY OPERATING MASTER PLAN</b>	Master Plan to be submitted by the CONCESSIONAIRE, pursuant to the terms of ANNEX III.
<b>BIOLOGICAL ASSET OPERATING MASTER PLAN</b>	Master Plan to be submitted by the CONCESSIONAIRE, pursuant to the terms of ANNEX III.
<b>CDPED</b>	State Privatization Program's Council of the State of São Paulo.
<b>GRANTING AUTHORITY</b>	The State of São Paulo, represented by the STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT.
<b>CONCESSION FOR USE OF THE PUBLIC ASSET or CONCESSION</b>	Legal relationship established by the State of São Paulo by means of SIMA, for purposes of commissioning activities that are the purpose of the CONTRACT to the SPECIAL PURPOSE COMPANY, a legal entity governed by private law, and established by the GRANTEE to undertake said activities on its behalf and at its on risk, through the collection of REVENUE.
<b>CONCESSIONAIRE</b>	SPECIAL PURPOSE COMPANY established by the WINNING BIDDER, who signs the CONTRACT with the GRANTING AUTHORITY.
<b>CONDEPHAAT</b>	Council For The Defense Of Historical, Archaeological, Artistic And Tourist Heritage Of The State Of São Paulo.
<b>QUALIFICATION REQUIREMENTS</b>	All documents and related requirements fulfilled and submitted by INTERNATIONAL BIDDING PROCESS participants with regard to Legal Qualification, Tax and Labor Compliance, Technical Qualification and Economic-Financial Capacity, as set forth under the AUCTION NOTICE.
<b>CONPRES</b>	<i>Conselho Municipal de Preservação do Patrimônio Histórico, Cultural e Ambiental da Cidade de São Paulo.</i>
<b>CENTRALIZER ACCOUNT</b>	Restricted transaction bank account held by the CONCESSIONAIRE, as set forth under ANNEX XXIV.



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

<b>ADDITIONAL REVENUE ACCOUNT</b>	Restricted transaction bank account held by the CONCESSIONAIRE, as set forth under ANNEX XXV.
<b>CONCESSION CONTRACT or CONTRACT</b>	CONCESSION Contract FOR USE OF THE PUBLIC ASSET through which the GRANTING AUTHORITY awards the right to use the CONCESSION AREA throughout the CONCESSION TERM to the CONCESSIONAIRE, with the aim of carrying out CONCESSION AREA-related investments as well as conservation, operation, maintenance and economic exploitation activities, and which shall include devising projects, carrying out construction works and investments, providing services and economically exploiting ecotourism and visitor activities, while upholding all requirements specified in this CONTRACT and ANNEXES.
<b>CONTROL or CONTROLLER</b>	Subject to the terms of art. 116 of Law 6.404/1976, means the right to: (a) hold the majority of votes in corporate resolutions and the power to elect the majority of administrators or managers of another company, investment fund or supplementary pension entity, as the case may be; and (b) effectively use its powers to run corporate activities and to lead operations or managers of another company, investment fund or supplementary pension entity.
<b>PHYSICAL-EXECUTIVE SCHEDULE</b>	Refers to the INVESTMENT PLAN's full schedule to be submitted by the CONCESSIONAIRE, which shall break down, by means of initial, intermediate and final milestones, each signaled investment, considering initial and final deadlines for the completion of construction works planned for therein, as set forth under the CONTRACT and, particularly, ANNEXES III and XII.
<b>TIMETABLE FOR THE PAYING IN OF CAPITAL STOCK</b>	Timetable setting forth dates for the paying in of the SPECIAL PURPOSE COMPANY's capital stock, proportional ( <i>pro-rata</i> ) to funding required, and described in ANNEX XXVIII.
<b>DATE OF SIGNING</b>	Date the contract was signed, that is [●].
<b>QUALIFICATION DOCUMENTS</b>	Documents to be submitted by the Bidder in the Qualification Envelope concerning Legal Qualification, Tax and Labor Compliance, Technical Qualification and Economic-Financial Capacity requirements.
<b>DOE/SP</b>	The State of São Paulo's Official Register.
<b>AUCTION NOTICE</b>	INTERNATIONAL BIDDING PROCESS AUCTION NOTICE no. 02/2020, and all its ANNEXES.
<b>ENDANGERED SPECIES</b>	Endangered animal species listed in ANNEX III.
<b>NATIVE SPECIES</b>	Wildlife species pertaining to native, migratory or any other species, whether aquatic or land-based, whose life cycle either partially or entirely unfolds within Brazilian territory boundaries or Brazilian jurisdictional waters.
<b>TRIGGERING EVENT</b>	Any event, act or fact that triggers the CONTRACT's economic-financial imbalance and leads to recovery of the economic-financial balance, corresponding to losses duly proven to have been incurred by the CONCESSIONAIRE or the GRANTING AUTHORITY.
<b>IMPACTING EVENTS</b>	Events that generate economic and financial costs to the CONCESSION, under the terms regulated hereunder, constituting any circumstance technically proven by the CONCESSIONAIRE

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

	with which it signals the infeasibility to continue exploiting the CONCESSION as a result of the impossibility of adjusting prices charged by the CONCESSIONAIRE for its economic exploitation of the CONCESSION AREA, up to a threshold capable of generating the revenue needed to ensure the CONCESSION's economic and financial feasibility.
<b>FARM</b>	Corresponds to the portion of the property located in the municipality of Araçoiaba da Serra defined in ANNEX I, belonging to the State of São Paulo but which FPZSP only partially uses at the moment, and which the CONCESSIONAIRE shall, in addition to carrying out specific assignments set forth under this CONCESSION, use in a manner that complies with the purposes of this CONCESSION.
<b>FINANCIERS</b>	Commercial banks, development banks, multilateral organizations, export credit agencies, trustees, fund managers or other entities that provide financing to the CONCESSIONAIRE or represent credit parties thereto.
<b>MAIN FINANCIER</b>	Investors, commercial banks, development banks, multilateral organizations, export credit agencies, trustees, fund managers or any other separate organization, trade union or shareholder who holds the emerging rights over the Concession, under the terms of article 28-A of Federal Law No. 9.987/1995.
<b>FPZSP</b>	<i>Fundação Parque Zoológico de São Paulo.</i>
<b>GUARANTEE OR PERFORMANCE BOND</b>	Guarantee of faithful compliance with all obligations pertaining to the CONCESSION CONTRACT, to be upheld by the CONCESSIONAIRE in benefit of SIMA, in the sums and under the terms set forth hereunder.
<b>ECONOMIC GROUP</b>	The BIDDER'S or the CONCESSIONAIRE'S ECONOMIC GROUP is comprised of associated, subsidiary and affiliated companies, under the terms of articles 1.097 onwards of the Civil Code, and of companies or investment funds that have officers, administrators, except for board members or shareholders (the latter having a stake of over 10%) or legal representatives in common, as well as those who rely economically or financially on another company or investment fund, in addition to companies or investment funds that are subject to the same overall framework, including sharing of general knowledge, governance and corporate policies.
<b>LEGAL QUALIFICATION</b>	Documentation required to prove suitability to contract with the FEDERAL PUBLIC ADMINISTRATION.
<b>IBT</b>	The <i>Instituto de Botânica</i> de São Paulo or administrative unit resulting from Law no. 17.293 of October 15, 2020.
<b>PERFORMANCE INDICATORS</b>	Set of parameters that measure the quality of services provided, and which shall contribute to determine the quality of services provided by the CONCESSIONAIRE, pursuant to the terms of ANNEX XXI.
<b>TICKETS</b>	Prices charged by the CONCESSIONAIRE for entrance of USERS to the CONCESSION AREA.
<b>FINANCIAL INSTITUTION</b>	Any and all Central Bank of Brazil-certified institutions, or related entities, in the event of foreign institutions, whose main or ancillary activity concerns collecting, intermediating or investing its own or third party funds, whether in Brazilian or foreign currency, and custody of third party funds.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

<b>INTERFERENCES</b>	Public or private urban, overhead, surface or underground facilities that may interfere with or suffer direct or indirect interference resulting from activities that are the CONCESSIONAIRE's responsibility.
<b>VOLUNTARY INTERVENERS</b>	The <i>Fundação Parque Zoológico de São Paulo</i> , the <i>Instituto de Botânica do Estado de São Paulo</i> and the <i>Universidade de São Paulo - USP</i> .
<b>INVENTORY</b>	Inventory of assets, investments and construction works to be kept by the CONCESSIONAIRE throughout the CONCESSION TERM, and which shall be recorded using geo-referenced video, as specified in ANNEX III.
<b>INTERVENER</b>	Person, collegiate body or corporate group responsible for carrying out CONCESSION interventions, as set forth under this CONTRACT and the applicable legislation.
<b>MINIMUM STARTING INVESTMENT</b>	Minimum investments required by the CONCESSIONAIRE under the scope of the CONCESSION, which are to be carried out pursuant to the terms of ANNEX III.
<b>ADDITIONAL INVESTMENTS</b>	Comprise all investments not originally provided for under the CONTRACT that the GRANTING AUTHORITY may require from the CONCESSIONAIRE as of the corresponding economic-financial recovery.
<b>IPC/FIPE</b>	Consumer Price Index, <i>Fundação Instituto de Pesquisas Econômicas</i> .
<b>BOTANIC GARDEN or SETOR FLORA</b>	Corresponds, for purposes of this CONCESSION, to the grounds of the Botanic Garden defined in ANNEX I, which encompass the CONCESSION AREA that includes the São Paulo Botanic Garden specified in its Master Plan.
<b>ENVIRONMENTAL PERMITS</b>	Administrative acts approving the venture or activity to be carried out in a specific location as well as its respective operations, in accordance with the applicable legislation and specifications provided for in all approved plans, programs and projects, including environmental control measures and other requirements.
<b>BIDDING PROCESS</b>	INTERNATIONAL BIDDING PROCESS No. 02/2020 carried out by the GRANTING AUTHORITY for purposes of selecting the CONCESSIONAIRE that shall execute the purpose of the CONCESSION.
<b>BIDDER</b>	Separate company or companies, funds and/or entities joined together in a consortium and participating in the BIDDING PROCESS.
<b>WINNING BIDDER</b>	BIDDER declared the winner for having submitted the best ranked proposal and fulfilled all AUCTION NOTICE requirements, to whom the BIDDING PROCESS shall be awarded.
<b>INSPECTION FEE</b>	Sum resulting after applying a 0,5% aliquot on the REVENUE earned by the CONCESSIONAIRE, to be collected by the GRANTING AUTHORITY, pursuant to the terms of ANNEX XXIV.
<b>FIXED GRANT</b>	Sum offered in the PRICE PROPOSAL submitted by the CONCESSIONAIRE during bidding, which was paid for as a requirement for signing the CONTRACT.
<b>VARIABLE GRANT</b>	Sum to be paid by the CONCESSIONAIRE, under the terms of ANNEX XXIV, estimated at 1% of the REVENUE collected by the

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

	CONCESSIONAIRE, and due as of the 13th (thirteenth) month effective the date of signing of the TERM OF DELIVERY OF THE PUBLIC ASSET as a price for the CONCESSION, as specified under the CONTRACT, whereas the percentage due may vary in accordance with the method described in ANNEX XXI.
<b>OMBUDSPERSON'S OFFICE</b>	Platform to be made available by the CONCESSIONAIRE for USERS to be able to contribute with criticisms, suggestions and complaints regarding the provision of ADEQUATE SERVICES.
<b>PARTIES</b>	The GRANTING AUTHORITY and the CONCESSIONAIRE.
<b>RELATED PARTIES</b>	With regard to the CONCESSIONAIRE, any individual comprising its ECONOMIC GROUP, in addition to any and all individuals considered as such in accordance with current accounting standards.
<b>DEMOBILIZATION PLAN</b>	Document to be devised by the CONCESSIONAIRE and submitted to the GRANTING AUTHORITY's approval, which shall describe how the CONCESSIONAIRE will decommission its activities upon termination of the CONCESSION, aimed at rendering possible reversion of REVERTIBLE ASSETS and ensuring the continuous and proper provision of activities that the GRANTING AUTHORITY deems fit.
<b>INTERVENTION PLAN</b>	Plan to be submitted by the CONCESSIONAIRE, including all public construction works, assembly of facilities or any other type of permanent physical intervention at the CONCESSION AREA, according to the terms of the AUCTION NOTICE, the CONTRACT and ANNEXES III and XII.
<b>MASTER PLAN</b>	Master Plan for the Botanic Garden of São Paulo.
<b>MANAGEMENT PLAN</b>	Technical document drafted by the <i>Parque Estadual Fontes do Ipiranga</i> Conservation Unit setting forth, among other things, zoning and standards regulating use of the Park's grounds and management of its natural resources.
<b>INSURANCE PLAN</b>	Document to be devised by the CONCESSIONAIRE, which is to include a list of all mandatory insurance policies specified in the CONTRACT and ANNEXES whose policies shall be valid and in effect throughout the CONCESSION TERM, and which shall be subject to review under the terms of the CONTRACT.
<b>AVAILABLE BREEDING STOCK</b>	The breeding stock handed over to the CONCESSIONAIRE at the issuance date of the Use and Management Authorization on behalf of the CONCESSIONAIRE, whose baseline is ANNEX IV, and which shall comprise the INVENTORY.
<b>TRANSACTION POLICY WITH RELATED PARTIES</b>	Document devised and approved by the CONCESSIONAIRE's administrative bodies, which shall include all rules and conditions for transactions to be carried out between the CONCESSIONAIRE and its RELATED PARTIES, as set forth hereunder.
<b>CONCESSION TERM</b>	The term of 30 (thirty) years effective the date of the TERM OF DELIVERY OF THE PUBLIC ASSET.
<b>PRICE PROPOSAL or PROPOSAL</b>	Proposal that submitted the FIXED GRANT amount for exploiting the purpose of the CONCESSION, as regulated under the AUCTION NOTICE.
<b>ECONOMIC-FINANCIAL QUALIFICATION</b>	Documentation required to prove economic-financial qualification for engaging with the FEDERAL PUBLIC ADMINISTRATION.
<b>TECHNICAL QUALIFICATION</b>	Documentation required to prove technical qualification for engaging with the FEDERAL PUBLIC ADMINISTRATION.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

<b>REVENUE</b>	Relates to all gross amounts collected by the CONCESSIONAIRE as a result of its exploitation of the CONCESSION, regardless of these stemming from direct or indirect exploitation of activities that are intrinsic to the purposes of this CONTRACT. For purposes of this CONTRACT, ADDITIONAL REVENUE and revenue from financial investments are not included under the scope of REVENUE, pursuant to the provisions of this CONTRACT.
<b>ADDITIONAL REVENUE</b>	All revenue stemming from exploitation of advertising, naming rights marketing and image rights activities undertaken by the CONCESSIONAIRE, in addition to those stemming from economic exploitation of the FARM or from profits rendered by CONCESSIONAIRE-lead scientific research studies, whether by itself or carried out through third parties.
<b>TAX AND LABOR COMPLIANCE</b>	Attribute resulting from submission and approval of documentation required to prove tax and labor compliance for purposes of contracting with the PUBLIC FEDERAL ADMINISTRATION.
<b>TECHNICIAN IN CHARGE</b>	Technical professional in charge of a specific venture or activity, pursuant to the terms of this CONTRACT and any and all regulations applying to the concerning venture or activity.
<b>EXTRAORDINARY REVIEW</b>	Review of the CONTRACT upon the CONCESSIONAIRE's request or upon a GRANTING AUTHORITY-issued official act, by means of the STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT, aimed at adjusting it to amendments, changes or conditions that may potentially influence fulfillment of the CONTRACT as per the the terms of the CONTRACT, and to recover its economic-financial balance, which shall only apply under exceptional circumstances specified in the CONTRACT, should it not be possible to address the matter by carrying out an ORDINARY REVIEW.
<b>ORDINARY REVIEW</b>	Review of the CONTRACT carried out every four years, with the scope of adjusting PERFORMANCE INDICATORS, the INSURANCE PLAN, the STARTING MINIMUM INVESTMENT or ADDITIONAL INVESTMENTS, the fauna and flora's BIOLOGICAL ASSET OPERATING MASTER PLAN, as well as any other condition set forth by the CONCESSION for amendments verified during this time, as provided for under Clause Thirty of this CONTRACT.
<b>STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT or SIMA</b>	The State Secretariat for Infrastructure and Environment.
<b>PUBLIC SESSION</b>	Attending public session to collect ENVELOPES and undertake additional BIDDING PROCESS-related steps.
<b>ADEQUATE SERVICES</b>	Any and all services rendered that fulfill compliance, continuity, efficiency, safety, up-to-dateness, generality and courtesy requirements, pursuant to best practice standards, using all means and resources for their provision to be able to meet standards and procedures established hereunder, corresponding to those determined by the GRANTING AUTHORITY.
<b>ACCOUNT SYSTEM</b>	Relates to bank accounts to be opened and kept under the scope of the CONCESSION, aimed at fulfilling all obligations specified in the CONTRACT and ANNEXES, more specifically, the CENTRALIZER BANK ACCOUNT and the CENTRALIZER ACCOUNT – ADDITIONAL REVENUE.



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

<b>SPECIAL PURPOSE COMPANY or SPC</b>	A limited liability corporation established under Brazilian law with the specific purpose of providing services that are the purpose of this CONCESSION.
<b>TRANSFER CONTROL REQUEST</b>	Request made by the CONCESSIONAIRE, subject to the STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT's prior consent, for the TRANSFER OF CONTROL of the SPECIAL PURPOSE COMPANY.
<b>SUBCONTRACTOR</b>	Third party contracted at the CONCESSIONAIRE's expense and risk to undertake CONCESSION-related services.
<b>SUCCESSOR</b>	The Concessionaire that won the concluded bidding process whose purpose is, either in whole or in part, the CONCESSION AREA, or a Federal Public Administration body or entity that is the successor to the original CONCESSIONAIRE.
<b>TERM OF DELIVERY OF THE PUBLIC ASSET</b>	Document signed by both PARTIES making official the delivery of the CONCESSION AREA, and enabling the CONCESSIONAIRE to start its operations, under the terms of the CONTRACT.
<b>INSPECTION TERM</b>	Document containing records of any and all occurrences verified during inspections carried out at the CONCESSION AREA, which the GRANTING AUTHORITY shall submit to the CONCESSIONAIRE, under the terms of the CONTRACT.
<b>FINAL ACCEPTANCE CERTIFICATE</b>	Document issued upon termination of the CONCESSION, provided all conditions set forth under the PROVISIONAL ACCEPTANCE CERTIFICATE are met, or in case any potential compensations are borne with.
<b>PROVISIONAL ACCEPTANCE CERTIFICATE</b>	Document to be issued by the GRANTING AUTHORITY, which shall convey the condition of all REVERTIBLE ASSETS, listing the terms of their acceptance and any potential need for amendments or replacements, under the CONCESSIONAIRE's responsibility.
<b>TRANSFER OF SHAREHOLDING CONTROL</b>	Any change in corporate organization resulting in change of the CONCESSIONAIRE's direct CONTROL, subject to the provisions of Federal Law No. 6404/1976.
<b>ARBITRAL TRIBUNAL</b>	Arbitral tribunal used to settle any and all disputes subject to arbitration, pursuant to the terms of Clause Sixty.
<b>CASH GENERATING UNITS or UGC</b>	Asset or group of assets exploited with the aim of generating REVENUE.
<b>USP</b>	<i>Universidade de São Paulo.</i>
<b>USERS</b>	Any person who visits the CONCESSION AREA.
<b>ESTIMATED CONTRACT VALUE</b>	Estimated sum of investments added to the minimum FIXED GRANT, pursuant to Clause 9.1 of the CONTRACT.
<b>INDEPENDENT RAPPORTEUR</b>	Company contracted by the CONCESSIONAIRE whose duties and minimum qualifications are provided for under this CONTRACT.
<b>ZOO or FAUNA SECTOR</b>	Relates, for purposes of this CONCESSION, to the Zoo's grounds defined in ANNEX I, and included within the CONCESSION AREA.

**CLAUSE TWO – INTERPRETATION OF CONTRACT**

2.1. For purposes of this CONTRACT, except when stated otherwise:

- I. all definitions listed in this CONTRACT, as set out in Clause One, have the meanings that are attributed to them in that Clause, regardless of being in plural or singular forms;

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- II. all references made in this CONTRACT to designate Clauses, subsections or other subdivisions refer to the Clauses, subsections or other subdivisions of this CONTRACT, except when clearly stated otherwise;
- III. pronouns of both genders shall be construed as encompassing, as the case may be, other types of pronouns;
- IV. all references to this CONTRACT or to any other document related to this CONCESSION shall be construed as encompassing potential amendments and/or addendums that both PARTIES may enter into;
- V. any and all references made to the legislation and to regulations shall be construed as the legislation and regulations in effect at the time of the actual case that applies to them, from any federative sphere, and shall take into account all amendments made to them;
- VI. use in this CONTRACT of the terms "including" or "included" means "including, but not limited to", or "inclusive, but not limiting to";
- VII. all deadlines in this CONTRACT shall be construed as accounting for calendar days, unless working days are clearly designated hereunder. Should deadlines fall on weekends, holidays or days when SIMA is not in service, the deadline shall be automatically postponed to the following working day;
- VIII. deadlines counted on months shall always follow calendar months, subject to the following rules:
  - a. in the event that the initial milestone of the respective deadline is verified until, and including, day 10 (ten) of the concerning month, it shall be deemed that the first month of the respective deadline will be concluded until the end of the concerning calendar month (for instance, if the event denoting the deadline's initial milestone falls on day 07 (seven) of the month of January, both PARTIES shall deem that the first month of the deadline is January, with said first month being deemed concluded until the last day of January, thereby enabling counting of deadlines based on months to always follow the calendar from there on, in other words, February shall be the second month of the deadline, March shall be the third and so on, until the end of the deadline).
  - b. in the event that the respective deadline is verified until, and including, day 11 (eleven) of the concerning month, until the last day of the referred calendar month, the initial milestone of the concerning deadline shall be counted starting from the first day of the subsequent month (thus, if, for instance, the initial milestone of the deadline falls on day 21 (twenty-one) of March, the first month of the concerning deadline shall be considered until the last day of the subsequent month when the starting event of the deadline count is verified, in other words, the first month of the illustrative deadline would therefore extend until the end of April of the respective year, enabling the deadline to be counted pursuant to the calendar from there on, in other words, May would be the second month of the deadline, June would be the third, and so on, until the end of the deadline).
- IX. all references to the CONTRACT allude both to this document and to other documents denominated ANNEXES, subject to interpretation rules set forth under this Clause;
- X. CONTRACT and ANNEX clause titles are not to be used for purposes of either applying or interpreting them.

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

2.2 Any potential disputes resulting from application and/or interpretation of the provisions and/or documents related to this transaction are to be settled as follows:

- I. the wording of this CONCESSION CONTRACT shall take precedence, prevailing over all other contractual relationship documents, including the AUCTION NOTICE and ANNEXES;
- II. should there be any differences between any ANNEX and this CONTRACT, the ANNEX issued by the GRANTING AUTHORITY shall prevail;
- III. should there be any differences between any ANNEX issued by the GRANTING AUTHORITY, the one issued last shall prevail.

### CLAUSE THREE – APPLICABLE LEGISLATION AND GENERAL CONTRACT CONDITIONS

- 3.1. This CONTRACT is governed by rules set forth in the body of this text and its ANNEXES, as well as by State Law No. 17.107 of July 4, 2019; and, where applicable, by Federal Law No. 8.666 of June 21, 1993; Federal Law No. 6.544 of November 22, 1989; Federal Law No. 8.987 of February 13, 1995, and State Law No. 7.835 of May 8, 1992.
- 3.2. Unless stated otherwise, the base date for the sums denoted in this CONTRACT shall be August 2020, which, depending on the case and appropriateness, shall be corrected monetarily using the Consumer Price Index (IPC/FIPE) or any other index that may replace it.

### CLAUSE FOUR – ANNEXES

- 4.1. The following ANNEXES comprise this CONTRACT to all intents and purposes:

I	CONCESSION AREA
II	MAP OF BUILDINGS UNDER THE RESPONSIBILITY OF THE GRANTING AUTHORITY
III	SET OF SPECIFICATIONS
IV	CURRENT BREEDING STOCK OF THE ZOO
V	MASTER PLAN FOR THE SÃO PAULO BOTANIC GARDEN
VI	WILD ANIMAL CARETAKER TRAINING
VII	FLORA MANAGEMENT TRAINING
VIII	METHOD FOR ASSESSING ANIMAL BEHAVIOR
IX	METHOD FOR ASSESSING FLORA INTEGRITY
X	BASIC INPUTS FOR CLINICAL VETERINARY CARE
XI	ONGOING STUDIES
XII	ENGINEERING SPECIFICATIONS
XIII	GUIDELINES FOR RENOVATING AND EXPANDING THE VETERINARY HOSPITAL
XIV	FPZSP NUTRITIONAL SCHEDULE
XV	GUIDELINES FOR INSTALLING THE SCIENTIFIC BREEDING CENTER – CECFAU-SP
XVI	GUIDELINES FOR REASSIGNING USE OF BOTANIC GARDEN BUILDINGS
XVII	GUIDELINES FOR CONSTRUCTION, RENOVATION, IMPROVEMENTS AND ADAPTATION OF BOTANIC GARDEN AND INSTITUTE OF BOTANY BUILDINGS



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

XVIII	COEXISTENCE GUIDELINES FOR THE CONCESSIONAIRE AND THE FPZSP
XIX	COEXISTENCE GUIDELINES FOR THE CONCESSIONAIRE AND THE IBOT
XX	COEXISTENCE GUIDELINES FOR THE CONCESSIONAIRE AND USP
XXI	PERFORMANCE INDICATORS
XXII	TERM OF DELIVERY OF THE PUBLIC ASSET
XXIII	TICKETING POLICY
XXIV	ACCOUNT MANAGEMENT CONTRACT DRAFT – CENTRALIZER ACCOUNT
XXV	ACCOUNT MANAGEMENT CONTRACT – ADDITIONAL REVENUE ACCOUNT
XXVI	GUIDELINES OF HISTORICAL, CULTURAL AND ENVIRONMENTAL HERITAGE BODIES
XXVII	SPECIAL PURPOSE COMPANY DOCUMENTS
XXVIII	TIMETABLE FOR THE PAYING IN OF CAPITAL STOCK
XXIX	DEMobilIZATION AND TRANSITION PLAN
XXX	INSURANCE PLAN AND INSURANCE POLICIES
XXXI	PENALTIES AND INSPECTION SCHEDULE
XXXII	GUIDELINES FOR THE TRIPARTITE AGREEMENT
XXXIII	BIDDING PROCESS MODELS
XXXIV	B3 PROCEDURES MANUAL

## CHAPTER II – ON THE CONCESSION

### CLAUSE FIVE – ON THE PURPOSE OF THE CONCESSION

- 5.1. This CONCESSION aims to delegate to a private legal person investments, conservation, operations, maintenance and economic exploitation activities concerning the CONCESSION AREA, corresponding to the territorial area located within the perimeters of the *Parque Estadual Fontes do Ipiranga* Conservation Unit related to the ZOO, the BOTANIC GARDEN and the FARM located at the Municipality of Araçoiaba da Serra, and defined in accordance with the perimeters described and specified in ANNEX I, including devising projects, rendering services and economic exploitation of ecotourism and visitor activities, while always upholding specific purposes intrinsic to each public amenity and fulfilling all requirements set forth under ANNEXES III and XII, this CONTRACT and ANNEXES, as well as the applicable legislation.
- 5.2. The CONCESSION AREA may be exploited by the CONCESSIONAIRE at its own discretion, provided the provisions of ANNEX III of this CONTRACT are fulfilled, as well as:
- I. the nature of peoples' communal use and the purposes for creating the State Park Ipiranga Springs Conservation Unit are upheld, particularly those relating to the CONCESSION AREA;
  - II. the ZOO's purpose and use as a zoo are upheld, pursuant to the terms of the applicable legislation;
  - III. the BOTANIC GARDEN's purpose and use as a first-rate Class A botanic garden are upheld, pursuant to the terms of the applicable legislation;
  - IV. with regard to exploitation of the FARM, that activities: (I) are mostly complementary to or supportive of the ZOO or the BOTANIC GARDEN, subject to the possibility of surplus disposal resulting from food or seedling production; or (II) entail use and management of wild and/or exotic animals, regardless of whether they are open to visitors and legally approved to operate as a non-profit organization.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- V. all rules, standards and procedures specified in the *Parque Estadual Fontes do Ipiranga* Conservation Unit's MANAGEMENT PLAN and MASTER PLAN OF THE BOTANIC GARDEN, this CONTRACT and ANNEXES, as well as State Law No. 17.707 of July 4, 2019, are complied with;
  - VI. any construction works and interventions that entail demolition, renovation or building of new facilities have secured the GRANTING AUTHORITY's prior consent, pursuant to the terms of ANNEX III.
- 5.2.1. The approval prescribed in item IV of Clause 5.2. aims to assess whether construction works, interventions and activities are compliant with impacts on the scenery as well as with PEFI's end purpose, its MANAGEMENT PLAN and on current CONCESSION AREA public amenities, neither holding the GRANTING AUTHORITY accountable for any undertaking whatsoever nor changing the risk matrix provided for under this CONCESSION CONTRACT.
- 5.3. The CONCESSIONAIRE shall ensure access of GRANTING AUTHORITY, FPZSP and IBT representatives to the CONCESSION AREA, aimed at enabling said individuals to carry out all duties pertaining to their corporate positions, such as the *Parque Estadual Fontes do Ipiranga's* research and environmental management, as well as the GRANTING AUTHORITY's exclusive regulatory powers.
- 5.4. The CONCESSION AREA, all permitted activities and uses, as well as the MINIMUM STARTING INVESTMENT and CONCESSION assignments, are provided for and specified in ANNEXES I, II and XII.
- 5.5. Notwithstanding the provisions of this CONTRACT and its ANNEXES, the CONCESSIONAIRE shall comply with the following contract milestones:
- I. within 8 (eight) months effective the DATE OF SIGNING, the CONCESSIONAIRE shall submit its FAUNA INTERVENTION PLAN, FLORA INTERVENTION PLAN and FARM INTERVENTION PLAN proposals to the GRANTING AUTHORITY, under the terms of ANNEX III, which, after being granted approval, shall be included in ANNEX XII and always be kept up-to-date;
  - II. within 03 (three) months effective the DATE OF SIGNING, the CONCESSIONAIRE shall submit its FACILITY OPERATING MASTER PLAN proposal to the GRANTING AUTHORITY, under the terms of ANNEX III, which shall be included in ANNEX III and always be kept up-to-date;
  - III. within 06 (six) months effective the DATE OF SIGNING, the CONCESSIONAIRE shall submit its BIOLOGICAL ASSET OPERATING MASTER PLAN proposal to the GRANTING AUTHORITY, under the terms of ANNEX III, which, after being granted approval, shall be included in ANNEX III and always be kept up-to-date;
  - IV. within 06 (six) months effective the DATE OF SIGNING, the CONCESSIONAIRE shall submit its FARM ENVIRONMENTAL ADAPTATION MASTER PLAN proposal to the GRANTING AUTHORITY, under the terms of ANNEX III, which, after being granted approval, shall be included in ANNEX III and always be kept up-to-date;
  - V. within 04 (four) months effective the DATE OF SIGNING, and provided all conditions set forth hereunder are fulfilled, the PARTIES shall sign the TERM OF DELIVERY OF THE PUBLIC ASSET;
  - VI. within 60 (sixty) months effective the date of signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, the CONCESSIONAIRE shall conclude its payment of the MINIMUM

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

STARTING INVESTMENT, pursuant to the terms of this CONTRACT, ANNEX III and ANNEX XII, notwithstanding the need to comply with specific deadlines potentially defined in these documents relating to the delivery and completion of specific investments.

### CLAUSE SIX – ON THE GRANT

- 6.1. The sum due by the CONCESSIONAIRE as a result of commissioning exploitation of the CONCESSION AREA is made up of the FIXED GRANT and the VARIABLE GRANT, pursuant to rules set forth under this CONTRACT and its ANNEXES:
- I. the FIXED GRANT, set at R\$ [●] ([●]), base date of [●], was paid by the CONCESSIONAIRE with sums corrected monetarily using the IPC/FIPE Consumer Price Index, as a requirement for signing this CONTRACT; and
  - II. the VARIABLE GRANT, which is to be paid as per the terms of ANNEX XXIV, according to the provisions of Clause Thirteen, estimated on 1% of the REVENUE collected by the CONCESSIONAIRE, starting from the 13<sup>th</sup> (thirteenth month) effective the date of signing of the TERM OF DELIVERY OF THE PUBLIC ASSET.
- 6.1.1. The CONCESSION price described in Clause 6.1 is not to be mistaken for any sum that the CONCESSIONAIRE owes to the GRANTING AUTHORITY for inspection activities falling under its scope, particularly the INSPECTION FEE regulated in Clause Fourteen of this CONTRACT.
- 6.1.2. Should it default on its payment obligations, as per the conditions and terms set forth hereunder, the CONCESSIONAIRE shall be subject to relevant penalties, notwithstanding the GRANTING AUTHORITY's option to execute guarantees signed by the CONCESSIONAIRE, in addition to enforcing penalties and potentially declaring the CONCESSION cancelled.
- 6.2. This CONCESSION presumes that ADEQUATE SERVICES shall be rendered, these being deemed any and all services rendered in a manner consistent with this CONTRACT, while fulfilling all PERFORMANCE INDICATORS defined in ANNEX XXI.
- 6.3. For its performance of the purpose of this CONTRACT, the CONCESSIONAIRE shall have the right to collect compensation that is consistent with the services and activities that it provides to USERS, while complying with the guidelines of this CONTRACT and its ANNEXES, the MANAGEMENT PLAN, the MASTER PLAN and the applicable legislation.

### CLAUSE SEVEN – ON THE CONCESSION TERM

- 7.1. The CONCESSION TERM is 30 (thirty) years, effective the date of signing of the TERM OF DELIVERY OF THE PUBLIC ASSET.
- 7.1.1. Signing of the TERM OF DELIVERY OF THE PUBLIC ASSET is a condition precedent for the CONTRACT to come into full effect.
    - 7.1.1.1. The PARTIES shall undertake to enter into the TERM OF DELIVERY OF THE PUBLIC ASSET as soon as possible.
  - 7.1.2. The term set forth under Clause 7.1 may exceptionally be extended at the GRANTING AUTHORITY's sole discretion in order to recover the CONTRACT's economic-financial balance, under the circumstances provided for in this CONTRACT, or otherwise to ensure the

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

continuity of services rendered, under the terms of article 16 of State Law No. 16.933/2019.

7.1.2.1. The term set forth under Clause 7.1 may also be extended upon the GRANTING AUTHORITY's discretionary decision, aimed at including investments not provided for under the CONTRACT and its ANNEXES, pursuant to articles 4 and onwards of State Law No. 16.933/2019, subject to legal requirements required for early extension of the CONCESSION.

7.1.2.2. Enforcement of subsection 7.1.2.1 shall not waive the CONCESSION's required qualification as a project suited for early term extension by the competent State of São Paulo body or entity, as specified in article 2 of State Law No. 16.933/2019.

7.1.3. Any potential extension of the final CONCESSION CONTRACT term shall be carried out upon signing an Contractual Amendment to the contract, in accordance with the contents of its clauses and the legislation in force at its date of signing.

7.2. The contract may be terminated early in the following circumstances, provided the rules set forth hereunder are complied with:

- I. upon either PARTY's initiative, in the event of fortuitous or force majeure events taking place, whenever said events are uninsurable as per rules specified in this CONTRACT, and whose irreparable consequences extend for over 90 (ninety) days or, otherwise, for a period mutually agreed upon by both PARTIES, upon ensuring that said effects may irreversibly jeopardize exploitation of the CONCESSION;
- II. upon the CONCESSIONAIRE's initiative, if the GRANTING AUTHORITY unilaterally imposes restrictions on prices charged by the CONCESSIONAIRE at the CONCESSION AREA, including TICKET prices different than those provided for under this CONTRACT and its ANNEXES, notwithstanding the CONCESSIONAIRE's option to exercise its right to economic-financial restructuring as opposed to early termination;
- III. upon the CONCESSIONAIRE's initiative, whenever TRIGGERING EVENTS impact the CONCESSION, resulting solely from risks referred to in items XXXV or XXXVI of Clause 24.1 taking place, and attributed to the CONCESSIONAIRE which, whether individually or combined, lead to a situation in which even potential adjustments of sums charged by the CONCESSIONAIRE to USERS fail to generate REVENUE needed to make exploitation of the CONCESSION AREA by the CONCESSIONAIRE feasible; and
- IV. upon the GRANTING AUTHORITY's initiative, in case economic-financial TRIGGERING EVENT(S) take(s) place, the risk of which has/have been attributed to the GRANTING AUTHORITY, whenever the future impact of the event(s), corrected monetarily to the current sum using criteria provided in Clause 28.5, is estimated to exceed the sum of R\$ 36,000,000 (thirty-six million reais), corrected using the same criteria foreseen for the readjustment of the FIXED GRANT, as per Clause 6.1.

7.2.1. In the event specified in Clause 7.2, item III, in case the CONCESSIONAIRE conveys its desire to terminate the CONTRACT early, the GRANTING AUTHORITY may choose, at its own discretion, to take on all future economic-financial effects of past event(s) that denote risk(s) foreseen under item(s) XXXV or XXXVI of Clause 24.1 and, consequently, recover the CONTRACT, thereby preventing its early termination.

7.2.2. For purposes set forth under subsection II of Clause 7.2, general regulatory changes made to ticket exemption or half-price policies impacting TICKET collection at the CONCESSION AREA

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

whose burden falls on the CONCESSIONAIRE, pursuant to the terms of item XXV of Clause 24.1, and notwithstanding the CONCESSIONAIRE's option for early contract termination as per subsection III of Clause 7.2, shall not be deemed restrictions posed to prices charged by the CONCESSIONAIRE, should its assumptions be met.

- 7.2.3. In order for the early contract termination prerogative referred to in subsection II of Clause 7.2 to be enforced, only restrictions on sums charged by the CONCESSIONAIRE stemming from GRANTING AUTHORITY decisions relating specifically to the CONCESSION shall be considered, and provided the economic-financial impact borne by the CONCESSIONAIRE as a result of said resolve exceeds 10% of TICKET revenue, using TICKET revenue collected in the last 12 (twelve) months as reference for this estimation, corrected monetarily using the same criteria as those applying to the FIXED GRANT, in accordance with Clause 12.1, or which impact over 10% of USERS.
- 7.2.4. With regard to specific GRANTING AUTHORITY decisions described in sub-clause 7.2.3 whose economic-financial impact is lower than the one set forth for enforcing the option of early termination of the CONCESSION, the CONCESSIONAIRE shall have the right to request the CONTRACT's economic-financial balance to be recovered.

### **CLAUSE EIGHT – ON TRANSFERRING THE PUBLIC ASSET TO THE CONCESSIONAIRE AND THE START OF BIOLOGICAL ASSET OPERATIONS**

- 8.1. Possession of the CONCESSION AREA shall be transferred directly to the CONCESSIONAIRE after conditions specified in sub-clause 8.1.2. for purposes of operating the facilities are set forth, within a term of 120 (one hundred and twenty) days effective the DATE OF SIGNING of this CONCESSION CONTRACT, upon signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, from which date the CONCESSIONAIRE shall be solely responsible for keeping possession and use of the CONCESSION AREA, subject to the provisions of this CONTRACT and its ANNEXES.
- 8.1.1. The TERM OF DELIVERY OF THE PUBLIC ASSET shall be submitted along with a photographic report and a descriptive memorandum of all current CONCESSION AREA facilities, amenities, assets and buildings, to be devised by the CONCESSIONAIRE and approved by the GRANTING AUTHORITY. After said term is executed and both the photographic report and the descriptive memorandum are approved, these shall then be included in this CONTRACT as ANNEX XII.
- 8.1.2. In addition to the provisions of subsection 8.1.1 above, the following are conditions for signing the TERM OF DELIVERY OF THE PUBLIC ASSET:
- I. proof that the CONCESSIONAIRE contracted insurance plans specified in Clause Thirty-Seven of this CONTRACT, in accordance with the INSURANCE PLAN in force;
  - II. the GRANTING AUTHORITY's approval of the FACILITY OPERATING MASTER PLAN; and
  - III. GRANTING AUTHORITY, FPZSP and/or IBT rescission of contracts for using and exploiting spaces, as well as permits and any legal relations that the GRANTING AUTHORITY, the FPZSP and/or IBT hold with third parties at the CONCESSION AREA relating to carrying out business ventures or related enterprises by contracted parties at the CONCESSION AREA.



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 8.1.3. The CONCESSIONAIRE may replace contracts alluded to in subsection 8.1.2, item III if, up to the deadline foreseen in Clause 8.1, the CONCESSIONAIRE submits a replacement request to the GRANTING AUTHORITY with the contracted party's consent.
- 8.1.4. The deadline set forth under Clause 8.1 may be extended continuously for equal or lower periods upon a reasoned decision issued by the GRANTING AUTHORITY.
- 8.1.5. Effective the date of signing of the CONTRACT, and provided it does not negatively affect in any way whatsoever any activity carried out on-site, CONCESSIONAIRE representatives may access the CONCESSION AREA after submitting a prior request and scheduling a date with the GRANTING AUTHORITY aimed at any end purpose connected with exploiting the purpose of the CONCESSION in the future, including any measures needed to devise the photographic report and descriptive memorandum addressed in subsection 8.1.1, whose main purpose shall be to record and document current conditions of the CONCESSION AREA as well as that of urban public amenities comprising it.
- 8.2. Operation of BIOLOGICAL ASSETS located within the ZOO's grounds shall only be the CONCESSIONAIRE's responsibility after the Use and Management Authorization is issued, from which date the CONCESSIONAIRE shall be solely responsible for managing all fauna within the CONCESSION AREA, subject to the provisions of this CONTRACT and ANNEXES.
- 8.3. The BOTANIC GARDEN's grounds shall be made available to the CONCESSIONAIRE for purposes of operating the BIOLOGICAL ASSETS after the GRANTING AUTHORITY issues a document executing said arrangement, from which date the CONCESSIONAIRE shall be solely responsible for managing all flora within the CONCESSION AREA, subject to the provisions of this CONTRACT and ANNEXES.
- 8.4. Direct possession of current CONCESSION AREA facilities and public amenities, except for any asset or public amenity whose possession is not transferred to the CONCESSIONAIRE, pursuant to the terms of ANNEXES II and III of this CONTRACT, shall be transferred to the CONCESSIONAIRE at the same time that the TERM OF DELIVERY OF THE PUBLIC ASSET is signed, regardless of whether it precedes the transfer of BIOLOGICAL ASSETS. Fauna and flora BIOLOGICAL ASSETS shall be transferred to the CONCESSIONAIRE together with issuance of documents listed in Clauses 8.2 and 8.3 above.
- 8.5. Effective signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, and until the CONCESSION is terminated, the CONCESSIONAIRE shall be solely responsible for undertaking all activities, funding and assignments included in the purpose of the CONCESSION, and the CONCESSIONAIRE shall additionally be in charge of exploiting the CONCESSION AREA pursuant to the method and boundaries set forth under the CONTRACT and its ANNEXES, the MANAGEMENT PLAN, the MASTER PLAN and the applicable legislation.

### CLAUSE NINE – ON THE ESTIMATED CONTRACT VALUE

- 9.1. The ESTIMATED CONTRACT VALUE is R\$ [●] ([●]) on the base date of [●] de 2020.
- 9.2. The ESTIMATED CONTRACT VALUE is for reference purposes only, and shall not be claimed by either PARTY as grounds for recovering the CONTRACT's economic-financial balance, or for any other purpose that entails using the ESTIMATED CONTRACT VALUE as grounds for claiming compensations, indemnifications and the like.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

**CLAUSE TEN – ON REMUNERATION**

- 10.1. CONCESSIONAIRE REVENUE is deemed any and all sums collected by the CONCESSIONAIRE, particularly those relating to the direct or indirect exploitation of the CONCESSION AREA, pursuant to this CONTRACT, including, but not limited to, ticket office and CASH GENERATING UNIT operations, as well as any other related asset and right applying to them.
- 10.1.1. For purposes of this CONTRACT, financial market investments, sums collected from insurance and from compensation or pecuniary fines arising from contracts that the CONCESSIONAIRE enters into with third parties shall not be deemed REVENUE, except for any potential compensation that third parties owe to the CONCESSIONAIRE, whose sums would originally be deemed REVENUE for purposes of this CONTRACT.
- 10.1.2. For purposes of this CONTRACT, ADDITIONAL REVENUE relating to the FARM's business operations, as well as any revenue stemming from advertising, sponsorships, naming rights, image rights and related activities shall also not be deemed REVENUE. For ADDITIONAL REVENUE, the provisions of Clause 10.3 apply.
- 10.1.3. The CONCESSION AREA's TICKETING policy shall comply with the provisions of ANNEX XXIII, and the CONCESSIONAIRE shall be entirely free to set its own TICKET prices as well as other prices charged under the scope of the CONCESSION, in compliance with ticket exemption and half-price policies specified in ANNEX XXIII.
- 10.2. The CONCESSIONAIRE hereby states that it is aware of sums, risks and conditions related to collecting REVENUE, further acknowledging that these suffice to compensate all investments, costs and expenses related to the purpose of this CONTRACT so that the conditions originally established hereunder ensure economic-financial balance to the CONCESSION.
- 10.2.1. Both PARTIES agree that the CONCESSIONAIRE's operations and exploitation of ZOO and BOTANIC GARDEN ticket offices may take place at different times, pursuant to the following terms:
- 10.2.1.1. The CONCESSIONAIRE shall start operating, holding and be entitled to exploiting, and to funds resulting from the ZOO's ticket office starting from the moment that the CONCESSIONAIRE takes over operations of the BIOLOGICAL ASSETS of fauna, pursuant to Clause 8.2.
- 10.2.1.2. The CONCESSIONAIRE shall start operating, holding and be entitled to exploiting, and to funds resulting from the BOTANIC GARDEN's ticket office starting from the signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, pursuant to Clause 8.1.
- 10.3. Exploiting any activity that generates ADDITIONAL REVENUE shall be conditional upon the GRANTING AUTHORITY's prior approval, under penalty of sanctions being imposed, pursuant to the terms of ANNEX XXXI.
- 10.3.1. Notification, as provided for under Clause 10.3 above, shall be sent along with drafts of all contracts to be entered into, as well as other related documents, submitting and signaling at least the following, where applicable:
- I. the term of the contract;
  - II. the source and estimated sums of ADDITIONAL REVENUE per year or per act, whenever the latter is occasional or specified;
  - III. the nature of the activity to be exploited;

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- IV. the absence of any conflict and/or negative impacts on the CONCESSION due to exploitation of ADDITIONAL REVENUE;
  - V. prices to be charged;
  - VI. a commitment to notify and duly justify any potential changes in the exploitation of activities that generate ADDITIONAL REVENUE to the GRANTING AUTHORITY;
  - VII. a clear commitment to deposit ADDITIONAL REVENUE straight to the CENTRALIZER ACCOUNT – ADDITIONAL REVENUES, as per the terms of ANNEX XXV;
  - VIII. a clear commitment to allocate 15% (fifteen percent) of ADDITIONAL REVENUE to the GRANTING AUTHORITY, the FPZSP and/or IBT, as set out by the GRANTING AUTHORITY in ANNEX XXV.
- 10.3.2. For any circumstance under which exploitation of ADDITIONAL REVENUE takes place on a recurring basis, with an unspecified number of contracted parties and upon executing adhesion contracts, the notification provided for under Clause 10.3 above may only be sent once along with documents specified in subsection 10.3.1, which are to be reviewed and submitted again should any changes be made to their content or should any estimations be reviewed.
- 10.4. For purposes of this CONTRACT, ADDITIONAL REVENUE is deemed random, thereby not entitling the CONCESSIONAIRE neither to economic-financial recovery nor to compensation for investments made.
- 10.5. In its exploitation of ADDITIONAL REVENUE, the CONCESSIONAIRE shall answer to third parties and to inspection and regulatory bodies or entities for any and all legal infractions or breaches of applicable rules, holding the GRANTING AUTHORITY harmless from any claim to this end.
- 10.6. Should interested third parties seek to exploit any activity that generates ADDITIONAL REVENUE to the CONCESSIONAIRE, they shall sign a CONTRACT with the CONCESSIONAIRE, which shall be governed by private law and not constitute any type of legal relation between the third parties and the GRANTING AUTHORITY.
- 10.7. The CONCESSIONAIRE is prohibited from directly or indirectly exploiting the CONCESSION AREA economically in the following ways:
- I. exploiting activities or carrying out advertising that violates the current legislation, particularly environmental legislation, with contents of political or religious nature, or which may impair use and exploitation of the CONCESSION AREA; and
  - II. marketing “naming rights” in any way that changes the official corporate name of the *Parque Estadual Fontes do Ipiranga* Conservation Unit, the Botanic Garden of São Paulo and the São Paulo Zoo.
- 10.7.1. Celebration of religious ceremonies, such as weddings and baptisms, is not included in the prohibition specified in Clause 10.7, item I.
- 10.8. All advertising-related activities undertaken shall be in compliance with the current legislation and regulations of the National Council for Advertising Self-Regulation - CONAR, and shall not adversely affect ethical and proper practice standards, and cannot have any religious or political nature or make reference to any type of slander, discrimination or prejudice of any kind, including racial, ethnical, creed, gender, sexual, social or racial discrimination.



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 10.9. The CONCESSIONAIRE may, whether on its own or by means of third parties and at its own risk, conduct scientific studies, including with business purposes, which are to comply with ADDITIONAL REVENUE rules in regard to the GRANTING AUTHORITY, which are not to be mistaken for the CONCESSIONAIRE's duties to Support Research, Innovation and Environmental Conservation Activities, as set out in ANNEX III.
- 10.9.1. The GRANTING AUTHORITY shall be entitled to the intellectual property of all research studies conducted by the IBT and the FPZSP, as set forth by State Law No. 17.107 of July 4, 2019, notwithstanding enforcement, as the case may be, of the legal asset sharing system resulting from access to the gene pool, under the terms of Federal Law No. 13.123/2015.
- 10.9.2. The CONCESSIONAIRE shall only have the right to deny research requests made by state entities or by non-profit organizations in the CONCESSION AREA or with BIOLOGICAL ASSETS if it successfully proves one of the exhaustive events included in subsection 1.3.3 of ANNEX III, and it may not neither request consideration for said access nor be entitled to any stake in any future profits that these research studies may yield.
- 10.10. Marketing of naming rights is permitted for the Zoo Safari, the CONCESSION AREA and the FARM, as well as for specific areas, enclosures, public amenities, trails and other CONCESSION AREA grounds, provided that, in addition to fulfilling the impediments in Clause 10.7 as well as the guidelines of Clause 10.3, as the case may be, it does not adversely affect proper practices, does not impair third party rights and upholds copyrights.
- 10.11. All contracts related to the CONCESSIONAIRE's exploitation of REVENUE or of ADDITIONAL REVENUE shall be executed in writing and submitted to the GRANTING AUTHORITY for its acknowledgment.
- 10.11.1. All contracts that the CONCESSIONAIRE enters into with third parties, including for exploiting activities that generate ADDITIONAL REVENUE at the CONCESSION AREA, shall be governed by private law, with no legal relation to be established between the third parties and the GRANTING AUTHORITY.
- 10.11.2. Once the CONCESSION CONTRACT has expired, the CONCESSIONAIRE shall deliver all grounds that are the purpose of exploitation clear and unfettered of any assets and rights, carrying out all necessary measures to this end.
- 10.11.3. No contract signed between the CONCESSIONAIRE and third parties, whose purpose is to exploit REVENUE or ADDITIONAL REVENUE under this CONCESSION CONTRACT, may exceed the CONCESSION TERM unless a clear decision or approval is awarded by the GRANTING AUTHORITY, whereas the CONCESSIONAIRE shall be solely and fully responsible, as a consequence of contracts of similar nature, for any and all taxes, charges, obligations, liens, encumbrances, residual amounts or other sources charged by its subcontractors, and the CONCESSIONAIRE shall be prohibited from burdening the GRANTING AUTHORITY with this responsibility, as well as charging it for any sum that it deems it is owed as a result of contracts signed with private persons.
- 10.11.3.1. The approval foreseen under subsection 10.11.3 may not be granted, under any circumstance, for contracts to be entered into with RELATED PARTIES, and it shall further be conditional upon the GRANTING AUTHORITY's appropriate proceedings, whereas any denial shall not, under any circumstance, give rise to recovery of the CONTRACT's economic-financial balance.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 10.11.3.2. Once the approval set forth under subsection 10.11.3 is granted, maintenance of the CONTRACT at hand shall also be expressly granted in case of early termination of the CONCESSION, subject to the provisions of Clause 10.13.
- 10.11.3.3. Contracts previously approved under the terms of subsection 10.11.3 shall provide for periodic compensation in equal or increasing installments throughout their full term, and shall be corrected using the official inflation index, whereas advancing any installments that exceed the CONCESSION TERM shall be prohibited.
- 10.11.3.4. In the event that the business contract signed between the CONCESSIONAIRE and third parties provides for variable compensation corresponding to the turnover of the business, said compensation shall have an equal or increasing percentage value and continuous frequency throughout the entire contract.
- 10.11.3.5. In the event that the business contract signed between the CONCESSIONAIRE and third parties provides for compensation payments that are distinct to those specified in this subsection, this matter shall then be reported in the approval request specified in subsection 10.11.3, and shall be subject to the GRANTING AUTHORITY's approval.
- 10.11.4. In the event that contracts with terms exceeding the CONCESSION TERM are entered into, the following conditions are to be complied with, in addition to the approval included in subsection 10.11.3:
  - I. the GRANTING AUTHORITY shall comprise the adjustment as an Intervener, whereas the CONCESSIONAIRE shall not be entitled to any type of compensation, in any way whatsoever, during the period that exceeds the CONCESSION TERM;
  - II. compensation perceived by the CONCESSIONAIRE throughout the remaining term of the CONCESSION shall be proportional to remuneration expected for the GRANTING AUTHORITY in the period immediately following the end of the CONCESSION TERM; and
  - III. after the CONCESSION TERM has elapsed, payment shall be due to the GRANTING AUTHORITY, whereas business requirements and the form of CONTRACT shall be subject to requirements initially agreed upon with the CONCESSIONAIRE, and any and all changes that entail reducing or increasing said requirements to the detriment of the GRANTING AUTHORITY shall be prohibited.
- 10.12. Any potential losses suffered by the CONCESSIONAIRE, prevention of REVENUE or ADDITIONAL REVENUE expectations, as well as any other failure in exploiting the CONCESSION AREA may not be brought up for purposes of reviewing the CONCESSION CONTRACT or for recovering its economic-financial balance, and the CONCESSIONAIRE shall be accountable for assuming the full risk of its performance, except for any risks specifically attributed to the GRANTING AUTHORITY under this CONTRACT.
- 10.13. In the event of early termination of the CONCESSION, including due to expiry and expropriation, the GRANTING AUTHORITY or SUCCESSOR may report contracts executed by the CONCESSIONAIRE whose purpose is to use CONCESSION AREA grounds, including those that have successfully secured the approval specified in subsection 10.11.3, ensuring compensation in the event of unamortized investments made by the CONCESSIONAIRE or its subcontractors, regardless of the CONTRACT having been signed without the GRANTING AUTHORITY's express approval.
- 10.13.1. Regarding contracts executed by the CONCESSIONAIRE with terms exceeding the end of the

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

CONCESSION TERM, without the necessary approval specified in subsection 10.11.3, the indemnification shall be estimated using the straight line amortization from the start date of the venture, until expiry of the end of the CONCESSION TERM.

**CLAUSE ELEVEN – OPERATION OF LINKED ACCOUNTS**

- 11.1. As a condition for signing this CONTRACT, the CONCESSIONAIRE opened a CENTRALIZER ACCOUNT at the DEPOSITARY BANK, endeavoring to ensure that all REVENUE collected under the CONCESSION TERM is wired exclusively to the CENTRALIZER BANK ACCOUNT.
- 11.1.1. The PARTIES agree that the full CONCESSIONAIRE REVENUE, as specified in this CONTRACT and prior to the CONCESSIONAIRE transferring said revenue to the free transaction bank account, shall be deducted of sums relating to the VARIABLE GRANT, the INSPECTION FEE and PERFORMANCE INDICATORS, in addition to any sum owed to the GRANTING AUTHORITY under this CONTRACT, already in net value and due after, as the case may be, the end of ordinary administrative proceedings, as well as subject to the conditions of this CONTRACT and ANNEXES.
- 11.1.2. After all deductions described in subsection 11.1.1 above have been made, the remaining balance shall be immediately transferred to the CONCESSIONAIRE-held free transaction bank account.
- 11.2. As a condition prior to starting any activity that generates ADDITIONAL REVENUE, the CONCESSIONAIRE shall open the CENTRALIZER ACCOUNT – ADDITIONAL REVENUE at the DEPOSITARY BANK, endeavoring to ensure that all ADDITIONAL REVENUE collected under the CONCESSION TERM is wired to the CENTRALIZER ACCOUNT – ADDITIONAL REVENUE.
- 11.2.1. The PARTIES agree that of all the CONCESSIONAIRE's ADDITIONAL REVENUE, as per the terms of this CONTRACT, an amount corresponding to 15% of net amounts collected to this end, shall be deducted before the CONCESSIONAIRE wires it to the free transaction bank account, pursuant to the conditions set forth under this CONTRACT and ANNEXES.
- 11.2.2. After the deduction specified in subsection 11.2.1 above has been made, the remaining balance shall be immediately wired to the CONCESSIONAIRE-held free transaction bank account.
- 11.3. After the end of due administrative proceedings, the CONCESSIONAIRE may be enforced a penalty, which may give rise to proceedings to terminate the CONCESSION for any act committed by the CONCESSIONAIRE that may denote:
- I. fraud in the mandatory allocation of its REVENUE to the CENTRALIZER ACCOUNT or fictitious reduction of CONCESSIONAIRE REVENUE;
  - II. fraud in the mandatory allocation of its ADDITIONAL REVENUE to the CENTRALIZER ACCOUNT – ADDITIONAL REVENUE or fictitious reduction of ADDITIONAL REVENUE;
- 11.4. The CENTRALIZER ACCOUNT and the CENTRALIZER ACCOUNT – ADDITIONAL REVENUE shall be held by the CONCESSIONAIRE and have unrestricted transactions, whereas any and all charges and fees relating to transacting with the DEPOSITARY BANK are to be borne by the CONCESSIONAIRE, pursuant to the terms of ANNEXES XXIV and XXV.
- 11.5. The CONCESSIONAIRE shall arrange for the opening of a CENTRALIZER ACCOUNT and a CENTRALIZER ACCOUNT – ADDITIONAL REVENUE at the DEPOSITARY BANK, as set forth under

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

the contract drafts enclosed in ANNEXES XXIV and XXV. Should there be any change to the terms and conditions submitted in the aforementioned drafts, opening of the account shall be conditional upon the GRANTING AUTHORITY's prior consent.

### CLAUSE TWELVE – ON THE FIXED GRANT

- 12.1. As a condition for signing this CONTRACT, the CONCESSIONAIRE or the GRANTEE(S) of the BIDDING PROCESS, as regulated by the AUCTION NOTICE, carried out payment of the amount due for the FIXED GRANT in the sum R\$ [●].

### CLAUSE THIRTEEN – ON THE VARIABLE GRANT

- 13.1. The CONCESSIONAIRE shall pay the GRANTING AUTHORITY, as of the 13<sup>th</sup> (thirteenth) month from the date of signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, and throughout the remaining term of the CONCESSION, a VARIABLE GRANT corresponding to 1% of its REVENUE, subject to additional performance variations ranging from 0 to 10 p.p. (zero to ten percentage points) added to the value of the VARIABLE GRANT, as of the 25<sup>th</sup> (twenty-fifth) month from the date of signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, pursuant to the provisions of Clause 13.3 and ANNEX XXIV.
- 13.1.1. Collection and payment of sums due under the VARIABLE GRANT, subject to the maximum monthly frequency, are regulated in ANNEX XXIV, and both PARTIES are to take all necessary measures to ensure its fulfillment.
- 13.2. In the event that an undue decrease in VARIABLE GRANT revenue is verified, resulting from any operation aimed at fictitiously reducing the CONCESSIONAIRE's REVENUE, the GRANTING AUTHORITY may, upon taking over this REVENUE from third party/parties, use the gross revenue collected from third parties that exploited activities generating said REVENUE as a calculus base to compute the VARIABLE GRANT, including for purposes of the PERFORMANCE INDICATORS, notwithstanding its option to enforce all applicable penalties.
- 13.2.1. In the event of Clause 13.2 above, and following due administrative proceedings, the GRANTING AUTHORITY shall notify the DEPOSITARY BANK, as per the terms of ANNEX XXIV, for the latter to make the additional deduction owed on the CONCESSIONAIRE REVENUE, until the amount owed is settled, plus a late payment penalty of 2% (two percent) on the outstanding amount, interest on arrears corresponding to 1% per month (one percent per month), and monetary correction using the IPC/FIPE Consumer Price Index, *pro rata die*.
- 13.3. Each year, as of the 25<sup>th</sup> (twenty-fifth) month of the CONTRACT being in effect, the VARIABLE GRANT may be changed from 0 to 10 p.p. (zero to ten percentage points) added to the original percentage due, conditional upon fulfillment of the PERFORMANCE INDICATORS related to exploiting the CONCESSION AREA, under the terms of ANNEX XXI.
- 13.3.1. The GRANTING AUTHORITY shall, in accordance with ANNEX XXIV, notify the DEPOSITARY BANK, pursuant to the defined method and frequency, on the percentage to be deducted from the CONCESSIONAIRE's REVENUE for each annual period.
- 13.3.2. Fulfillment of the CONCESSIONAIRE's PERFORMANCE INDICATORS shall be appraised in accordance with the provisions of Clause Fifteen of this CONTRACT and ANNEX XXI, and may impact the annual percentage to be deducted for the VARIABLE GRANT.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

**CLAUSE FOURTEEN – ON INSPECTION FEES**

- 14.1. The CONCESSIONAIRE shall pay the GRANTING AUTHORITY INSPECTION FEES corresponding to 0,5% (five tenths percent) of its REVENUE throughout the entire CONCESSION TERM.
- 14.1.1. INSPECTION FEE-related collection and payments, subject to the maximum monthly frequency, are regulated in ANNEX XXIV, and both PARTIES shall take all necessary measures to fulfill them.
- 14.2. The provisions of Clause 13.2 and subsection 13.2.1 apply to INSPECTION FEES.

**CLAUSE FIFTEEN – ON THE INDEPENDENT RAPPOREUR**

- 15.1. The CONCESSIONAIRE shall contract a company or a consortium of companies to carry out the role of INDEPENDENT RAPPOREUR to assess compliance with this CONTRACT's PERFORMANCE INDICATORS.
- 15.2. The INDEPENDENT RAPPOREUR shall, in the performance of its activities and under the guidance of the GRANTING AUTHORITY, undertake all necessary measures to fulfill its duties, carrying out surveys and field measurements as well as collecting information from the PARTIES, and shall therefore have access to all CONCESSION-related information and documents.
- 15.3. The assessment carried out by the INDEPENDENT RAPPOREUR shall be based on ANNEX XXI, whereas the INDEPENDENT RAPPOREUR shall additionally audit assessments carried out by the CONCESSIONAIRE, pursuant to the terms of ANNEXES VIII and IX. Reports devised by the INDEPENDENT RAPPOREUR are to be submitted each year to the GRANTING AUTHORITY until the 5<sup>th</sup> (fifth) working day of the CONTRACT's anniversary month.
- 15.3.1. PERFORMANCE INDICATORS, with the corresponding monetary correction applied to the VARIABLE GRANT, shall be applied beginning on 1<sup>st</sup> (first) day of the month immediately after the CONTRACT's anniversary, subject to the rules of ANNEX XXI.
- 15.4. For purposes of contracting the INDEPENDENT RAPPOREUR, the CONCESSIONAIRE shall submit for the GRANTING AUTHORITY's prior approval, within 15 (fifteen) days from the DATE OF SIGNING of the CONTRACT, at least 3 (three) renowned expert companies or consortia of companies to carry out the role of INDEPENDENT RAPPOREURS, subject to the requirements set forth under this Clause Fifteen.
- 15.5. The GRANTING AUTHORITY shall issue a statement within at most 15 (fifteen) consecutive days, from the receipt of the appointment addressed in Clause 15.4 above, on the suitability of the companies or consortia of companies submitted by the CONCESSIONAIRE, and shall approve a maximum number of 3 (three) companies or consortia of companies to carry out the role of INDEPENDENT RAPPOREURS. The CONCESSIONAIRE shall, within up to 45 (forty-five) days from the DATE OF SIGNING, be responsible for contracting 1 (one) of the companies or consortia of companies approved by the GRANTING AUTHORITY to carry out the role of INDEPENDENT RAPPOREUR.
- 15.5.1. If the GRANTING AUTHORITY rejects the list of candidates submitted by the CONCESSIONAIRE or approves less than 3 (three) companies or consortia of companies, the CONCESSIONAIRE shall submit another list with additional names, in accordance with the provisions above.



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 15.5.1.1. If, after submission of the second list with names of companies or consortia to carry out the role of INDEPENDENT RAPPOREUR, one or two entities are approved, then the CONCESSIONAIRE shall be exempted from submitting new candidates.
- 15.5.1.2. If, after the second list of candidates, the GRANTING AUTHORITY has yet to approve any company or consortium of companies, the CONCESSIONAIRE shall then submit another list of nominees, and so on, under the same terms set forth in Clause 15.4, until the GRANTING AUTHORITY approves a company(s) or consortium(s) of companies to carry out the role of the INDEPENDENT RAPPOREUR in this CONCESSION.
- 15.5.2. The GRANTING AUTHORITY's rejection of INDEPENDENT RAPPOREUR choices submitted by the CONCESSIONAIRE shall always be justified and reasonable, pointing out the requirement(s) that the CONCESSIONAIRE's candidates failed to meet.
- 15.6. The CONCESSIONAIRE may, at each annual verification cycle, replace the contracted INDEPENDENT RAPPOREUR, provided it does so with another company or consortium of companies previously approved by the GRANTING AUTHORITY.
- 15.6.1. Each year, at least 60 (sixty) days before the date of delivery of the report produced by the INDEPENDENT RAPPOREUR on the annual assessment of the CONCESSIONAIRE's PERFORMANCE INDICATORS, the CONCESSIONAIRE may submit new INDEPENDENT RAPPOREUR candidates for the GRANTING AUTHORITY's approval, in addition to or in replacement of those already approved, upholding the same period defined in Clause 15.5 above, and keeping at most 3 (three) companies or consortia of approved companies to carry out the role of the CONCESSION's INDEPENDENT RAPPOREUR.
- 15.6.2. The list of companies or consortia of companies officially approved, as per the terms of Clause 15.1 above, shall be valid starting from the verification cycle immediately after the one in which the GRANTING AUTHORITY has granted its official approval, and for the period during which the official approval lasts.
- 15.7. The INDEPENDENT RAPPOREUR shall fulfill the following requirements:
- I. have complete impartiality and no conflict of interest in regard to the PARTIES to this CONCESSION CONTRACT;
  - II. have provenly undertaken services of related nature in ventures or projects compatible with the purpose of the CONCESSION;
  - III. submit a Work Plan evidencing the methodology that it will apply to carry out its duties concerning assessments discussed in ANNEXES VIII and IX, and to assess the CONCESSIONAIRE's performance in fulfilling the CONTRACT, which are to be based on ANNEX XXI.
  - IV. not be an associated, subsidiary or affiliate company, not be under common control in regard to the CONCESSIONAIRE, or belong to its ECONOMIC GROUP or to a group of its shareholders;
  - V. not be subject to liquidation, intervention or Special Temporary Bankruptcy Management - RAET or having filed for bankruptcy;

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

VI. have a technical staff made up of bachelor degree experts professionally trained in fields related to the exploitation activity that is the purpose of the CONCESSION.

15.8. Technical qualification of INDEPENDENT RAPPOREUR team members, which subsection VI of Clause 15.7 addresses, shall also include:

- I. a statement from each appointed professional in which he/she agrees to be a part of the team;
- II. each appointed staff member's resumé, including at least the following information: full name, date of birth, nationality, proposed position, work relationship, education, extension and postgraduate courses, list of services or projects he/or she participated in, naming each client;
- III. statement declaring that he/she endeavors to carry out his or her duties in an impartial manner and with technical independence in regard to the CONCESSION CONTRACT's PARTIES.

15.9. The company itself or the consortium of companies, as well as members of the related technical team, may certify experience requirements that the INDEPENDENT RAPPOREUR needs to meet.

15.10. The INDEPENDENT RAPPOREUR is to be replaced with another RAPPOREUR included in the GRANTING AUTHORITY-approved list, as per the terms of Clause 15.5, in case it fails to fulfill requirements specified in this Clause while the CONCESSION CONTRACT is in effect.

15.11. Replacing the INDEPENDENT RAPPOREUR does not exempt it from any of the responsibilities taken on until then.

15.12. The CONCESSIONAIRE shall be responsible for paying the INDEPENDENT RAPPOREUR, without any cost to be borne by the CONCESSIONAIRE.

15.13. The PARTIES may, at any time, request information or explanations straight from the INDEPENDENT RAPPOREUR, while always submitting a copy of the request to the other PARTY.

15.14. The PARTIES state that the activity to be carried out by the INDEPENDENT RAPPOREUR shall consist in supporting oversight of the CONTRACT and, to this end, the INDEPENDENT RAPPOREUR shall submit its technical findings and appraisals together and at the same time to the GRANTING AUTHORITY and the CONCESSIONAIRE, whereas neither the GRANTING AUTHORITY nor the CONCESSIONAIRE may demand prior acknowledgment or approval of its contents as a condition for submitting them.

## CLAUSE SIXTEEN – ON THE CONCESSION ASSET REGIME

16.1. The CONCESSION is made up of:

- I. the CONCESSION AREA, pursuant to the terms of ANNEX I, with all buildings and facilities thereunder, except for those expressly signalled as not comprising the purpose of the CONCESSION, pursuant to the terms of ANNEX II;
- II. all public amenities, machinery, apparatus, accessories and facilities in general, as well as all other assets related to the CONCESSION AREA's operations and maintenance transferred to the CONCESSIONAIRE or added by it to the CONCESSION AREA throughout the CONCESSION TERM;

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- III. movable or fixed assets acquired, included, prepared or built by the CONCESSIONAIRE throughout the CONCESSION TERM, as well as any and all improvements, regardless of being useful or decorative, physical or intellectual accessions included in the CONCESSION AREA throughout the entire CONCESSION TERM as a result of construction works or investments made by the CONCESSIONAIRE, regardless of resulting from non-mandatory investments, and which are used in the CONCESSION AREA's operations and maintenance;
  - IV. every MINIMUM STARTING INVESTMENT, as well as ADDITIONAL INVESTMENTS potentially required throughout the entire CONCESSION TERM, including movable assets necessary for exploiting the CONCESSION AREA, in the way that the CONCESSIONAIRE exploits them, provided they relate to the MINIMUM STARTING INVESTMENT or to ADDITIONAL INVESTMENTS.
  - V. any distinguishing brands or signs used by the CONCESSIONAIRE to make reference to the CONCESSION AREA or to any of its public amenities or attractions, with the sole exception of those bound by third-party contracts, and whose term expires before the end of the CONCESSION TERM, including, under the scope of reversibility, ownership and the right to access any websites and apps used by the CONCESSIONAIRE specifically for CONCESSION-related purposes; and
  - VI. all BIOLOGICAL ASSETS described in ANNEXES IV and V.
- 16.1.1. All specifications regarding assets to be added to the CONCESSION, and which are related to the MINIMUM STARTING INVESTMENT, in addition to specifications regarding requirements for making investments and general interventions at the CONCESSION AREA, are described in ANNEXES III and XII, and shall be fulfilled by the CONCESSIONAIRE, under penalty of determining breach of contract and enforcing all applicable penalties.
  - 16.1.2. Regarding BIOLOGICAL ASSETS, both PARTIES acknowledge that the following shall be deemed CONCESSION ASSETS for purposes of regulating their maintenance and management throughout the CONCESSION TERM, whereas the CONCESSIONAIRE shall have the duty of reverting BIOLOGICAL ASSETS back to the GRANTING AUTHORITY at the end of the CONCESSION TERM, as regulated under ANNEX III.
- 16.2. All assets that are a part of or shall be a part of this CONCESSION shall be deemed REVERTIBLE ASSETS for purposes of this CONTRACT and the applicable legislation, and all concerning provisions shall apply to them, whereas the provisions of ANNEX III shall apply to BIOLOGICAL ASSETS.
    - 16.2.1. All assets encompassing this CONTRACT as REVERTIBLE ASSETS shall be owned by the CONCESSIONAIRE or the GRANTING AUTHORITY, subject to the applicable legal and accounting standards.
  - 16.3. Possession, custody, maintenance and surveillance of assets included in the CONCESSION are the CONCESSIONAIRE's responsibility.
  - 16.4. The CONCESSIONAIRE undertakes to keep in perfect conditions of use, conservation and safety, at its own expense, all CONCESSION ASSETS throughout the term of the CONTRACT, carrying out, to this end, repairs, renovations and adaptations required for ensuring the quality and seamless performance of all activities foreseen under this CONCESSION.
  - 16.5. The CONCESSIONAIRE is expressly authorized to recommend, on its behalf, legal action for ensuring



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

or recovering possession of CONCESSION ASSETS.

- 16.6. The CONCESSIONAIRE is fully responsible for keeping the REVERTIBLE ASSET INVENTORY up-to-date, and any and all acts that may denote an attempt or consummation of fraud, through fault or willful misconduct in determining assets that comprise this CONCESSION, shall be deemed a breach subject to the penalties described in this CONTRACT, notwithstanding other sanctions resulting from the current legislation.
- 16.7. CONCESSION ASSETS, except for BIOLOGICAL ASSETS, which shall remain in force pursuant to their specific legislation, shall be duly recorded at the CONCESSIONAIRE's books, so as to enable the GRANTING AUTHORITY to readily identify them, and they shall be easily distinguishable from exclusively personal assets, subject to current accounting standards.
- 16.8. At the end of the REVERTIBLE ASSETS' lifecycle, except for BIOLOGICAL ASSETS, which are to comply with their specific rules, the CONCESSIONAIRE shall immediately replace them with new and similar assets of equal or greater quality, in compliance with the obligation to continue providing services that are the purpose of this CONTRACT and, above all, the mandatory technological update and fulfillment of PERFORMANCE INDICATORS, subject to the applicable contractual provisions.
- 16.9. Replacement of REVERTIBLE ASSETS throughout the CONCESSION TERM does not allow either PARTY to request recovery of the CONTRACT's economic-financial balance.
- 16.9.1. The CONCESSIONAIRE states, upon signing this CONTRACT, that all necessary sums for restocking, replacing and carrying out regular maintenance of REVERTIBLE ASSETS have already been included in its PRICE PROPOSAL, reason why no remuneration shall be owed, whereas any due restocking, maintenance or replacement of REVERTIBLE ASSETS by the CONCESSIONAIRE shall not constitute contractual imbalance.
- 16.10. All investments originally foreseen under this CONCESSION CONTRACT, including REVERTIBLE ASSET maintenance and replacement, shall be depreciated and amortized by the CONCESSIONAIRE under the CONCESSION TERM, whereas any requests or compensation claims for potential unamortized balances concerning these assets at the end of the CONCESSION TERM shall be inadmissible.
- 16.10.1. In the event of early termination of the CONTRACT, amortization of investments made by the CONTRACTED PARTY shall be subject to the provisions of CHAPTER IX.
- 16.11. The CONCESSIONAIRE awards, free of charge and definitely to the GRANTING AUTHORITY and future CONCESSION AREA SUCCESSORS, the license to use research studies, projects and other studies of intellectual nature developed and used while devising the project, and their respective intellectual property rights (including the right to make and use any work stemming from them), including in future concession contracts, and without any restrictions in the event that they condition continuity of services provided to their updating and/or review.
- 16.11.1. The CONCESSIONAIRE authorizes the GRANTING AUTHORITY to use all collected and shared information as part of its oversight activities, for purposes of research, development and transparency, in addition to improving its oversight activities.
- 16.12. The disposal, encumbrance or transfer of REVERTIBLE ASSETS to third parties, in any capacity whatsoever, shall be conditional upon the GRANTING AUTHORITY's prior consent, pursuant to the terms of this CONTRACT, except when it entails replacing movable assets, aimed at ensuring the respective useful life as per Clause 16.8, or of BIOLOGICAL ASSETS, which will have their own set of rules.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 16.12.1. As the case may be, the GRANTING AUTHORITY shall issue its ruling on the disposal, encumbrance or transfer, of any kind, of the CONCESSION's REVERTIBLE ASSETS by the CONCESSIONAIRE to third parties, within a period in compliance with the challenging circumstances, not to exceed 60 (sixty) days effective receipt of prior approval granted by the CONCESSIONAIRE.
- 16.12.2. The GRANTING AUTHORITY may, throughout the term of the CONTRACT, notify the CONCESSIONAIRE on any situation where prior approval, as addressed in Clause 16.12, is waived, provided all requirements set forth in this notification are fulfilled.
- 16.12.3. All legal transactions that the CONCESSIONAIRE is engaged in with third parties concerning REVERTIBLE ASSETS shall expressly mention the REVERTIBLE ASSETS related to the CONCESSION.
- 16.12.4. Any and all disposals or acquisitions of movable assets that qualify as REVERTIBLE ASSETS, and which the CONCESSIONAIRE intends on carrying out in the last 5 (five) years of the CONCESSION TERM, shall have the GRANTING AUTHORITY's consent.
  - 16.12.4.1. The GRANTING AUTHORITY shall issue a written statement within fifteen (15) days upon the CONCESSIONAIRE's request, whereas it shall be deemed that approval has been granted should the GRANTING AUTHORITY's fail to convey any opinion.
- 16.13. Assets employed or used by the CONCESSIONAIRE that are not included in the INVENTORY, and which fail to qualify as REVERTIBLE ASSETS, shall be deemed exclusively personal assets, and may be freely used and transferred by the CONCESSIONAIRE, notwithstanding its duty to comply with PERFORMANCE INDICATORS as well as other provisions of this CONTRACT.
  - 16.13.1. Specifications governing BIOLOGICAL ASSET inventories are listed in ANNEX III.

**CLAUSE SEVENTEEN – ON INTERVENTIONS AND INVESTMENTS**

- 17.1. The CONCESSIONAIRE undertakes to carry out, at its own risk, whether by itself or by means of subcontractors, the MINIMUM STARTING INVESTMENT specified in ANNEX III and subject to all conditions set forth under ANNEX XII, under the deadlines and conditions established thereunder, in addition to complying with Clause 5.5, notwithstanding making any and all investments deemed necessary for the full performance of this CONCESSION.
- 17.2. The CONCESSIONAIRE is responsible for devising and keeping engineering projects up to date on all construction works, interventions and investments that may require so, in compliance with the conditions and specifications of ANNEX III or ANNEX XII.
- 17.3. Approval, "non-objection" or receipt, by the GRANTING AUTHORITY, of plans, projects or studies submitted by the CONCESSIONAIRE does not entail any responsibility to the GRANTING AUTHORITY, does not change the risk matrix provided for under this CONTRACT, and does not exempt the CONCESSIONAIRE, whether totally or partially, from its obligations stemming from this CONTRACT or from relevant legal or regulatory provisions, and it shall further remain responsible for any shortcomings or defects in the project or in the quality of services rendered.
  - 17.3.1. The CONCESSIONAIRE may not object if the GRANTING AUTHORITY makes any exceptions or submits a defense aimed at waiving all or part of its contractual obligations, based on facts arising from any contractual relationships made with potential subcontractors.

**STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT**

- 17.4. All milestones and stages including in the INTERVENTION PLAN, and devised to monitor the progress of the MINIMUM STARTING INVESTMENT, shall be duly and timely met by the CONCESSIONAIRE, under penalty of sanctions foreseen under this CONTRACT and its ANNEXES, in addition to other applicable consequences.
- 17.4.1. Delays in fulfilling milestones set for attaining the MINIMUM STARTING INVESTMENT, both those signalling the start as well as those determining the end of each construction stage of construction works, may result in penalties enforced to the CONCESSIONAIRE, notwithstanding the possibility of rescheduling the schedule, subject to the rules provided for in Clause 44.6.
- 17.5. Together with devising or reviewing the INTERVENTION PLAN, the CONCESSIONAIRE shall carry out any potential reviews deemed necessary in the respective INSURANCE PLAN, which shall signal the list of undertakings and instruments to be signed by the CONCESSIONAIRE for purposes of unconditionally ensuring fulfillment of all its obligations and investments.
- 17.5.1. Contracting all corresponding insurance coverages and guarantees is a condition for starting the execution of each investment or construction work stage.
- 17.6. Every MINIMUM STARTING INVESTMENT to be completed within the term specified in Clause 5.5, subsection VI, whereas the following consequences shall apply should this deadline be exceeded:
- I. whether due to reasons attributable to risk factors or responsibilities taken on by the GRANTING AUTHORITY under this CONTRACT, the CONCESSIONAIRE's right to recover the CONTRACT's economic-financial balance, subject to proceedings and conditions established in Chapter III;
  - II. whether, on account of any other reason whatsoever, penalties specified in ANNEX XXXI are enforced upon the CONCESSIONAIRE, notwithstanding the option to declare the CONTRACT terminated.
- 17.6.1. In the event of the term specified in Clause 5.5, subsection VI being exceeded due to reasons attributable to risk factors or due to both PARTIES' responsibility, recovery of the economic-financial balance shall only take into account, as the case may be, the delay period persisting after delay risk factors or the CONCESSIONAIRE's responsibility have elapsed, whereas the latter shall be imposed penalties specified in ANNEX XXXI for the period it contributed to with the delay.

**CLAUSE EIGHTEEN – ON THE SÃO PAULO ZOO'S OPERATIONS AND WORKING CONDITIONS**

- 18.1. The CONCESSIONAIRE is required to carry out the ZOO's operating activities and to keep them constantly and permanently running, fulfilling minimum operating and conservation conditions, complying with the concerning legislation, the provisions of this CONTRACT, particularly the terms foreseen under Clause 5.5 and ANNEXES, the MANAGEMENT PLAN, and the acknowledged best practices for these activities, in addition to PERFORMANCE INDICATORS.
- 18.2. As of the date of signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, the CONCESSIONAIRE shall take over the CONCESSION AREA's operations for purposes of operating all facilities, and effective issuance of the Use and Management Plan, the CONCESSIONAIRE shall take over the CONCESSION AREA's operations for purposes of operating the BIOLOGICAL ASSETS of fauna, both of the aforementioned until the CONTRACT is no longer in force.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

**CLAUSE NINETEEN – ON THE FLORA SECTOR'S OPERATIONS AND WORKING CONDITIONS**

- 19.1. The CONCESSIONAIRE shall be required to carry out BOTANIC GARDEN operating activities and to keep them constantly and permanently running, fulfilling all minimum operating and conservation conditions and complying with the concerning legislation, the provisions of this CONTRACT, particularly the terms foreseen under Clause 5.5 and ANNEXES, the MANAGEMENT PLAN, the MASTER PLAN and the acknowledged best practices for these activities, in addition to PERFORMANCE INDICATORS.
- 19.2. As of the date of signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, the CONCESSIONAIRE shall take over the CONCESSION AREA's operations for purposes of operating all facilities, and effective issuance of the document listed in Clause 8.3, the CONCESSIONAIRE shall take over the CONCESSION AREA's operations for purposes of operating the BIOLOGICAL ASSETS of flora, both of the aforementioned until the CONTRACT is no longer in force.

**CLAUSE TWENTY – ON MECHANISMS FOR UPHOLDING UP-TO-DATE STANDARDS AND ADDING NEW TECHNOLOGIES**

- 20.1. The CONCESSIONAIRE shall keep technologies up-to-date in its exploitation of the purpose of this CONTRACT, thus determined by keeping its public amenities and facilities current and up-to-date, and as set forth under Clause 20.9, proceeding the same way with its procedures used to render services and carry out activities related to exploitation of the CONCESSION AREA, provided the updated technology is required due to (I) obsolescence of CONCESSION ASSETS specified in Clause Sixteen or (II) the need to fulfill PERFORMANCE INDICATORS as well as additional requirements set forth in this CONTRACT and ANNEXES.
- 20.2. The CONCESSIONAIRE is to introduce, regardless of the decision made by the GRANTING AUTHORITY, all necessary measures to fulfill its contractual obligations, including in regard to PERFORMANCE INDICATORS, subject to the provisions of this CONTRACT and ANNEXES.
- 20.3. The CONCESSIONAIRE is to take into account CONCESSION ASSETS' lifecycle as well as their proper use and operations, and shall, when necessary, replace them with more technologically advanced assets and public amenities with equal or greater operating and working conditions to those replaced.
- 20.4. Any and all situations in which the CONCESSIONAIRE, in fulfillment of the provisions of Clause 20.3, and aimed at achieving PERFORMANCE INDICATORS and other requirements set forth under the CONTRACT and ANNEXES, carries out updates and improvements to CONCESSION ASSETS, whenever these are made available by their respective manufacturers, encompass the requirement for keeping technology always up-to-date.
- 20.5. CONCESSION ASSETS shall be deemed technologically obsolete whenever significant losses to their initial functions are verified throughout the CONCESSION TERM or, yet, whenever they are unable to fulfill PERFORMANCE INDICATORS as well as additional requirements established in the CONTRACT and ANNEXES.
- 20.6. Potential cases of poor conservation or lack of maintenance of CONCESSION ASSETS by the CONCESSIONAIRE are not included within the scope of Clause 20.5, and said cases are to be regulated by specific rules provided for under this CONTRACT and ANNEXES.

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 20.7. CONCESSIONAIRE expenses and investments carried out in order to ensure that the CONCESSION is up-to-date, including fulfillment of PERFORMANCE INDICATORS and additional requirements established in the CONTRACT and ANNEXES, shall be amortized throughout the CONCESSION TERM, and shall not entitle the CONCESSIONAIRE to any right, compensation or to recover the economic-financial balance.
- 20.8. The provisions of Clauses 20.1 to 20.7 of this CONTRACT are not to be mistaken for the option that the CONCESSIONAIRE has, at its own discretion or upon a GRANTING AUTHORITY ruling, to introduce and include technological innovations.
- 20.9. Subject to the provisions of Clause Twenty hereunder, for purposes of this CONTRACT, technological innovations are deemed any technology which, at the time that the CONCESSIONAIRE potentially introduced or included them, constitutes state-of-the-art technology and which is not commonly used throughout the commercial park segment, environmental assets or other assets intended for public use, and whose use, despite having the potential to provide gains in efficiency and productivity for the CONCESSION, is key in fulfilling PERFORMANCE INDICATORS as well as other matters initially provided for under the CONTRACT and ANNEXES.
- 20.10. The CONCESSIONAIRE shall be entirely free to include, throughout the CONCESSION, technological innovations pertaining to the CONCESSION AREA's economic exploitation, in compliance with the provisions of this Clause Twenty, without the CONCESSIONAIRE being entitled to any recovery of the economic-financial balance.
- 20.11. The CONCESSIONAIRE's inclusion of technological innovations, if decided as such by the GRANTING AUTHORITY, shall give rise to recovering the CONTRACT's economic-financial balance, as set forth under Clause Twenty-Eight.
- 20.11.1. In the event described in Clause 20.11, the GRANTING AUTHORITY shall update the PERFORMANCE INDICATORS so as to account for performance improvements, if these exist, related to specific technological innovations having been incorporated.
- 20.12. Incorporation of technological innovations resulting from the GRANTING AUTHORITY's ruling, under any circumstance and in compliance with the provisions of Clause 20.11, may only take place within the scope of ORDINARY or EXTRAORDINARY REVIEWS, pursuant to Clauses Thirty and Thirty-one, and shall give rise to recovering the CONCESSION's economic-financial balance.
- 20.13. The provisions of this Clause do not exempt the CONCESSIONAIRE from its duties of introducing, including and bearing any and all procedural and/or operating measures, including those of tax, labor and/or environmental nature decided by different SIMA inspection agents, whereas the CONCESSIONAIRE shall not be entitled to any right to indemnification or to recover economic-financial balance if these decisions fail to denote the GRANTING AUTHORITY's risk or responsibility factor, under the terms of this CONTRACT.

### **CHAPTER III – ON OBLIGATIONS OF THE PARTIES AND ECONOMIC-FINANCIAL BALANCE OF THE CONTRACT**

#### **CLAUSE TWENTY-ONE – MAIN RIGHTS AND OBLIGATIONS OF THE CONCESSIONAIRE**

- 21.1. The following are the main rights and obligations of the CONCESSIONAIRE, notwithstanding other obligations specified in this CONTRACT, whereas their non-performance may give rise to applicable penalties imposed in accordance with the rules of this CONTRACT:



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- I. using and exploiting the CONCESSION AREA in accordance with the provisions of this CONTRACT, its ANNEXES, the MANAGEMENT PLAN, the MASTER PLAN and the applicable legislation;
- II. carrying out the MINIMUM STARTING INVESTMENT specified in ANNEX II;
- III. managing the BIOLOGICAL ASSETS of fauna and flora in compliance with the provisions of this CONTRACT, its ANNEXES, the MANAGEMENT PLAN, the MASTER PLAN and the applicable legislation as well as any additional standards, endeavoring to uphold the integrity and health of collection or breeding stock's animals and plants;
- IV. using the CONCESSION AREA as it deems fit, provided all activities are compatible with its use, the MANAGEMENT PLAN, the MASTER PLAN, with state and municipal regulations governing the matter, and not in breach of prohibitions provided for under this CONTRACT and its ANNEXES;
- V. setting a use for the FARM, whether for business ends or not, but which shall be attuned to the CONCESSION's guidelines and goals, complying with the end purpose foreseen under Clause 5.2, subsection IV;
- VI. bearing all electricity and water expenses as well as those of all benefits accrued in the CONCESSION AREA, in addition to all taxes potentially levied upon these activities;
- VII. ensuring free access, at any time, to GRANTING AUTHORITY, FPZP or IBT personnel in charge of inspecting its facilities and places where CONCESSION-related activities are being undertaken;
- VIII. providing all information requested by the GRANTING AUTHORITY within the terms and frequencies defined by the latter;
- IX. submitting an annual general review on all activities undertaken to the Advisory Board of the Conservation Unit within 90 (ninety) days after each CONTRACT anniversary, and, upon request, attending regular Board meetings with the GRANTING AUTHORITY's consent;
- X. taking all measures and securing all permits related to environmental legislation as well as other specific approvals needed for the regular performance of its activities, including approvals from historical, cultural and environmental entities;
- XI. endeavoring to uphold the CONCESSION ASSETS' integrity;
- XII. fostering research, technological innovation and environmental conservation activities;
- XIII. notifying all companies contracted to provide services related to the purpose of the CONCESSION on anything that is relevant for the performance of the contracted scope on this CONCESSION CONTRACT's provisions, on all rules applying to the performance of activities they were contracted for, and on provisions relating to environmental protection as well as use and exploitation of the CONCESSION AREA;

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- XIV. repairing any and all damages caused to the CONCESSION AREA in communication routes, water and sewer pipes, energy grids, gas, telecommunications and all concerning devices as well as any other INTERFERENCES, as per Clause 21.3, in addition to any third party assets resulting from exploiting the purpose of the CONCESSION, whereas it shall have the right to request, under any circumstances where damages are caused either by the GRANTING AUTHORITY's fault or willful misconduct, or which result from its risk or responsibility factors, recovery of the CONTRACT's economic-financial balance as a result of expenses related to said repair;
- XV. making the payment of the VARIABLE GRANT, the FIXED GRANT and the INSPECTION FEE;
- XVI. notifying the GRANTING AUTHORITY whenever it is served process or notified in any lawsuit or administrative proceeding resulting from CONCESSION CONTRACT-related issues, including procedural terms and deadlines, and using its best efforts to uphold common interests, thereby carrying out all procedural acts required to that end;
- XVII. exempting the GRANTING AUTHORITY from any litigation and assuming, upon the Judiciary's approval, the rights and obligations of the party, whereas whenever this replacement is jointly and severally rejected or upheld, taking over proceedings and sponsorship of any potential lawsuit lodged by third parties as a consequence of carrying out the purpose of this CONCESSION CONTRACT;
- XVIII. keeping, throughout the CONCESSION TERM, all eligibility and QUALIFICATION CONDITIONS required in the BIDDING PROCESS that are needed for continuing to exploit the CONCESSION ASSETS;
- XIX. fulfilling legal requirements related to labor, social security, occupational safety and health legislation for their employees, and holding themselves accountable for all social contribution, labor and social security charges accrued on the cost of the workforce used, as well as insurance coverage for occupational accidents;
- XX. keeping, at the GRANTING AUTHORITY's disposal, if requested, a copy of all contractual instruments that the CONCESSIONAIRE entered into with third parties concerning subcontracted services, as well as those concerning CONCESSION ASSET-related funding, acquisitions and services;
- XXI. sending a copy of contractual instruments that the CONCESSIONAIRE entered into with third parties concerning services and activities that generate or may generate REVENUE or ADDITIONAL REVENUE to the GRANTING AUTHORITY immediately after they are signed, and keeping them at the GRANTING AUTHORITY's disposal, if requested;
- XXII. keeping and retaining all CONCESSION AREA assets, public amenities and facilities in perfect working conditions, replacing parts as requested due to these being worn out or outdated technologically, in addition to carrying out repairs or upgrading required for adjusted activities and services to be properly carried out and retained, as set forth under this CONTRACT;
- XXIII. compensating and keeping the GRANTING AUTHORITY compensated for any claims or losses that it may suffer due to, among other things:

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- a. disbursements resulting from legal or arbitration rulings of any kind, regardless of being accrued with additional interest rates and legal fees, to fulfill obligations originally attributable to the CONCESSIONAIRE, including labor claims filed by employees or third parties linked to the CONCESSIONAIRE, as well as damages to USERS or rulings issued by control and inspection entities;
  - b. any act committed by the CONCESSIONAIRE, its administrators, employees, agents, service providers or third parties it has contracted, or any other individual or legal entity bound to it;
  - c. tax, labor, social security or worker compensation-related issues concerning CONCESSIONAIRE employees and third parties contracted;
  - d. environmental damages caused by the CONCESSIONAIRE in the CONCESSION AREA and its surroundings;
  - e. procedural expenses, attorney fees and any other costs it may need to bear due to events described in this subsection;
  - f. the CONCESSIONAIRE's liability shall persist even after the CONTRACT expires, whereas the GRANTING AUTHORITY may seek reimbursement from the CONCESSIONAIRE's partners according to corporate law, in the event that the legal entity is liquidated.
- XXIV. retaining bookkeeping and financial statements in accordance with accounting practices used in Brazil, in accordance with regulations issued by the Federal Accounting Council – CFC, and the Interpretations, Guidelines and Pronouncements of the Accounting Pronouncements Committee - CPC;
- XXV. monitoring any and all potential proposals for changes to the unit's MANAGEMENT PLAN or to the MASTER PLAN of the Botanic Garden that may lead to the event described in Clause 25.1, item V , as well as notifying the GRANTING AUTHORITY on the impact caused by amending this CONTRACT before these changes are approved;
- XXVI. keeping the contract PERFORMANCE BOND in effect as well as all necessary insurance coverages, in accordance with the terms of this CONCESSION CONTRACT;
- XXVII. ensuring that proper informative signage with signs that are easy to read and disclose telephone numbers, other web access and addresses of all ombudsperson offices, are put up in all CONCESSION AREA facilities and places where USERS are allowed access to, so as to make clear that it is a distinct company form the GRANTING AUTHORITY;
- XXVIII. introducing measures to prevent and discourage users from inadequately feeding animals;
- XXIX. providing an environmentally sustainable destination for all waste generated as well as enforcing proper management aimed at attaining energy efficiency and reducing consumption of water resources in grounds awarded under the concession;
- XXX. notifying competent authorities immediately, and as soon as it becomes aware, of any and all incidents while undertaking their activities that jeopardize the environmental integrity of grounds awarded under the concession;
- XXXI. enforcing all measures reasonably requested to prevent any type of damage or accident to



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

CONCESSION AREA USERS, employees, outsourced personnel or persons bound in any way whatsoever to the CONCESSIONAIRE, or to any persons inside the CONCESSION AREA, in addition to enforcing itself all necessary first aid or outpatient care proceedings that are within its grasp to mitigate any damages occurred or to assist injured people inside the CONCESSION AREA, after which it shall immediately notify all competent bodies;

- XXXII. taking all reasonable steps to prevent any kind of theft, robbery, damage or injury to CONCESSION AREA USERS, employees, outsourced personnel or persons bound in any way whatsoever to the CONCESSIONAIRE, or to any persons inside the CONCESSION AREA;
  - XXXIII. submitting all data and information needed to verify the PERFORMANCE INDICATORS to the INDEPENDENT RAPPORTEUR and the GRANTING AUTHORITY;
  - XXXIV. introducing and retaining, within the term of 12 (twelve) months from the DATE OF SIGNING, a compliance program within its scope, consisting of internal integrity mechanisms and procedures, auditing and encouraging individuals to report breaches, as well as the effective enforcement of codes of ethics and conduct, policies and guidelines aimed at recognizing and rectifying misappropriation of funds, frauds, breaches and illegal activities committed against the FEDERAL PUBLIC ADMINISTRATION, all under the scope of Federal Law No. 12.846/2013 (Anti-Corruption Law);
  - XXXV. providing, throughout the entire CONCESSION, permits from tangible and/or intangible asset heritage preservation entities permits needed for current and future listed buildings in the area, as well as dealing with any and all financial-economic impacts regarding listed buildings that already existed when the PROPOSAL was submitted, taking into account Resolution SC No. 103/2018, which addresses the CONDEPHAAT having declared the *Parque Estadual Fontes do Ipiranga* a heritage site, in addition to CONPRES P Resolution No. 40/2018;
  - XXXVI. taking all measures needed to mitigate and control epidemiological or health hazards within the CONCESSION AREA resulting from internal or external factors, notwithstanding enforcement of additional provisions set forth under the CONTRACT for circumstances constituting fortuitous or force majeure events; and
  - XXXVII. fulfilling all requirements and bearing all expenses related to licensing or approval proceedings needed to carry out the MINIMUM STARTING INVESTMENT or any construction works, or funding undertaken by the CONCESSIONAIRE, including requirements and costs related to São Paulo State Law No. 15.150/2010 and requirements and costs related to São Paulo State Law No. 16.402/2016.
- 21.2. The CONCESSIONAIRE's responsibility shall persist even after termination of the CONTRACT, and the GRANTING AUTHORITY may claim reimbursement for any potential losses stemming from obligations under this CONTRACT, including claiming these monies from CONCESSIONAIRE shareholders in accordance with corporate law, in the event that the SPECIAL PURPOSE COMPANY is liquidated.
  - 21.3. The CONCESSIONAIRE's duty to deal with any and all INTERFERENCES specified in item XIV of Clause 21.1 does not negatively hamper the right to economic-financial recovery in the event that the risk pertaining to the respective INTERFERENCE is allocated to the GRANTING AUTHORITY, provided the recovery's remaining arguments are met.
  - 21.4. The CONCESSIONAIRE's obligation to secure, while the CONCESSION is in effect, permits from tangible and/or intangible heritage preservation entities needed for listing buildings and future listed building entries applying to the area after the PROPOSAL is submitted, provided for under item XXXV of Clause 21.1, does not negatively hamper the right to economic-financial recovery, in the event that the

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

risk pertaining to the respective entry or listed building is allocated to the GRANTING AUTHORITY, provided the recovery's remaining arguments are met.

### CLAUSE TWENTY-TWO – MAIN RIGHTS AND OBLIGATIONS OF THE GRANTING AUTHORITY

22.1. The main rights and obligations of the GRANTING AUTHORITY, notwithstanding other obligations set forth in this CONTRACT, are:

- I. transferring, effective signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, direct possession and control of CONCESSION AREA facilities to the CONCESSIONAIRE, under the terms of this CONTRACT and ANNEXES;
- II. transferring, after the Use and Management Authorization is issued, and upon issuance of the document listed in Clause 8.3, direct possession and control of the CONCESSION AREA's BIOLOGICAL ASSETS of fauna and flora to the CONCESSIONAIRE, under the terms of this CONTRACT and ANNEXES;
- III. ensuring that the *FUNDAÇÃO PARQUE ZOOLOGICO DE SÃO PAULO* and the *INSTITUTO DE BOTÂNICA* fulfill their respective duties under the terms of this CONTRACT and ANNEXES;
- IV. using its best efforts to help secure permits and approvals needed for the CONCESSIONAIRE to perform the purpose of this CONTRACT, including carrying out joint participations in meetings and submitting any potential statements that may be required;
- V. overseeing construction work projects to be carried out at the CONCESSION AREA, aimed at verifying proper fulfillment of the purpose of the contract;
- VI. overseeing compliance of standards and rules relating to the performance of the CONCESSION's purpose;
- VII. overseeing performance of the CONTRACT, endeavoring to uphold a sound exploitation of the CONCESSION, which shall include receiving, determining and referring USER claims and complaints, in addition to applying, as the case may be, all appropriate measures, notwithstanding additional rules, inspection and monitoring prerogatives provided for under this CONTRACT and the applicable legislation;
- VIII. inspecting all facilities to verify full conservation of the asset awarded, in addition to evaluating technical resources that the CONCESSIONAIRE uses in its exploitation of the CONCESSION;
- IX. carrying out regular accounting, economic and financial audits, or any other deemed relevant as well as, should it deem suitable, contracting a dedicated auditing company for the CONCESSIONAIRE's bookkeeping and records, in order to prevent any and all situations that might jeopardize exploitation of the CONCESSION and conservation and public use of the CONCESSION AREA, notwithstanding performance of oversight activities under its powers;
- X. duly substantiating all its decisions, authorizations, approvals, requests or other acts carried out within the scope of this CONTRACT;
- XI. overseeing the CONCESSIONAIRE's standards and performance in fulfilling the purpose of this CONTRACT;

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- XII. monitoring, in accordance with the program devised jointly with the CONCESSIONAIRE, the development of engineering designs and studies, using its best efforts to mitigate deadlines needed for securing all necessary approvals;
- XIII. providing institutional support for all necessary interactions with other public bodies, whenever the performance of services falling under the scope of their responsibility interferes with activities specified in the purpose of this CONTRACT, without this entailing any changes to risks taken on by either PARTY under the terms of this CONTRACT;
- XIV. endeavoring to retain the CONTRACT's economic-financial balance; and
- XV. maintaining and managing the CONCESSION AREA during the period ranging from signing of the CONTRACT, to signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, in addition to clearing CONCESSIONAIRE representatives' access to the CONCESSION AREA whenever said access does not hinder events or activities held on-site, with the aim of carrying out research, inspections and official communications needed for securing licenses and approvals to undertake construction works.

### **CLAUSE TWENTY-THREE – MAIN RIGHTS AND OBLIGATIONS OF USERS**

23.1. Notwithstanding provisions of the applicable legislation, the following are rights and obligations of CONCESSION USERS:

- I. receiving ADEQUATE SERVICES in accordance with quality and performance standards specified in this CONTRACT and ANNEXES;
- II. receiving information from the GRANTING AUTHORITY and the CONCESSIONAIRE for purposes of upholding individual or collective interests and for proper use of the CONCESSION AREA;
- III. receiving information from the CONCESSIONAIRE concerning prices charged at the CONCESSION AREA, including, but not limited to, TICKET prices in force;
- IV. engaging with the CONCESSIONAIRE through different relationship systems and channels, particularly the OMBUDSPERSON's OFFICE and social-media customer services, among others;
- V. notifying the GRANTING AUTHORITY and the CONCESSIONAIRE on any and all breaches that they have become aware of concerning rendering of services, management of the CONCESSION AREA and other CONCESSION AREA-related visitor and public use requirements;
- VI. notifying all competent authorities on unlawful acts committed by the CONCESSIONAIRE in its exploitation of the CONCESSION;
- VII. contributing to retaining all assets comprising the CONCESSION, through which services are rendered, in sound conditions;
- VIII. complying with all legal and regulatory duties related to CONCESSION AREA visitor and public use issues;



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

IX. being covered by insurance policies provided for under this CONTRACT, as applicable.

### CLAUSE TWENTY-FOUR – ON RISKS OF THE CONCESSIONAIRE

24.1. The CONCESSIONAIRE assumes full responsibility for all risks intrinsic to operating and rendering services and activities provided for under the purpose of this CONTRACT, except only for those that are in clear contradiction to this CONTRACT, and including the following major risks:

#### Engineering, Construction and Operating Risks

- I. errors, omissions or changes in engineering designs, including the CONCESSIONAIRE's execution and/or technological approach;
- II. urban and environmental restrictions regarding projects that the CONCESSIONAIRE took into consideration while devising its PROPOSAL;
- III. risks arising from the technology(s) or approach(es) employed to undertake activities that are the purpose of the CONCESSION, and failure of technological innovations introduced by the CONCESSIONAIRE;
- IV. embargo of construction works or activities foreseen under the purpose of the CONCESSION;
- V. construction work errors, including damages resulting from safety issues at the construction site;
- VI. project errors, errors in forecasting costs and/or expenses, errors in estimating the time needed to complete construction works, or defects in planning and undertaking activities that are the purpose of the CONCESSION, construction work or public amenity defects, as well as errors or defects caused by the CONCESSIONAIRE, third parties or subcontracted companies contracted by it;
- VII. any and all problems arising from the CONCESSIONAIRE's relationship with its subcontractors or outsourced personnel, including in regard to business partnerships resulting thereof;
- VIII. interfacing and aligning construction works, public amenities and systems with one another, as well as with GRANTING AUTHORITY-owned assets and public amenities;
- IX. delays resulting from failure to secure permits, licenses and/or approvals of any kind, to be issued by administrative bodies and required for carrying out mandatory assignments that are the purpose of this CONCESSION, in addition to any potential court orders issued to suspend its performance that result in any of the aforementioned events herein due to acts of omission or commission committed by the CONCESSIONAIRE;
- X. delays resulting from failure to secure permits, licenses and/or approvals of any kind, to be issued by administrative bodies and required for carrying out activities that are not included under the CONCESSION's scope of mandatory assignments, in addition to any potential court orders issued to suspend its execution;
- XI. delays in construction works resulting from delays in securing FEDERAL PUBLIC

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

ADMINISTRATION permits, licenses or approvals required for construction or for carrying out interventions that are not included under the MINIMUM STARTING INVESTMENT or the ADDITIONAL INVESTMENTS, except if resulting from circumstances attributable to the GRANTING AUTHORITY;

- XII. delays in construction works resulting from delays in securing environmental permits required for installing or carrying out interventions that are not included under the scope of the MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS, except if resulting from circumstances attributable to the GRANTING AUTHORITY;
- XIII. cost, investment or revenue variations due to public facility use, disruptions or lack of availability, such as electrical power and water;
- XIV. any and all interferences by FEDERAL PUBLIC ADMINISTRATION entities, including its concessionaires, licensees and public service authorized representatives or economic activity assignees, for purposes of executing activities that are the purpose of the CONCESSION;
- XV. all risks intrinsic to executing the purpose of the CONCESSION with the standards required under this CONTRACT, including, but not limited to, funding, costs or additional expenditures required to fulfill PERFORMANCE INDICATORS as a result of their performance, aimed at fulfilling the requirement to uphold up-to-date standards in the performance of activities that are the purpose of the CONTRACT, as well as technical standards and rules provided for under the legislation or this CONTRACT;
- XVI. economic inefficiencies or losses resulting from failure, negligence, ineptitude or omission while executing activities that are the purpose of the CONCESSION;
- XVII. issues, delays or inconsistencies in providing inputs needed for carrying out activities that are the purpose of the CONCESSION CONTRACT;
- XVIII. visible errors or defects in the CONCESSION AREA and in CONCESSION ASSETS;
- XIX. the CONCESSION AREA's geological status in regard to construction works to be carried out;
- XX. embargo of the venture due to the CONCESSIONAIRE and/or its subcontractors' non-compliance with guidelines and requirements stemming from procedures needed to secure licenses;
- XXI. and and all sums potentially due, including material and/or moral damages to CONCESSION AREA USERS, employees, outsourced personnel or persons bound in any way whatsoever to the CONCESSIONAIRE, or to any persons inside the CONCESSION AREA, regardless of whether due to accidents;
- XXII. dealing with any INTERFERENCES potentially verified while carrying out interventions that are not included under the scope of MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS, and all consequences relating to them, including encumbrances arising from the need to remove or move public amenities elsewhere, as well as other costs related to any other potential measures needed;
- XXIII. claims, agreements reported or loan agreements rescinded, in addition to any type of removal from office, expiry of resolutive conditions or of the final term of a legal transaction

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

entailing the need to return animals that are owned or in the possession of third parties, or to return animals under the care of third parties whenever said animals, pursuant to any of the aforementioned circumstances, comprise the ZOO's current breeding stock, as per Annex IV;

### **Economic-Financial Risks**

- XXIV. REVENUE forecasts included in the PRICE PROPOSAL, whereas any type of recovery of the economic-financial balance of the CONCESSION CONTRACT shall be inadmissible due to amendments, lack of acknowledgment or due to losses resulting from prevention of the estimated REVENUE;
- XXV. prices charged by the CONCESSIONAIRE or by third parties that have contracted the CONCESSIONAIRE to exploit CONCESSION AREA activities;
- XXVI. burglary, theft or destruction - regardless of being only partial -, expenses resulting from any event, or loss of CONCESSION ASSETS;
- XXVII. the CONCESSIONAIRE's financial and/or fundraising ability, as well as loan and financing cost variations to be secured by the CONCESSIONAIRE for carrying out activities, funding or defraying operations that are the purpose of the CONCESSION;
- XXVIII. visitor number variations compared to forecasts made in projections made by the CONCESSIONAIRE or by the GRANTING AUTHORITY;
- XXIX. variations in REVENUE collected by the CONCESSIONAIRE compared to forecasts made by the CONCESSIONAIRE or by the GRANTING AUTHORITY;
- XXX. forecast errors and potential variations concerning input, operating, maintenance, funding and personnel expenditure costs, or any other cost incurred by the CONCESSIONAIRE while carrying out activities that are the purpose of the CONCESSION, whether over time or in regard to any projection made by the CONCESSIONAIRE or by the GRANTING AUTHORITY;
- XXXI. reductions in the total amount collected as REVENUE due to the absence of electronic records or due to any type of fraud committed by USERS who take advantage of any activity carried out by the CONCESSIONAIRE, including due to lack of electricity, public amenity failures, acts of vandalism and other events whose risk has been allocated to the CONCESSIONAIRE, under the terms of this CONCESSION CONTACT, except for cases where the risk of the event resulting in REVENUE reduction perceived is solely attributed to the GRANTING AUTHORITY;
- XXXII. costs corresponding to taxes and other duties levied on activities performed by the CONCESSIONAIRE;
- XXXIII. economic inefficiencies or losses arising from errors, negligence, defects, omissions, or from the CONCESSIONAIRE's own activities in fulfilling the purpose of the CONCESSION;
- XXXIV. changes in the macroeconomic context, cost of debt variations, changes in current



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

market interest rates, and exchange rate variations;

- XXXV. establishment, dismissal or amendment of any taxes or legal fees leading to impacts, whether direct or indirect, on the CONCESSIONAIRE's revenues and expenses;
- XXXVI. changes in legislation and state regulations of general scope made by any federative branch, and unspecific to the CONCESSION or to the CONCESSIONAIRE, regardless of constituting a government authority act affecting the CONTRACT, provided they are unrelated to aforementioned risks already expressly and specifically taken on by the GRANTING AUTHORITY under the scope of this CONTRACT;
- XXXVII. posterior verification of errors or omissions in the PROPOSAL or in any other CONCESSIONAIRE forecast or assumption, or in surveys assisting them, including those required for assessing data and projects disclosed by the GRANTING AUTHORITY;
- XXXVIII. damages, whether intentional or not, to CONCESSION ASSETS resulting from vandalism, depredation, theft, graffiti or any other act carried out by USERS or third parties;
- XXXIX. USER or third-party default in payments due to the CONCESSIONAIRE;

### Legal Risks

- XL. unpredictable factors, predictable factors of unmeasurable consequences, fortuitous or force majeure events which, under normal market conditions, may be insured by policies available in Brazil if, at the time that the risk occurs, said risk is insurable for at least 2 (two) years up to the threshold level of average policy rates normally applying to the market by at least two insurance companies, regardless of whether the CONCESSIONAIRE contracted them or not;
- XLI. collective strikes and labour disputes filed by CONCESSIONAIRE employees, their suppliers, subcontractors or outsourced personnel;
- XLII. civil, administrative, environmental and criminal liabilities for any damages that may occur to third parties, or that are caused by third parties, whether these persons work for the CONCESSIONAIRE or for its employees, agents, outsourced personnel or subcontracted companies, resulting from the execution of activities that are the purpose of the CONCESSION;
- XLIII. impacts arising from the establishment, revocation or review of regulatory standards issued by the GRANTING AUTHORITY or by any other agency or entity in charge of regulating activities that are the purpose of the CONCESSION, when strictly procedural;
- XLIV. the CONCESSIONAIRE's tax planning;
- XLV. compliance with court rulings concerning undertaking of activities that are the purpose of the CONCESSION CONTRACT, whenever these arise from acts of omission or commission committed by the CONCESSIONAIRE;

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- XLVI. funding, costs and expenses resulting from listed buildings and entries already made for existing CONCESSION AREA tangible and intangible assets, up to the date that the PROPOSAL is submitted;
- XLVII. investments, costs and expenses needed for any document or property regularization potentially required in licensing or approval procedures, or by state bodies holding jurisdiction over CONCESSION AREA exploitation activities.

### Environmental Risks

- XLVIII. fines or offsetting payments for environmental liabilities caused while executing activities that are the purpose of the CONCESSION;
- XLIX. penalties for verified cases of animal abuse and/or stereotypic behavior of breeding stock animals while executing activities that are the purpose of the CONCESSION;
- L. embargo of the venture, new costs, non-compliance with deadlines, need to reapprove projects with the competent bodies, including the GRANTING AUTHORITY, issuance of new approvals by competent bodies due to the CONCESSIONAIRE's and/or its subcontractors' non-compliance with any and all requirements arising from the procedure to secure ENVIRONMENTAL PERMITS, including any potential offsetting payments;
- LI. socio-environmental costs, including potential environmental liabilities relating to ENVIRONMENTAL PERMITS and execution of activities that are the purpose of the CONCESSION;
- LII. environmental liabilities and/or breaches whose triggering event took place after the TERM OF THE DELIVERY OF THE PUBLIC ASSET was signed;
- LIII. direct and indirect costs, in addition to deadlines set for solving CONCESSION AREA property squatting issues resulting from events ascertained after the TERM OF DELIVERY OF THE PUBLIC ASSET was signed.

24.2. The CONCESSIONAIRE expressly states to have full knowledge of the nature and extent of risks that it takes on under the CONCESSION CONTRACT, and has additionally taken such risks into account while devising its PRICE PROPOSAL.

24.3. The CONCESSIONAIRE is fully responsible for carrying out a thorough investigation and acknowledgment of all risks that it takes on in the performance of its duties under the scope of this CONTRACT, and shall deploy any and all solutions, proceedings and methods it deems most adequate and effective to mitigate risks assumed, taking responsibility for any resulting consequences.

### CLAUSE TWENTY-FIVE – ON RISKS OF THE GRANTING AUTHORITY

25.1. Notwithstanding other risks expressly assumed by the GRANTING AUTHORITY in other Clauses of this CONTRACT, the GRANTING AUTHORITY takes on the following CONCESSION-related risks:

- I. all positive or negative economic-financial impacts resulting from unilateral changes made to the MINIMUM STARTING INVESTMENT, establishing ADDITIONAL INVESTMENTS, establishing new assignments or changing any obligations the CONCESSIONAIRE is responsible for, provided said change leads the CONCESSIONAIRE

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- a change in their costs or REVENUE, whether for more or for less;
- II. environmental liabilities resulting from previous activities undertaken at the CONCESSION AREA, and which were not pointed out in BIDDING PROCESS documents;
  - III. court or administrative rulings preventing or precluding the CONCESSIONAIRE from collecting CONCESSION REVENUE, or from carrying out construction works stemming from the MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS, except in cases where the CONCESSIONAIRE has motivated the ruling;
  - IV. unilateral changes made by the GRANTING AUTHORITY pursuant to requirements for executing the CONTRACT;
  - V. any and all changes to the unit's MANAGEMENT PLAN and/or the Botanic Garden's MASTER PLAN, provided that, as a direct result of said change leads the CONCESSIONAIRE changes in their costs or REVENUE, whether for more or for less;
  - VI. unpredictable factors, predictable factors of unmeasurable consequences, fortuitous or force majeure events which, under normal market conditions, are unable to be insured by policies available in Brazil and, at the time that the risk occurs, if said risk is uninsurable for at least 2 (two) years in the Brazilian insurance market by at least two insurance companies, or in regard to the installment exceeding the average of sums insurable by insurance policies commonly applying to the market;
  - VII. damages caused to REVERTIBLE ASSETS, the CONCESSIONAIRE, third parties or to USERS, whenever these result from risks attributed to the GRANTING AUTHORITY taking place or due to its fault;
  - VIII. archaeological or paleontological discoveries made in the CONCESSION AREA;
  - IX. costs related to dealing with unperceived INTERFERENCES potentially verified while executing the MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS, as well as all consequences related to them, including costs arising from the need to remove or move public amenities elsewhere, exception made to INTERFERENCES set forth in ANNEXES and those pointed out in public access documents;
  - X. changes made by the GRANTING AUTHORITY to PERFORMANCE INDICATORS that cause proven and effective impacts on CONCESSIONAIRE costs, these being greater than those incurred in the event that the purpose of the CONTRACT is carried out under updated and adequate circumstances;
  - XI. ruling enforced upon the CONCESSIONAIRE to include new technological innovations, pursuant to Clauses 20.11 and 20.12;
  - XII. costs related to fixing hidden errors verified at any time by the CONCESSIONAIRE at the CONCESSION AREA, provided these are a consequence of activities undertaken before the TERM OF DELIVERY OF THE PUBLIC ASSET was signed, and which additionally were impossible to be ascertained by the CONCESSIONAIRE by means of reasonably requested proceedings;
  - XIII. additional costs arising from the MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS stemming from the need to employ unconventional construction methods

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

that do not abide by standards specified in technical regulations and/or in this CONTRACT or its ANNEXES due to the requirement described in the procedure for approving ENVIRONMENTAL PERMITS;

- XIV. delays or non-performance of CONCESSIONAIRE obligations due to the GRANTING AUTHORITY's procrastination or omission in carrying out activities and obligations attributed to it under this CONTRACT;
  - XV. delays in construction works due to delays in securing FEDERAL PUBLIC ADMINISTRATION entity permits, licenses or approvals, and which are required for building or operating the MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS, unless due to a fact attributable to the CONCESSIONAIRE;
  - XVI. delays in construction works due to delays in securing ENVIRONMENTAL PERMITS needed to install or operate the MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS, whenever assessment deadlines set by the environmental entity in charge of issuing permits exceed legal provisions, unless they are due to a fact attributable to the CONCESSIONAIRE;
  - XVII. delays decurring from failure to secure permits, licenses and/or approvals of any kind, to be issued by administrative entities and required for undertaking mandatory assignments that are the purpose of the CONCESSION, in addition to potential court rulings suspending its enforcement, unless these stem, in either of the circumstances described above, from acts of omission or commission committed by the CONCESSIONAIRE.
  - XVIII. investments, costs and expenses arising from listed buildings and entries for existing tangible and intangible CONCESSION AREA assets after the PROPOSAL has been submitted, and which lead to effective impacts on the CONCESSIONAIRE's costs or REVENUE;
  - XIX. closing of the ZOO and/or the BOTANIC GARDEN, as well as considerable restrictions enforced by state bodies on operating conditions, resulting from external factors;
  - XX. costs, whether direct or indirect, and deadlines for solving CONCESSION AREA property squatting issues resulting from events verified before the TERM OF DELIVERY OF THE PUBLIC ASSET was signed;
  - XXI. state actions targeted specifically for the CONTRACT that make executing the CONTRACT more costly, except when the act or fact constitutes a risk that has already been specifically and expressly attributed to the CONCESSIONAIRE under this CONTRACT;
- 25.1.1. in the scenarios foreseen under Clause 25.1, subsection XIX, the GRANTING AUTHORITY's responsibility shall be restricted to economic-financial impacts that would be borne by the CONCESSIONAIRE after all reasonably requested measures to mitigate epidemiological or health hazards have been put in place up to a threshold that enables operations of the aforementioned ventures, whether fully or in part, while being additionally subject to the duty foreseen under Clause 54.5.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

**CLAUSE TWENTY-SIX – MAINTAINING ECONOMIC-FINANCIAL BALANCE OF THE CONTRACT**

- 26.1. Whenever the conditions of the CONTRACT are met, its economic-financial balance shall be deemed maintained.
- 26.2. Economic-financial imbalance of the CONTRACT is deemed to have occurred whenever either PARTY endures effects, whether positive or negative, stemming from any event whose risk has not been attributed to it, and which provenly leads to the CONTRACT's economic-financial imbalance.
- 26.2.1. Assessments undertaken to recover the CONTRACT's economic-financial balance assume that the CONCESSION CONTRACT's full economic conditions shall be verified, and are restricted to offsetting economic-financial effects from events leading to contractual imbalance, as regulated under this Clause, while additionally taking into account, for purposes of achieving the intended offsetting, all economic-financial, tax and accounting effects resulting from the rebalancing measure selected.
- 26.2.2. The CONTRACT shall additionally be deemed imbalanced in the event that either PARTY secures benefits as a consequence of noncompliance or delays in complying with duties assigned to it;
- 26.2.3. The CONTRACT shall also be deemed imbalanced in the event that the CONCESSIONAIRE is assigned obligations originally assigned to the GRANTING AUTHORITY, the IBT or the FPZSP, as well as in the event that obligations originally assigned to the CONCESSIONAIRE are assigned to the GRANTING AUTHORITY, the IBT or the FPZSP.
- 26.2.4. In the event that a TRIGGERING EVENT occurs, recovery of the CONTRACT's economic-financial balance shall only apply to its imbalanced part claimed, whereas the requesting party shall prove the precise measure it claims for recovery.
- 26.3. In addition to scenarios described in Clause 26.2, recovery of the CONTRACT's economic-financial balance shall also apply in the event that the GRANTING AUTHORITY enforces unilateral changes upon the conditions for executing the CONTRACT, provided that, as a direct consequence of said change, an effective change in CONCESSIONAIRE costs or REVENUE is verified, whether for more or for less.
- 26.3.1. Funding and interventions carried out by the CONCESSIONAIRE at the CONCESSION AREA at its own initiative shall not give rise to the CONTRACT's economic-financial recovery, regardless of these not being deemed a MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS, and irrespective of having been awarded the GRANTING AUTHORITY's approval.

**CLAUSE TWENTY-SEVEN – ON IDENTIFYING EVENTS THAT GIVE RISE TO ECONOMIC-FINANCIAL IMBALANCE OF THE CONTRACT**

- 27.1. The procedure for recovering economic-financial balance may be initiated upon the CONCESSIONAIRE's request or as decided by the GRANTING AUTHORITY, whereas the requesting PARTY shall be responsible for proving the TRIGGERING EVENT's occurrence and for identifying it in a timely manner.
- 27.1.1. The requesting PARTY shall signal the TRIGGERING EVENT and notify the other PARTY within a period not exceeding 180 (one hundred and eighty) days of said event coming about, aimed at

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

upholding current contractual relations and enabling proper handling of the TRIGGERING EVENT's consequences.

27.1.1.1. In any case where the PARTY verifies the hidden error, the term specified in the subsection above shall be effective starting from the date that the TRIGGERING EVENT was verified.

27.1.1.2. Within the period set out in subsection 27.1.1, the PARTY shall notify the other PARTY on the occurrence of the identified TRIGGERING EVENT, even if it signals temporary values and estimates subject to review, notwithstanding the option of complementing investigation of proceedings after this period, in the event that the TRIGGERING EVENT lasts for a long period of time, or if, for any other reason, it is not possible to submit the restructuring request along with all documents specified in Clause 27.2 or 27.6.

### **On Requests Brought by the CONCESSIONAIRE**

27.2. Whenever the request for recovering the economic-financial balance is brought by the CONCESSIONAIRE, said request is to be submitted by means of a grounded request, and sent together with all documentation required to justify appropriateness of the request, including with respect to:

- I. precise identification of the TRIGGERING EVENT sent together, if applicable, with evidence proving that responsibility is attributable to the GRANTING AUTHORITY;
- II. assessment of overall imbalances duly identified in the cash flow, including dates when each one of them took place or estimates thereof, in case of new investments, for purposes of estimating recovery of the CONTRACT's economic-financial balance, pursuant to Clause Twenty-Eight, conditional upon the TRIGGERING EVENT.
- III. proof of direct and indirect expenses effectively incurred by the CONCESSIONAIRE resulting from the TRIGGERING EVENT that gave rise to the claim, sent along with a brief explanation addressing accounting and tax systems that apply to the allegedly imbalanced revenues or costs;
- IV. in the event of assessing any potential future imbalances, with a detailed demonstration of assumptions and threshold levels used for estimating the TRIGGERING EVENT's impacts on the CONCESSIONAIRE's cash flow;
- V. if, during proceedings to approve ENVIRONMENTAL PERMITS related to deploying the MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS, any request for putting in place unconventional construction methods differing from usual standards regulated under technical regulations and/or this CONTRACT or ANNEXES, the CONCESSIONAIRE shall prove (I) the nature of the decision, evidencing how it fails to comply with expected construction standards; and (II) the direct impact that said claim has for purposes of requesting recovery of the economic-financial balance.

27.3. In case of the request submitted by the CONCESSIONAIRE, the GRANTING AUTHORITY shall, within a period not to exceed 60 (sixty) days, issue a statement on the appropriateness of the claim, in addition to appraising whether the procedure for recovering the CONTRACT's economic-financial balance shall be processed extraordinarily.

27.3.1. Should the GRANTING AUTHORITY choose not to justify or accept the grounds for urgent



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

handling of the TRIGGERING EVENT, the latter is to be addressed in the next ORDINARY REVIEW.

27.3.2. The term specified in Clause 27.3 may be extended upon a justification, in which case counting of the term to end proceedings shall be suspended in case investigative proceedings require adjustment and completion.

27.4. All CONCESSIONAIRE obligations shall remain fully effective whilst the GRANTING AUTHORITY appraises requests for recovering the economic-financial balance, particularly obligations relating to payment of the VARIABLE GRANT and INSPECTION FEES.

### **On accessing information needed to appraise claimed imbalances**

27.5. For purposes of appraising claims brought by the CONCESSIONAIRE or the GRANTING AUTHORITY, either PARTY may contract, at any time, specific technical and/or economic reports.

27.5.1. At the respondent PARTY's discretion, a dedicated organization with certified technical qualification may carry out auditing to verify the situation that triggered the request for recovering the economic-financial balance, which shall further include participation of both PARTIES and the due transparency required for submitting a technical rebuttal, whether by themselves or by means of a corresponding entity, with costs to be borne by the PARTY that contracted the dedicated entity, regardless of the outcome of the request for recovering economic-financial balance.

27.6. The GRANTING AUTHORITY, or whomever it appoints, shall have access cleared to all CONCESSIONAIRE information, assets and facilities or those of any third party contracted by it for purposes of appraising sums alleged by the CONCESSIONAIRE in potential claims to recover the economic-financial balance.

### **On Requests Brought by the GRANTING AUTHORITY**

27.7. The request for recovering the economic-financial balance brought by the GRANTING AUTHORITY shall be notified to the CONCESSIONAIRE, sent along with a copy of all relevant technical reports and studies.

27.6.1. Upon receipt of the notification on the TRIGGERING EVENT, the CONCESSIONAIRE shall have 60 (sixty) days to submit a substantiated statement addressing the request for recovering the CONTRACT's economic-financial balance that was submitted by the GRANTING AUTHORITY in its notification, under penalty of implicit consent to the request.

27.6.2. In consideration of the CONCESSIONAIRE's reply to the GRANTING AUTHORITY's request, the latter shall have 30 (thirty) days to appraise the appropriateness of recovering economic-financial balance.

### **On events or grounds that do not give rise to CONTRACT imbalance**

27.8. Recovery of the economic-financial balance in benefit of the CONCESSIONAIRE shall not apply in the following cases:

- I. whenever losses incurred are a result of negligence, imprudence, malpractice, ineptitude or omission in carrying out CONCESSION AREA economic exploitation activities and addressing risks attributable to it;

**STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT**

- II. whenever, regardless of the manner or the extent, the CONCESSIONAIRE may have contributed, whether directly or indirectly, to the event triggering the imbalance.
  - III. whenever the occurrence of events that triggered the CONCESSIONAIRE's request neither effectively gives rise to any contractual conditions nor results in effective losses due to the CONTRACT's estimated economic-financial imbalance.
- 27.9. Should it be evidenced that impacts of events that lead to the request for recovering economic-financial balance could have been mitigated or minimized by means of measures that were available to the CONCESSIONAIRE, or by means of reasonably demandable efforts undertaken by the CONCESSIONAIRE, recovery of the economic- financial balance shall be estimated only taking into account the sum of the imbalance that would persist, even in the event that the CONCESSIONAIRE carries out all required procedures.
- 27.10. Should it be verified that more than one PARTY contributed directly or indirectly to the TRIGGERING EVENT as a result of both PARTIES' negligence, ineptitude or omission, recovery of the economic-financial balance shall only take into account the sum of losses that the aggrieved PARTY did not cause.

**CLAUSE TWENTY-EIGHT – ON RECOVERING ECONOMIC-FINANCIAL BALANCE**

- 28.1. At each EXTRAORDINARY REVIEW or each ORDINARY REVIEW, requests from both PARTIES deemed justified shall be assessed jointly so as to offset both positive and negative economic-financial impacts resulting from TRIGGERING EVENTS.
- 28.2. Potential recovery of the economic-financial balance, even when the request is submitted by the CONCESSIONAIRE, shall necessarily take into account any and all potential impacts in benefit of the GRANTING AUTHORITY.
- 28.3. Recovery of the CONTRACT's economic-financial balance as a whole, or in regard to any specific TRIGGERING EVENT, shall be carried out so as to make the Net Present Value of the Cash Flow of balances obtained equal to zero, considering the Internal Rate of Return - IRR intrinsic to each TRIGGERING EVENT, as set forth below.
- 28.3.1. Should TRIGGERING EVENTS stemming from cancelations, delays or advancements of the MINIMUM STARTING INVESTMENT described in ANNEX III take place, recovery shall be carried out taking into account: (I) the provisions of subsection 26.2.2; (II) sums attributed to funding of research studies that substantiated the CONCESSION, pursuant to the physical-executive distribution set forth; (III) operating costs and revenue corresponding to said MINIMUM STARTING INVESTMENT; and (IV) an Internal Rate of Return of 8.31 % (eight point thirty-one percent).
- 28.3.1.1. The issue of economic-financial recovery addressed in subsection 28.3.1, when it comes to the advanced MINIMUM STARTING INVESTMENT, shall only be carried out if said advance is due to risk factors or the GRANTING AUTHORITY's responsibility, whereas there shall be no economic-financial recovery if the advanced payment is due to risk factors or due to the CONCESSIONAIRE's responsibility, or if it takes place upon its own undertaking.
- 28.3.1.2. The economic-financial recovery addressed in subsection 28.3.1, when it comes to an overdue MINIMUM STARTING INVESTMENT stemming from risk factors or the CONCESSIONAIRE's responsibility, is only to be carried out if the net economic-

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

financial impact caused by the overdue payment favors the CONCESSIONAIRE, taking into account economic-financial effects from postponing investment payment amounts, as well as corresponding operating costs and revenues, notwithstanding enforcement of penalties foreseen under the CONTRACT and ANNEX XXXI, whereas there shall be no economic-financial recovery if overdue investments lead to a net economic-financial impact that is detrimental to the CONCESSIONAIRE.

28.3.2. In the event that any other TRIGGERING EVENT takes place, recovery of economic-financial balance shall take place by establishing a marginal cash flow, whilst taking into account: (I) positive or negative marginal cash flows estimated based on differences between incidents either with or without the concerning TRIGGERING EVENT; and (II) marginal cash flows required for recovering the economic-financial balance.

28.3.2.1. TRIGGERING EVENTS consisting of any new investments shall take into account, for purposes of estimating recovery of the CONTRACT's economic-financial balance, the Internal Rate of Return computed pursuant to subsections 28.5.3 and 28.5.3.1, upon the date of signing of the concerning amendment to the contract.

28.3.2.2. Any and all other TRIGGERING EVENT scenarios shall take into consideration, for purposes of estimating recovery of the CONTRACT's economic-financial balance, the Internal Rate of Return computed for the start of the contract year in which the TRIGGERING EVENT takes place, pursuant to subsection 28.5.3.

28.3.2.3. In the event that a TRIGGERING EVENT takes place, as regulated under subsection 28.3.2, and extends for over a year, the Internal Rate of Return addressed in subsection 28.5.3 shall be considered for purposes of estimating recovery of the CONTRACT's economic-financial return, computed for the contract year in which the TRIGGERING EVENT first took place, and which shall apply to the entire TRIGGERING EVENT term.

28.4. Each recovery of the economic-financial balance shall entail an Internal Rate of Return being set for that estimation, which shall be final for the entire CONCESSION TERM, in accordance with current fees for TRIGGERING EVENTS considered therein.

### **Recovering the Economic-Financial Balance with Marginal Cash Flows**

28.5. The following procedures shall be fulfilled in devising the Marginal Cash Flow for purposes of recovering TRIGGERING EVENTS' economic-financial balance, as per subsection 28.3.2:

28.5.1. Recovery of the economic-financial balance shall be carried out so that the Net Present Value of the Marginal Cash Flow foreseen for the event that triggered the recovery is null, while considering, on the same base date: (I) marginal cash flows resulting from the event that triggered the recovery, and (II) marginal cash flows resulting from recovery of the economic-financial balance.

28.5.1.1. For purposes of estimating marginal cash flows' Net Present Value, an Internal Rate of Return shall be applied in each new contract year. Should the start of the contract year not fall on the 1<sup>st</sup> day of the month, the following 1<sup>st</sup> day shall be considered for applying the IRR.

28.5.2. For purposes of determining cash flows of marginal expenditures, the best information available shall be used to portray actual and effective current conditions, aimed at estimating investment amounts, costs and expenses, in addition to potential revenues and other earnings stemming from TRIGGERING EVENTS;

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 28.5.2.1. The CONCESSIONAIRE shall submit estimates showing the extent of the imbalance, even in cases where the claim is brought by the GRANTING AUTHORITY, using, to this end, the best public and/or private sector price references available at the time the claim was submitted.
- 28.5.2.1.1. Notwithstanding the scenario specified in subsection 28.3.1, said information should preferably be based on current public prices being charged, or any other document that may replace them, whereas lack of more updated information and at the GRANTING AUTHORITY's discretion, forecasts made during the BIDDING PROCESS or other parameters such as, for instance, those used and published in Brazilian and foreign engineering journals.
- 28.5.2.2. The GRANTING AUTHORITY may request the CONCESSIONAIRE to prove that sums needed for carrying out new investments shall be estimated based on market values, taking into account the overall cost of related construction works or activities in Brazil, or based on cost systems that use project-specific appraised market values as inputs, either way by means of a summarized budget devised using efficient or parametric methodology.
- 28.5.3. The actual annual Discount Rate to be used to compute the sum of the Present Value addressed in subsections 28.3.2.1 and 28.3.2.2 shall be composed of gross interest rate averages for the sale of IPCA+ Treasury Notes with biannual interest (NTN-B) in the last 12 (twelve) months or, in the absence of this one, any other that replaces it, prior to deduction of Income Tax and due on August 2055, or with a maturity date more attuned to the date of the contract term, published by the National Treasury Office, determined at the start of each contract year, capitalized on a spread or surcharge on interest corresponding to 197.31% a.a. (one hundred and ninety-seven point thirty-one percentage points per annum), over a 252 (two hundred and fifty-two) working-day period;
- 28.5.4. In the event that the CONTRACT's economic-financial balance is recovered by means of an extension of term, the methodology used to appraise revenue and expenses for the extended term shall take into account the provisions of subsections 28.5.4.1 to 28.5.4.6.
- 28.5.4.1. For purposes of forecasting revenue collection and defining cash inflows, CONCESSION AREA and its CASH GENERATING UNITS demands shall be forecasted using actual USER demand data to compute these figures, which shall be multiplied by average prices charged in the CONCESSION both for TICKET prices and for prices charged in CASH GENERATING UNITS, taking into account the 24 (twenty-four) month-period immediately before the concerning date, thereby obtaining CONCESSIONAIRE REVENUE estimates at the CONCESSION AREA. In order to carry out the aforementioned forecasts, each CASH GENERATION UNIT's type of economic exploitation by the CONCESSIONAIRE shall be considered, with the last CASH GENERATING UNIT's start date of operations to be used as a retroactive threshold, or, instead, the start date of operations of the last investment made by the CONCESSIONAIRE or by third parties that may have lead to considerable variations in CONCESSION-related revenues or costs.
- 28.5.4.1.1. ADDITIONAL REVENUE collected by the CONCESSIONAIRE shall not be considered for estimations described in subsection 28.5.4.1, whereas allocation of the percentage set forth under subsection 10.3.1, item VIII, shall remain in force, even throughout the CONCESSION TERM's extension term.
- 28.5.4.2. The following shall be considered for purposes of estimating the CONCESSIONAIRE's cost and expense forecasts, as well as for setting the cash outflow, in order to determine the term

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

to be extended, starting from the initial term of the marginal cash flow:

- 28.5.4.2.1. Cost and expense-related sums estimated by the CONCESSIONAIRE in the 24 (twenty-four) months immediately before the effective date of the cash flow, using, as a retroactive threshold, the last CASH GENERATING UNIT's start date of operations or, instead, the start of operations of the last investment made by the CONCESSIONAIRE or by third parties that may have lead to considerable variations in REVENUE or CONCESSION-related costs.
- 28.5.4.2.2. Average sums shall be used as reference for extending the CONCESSION term, without suffering any variation or other types of changes.
- 28.5.4.3. Costs and expenses related to conservation and maintenance of any new construction works, as well as any revenue provided, shall also be considered for purposes of calculating the Marginal Cash Flow.
- 28.5.4.4. All forecasted REVENUE, expense and cost sums shall be considered as per their establishment as a risk to the CONCESSIONAIRE, and shall not be reviewed or reconsidered under any circumstances.
  - 28.5.4.4.1. For purposes of recovering the economic-financial balance caused by events unrelated to changes made to tax or accounting legislation, taxes and accounting implications of any kind that effectively apply throughout the CONCESSION TERM, except for official extension terms and regardless of the PARTY that has taken on the risk pertaining to changing the tax or accounting legislation.
- 28.5.4.5. For purposes of the Marginal Cash Flow, amortization and depreciation estimates shall be made based on applicable rules and legislation.
- 28.5.4.6. VARIABLE GRANT and INSPECTION FEE installments provided for under this CONCESSION CONTRACT may, upon the GRANTING AUTHORITY's discretion, be retained throughout the extension term and included in the Marginal Cash Flow that is the purpose of this methodology.
- 28.5.5. For purposes of determining the sum to be restored, any and all effects resulting from direct and indirect taxes that effectively apply to the marginal cash flow shall be considered.

### **CLAUSE TWENTY-NINE – ON MODALITIES FOR RECOVERING ECONOMIC-FINANCIAL BALANCE OF THE CONTRACT**

29.1. The GRANTING AUTHORITY shall have the option of choosing the modality through which the CONTRACT's economic-financial recovery shall be carried out, particularly, but not limited to, the following modalities:

- I. extension or reduction of the CONCESSION TERM;
- II. reimbursement or compensation;
- III. review of VARIABLE GRANT or INSPECTION FEE amounts;
- IV. changes in CONTRACT and/or AUCTION NOTICE-provided obligations or deadlines;

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- V. combination of the above modalities or any other permitted under the legislation, at the GRANTING AUTHORITY's discretion.

29.2. In addition to modalities listed in Clause 29.1, recovery of the CONTRACT's economic-financial balance may also be carried out through the following modalities, being conditional, in these cases, upon the CONCESSIONAIRE's prior consent:

- I. donation in quittance of assets and/or assignment of equity revenue;
- II. the GRANTING AUTHORITY's assumption of costs attributed to the CONCESSIONAIRE under the CONTRACT;
- III. exploitation of REVENUE or ADDITIONAL REVENUE beyond the term of the CONCESSION CONTRACT and/or changes in requirements to share ADDITIONAL REVENUE;
- IV. combination of the above modalities or any other permitted under the legislation.

29.3. Recovery of the CONTRACT's economic-financial balance shall be made official upon issuance of an Amendment to this CONTRACT.

### CHAPTER IV – ON CONTRACT REVIEWS

#### CLAUSE THIRTY – ORDINARY CONTRACT REVIEW

30.1. ORDINARY CONCESSION REVIEW procedures shall be carried out at each four year-cycle effective the date of signing of the TERM OF DELIVERY OF THE PUBLIC ASSET, which may lead to:

- I. review of PERFORMANCE INDICATORS and goals set, aimed at setting forth proper economic incentives needed to foster continued improvement in the performance of activities that are the purpose of the CONCESSION;
- II. review of the CONCESSIONAIRE-devised INSURANCE PLAN;
- III. inclusion of ADDITIONAL INVESTMENTS, always in compliance with the CONTRACT's economic-financial balance.
- IV. review of the BIOLOGICAL ASSET OPERATING MASTER PLAN.

30.1.1. All requests for new investments at the CONCESSION shall primarily take place during ORDINARY REVIEWS, so as to enhance planning and funding, regardless of said demands resulting from events that took place or were verified at times before ORDINARY REVIEWS were held.

30.1.1.1. Should there be any urgent requests which, for technical, economic-financial, safety or public interest reasons call for immediate intervention, and which cannot await the end of the 5 (five)-year contractual cycle term for each ORDINARY REVIEW, these new investments shall be carried out through an EXTRAORDINARY REVIEW, which shall, in turn, uphold all terms and procedures set forth under this CONTRACT and the applicable legislation and regulation.



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 30.1.2. Review of PERFORMANCE INDICATORS may take place during ORDINARY REVIEWS, with the GRANTING AUTHORITY having the right to request, in accordance with methods provided for under Clause 20.11 for including new technologies, PERFORMANCE INDICATORS' suitability as per ANNEX XXI or, instead, the establishment of new indicators conveying current, updated and innovative standards for rendering construction works and services that are the purpose of this CONTRACT.

### On Processing Ordinary Reviews

- 30.2. Pursuant to the scope of ORDINARY REVIEW proceedings, the PARTIES shall submit a report with a proposal for reviewing PERFORMANCE INDICATORS, a technical assessment concerning the INSURANCE PLAN's suitability and potential needs for reviews, as well as proposals for reviewing or including ENCUMBRANCES in the CONCESSION, all duly justified and including forecasts for economic-financial impacts and expected improvements, if applicable, for the CONCESSION's numerous interested parties.
- 30.2.1. With regard to PERFORMANCE INDICATORS' ORDINARY REVIEWS, the PARTIES shall carry out a joint assessment of current indicators and goals set, taking into account the pursuit of constant improvement in carrying out activities that are the purpose of the CONCESSION, and establishing a reasonable deadline for adjusting all new standards required, leading to:
- I. redefining PERFORMANCE INDICATORS that prove to be ineffective, aimed at fostering CONCESSIONAIRE activities and services to be carried out to quality standards required by the GRANTING AUTHORITY and USERS;
  - II. reviewing goals defined for each PERFORMANCE INDICATOR, using data collected from regular performance assessments and mandatorily setting them at an equal or higher standard compared to the current standard, while always seeking to fulfill the goal of fostering continued improvement in quality standards of activities undertaken by the CONCESSIONAIRE; and/or
  - III. establishing new PERFORMANCE INDICATORS in the event that the GRANTING AUTHORITY requests new performance standards due to the invention of technological innovations or adaptations to Brazilian or international standards.
- 30.2.2. Regarding BIOLOGICAL ASSETS, all matters that are subject to ORDINARY REVIEWS are addressed in ANNEX III.
- 30.2.3. ORDINARY REVIEWS shall preferably take place to precede discussions on devising the Annual Budget Law, which shall come into effect the year following the ORDINARY REVIEW.
- 30.2.4. ORDINARY REVIEWS may not impact risk allocation set forth under this CONTRACT.
- 30.2.5. Upon completion of ORDINARY REVIEW proceedings, and after ordinary administrative proceedings during which the CONCESSIONAIRE was allowed broad participation and the right to adversarial proceedings have elapsed, the GRANTING AUTHORITY shall be responsible for defining new contract guidelines, taking into account all thresholds and proceedings set forth under this Clause, whereas the CONCESSIONAIRE, in case of disagreement, shall have the right to enforce dispute settlement methods specified in this CONCESSION CONTRACT.

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 30.2.6. ORDINARY REVIEW proceeding results addressed in this Clause may trigger the CONCESSION's economic-financial recovery, whose recovery proceedings are to comply with rules provided for under Clauses Twenty-Seven and Twenty-Eight, except for PERFORMANCE INDICATOR ORDINARY REVIEW results, which shall not imply economic-financial recovery.

### **CLAUSE THIRTY-ONE – EXTRAORDINARY CONTRACT REVIEWS**

- 31.1. Either PARTY may request an EXTRAORDINARY REVIEW of the CONTRACT in case of effective or imminent occurrences of events whose consequences are serious enough to give rise to the need to evaluate and take urgent measures, submitting the provisions of this Clause to an EXTRAORDINARY REVIEW and, where applicable, to ORDINARY REVIEW provisions.
- 31.2. Should EXTRAORDINARY REVIEW proceedings be brought by a CONCESSIONAIRE-filed request, it shall submit all necessary assistance to prove to the GRANTING AUTHORITY that failure to immediately address the event shall entail extraordinary aggravation and its harmful consequences.
- 31.3. The GRANTING AUTHORITY shall have a 60 (sixty)-day term, starting from the moment the CONCESSIONAIRE-filed request is made official, to appraise whether grounds submitted justify immediate handling of the matter or not, and whether the severity of consequences justify dismissing ordinary CONTRACT REVIEW proceedings, substantiating the need to not wait for the time interval before the following ORDINARY REVIEW takes place.

## **CHAPTER V – ON THE CONCESSIONAIRE**

### **CLAUSE THIRTY-TWO – ON THE SPC'S LEGAL STRUCTURE**

- 32.1. The CONCESSIONAIRE's bylaws shall point to the fact that its specific and exclusive corporate purpose, throughout the entire term of the CONTRACT, shall be the performance of the purpose of this CONCESSION, to be headquartered and legally domiciled in the State of São Paulo.
- 32.1.1. The CONCESSIONAIRE is prohibited from carrying out any activity not expressly stated under this CONTRACT.
- 32.1.2. The CONCESSIONAIRE's bylaws shall include a clause:
- I. prohibiting changes to its corporate purpose, except to include activities concerning exploitation of REVENUE or ADDITIONAL REVENUE, provided they are related to activities that are the purpose of this CONTRACT;
  - II. submitting all actions described in Clause 43.1 to the GRANTING AUTHORITY's prior approval;
  - III. submitting any contracting of loans or bonds whose amortization terms exceed the CONCESSION CONTRACT's final term to the GRANTING AUTHORITY's prior approval.
- 32.1.3. The CONCESSIONAIRE may exploit, whether directly or indirectly, including through subsidiaries, any and all activities that generate REVENUE or ADDITIONAL REVENUE, subject to the rules of this CONTRACT and ANNEXES XXIV and XXV.
- 32.2. The CONCESSIONAIRE shall comply with corporate governance standards and introduce standardized accounting and financial statements, especially those relating to transactions carried out with RELATED

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

PARTIES, in accordance with accounting practices used in Brazil, and based on Brazilian Corporate Law (Federal Law No. 6.404 of December 15, 1976, and amendments), and Accounting Standards issued by the Federal Accounting Council - CFC.

- 32.2.1. The CONCESSIONAIRE's accounting and financial information and statements, including working papers and additional information to be regularly submitted to the GRANTING AUTHORITY, shall be audited by a reputable dedicated independent auditing company with acknowledge expertise that has audited, in the two previous fiscal years, publicly-traded companies in the São Paulo Stock Exchange (B3).
- 32.2.2. The dedicated auditing company shall also verify compliance with provisions concerning RELATED PARTIES, as set forth under Clauses 32.8 to 32.13, regardless of the CONCESSIONAIRE's accounting or governance structure.
- 32.3. The CONCESSIONAIRE's minimum paid-up capital stock shall be R\$ 26,000,000 (twenty-six million reais), on the base date of August 2020.
- 32.3.1. For purposes of signing of this CONTRACT, the CONCESSIONAIRE shall hold at least R\$ 5,200,000 (five million and two hundred thousand reais), on the base date of August 2020, duly paid up capital stock in Brazilian currency.
- 32.3.2. Paying up of the remaining capital stock shall comply with the Timetable for the Paying in of Capital Stock included in ANNEX XXVIII of this CONTRACT
- 32.3.3. The minimum capital stock shall be corrected annually using the IPC/FIPE Consumer Price index on the CONTRACT's anniversary date, applying the following equation:
- $$CS_t = CS_0 \times (IPC_{t-2}/IPC_0)$$
- Where:  
CS<sub>t</sub>: corrected capital stock;  
CS<sub>0</sub>: capital stock defined on base date considered for the calculation;  
IPC<sub>t-2</sub>: IPC/FIPE of second month before the adjustment date of capital stock in the contractual year;  
IPC<sub>0</sub>: IPC/FIPE index for the base date.
- 32.3.4. The CONCESSIONAIRE undertakes to keep the GRANTING AUTHORITY permanently up-to-date on the SPECIAL PURPOSE COMPANY's shareholders' compliance with capital stock paid, thereby enabling the GRANTING AUTHORITY to carry out necessary procedures and auditing to verify circumstances.
- 32.3.5. The CONCESSIONAIRE may not, throughout the CONCESSION TERM, reduce its capital stock below the minimum threshold level specified in this Clause without the GRANTING AUTHORITY's prior and express written consent.
- 32.3.6. Until the capital stock is not fully paid up, as per ANNEX XXVIII, the SPECIAL PURPOSE COMPANY's shareholders shall answer, proportionally to each one's subscribed shares, to the GRANTING AUTHORITY for CONCESSIONAIRE bonds under this CONTRACT, up to the threshold of the outstanding installment sum required for the paying in of initially subscribed capital, with shareholders to retain this duty even if FINANCIERS take over the CONCESSIONAIRE's CONTROLLING interest.



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 32.4. The CONCESSIONAIRE's business year and the CONTRACT's fiscal year shall both be the calendar year.
- 32.5. Non-Brazilian capital in the CONCESSIONAIRE shall abide by the current Brazilian legislation.
- 32.6. The CONCESSIONAIRE's dissolution may only come about after all activities described in ANNEX XXIX have taken place.
- 32.7. Even after the CONCESSION has expired, the CONCESSIONAIRE shall retain the minimum subscribed capital stock referred to in this Clause until its dissolution.
- 32.8. The CONCESSIONAIRE shall, within 4 (four) months as of the DATE OF SIGNING, develop, publish and deploy a TRANSACTION POLICY WITH RELATED PARTIES, fulfilling, as the case may be, the best practices recommended under the Brazilian Corporate Governance Code - Publicly-Traded Companies and published by the Interagency Work Group (GT Interagências), coordinated by the Brazilian Corporate Governance Institute (IBGC), as well as New Market Regulation provisions, or by any that may replace them as a benchmark at the Brazilian Securities and Exchange Commission - CVM, and including at least:
- I. criteria to be upheld so as to enable transactions between the CONCESSIONAIRE and its RELATED PARTIES, requiring fulfillment of conditions that are fair and compatible with market practices;
  - II. procedures to help verify individual situations that may relate to conflicts of interest, and thus determine voting restrictions for the CONCESSIONAIRE's shareholders or administrators;
  - III. procedures and those in charge of identifying RELATED PARTIES and labeling operations as transactions with RELATED PARTIES;
  - IV. designating minimum threshold levels for approving transactions with RELATED PARTIES, conditional upon sums concerning other relevant criteria;
  - V. requirement to carry out a market bidding process pursuant to rules approved by the CONCESSIONAIRE's management, as a condition for engaging with RELATED PARTIES; and
  - VI. the CONCESSIONAIRE's management's duty to submit a written document, to be archived at the CONCESSIONAIRE's headquarters, stating the official reasons for having selected the RELATED PARTIES as opposed to other options available in the market.
- 32.8.1. Notwithstanding the term specified in Clause 32.8, the TRANSACTION POLICY WITH RELATED PARTIES is to be devised, published and put in place before the CONCESSIONAIRE engages with any RELATED PARTY.
- 32.9. In the event that the CONCESSIONAIRE requests breeding stock animals to be transferred to fauna use and management ventures under specific environmental legislation categories, and which involve participation of any of its RELATED PARTIES, it shall have previously secured the GRANTING AUTHORITY's No Objection, in addition to complying with the TRANSACTION POLICY WITH RELATED PARTIES to this end, subject to the provisions of Clause 32.8.
- 32.9.1. The GRANTING AUTHORITY's Objection may only use the Breeding Stock's Action Plan, Animals' Wellbeing circumstances and losses to this CONCESSION's operations as its

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

grounds.

- 32.10. The CONCESSIONAIRE is to update the TRANSACTION POLICY WITH RELATED PARTIES whenever necessary, upholding updates made on best practice recommendations addressed in Clause 32.8, as well as the need to add or amend specific provisions aimed at awarding increased transparency and arm's length to transactions carried out with RELATED PARTIES.
- 32.11. Within 1 (one) month effective execution of the contract with RELATED PARTIES, and with at least 5 (five) working days' advance before activities included in said contract are initiated, the CONCESSIONAIRE shall post the following transaction-related information on its homepage:
- I. general information about the RELATED PARTY engaged with;
  - II. purpose of the transaction;
  - III. contracting term;
  - IV. general payment conditions and adjustment of transaction-related amounts;
  - V. description of the transaction held with the RELATED PARTY and of the decision to execute the transaction; and
  - VI. reasons for having decided to transact with the RELATED PARTY as opposed to other available options in the market;
- 32.12. The CONCESSIONAIRE may be awarded funds from RELATED PARTIES by means of loan agreements, provided:
- I. the loan agreements are previously approved by the GRANTING AUTHORITY;
  - II. the loan agreements include a clause expressly allowing the GRANTING AUTHORITY to suspend payments by the CONCESSIONAIRE to the lender, for any contractual amounts, in the event of payment in arrears of the VARIABLE GRANT and INSPECTION FEES related to this CONTRACT, in addition to the potential risk of early winding up of the CONCESSION;
  - III. The total effective cost of loan operations shall use bank loan rates, which it is not to exceed, as a benchmark, and the CONCESSIONAIRE shall submit related contracts to FINANCIAL INSTITUTIONS or the loan rate in conditions corresponding to payment volumes and methods in order to justify the loan rate.
- 32.13. The CONCESSIONAIRE is prohibited from:
- I. awarding loans and financing to its shareholders, to RELATED PARTIES or to third parties; and
  - II. providing surety, endorsements or any other types of guarantees to its shareholders and those of RELATED PARTIES or third parties.

**CLAUSE THIRTY-THREE – ON TRANSFERRING CONTROL OF THE CONCESSIONAIRE**

- 33.1. The CONCESSIONAIRE is to secure the GRANTING AUTHORITY's prior approval for any changes made to its corporate structure that entail direct TRANSFER OF SHAREHOLDING CONTROL, under this CONTRACT.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 33.1.1. The required prior consent specified in Clause 33.1 covers all actions that entail direct TRANSFER of the CONCESSIONAIRE's shareholding CONTROL, regardless of indirect control remaining with the same ECONOMIC GROUP.
- 33.1.2. For purposes of this CONTRACT, the CONCESSIONAIRE's direct controller shall be deemed any individual or legal entity, or group of persons bound by a voting agreement or under common control comprising the CONCESSIONAIRE's direct shareholding structure, and fulfilling the conditions set forth under article 116 of Federal Law No. 6.404/1976.
- 33.2. Any and all acts aimed at changing the CONCESSIONAIRE's shareholding structure shall not be subject to the GRANTING AUTHORITY's prior consent in the event that the companies originally holding direct control over the CONCESSIONAIRE remain in sufficient shareholding numbers to continue exercising the company's CONTROL, without interference from third parties that did not comprise the CONCESSIONAIRE's CONTROLLING GROUP prior to the act.
- 33.3. Transfer of the CONCESSIONAIRE's SHAREHOLDING CONTROL shall only be approved by the GRANTING AUTHORITY when the transfer neither hinders nor jeopardizes performance of the CONCESSION CONTRACT.
- 33.4. To secure the GRANTING AUTHORITY's approval under the cases specified in this Clause, the claiming party shall submit a request of approval for the intended transfer, submitting at least the following information:
- I. description of the intended transaction as well as the proposed shareholding structure for the term immediately after the TRANSFER OF SHAREHOLDING CONTROL;
  - II. documents relating to the intended corporate transaction, such as copies of minutes of CONCESSIONAIRE's partners' or shareholder's meetings, letters, auditing reports and financial statements;
  - III. reasons for for the change in CONTROL;
  - IV. appointment and eligibility of individuals deemed to become CONTROLLER(S) or to comprise the CONCESSIONAIRE's CONTROLLING BLOCK, while additionally submitting a list of members of the CONCESSIONAIRE's management and of its CONTROLLERS;
  - V. statement of the CONCESSIONAIRE's board of shareholders after the intended TRANSFER OF CONTROL takes place;
  - VI. statement evidencing the eligibility of companies deemed to become CONTROLLERS or to comprise the CONCESSIONAIRE's CONTROLLING BLOCK, submitting documents that correspond to QUALIFICATION DOCUMENTS, which may be required for the CONCESSION's continued exploitation;
  - VII. expressed commitment from those deemed to become CONTROLLERS or to comprise the CONCESSIONAIRE's CONTROLLING BLOCK, stating that they shall fully comply with all obligations hereunder, and shall additionally support the CONCESSIONAIRE in whatever is needed for a full and complete timely payment of all obligations attributed to it; and
  - VIII. commitment from all those involved stating that the TRANSFER OF SHAREHOLDING CONTROL transaction shall remain suspended until approval is secured with all competent bodies, including CADE, according to the appropriateness of each specific case.



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 33.5. The GRANTING AUTHORITY shall examine the request for prior approval, as required under this Clause, within ninety (90) days, a term extendable for an equal term, if necessary, and may, at its own discretion, request additional explanations and documents from the CONCESSIONAIRE and/or FINANCIERS, convene CONCESSIONAIRE members or shareholders, and carry out any proceedings deemed appropriate.
- 33.6. If, due to the stage that the CONCESSION is currently in, certain technical capacity and financial standing requirements required in the AUCTION NOTICE are no longer needed for proper rendering of services, the GRANTING AUTHORITY may forego its confirmation.
- 33.7. Prior consent for the CONCESSIONAIRE's TRANSFER OF CONTROL, if granted by the GRANTING AUTHORITY, shall be made official in writing, pointing out all conditions and requirements for its undertaking.
- 33.8. Prior consent proceedings related to events set forth under Clause 33.1 shall also comply with the following rules:
- I. the prior consent request shall be submitted by the CONCESSIONAIRE sufficiently in advance to allow for the GRANTING AUTHORITY to appraise and issue a statement on it in a timely and reasonable manner, taking into account measures needed to not jeopardize intended operation(s);
  - II. the prior consent request to be submitted by the CONCESSIONAIRE shall be sent along with corresponding documentation needed to determine and justify the intended operation, as well as other documents that may be potentially requested by the GRANTING AUTHORITY, especially those needed to certify the absence of risks for jeopardizing continuity and standards in carrying out activities that are the purpose of this CONTRACT;
  - III. in case the GRANTING AUTHORITY rejects the request or requires additions, it shall do so in a grounded manner, and may submit an alternate proposal for the intended operation to be approved.
- 33.9. Carrying out corporate transactions described in this Clause, while failing to secure the GRANTING AUTHORITY's approval before operations are made official, shall trigger the enforcement of penalties provided for under this CONTRACT, whereas the GRANTING AUTHORITY, in addition to the penalties, may:
- I. decide, whenever the possibility for consent exists, that the applicant submit the corresponding documentation and settle any pending issues, even if after the deadline;
  - II. decide that the CONCESSIONAIRE return to the *status quo ante*, whether by the CONCESSIONAIRE's undertaking, upon undoing the alteration of the incorporation documents or upon carrying out corporate actions that entail the original shareholding company to get its equity capital back, or, on the other hand, by the GRANTING AUTHORITY's own undertaking to attempt to annul the alteration of the incorporation documents, pursuant to the provisions of article 35, item I of Federal Law No. 8.934/1994; and
  - III. should it not be possible to overcome the error in the alteration of the CONCESSIONAIRE's incorporation documents or those of its CONTROLLERS, the CONCESSION shall be declared terminated, with application of all consequences provided under this CONTRACT.
- 33.10. The fact that the CONCESSIONAIRE takes over CONTROL shall not alter neither the

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

CONCESSIONARE's nor its controllers' obligations to the GRANTING AUTHORITY.

**CLAUSE THIRTY-FOUR – ON SUBCONTRACTING**

- 34.1. The CONCESSIONAIRE may engage with third parties to develop intrinsic, ancillary or complementary activities to those provided for under this CONTRACT, as well as to exploit the CONCESSION AREA, REVENUE or ADDITIONAL REVENUE, undertaking comprehensive visitor and public use activities pursuant to legislation and MANAGEMENT PLAN guidelines, and fulfilling this CONTRACT and ANNEXES' guidelines.
- 34.1.1. Contracting third parties shall not lead to lower service standards or safety, or to transfer contract rights and obligations held by the CONCESSIONAIRE under this CONTRACT, with the CONCESSIONAIRE remaining in charge of managing services rendered.
- 34.1.2. The CONCESSIONAIRE shall remain fully accountable for all services rendered, even those rendered by third parties, including, but not limited to, for purposes of evaluating performances, damages caused to the GRANTING AUTHORITY, USERS or to third parties, compensations and subject to penalties set forth hereunder.
- 34.2. The CONCESSIONAIRE is required to give notice whenever it contracts third parties to provide corresponding services and construction works for the development of intrinsic, ancillary or complementary activities to the purpose of the CONCESSION, such as devising projects, maintenance, conservation, constructions, providing services and carrying out other activities that generate REVENUE or ADDITIONAL REVENUE to the CONCESSIONAIRE.
- 34.3. The fact that the GRANTING AUTHORITY was aware of transactions held with third parties may not be used by the CONCESSIONAIRE as grounds for evading full compliance with all or part of its obligations under the CONCESSION, or to justify any delays or changes to costs, or to claim that the GRANTING AUTHORITY bears any responsibility whatsoever.
- 34.4. The CONCESSIONAIRE shall answer to the GRANTING AUTHORITY for all actions carried out by third parties with whom it engages, and it may not claim any provision to the contrary.
- 34.5. Contracts entered into between the CONCESSIONAIRE and third parties shall be governed by private law, without establishing relations of any kind between the third party and the GRANTING AUTHORITY, including in regard to labor, social security, tax and commercial charges.
- 34.5.1. Contracts for rendering services, awarding grounds as well as any other contract entered into with third parties with the potential of securing REVENUE or ADDITIONAL REVENUE shall ensure a compensation sum to the CONCESSIONAIRE compatible to those commonly applied in the market.
- 34.6. Should the CONCESSIONAIRE establish a subsidiary company to exploit any economic activity at the CONCESSION AREA, revenue shall be consolidated for purposes of computing VARIABLE GRANT and INSPECTION FEE sums.
- 34.7. The CONCESSIONAIRE is responsible for labor, social security, fiscal and commercial charges resulting from performance of this CONTRACT, as well as those due to contracting third parties.
- 34.7.1. The CONCESSIONAIRE shall require subcontractors to verify their compliance with fiscal and social payments, in addition to fulfillment of labor duties and anything else deemed relevant,

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

while additionally keeping said documents under its custody and responsibility.

- 34.8. Any type of sub-concession concerning assets and services that are the purpose of this CONTRACT is prohibited.

### **CLAUSE THIRTY-FIVE – ON TECHNICAL RESPONSIBILITIES AND THOSE AFFECTING THIRD PARTIES**

- 35.1. Services required for optimal adaptation, exploitation, operations, conservation and maintenance of the CONCESSION AREA shall be carried out under the technical responsibility of personnel trained to this end, with the CONCESSIONAIRE being fully responsible for said personnel's performance, as specified in the SET OF SPECIFICATIONS.

35.1.1. Technicians in charge may be replaced provided their replacements also fulfill all technical qualifications specified in ANNEX III, with the CONCESSIONAIRE required to notify the GRANTING AUTHORITY within 05 (five) days effective the replacement.

35.1.2. In the event mentioned above, the GRANTING AUTHORITY may object to the person appointed by the CONCESSIONAIRE within 05 (five) days, should it deem that the person appointed fails to meet all qualifications specified in ANNEX III.

- 35.2. The CONCESSIONAIRE shall answer, pursuant to the terms of the applicable legislation, to any and all damages caused to third parties, whether caused by itself or by its managers, employees, agents, service providers, outsourced personnel or subcontractors or any other individual or legal entity linked to it, in its performance of all activities encompassed by the CONCESSION, whereas the GRANTING AUTHORITY shall not take on any kind of responsibility of this kind.

### **CHAPTER VI – ON INSURANCE AND GUARANTEES**

#### **CLAUSE THIRTY-SIX – ON GENERAL RULES**

- 36.1. All PERFORMANCE BONDS and insurance coverages listed in the INSURANCE PLAN, which are to be contracted by the CONCESSIONAIRE in a timely manner as a condition for performing the corresponding constructive or operating stages, shall not feature clauses exempting liability other than those resulting from legal or regulatory claims, and shall appoint the GRANTING AUTHORITY as the beneficiary, enabling it the option of claiming payment of insurance and guarantees by giving notice to the insurance company, in accordance with the legislation in force concerning the CONCESSIONAIRE's default in regard to a specific contract bond insured.

- 36.2. For purposes of effectively entering into contracts or executing documents comprising insurance and guarantee structures required for investments to be made, whether directly or indirectly by the CONCESSIONAIRE, the latter shall submit, within no more than 60 (sixty) days prior to the start of the corresponding construction stage, all documentation needed for the GRANTING AUTHORITY to consent in a timely manner to the signing of each document required for establishing the insurance and guarantee structure needed for deploying each of the investments or operation of services and activities..

- 36.3. Once approved, insurance and guarantees shall be contracted and necessarily renewed, as well as kept current and in force under conditions previously approved by the GRANTING AUTHORITY, at least for the entire term during which the main insured bond persists.

- 36.4. Any potential infeasibility or ungrounded hardship claimed by the GRANTING AUTHORITY in its

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

execution of insurance coverages and guarantees, pursuant to scenarios triggering execution thereof, may lead to termination of the CONCESSION CONTRACT, under the terms foreseen hereunder.

**CLAUSE THIRTY-SEVEN – ON INSURANCE**

- 37.1. The CONCESSIONAIRE shall, throughout the CONCESSION TERM, contract and retain with a first rate insurance company duly authorized to run and operate in Brazil all insurance policies required to cover risks intrinsic to developing construction works and rendering services that are the purpose of the CONCESSION as offered in the Brazilian market, and notwithstanding insurance required under the applicable legislation, under penalty of termination of the CONCESSION, under the terms of Clause Fifty.
- 37.1.1. The INSURANCE PLAN comprising this CONTRACT as ANNEX XXX shall be regularly revised so as to become aligned with the need to carry out adjustments or new investments, and shall comply with federal insurance regulatory and inspection entities' regulations in Brazil, while enforcing additional and/or delay procedures upon payment of guaranteed amounts shall be prohibited;
- 37.1.2. Insurance policies contracted by the CONCESSIONAIRE shall feature a clause clearly providing for automatic and unconditional restructuring of amounts insured, including for Civil Responsibility, while upholding regulations set forth by federal bodies in charge of regulating and overseeing Insurance Coverages in Brazil, unless this coverage is unavailable in the insurance market, which is to be verified by a letter sent to the GRANTING AUTHORITY and signed by the regulator.
- 37.1.3. In the event of lack of coverage and/or no automatic and unconditional restructuring of amounts that would be covered by insurance and/or deployment of the policy's aggregate limit clause, as described in the INSURANCE PLAN, the GRANTING AUTHORITY shall have the right to request different options in order to ensure the main obligations taken on by the CONCESSIONAIRE, which may to be devised through a contractual instrument featuring provisions established by the GRANTING AUTHORITY or suggested by the CONCESSIONAIRE, and approved by the GRANTING AUTHORITY.
- 37.2. The INSURANCE PLAN shall address the need for contracting at least the following insurance coverages, though not being restricted to them, signaling the forecasted term for contracting it, risks to be mitigated by their concerning policies, as well as the maximum thresholds for compensation in case of claims:
- I. "All-risks" insurance coverages for material damages covering losses, destruction or damages to any and all CONCESSION ASSETS, with this insurance to cover all that which is usually covered, in accordance with international standards for ventures of this nature, in the following modalities:
    - a. property damage;
    - b. small-scale engineering construction works;
    - c. riots, vandalism, malicious acts;
    - d. fire, lightning and explosions of any kind;
    - e. electronic equipment damage (low voltage);

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- f. aggravated robbery and theft (except sums);
- g. electrical damage;
- h. windstorm, smoke damage;
- i. material damages caused to public amenities;
- j. damages caused to glass objects;
- k. accidents of any kind; and
- l. flooding, inundations.

II. civil liability insurance;

- a. damages caused to third parties;
- b. additional cross liability coverage;
- c. accidents of any kind involving third parties;
- d. occupational accidents with employees involved, in compliance with the current legislation; and
- e. damages due to sudden pollution.

III. "All-risks" insurance coverages for engineering risks, which shall be in effect throughout the entire period of carrying out construction works, encompassing the coverage of any investments, costs and/or expenses pertaining to public construction and facilities (construction, facilities and assembly encompassing all acceptance tests), in addition to:

- a. basic coverage of engineering risks;
- b. environmental damages due to construction works; and
- c. property damage.

37.3. Insurance coverages provided for under this Clause shall include coverage for damages resulting from force majeure or fortuitous events, whenever these are insurable.

37.4. All insurance coverages contracted for purposes of this CONTRACT shall be made with insurance and reinsurance companies authorized to operate in Brazil, and shall always be submitted with the SUSEP-issued Certificate of Operating License on behalf of the insurance company in charge of issuing the policy.

37.5. No services or investments whatsoever may be initiated or continued without the CONCESSIONAIRE verifying that insurance policies under the INSURANCE PLAN have been contracted, submitting the insurance policy, proof of premium payments and the Certificate of Operating License mentioned in Clause 37.4.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 37.5.1. In accordance with this CONTRACT's rules, the CONCESSIONAIRE shall submit insurance policies to be contracted to the GRANTING AUTHORITY's prior approval, so that the latter is able to determine the appropriateness of coverages, as well as appraising compliance with all of this CONTRACT's requirements to make sure that all risks shall be duly mitigated and covered.
- 37.6. The GRANTING AUTHORITY shall be the co-insured/beneficiary of all insurance policies contracted by the CONCESSIONAIRE, and shall additionally provide approval in advance for any and all changes, cancellations, suspensions or replacements of any insurance coverages contracted by the CONCESSIONAIRE for purposes of this CONTRACT, whereas the CONCESSIONAIRE shall endeavor to retain the same conditions previously authorized by the GRANTING AUTHORITY, under penalty of termination of the CONCESSION as per the terms of this CONTRACT.
- 37.6.1. Insurance policies shall further provide for direct compensation payments made to the GRANTING AUTHORITY in cases where it is held accountable as a consequence of a claim submitted.
- 37.7. Insurance coverage amounts listed in the INSURANCE PLAN shall be sufficient for purposes of restituting or monetarily correcting damages caused in the event of claims.
- 37.8. Premiums contracted shall be those that apply to the Brazilian insurance market in transactions of this nature.
- 37.9. In contracting insurance, the CONCESSIONAIRE shall additionally uphold the following:
- I. all insurance policies shall be in force for at least twelve (12) months, except for specific engineering works and/or services whose execution period is shorter than twelve (12) months;
  - II. the CONCESSIONAIRE shall provide the GRANTING AUTHORITY, with at least 30 (thirty) days in advance as of maturity dates of insurance policies foreseen under this CONTRACT, with certificates issued by the concerning insurance company(ies), verifying renewal or contracting of new insurance policies;
  - III. The CONCESSIONAIRE shall submit, at the end of the insurance policy's term and provided it does not hold the new policy, a certificate issued by the concerning insurance company verifying that all risks concerned were assigned to the insurance market for the defined term, and in accordance with required coverages and deductibles, with only SUSEP's approval required for the new policy to be issued;
  - IV. The CONCESSIONAIRE shall ensure that insurance companies mandatorily include in their insurance policies a written statement to the CONCESSIONAIRE and the GRANTING AUTHORITY, with at least 30 (thirty) days prior to the actual incident, addressing any and all issues that may trigger either full or partial cancellation of insurance policies contracted, coverage reductions, increase in deductibles or reduction in sums insured, subject to any and all potential scenarios foreseen under the legislation;
  - V. The CONCESSIONAIRE shall be in charge of paying all premium and deductible sums in the event that it uses any insurance coverage specified in the CONTRACT. The CONCESSIONAIRE shall provide, with up to 30 (thirty) days from the start of each CONCESSION year, a certificate issued by the insurance company(ies) verifying that all insurance policies contracted are in force, and that all concerning premiums have been paid for;



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- VI. any potential differences between contracted sums and claim compensation payments shall neither entail the right to economic-financial recovery of this CONTRACT nor dismiss the CONCESSIONAIRE's obligation to retain ADEQUATE SERVICES;
  - VII. differences listed in item VI above shall not constitute grounds for avoiding to make any investments under this CONTRACT, including additional investments that may be needed due to occurrences of claims whose amount the policy does not cover in full;
- 37.10. The CONCESSIONAIRE may change coverages and deductibles, in addition to any conditions of contracted policies in order to suit them to the development of activities that are the purpose of the CONCESSION, although said changes are conditional upon the GRANTING AUTHORITY's prior approval.
- 37.11. Insurance policies issued shall not bring obligations, restrictions or provisions that adversely affect this CONTRACT's clauses or the industry's regulations, and shall include an express statement by the insurance company where it acknowledges that it is entirely familiar with this CONTRACT, including all matters referring to restrictions of the CONCESSIONAIRE's rights.
- 37.12. The insurance company shall waive all its rights to appeal against the GRANTING AUTHORITY, regardless of these being applicable.
- 37.13. The CONCESSIONAIRE shall take on full responsibility for the extent of or for omissions stemming from securing insurance policies addressed under this CONTRACT, including for purposes of risks assumed.
- 37.14. In the event that the CONCESSIONAIRE fails to comply with its obligation to contract and keep insurance policies fully in effect, the GRANTING AUTHORITY, regardless of its option to declare termination of the CONCESSION under the terms of this CONTRACT, may contract and pay respective premiums itself, attributing the totality of costs and expenses to the CONCESSIONAIRE, which shall reimburse the GRANTING AUTHORITY, as the case may be, within 05 (five) working days as of the date of receipt of the notice, under penalty of paying 1% (one percent) interest in arrears per month as well as monetary correction with the IPC/FIPE Consumer Price index *pro rata temporis*, as of the respective maturity date and up to the the date of the effective reimbursement, notwithstanding payment of the PERFORMANCE BOND for purposes of reimbursing costs incurred with contracting said insurance, as well as other applicable penalties.

**CLAUSE THIRTY-EIGHT – ON GUARANTEES PROVIDED BY THE CONCESSIONAIRE**

- 38.1. Faithful and timely fulfillment of obligations taken on by the CONCESSIONAIRE from the GRANTING AUTHORITY shall be guaranteed under the terms, amounts and conditions set forth under this Clause by means of a PERFORMANCE BOND.
- 38.2. As a condition for signing this CONTRACT, the CONCESSIONAIRE provided and shall keep in favor of the GRANTING AUTHORITY, throughout the entire CONCESSION TERM, a PERFORMANCE BOND in the sum of R\$ 13,000,000 (thirteen million reais), pursuant to the terms set forth under the AUCTION NOTICE, and shall comply with the provisions of this CONTRACT.
- 38.2.1. The amount specified in Clause 38.2 above shall be corrected each year using the IPC/FIPE Consumer Price index on the CONTRACT's anniversary month.
  - 38.2.2. ORDINARY REVIEWS may give rise to new investments made by the CONCESSIONAIRE,

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

which may be taken into account for purposes of adjusting the PERFORMANCE BOND.

- 38.3. In addition to guarantees in favor of the GRANTING AUTHORITY, the CONCESSIONAIRE undertakes to keep all guarantees provided in its favor in full effect whenever it is requested by companies contracted for rendering services and other activities to be performed at the CONCESSION AREA, appointing the GRANTING AUTHORITY as the beneficiary.
- 38.3.1. The CONCESSIONAIRE shall give notice to the GRANTING AUTHORITY should it decide to request that the guarantee defined in Clause 38.3 above be applied to the terms and conditions of guarantee contracts signed with companies contracted to undertake services and other activities to be performed at the CONCESSION AREA.
- 38.4. The PERFORMANCE BOND is intended for purposes of paying and reimbursing costs and expenses incurred due to potential breach of obligations taken on by the CONCESSIONAIRE, and shall additionally be used for paying fines attributed to the CONCESSIONAIRE or for paying other sums it may owe to the GRANTING AUTHORITY.
- 38.4.1. Should the PERFORMANCE BOND not suffice to cover all obligations foreseen under Clause 38.11, the CONCESSIONAIRE shall bear the difference.
- 38.5. Documents effectively executing the PERFORMANCE BOND shall be previously approved by the GRANTING AUTHORITY pursuant to this CONTRACT, in addition to any changes, replacements and renewals that may be needed, whereas the CONCESSIONAIRE shall, either way, be held accountable for all risks relating to failure to contract, inappropriate contracting or lack of required guarantees.
- 38.6. The PERFORMANCE BOND shall be offered and/or replaced, upon the GRANTING AUTHORITY's prior and express approval, in one of the following modalities, in accordance with article 56 of Federal Law No. 8.666/1993:
- I. Bonds in current Brazilian currency;
  - II. Public Debt Bonds issued by the National Treasury;
  - III. Guarantee Insurance
  - IV. Bank guarantees; or
  - V. A combination of two or more of the modalities stated in items I to IV above.
- 38.6.1. The PERFORMANCE BOND offered may not bring any proviso which may hinder or prevent its execution, or which may raise doubts concerning its enforceability, subject to the regulations of Brazilian regulatory and oversight insurance bodies, if offered in this modality.
- 38.6.2. Expenses referring to the provision of the PERFORMANCE BOND shall be solely borne by the CONCESSIONAIRE.
- 38.6.3. The CONCESSIONAIRE is fully responsible for retaining and ensuring adequacy of the PERFORMANCE BOND provided under this CONTRACT, as well as being accountable for bearing all costs stemming from its contracting.
- 38.6.4. If provided in Brazilian currency, the PERFORMANCE BOND shall be deposited in the *Banco do Brasil*, Branch number 1897-X, checking account number 9009-3, held by SIMA, CORPORATE TAXPAYER ID NUMBER 13.846.786/0001-29, submitting the deposit slip or an administrative



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

check from a Brazilian financial institution.

- 38.6.5. If offered as Public Debt Bonds issued by the National Treasury, the PERFORMANCE BOND shall be offered with bonds' faces values, and shall not be encumbered with unmortgageability, inalienability, non-transferability or compulsory acquisition clauses.
- 38.6.6. Bonds offered shall be issued in book-entry form, upon registration at the Central Bank of Brazil-approved central liquidation and custody system at market value, and submitted along with proof of current validity with respect to their liquidity and value.
- 38.6.7. Only the following bonds shall be accepted:
- I. National Treasury Bills (LTN);
  - II. National Financial Treasury Bills (LFT);
  - III. National Treasury Notes Series B Principle (NTN-B *Principal*);
  - IV. National Treasury Notes Series B (NTN-B);
  - V. National Treasury Notes Series C (NTN-C); and
  - VI. National Treasury Notes Series F (NTN-F).
- 38.6.8. If submitted under the guarantee-insurance modality, the PERFORMANCE BOND shall be certified upon submission of guarantee-insurance policies along with a premium payment receipt, if applicable, in addition to a Certificate of Operational License issued by the Superintendency of Private Insurance - SUSEP in the name of the insurance company in charge of issuing the policy, with a term of at least 12 (twelve) months.
- 38.6.8.1. Whenever the bond provided is of the guarantee insurance type, the policy shall be issued by an insurance company authorized to operate in Brazil, and shall be submitted along with proof of reinsurance contracted under the terms of current legislation at the time it was submitted, with a term of at least 12 (twelve) months.
- 38.6.8.2. The policy shall be compliant with SUSEP Memorandum no. 477/2013 or any other that may replace it, and may not bring any clause exempting the CONCESSIONAIRE or the insurance company from any of its liabilities, not even under its special or private conditions other than those resulting from legal or regulatory requirements.
- 38.6.8.3. The concerning insurance policy's special or private conditions shall expressly list all events covered under Clauses 38.4 and 38.11 of this CONTRACT, or, alternately, be submitted along with a statement signed by the insurance company issuing the policy, where it verifies that the insurance guarantee submitted suffices to cover all events described in Clauses 38.4 and 38.11 of this CONTRACT.
- 38.6.8.4. THE PERFORMANCE BOND, when under the form of an insurance guarantee, shall encompass all facts that take place throughout its term, regardless of the claim being notified by the GRANTING AUTHORITY after the PERFORMANCE BOND's term has elapsed, and shall encompass all potential situations specified in SUSEP Memorandum no. 477/2013, or any other that may amend or replace it, in addition to situations where the

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

GRANTING AUTHORITY is liable for any act or fact resulting from the CONCESSIONAIRE's actions or those of its agents or subcontractors, including, but not limited to, environmental damages, civil, fiscal or labor liabilities, regulatory penalties, among others.

- 38.6.9. If provided as a bank guarantee, the GUARANTEE is to be issued by a financial institution duly incorporated and authorized to operate in Brazil, and shall be submitted as its original document along with proof of power of attorney on behalf of the person who signed the document, waiving its benefit of order and having its amount denoted in Brazilian reais.
- 38.6.10. If provided as an insurance guarantee or bank guarantee, the PERFORMANCE BOND shall have a term of least one (01) year as of the contracting date, whereas the CONCESSIONAIRE shall be solely responsible for carrying out all necessary renewals and updates, and shall notify the GRANTING AUTHORITY on each renewal and update, under penalty of being enforced all applicable sanctions.
- 38.7. The CONCESSIONAIRE shall provide the GRANTING AUTHORITY with proof of renewal and update of the PERFORMANCE BOND at least thirty (30) days prior to the end of its term.
- 38.8. The PERFORMANCE BOND shall remain fully in force until the FINAL ACCEPTANCE CERTIFICATE is signed, pursuant to ANNEX XXIX, and may be executed under the terms of this CONTRACT.
- 38.9. The PERFORMANCE BOND provided under any of the forms foreseen in Clause 38.6 shall neither feature clauses exempting the CONCESSIONAIRE from any responsibility incurred in regard to the provisions of this CONTRACT, nor feature any kind of proviso or condition that may hamper or prevent their execution, or which may lead to doubts as to the soundness of the guarantee provided, other than exclusion provisos or clauses resulting from legal or regulatory requirements.
- 38.10. Whenever a PERFORMANCE BOND is fully or partially executed, the CONCESSIONAIRE shall be required to reimburse its full sum within 10 (ten) working days as of the notification sent by the GRANTING AUTHORITY.
- 38.10.1. Should restitution not be made within the term set forth under Clause 38.10, the GRANTING AUTHORITY shall have the right to enforce penalties upon the CONCESSIONAIRE and, if applicable, declare the CONTRACT terminated, pursuant to the terms of Clause Fifty.
- 38.10.2. PERFORMANCE BOND shall be renewed, as well as regularly restituted and adjusted in a timely manner by the CONCESSIONAIRE, aimed at ensuring their continuity, regardless of the GRANTING AUTHORITY having previously served notice of default.
- 38.11. Notwithstanding other potential events described in this CONTRACT or the legislation, the PERFORMANCE BOND may be fully or partially executed by the GRANTING AUTHORITY, following its appraisal in ordinary administrative proceeding, under the following circumstances:
- I. for payment of sums owed by the CONCESSIONAIRE to the GRANTING AUTHORITY that were not be settled spontaneously due to failure to execute any investment set forth under this CONTRACT or to a potential addendum signed by both PARTIES, or executed inappropriately and in disconformity with defined specifications and deadlines, without justification, or if it refuses or fails to rectify errors pointed out by the GRANTING AUTHORITY as per the terms of this CONTRACT.
  - II. for payment of sums not settled spontaneously due to fines, compensation payments or other penalties which may be applied hereunder, and within the defined deadlines.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- III. for payment of sums owed by the CONCESSIONAIRE to the GRANTING AUTHORITY that were not settled spontaneously due to non-compliance with contractual obligations or due to the lack of necessary measures to fulfill PERFORMANCE INDICATORS, refusing or failing to rectify errors pointed out by the GRANTING AUTHORITY as per this CONTRACT;
  - IV. for payment of VARIABLE GRANT or INSPECTION FEE sums owed by the CONCESSIONAIRE to the GRANTING AUTHORITY that were not settled spontaneously;
  - V. for payment of sums owned by the CONCESSIONAIRE to the GRANTING AUTHORITY that were not settled spontaneously concerning asset reversion events, if REVERTIBLE ASSETS are not delivered to the GRANTING AUTHORITY or to a designated third party in full operating and technical conditions, as well as taking into account this CONTRACT's specifications, including the potential event of failing to rectify errors pointed out by the GRANTING AUTHORITY, as per this CONTRACT.
  - VI. for reimbursement of costs and expenses accrued by the GRANTING AUTHORITY or the SUCCESSOR while adjusting the CONCESSION AREA to conditions specified in ANNEX XXIX;
  - VII. for payment of sums owed by the CONCESSIONAIRE to the GRANTING AUTHORITY, including for settlement of penalties that were not settled spontaneously, if the CONCESSIONAIRE fails to contract insurance required or refuses to do so, as per this CONTRACT;
  - VIII. for reimbursement of sums disbursed if the GRANTING AUTHORITY is wrongly held accountable for any act or fact resulting from the CONCESSIONAIRE's actions or those of its representatives or subcontractors, including, but not limited to, environmental damages and civil, tax and labor liabilities, regulatory penalties, among others.
- 38.12. The CONCESSIONAIRE shall remain fully accountable for complying with the purpose of this CONTRACT, as well as for other obligations intrinsic to it, including payments of fines, compensations and other penalties potentially applying to it, subject primarily to the payment of debts upon the PERFORMANCE BOND's full or partial execution.
- 38.13. THE PERFORMANCE BOND, upon extinction of the CONCESSION, shall only be cleared for payment after it is verified that the CONCESSIONAIRE has paid any and all sums owed to the GRANTING AUTHORITY.

**CLAUSE THIRTY-NINE – ON FINANCING AND GUARANTEES PROVIDED TO FINANCIERS**

**On Financing**

- 39.1. The CONCESSIONAIRE is solely responsible for securing all financing needed for the ordinary provision of services encompassing the CONCESSION, so as to fulfill all obligations taken on hereunder in a faithful and timely manner.
- 39.1.1. The CONCESSIONAIRE may not claim any Financing Contract(s) provisions, clauses or condition(s), as well as any delays in the payment of funds for purposes of exempting itself, whether fully or partially, from obligations taken on under this CONCESSION CONTRACT, and whose terms financing institution(s) shall be fully aware of.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 39.2. After the GRANTING AUTHORITY has given its prior consent, the CONCESSIONAIRE's financing contract(s) may assign to FINANCIERS, pursuant to applicable private law, the right to take over CONTROL of the CONCESSIONAIRE in the event that the CONCESSIONAIRE commits contractual default concerning said financing contracts or those of this CONTRACT, subject to the provisions of Article 27-A of Federal Law No. 8.987/1995.
- 39.3. Following the GRANTING AUTHORITY's prior approval, the CONCESSIONAIRE may also provide FINANCIER(S) with guarantees based on the CONCESSION's emerging rights, according to articles 28 and 28-A of Federal Law No. 8.987/1995.

**On structuring guarantees and signing the restricted transaction Centralizer Management Account Contract**

- 39.4. FINANCIER(S), represented by their trustee(s), may comprise the contractual relation with the GRANTING AUTHORITY, the CONCESSIONAIRE and the financial institution holding the CENTRALIZER ACCOUNT and the CENTRALIZER ACCOUNT – ADDITIONAL REVENUE as parties, upon signing a fidelity agreement.
- 39.4.1. If the FINANCIER(S), represented by their trustee(s), make use of this power, the parties shall sign a fidelity agreement to the above mentioned CONTRACT in order to adjust the referred contract to FINANCIER(S)' norms, policies and internal approvals, provided these changes do not impair any right, guarantee or option awarded to the GRANTING AUTHORITY by way of this CONCESSION CONTRACT and its ANNEXES.
- 39.4.2. Either way, the GRANTING AUTHORITY's preference for receiving credits due as deductions arising from Performance Indicators, as well as from VARIABLE GRANT and INSPECTION FEES, shall be upheld.

**On guarantees established based on emerging rights stemming from the CONCESSION**

- 39.5. The CONCESSIONAIRE may provide guarantees stemming from this CONTRACT to its FINANCIERS, pursuant to terms permitted by legislation, provided these do not not jeopardize continuity and suitability of services rendered hereunder, and provided that the GRANTING AUTHORITY's prior approval has been secured.
- 39.5.1. The CONCESSIONAIRE may offer any credit rights it may potentially hold to the GRANTING AUTHORITY as financing guarantees, credit operations, market fundraising, debt operations and related activities, by means of assignments, including fiduciary assignments, usufruct or liens or chattel mortgage of shares, bonds, securities and their respective earnings relating to the SPE, provided the financing operation is directly related to this CONTRACT.
- 39.5.2. Guarantees foreseen under Clause 39.5 may, subject to the GRANTING AUTHORITY's prior approval, may be provided in contracts having an ancillary or complementary nature to financing contracts when aimed at ensuring funding of the CONCESSION or to mitigate risks taken on by the CONCESSIONAIRE, as in the case of contracts signed to award collateral or personal securities, for market fundraising, for securing insurance or for safeguarding the CONCESSIONAIRE from asset price variations (*hedge*).



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 39.5.3. Any and all CONCESSION rights, revenues and receivables, including all CONCESSIONAIRE REVENUE and ADDITIONAL REVENUE, shall be deemed emergent rights stemming from the CONCESSION CONTRACT.
- 39.6. Any potential payments that the GRANTING AUTHORITY owes to the CONCESSIONAIRE as indemnifications or compensation may be paid directly to FINANCIERS.
- 39.6.1. In the event that the GRANTING AUTHORITY makes direct payments to FINANCIERS, said payments shall fully offset the GRANTING AUTHORITY's obligations to the CONCESSIONAIRE in regard to the amount actually disbursed to FINANCIERS.

### **On the Tripartite Agreement**

- 39.7. FINANCIERS, represented by a trustee invested with sufficient powers for all end purposes contracted, shall be responsible for signing the TRIPARTITE AGREEMENT, in which the GRANTING AUTHORITY, represented by the STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT, and the CONCESSIONAIRE shall also be a part to, and which shall be governed in accordance with rules set forth under ANNEX XXXII.
- 39.7.1. The set of rules specified in the draft denominated ANNEX XXXII to this CONTRACT shall be used for reference purposes only and, if needed, and prior to its signing, may be adjusted so as to enable establishing proceedings and formalities more attuned to the reasoning and dynamic applying to the financing relationship played out between the CONCESSIONAIRE and its FINANCIERS and guarantors.
- 39.8. Should the TRIPARTITE AGREEMENT fail to be executed, FINANCIERS shall be assured their right to exercise the prerogatives specified in article 27-A of Federal Law No. 8.987/1995 as clause 39.2
- 39.9. Should FINANCIER(S) choose not to enter into the contractual relationship whose set of rules is specified in ANNEX XXXII, it/they may establish guarantees based on emerging rights stemming from the CONCESSION as article 28 and article 28-A of Federal Law No. 8.987/1995, and fulfilling the provisions of Clauses 39.3, 39.5 and onwards.
- 39.9.1. In either event, the GRANTING AUTHORITY's preference for receiving the VARIABLE GRANT as well as INSPECTION FEE credits, in addition to ADDITIONAL REVENUE stakes, shall be complied with, as per subsection 11.2.1.

## **CHAPTER VII – INSPECTIONS**

### **CLAUSE FORTY – ON PAYMENT FOR INSPECTIONS**

- 40.1. The GRANTING AUTHORITY shall be entitled to receive all INSPECTION FEES set forth under Clause Fourteen for carrying out CONCESSION inspections.

### **CLAUSE FORTY-ONE – ON INSPECTIONS UNDERTAKEN**

- 41.1. The GRANTING AUTHORITY, to the extent required by the GRANTING AUTHORITY, shall exercise

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

extensive and thorough inspections under this CONTRACT, complying with all obligations set forth thereunder, as well as over the CONCESSIONAIRE, and shall, in its performance of inspections, be cleared access at all times to CONCESSION-related areas, facilities and sites, CONCESSIONAIRE-related ledgers and documents, as well as to ledgers, records and documents related to activities and services comprising the CONCESSION, to data relating to the CONCESSIONAIRE's management, accounting and technical, economic and financial resources, and is free to request explanations or amendments should it deem there are disconformities with obligations set forth under the CONTRACT, particularly those relating to fulfillment of PERFORMANCE INDICATORS and quality baselines specified in this CONTRACT and its ANNEXES.

- 41.1.1. Inspections undertaken during the term of the CONCESSION CONTRACT, and comprising all of the CONCESSIONAIRE's activities, are to be carried out by the GRANTING AUTHORITY by means of a commission appointed in a STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT's resolution, which shall oversee contract performance from time to time.
  - 41.1.2. The CONCESSIONAIRE shall provide, within the deadline defined to it, all explanations that it is officially requested to provide.
  - 41.1.3. Notwithstanding inspections that are the purpose of Clause Forty-One, the GRANTING AUTHORITY shall establish, together with the CONCESSIONAIRE, a schedule for inspecting and monitoring construction works carried out at the CONCESSION AREA.
  - 41.1.4. Any reference made to the GRANTING AUTHORITY, throughout this Clause Forty-One, may concern, at its sole discretion, any other STATE OF SÃO PAULO body or entity, as well as representatives either hired or appointed for purposes of carrying out inspection duties.
  - 41.1.5. Inspections undertaken by the GRANTING AUTHORITY shall not dismiss inspections conducted by other public, federal, state or municipal bodies and entities within their concerning jurisdiction scopes, under the terms of the current legislation.
- 41.2. Decisions concerning services where errors, defects and/or inaccuracies are verified, and which are issued under the scope of inspections, shall apply immediately and be binding to the CONCESSIONAIRE, notwithstanding other consequences foreseen under the contract, as well as provisions on dispute settlement defined under this CONTRACT.
- 41.2.1. In the event that the CONCESSIONAIRE refuses to accept the GRANTING AUTHORITY's decisions, the latter may, whether by itself or by means of third parties, take all necessary measures to rectify potentially verified breaches, with all concerning costs to be borne by the CONCESSIONAIRE, and which additionally may be met by deploying the PERFORMANCE BOND or by offsetting sums owed to the CONCESSIONAIRE, notwithstanding enforcement of any corresponding sanctions and penalties.
- 41.3. The GRANTING AUTHORITY's inspections shall comply with the rules included in ANNEX XXXI of this CONTRACT with regard to all applicable procedures and penalties incurring under the scope of CONCESSION inspections.
- 41.3.1. Inspections carried out shall record, in a specific registration form, all incidents ascertained while inspections were being carried out at the CONCESSION AREA and/or at the SPECIAL PURPOSE COMPANY, sending the INSPECTION TERM to the CONCESSIONAIRE for purposes of rectifying verified errors or defects, notwithstanding initiating sanctioning administrative proceedings.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 41.3.2. Administrative sanction proceedings shall follow procedures of State Law No. 10.177/1998, or any other that may replace it.
- 41.3.3. Rectification of errors verified during the INSPECTION TERM shall not rule out the occurred breach and, consequently, enforcement of the corresponding penalty.
- 41.4. Inspections may also monitor INDEPENDENT RAPPORTEUR efforts to verify the CONCESSIONAIRE's fulfillment of PERFORMANCE INDICATORS.
  - 41.4.1. The GRANTING AUTHORITY may monitor provision of services and may request detailed explanations or amendments should it understand that there was a breach in obligations foreseen under this CONTRACT, particularly in regard to fulfilling PERFORMANCE INDICATORS, current schedules and quality baselines defined in this CONTRACT.
- 41.5. Notwithstanding application of PERFORMANCE INDICATORS, drawing up of the INSPECTION TERMS and issuance of the INFRACTION NOTICE, the CONCESSIONAIRE is required to repair, amend, interrupt, suspend or replace, at its own expense and within the deadline defined by the GRANTING AUTHORITY, any and all CONCESSION-related services or activities in which errors, defects and/or inaccuracies are verified.
  - 41.5.1. The GRANTING AUTHORITY has the right to request that the CONCESSIONAIRE submit an action plan to repair, correct, interrupt, suspend or replace any services or activities provided with errors, defects and/or inconsistencies relating to purpose of this CONTRACT, within a deadline to be defined.
  - 41.5.2. In the event that the CONCESSIONAIRE fails to comply with the GRANTING AUTHORITY's decisions, the latter shall have the right to rectify the situation to remedy errors, defects and/or inconsistencies verified, or to carry out unfulfilled investment duties, whether by itself or by means of a third party, including deploying the PERFORMANCE BOND specified in this CONTRACT, with all concerning costs to be borne by the CONCESSIONAIRE.

**On CONCESSIONAIRE obligations to support inspections**

- 41.6. To ensure adequate performance of inspections and contract oversight by the GRANTING AUTHORITY, and notwithstanding any other obligation related to providing information established in this CONTRACT under the applicable legislation or rules, the CONCESSIONAIRE undertakes to:
  - I. give immediate notice to the GRANTING AUTHORITY on any and all events that may hinder or prevent the prompt and timely fulfillment of obligations emerging from this CONTRACT, and which may constitute grounds for intervening in the CONCESSIONAIRE, terminating or rescinding the CONCESSION contract, which may give rise to early payment of financing contracted, or which may significantly alter the usual provision of CONCESSION-related services or exploitation;
    - a. The notice referred to in this item is to be submitted in writing as a thorough report on said event, and notified within the earliest possible term required to prevent the CONCESSION from being jeopardized, including, as the case may be, assistance provided by external CONCESSIONAIRE expert organizations, describing all measures taken or underway to overcome or rectify the issue;

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- II. submit, by August 31st of each year, an audited report on its accounting situation, including, among other things, the Balance Sheet and Income Statement corresponding to the semester concluded on June 30th of the concerning year;
- III. submit, by April 30th of each year, and fulfilling the provisions of Federal Law No. 6404/1976 and Federal Law No. 11.638/2007, financial statements concerning the fiscal year ending on December 31st of the preceding year, including, among others, the Management Report, Balance Sheet, Income or Accumulated Losses Statement, Yearly Financial Statement and Cash Flow Statement, explanatory notes for the Balance Sheet, expert opinions and Working Papers produced by Independent Auditors and the SPECIAL PURPOSE COMPANY's Fiscal Council, should there be one, and, if the SPECIAL PURPOSE COMPANY is Publicly Listed, the Added-Value Statement;
- IV. submit a monthly report to the GRANTING AUTHORITY with detailed information on verified visitor numbers and REVENUE collected in the period, with the GRANTING AUTHORITY having the right to, should it deem necessary, define standards and/or forms for the CONCESSIONAIRE to fill out said information;
- V. submit, within 90 (ninety) days after the end of each calendar year, updated information on the CONCESSION's financial forecasts, perceived as the set of forecasts for all financial elements related to performance of this CONTRACT, encompassing actual earnings collected since the start of the CONCESSION until the concluded semester, as well as forecasted earnings until the end of the CONCESSION TERM;
- VI. submit, within 45 (forty-five) days as of the end of each quarter, accounting statements in accordance with corporate legislation, as well as closing monthly balance sheets duly signed by the responsible accountant;
- VII. submit a quarterly updated activity schedule to the GRANTING AUTHORITY relating to performance of construction works and interventions at the CONCESSION AREA, including the list of completed construction works and those underway, signaling the respective stage and expected date of completion, as well as construction works yet to be started;
- VIII. submit a quarterly report with all measures taken to handle USER complaints submitted by the GRANTING AUTHORITY, as well as the period needed to put them in place;

### **CLAUSE FORTY-TWO – ON THE RELATIONSHIP WITH INTERVENING PARTIES**

- 42.1. The PARTIES acknowledge that the CONCESSION AREA is located in an area comprising FPZSP and IBT-owned buildings, pursuant to ANNEX II. In view of this, both PARTIES acknowledge the FPZSP, the IBT and USP as the VOLUNTARY INTERVENING PARTIES to this CONTRACT in accordance with the exact regulatory boundaries concerning the required interfacing between the CONCESSIONAIRE, FPZSP, IBT and USP for a seamless coexistence between all ventures and their concerning operations, with the PARTIES, FPZSP, IBT and USP undertaking to use their best efforts to ensure said coexistence.
- 42.2. Interfacing rules for the CONCESSIONAIRE and FPZSP, IBT and USP are compiled, respectively, in ANNEXES XVIII, XIX and XX, and it is hereby established and agreed upon that the FPZSP, the IBT and USP's participation in all matters referred to in this CONTRACT shall be restricted to the contents of said ANNEXES, with their participation being consequently needed in acts concerning this contracting only in regard to matters addressed therein.



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

42.3. The FPZSP, the IBT and USP shall neither comprise nor subscribe to any amendment to this CONTRACT should the amendment's provisions not entail any amendment to the rules specified in the concerning annexes, as regulated under Clause 42.2.

### **CLAUSE FORTY-THREE – ON ACTS CONDITIONAL UPON THE GRANTING AUTHORITY'S PRIOR CONSENT OR NOTIFICATION**

#### **Events that require the GRANTING AUTHORITY's prior consent**

43.1. Notwithstanding other events set forth under this CONTRACT and the applicable legislation and rules, the following actions potentially performed by the CONCESSIONAIRE are conditional upon the GRANTING AUTHORITY's prior approval, under penalty of sanctions specified in ANNEX XXXI, including triggering termination of the CONCESSION:

- I. changes to the SPECIAL PURPOSE COMPANY's By-Laws, except those of a significantly formal and/or procedural nature, which shall be subject to subsequent simple notice given to the GRANTING AUTHORITY;
- II. merger, consolidation, scission, transformation or any other type of corporate reconstruction entailing TRANSFER OF CONTROL, except in the events described in the TRIPARTITE AGREEMENT, should it be signed, subject to the terms of Clause Thirty-Three;
- III. in the event that the TRIPARTITE AGREEMENT is not signed or, when it is signed, in any events that are not covered by it, and provided they are able to, whether jointly or separately, be deemed a change, whether direct or indirectly, made to the CONCESSIONAIRE's shareholding CONTROL, subject to the provisions of Clause Thirty-Three, the following act(s), subject to the GRANTING AUTHORITY's prior consent, are included for illustrative purposes:
  - a. signing of shareholder agreements;
  - b. issuance of securities convertible into shares; and
  - c. provision of guarantees and rights to third party-held stock.
- IV. disposal of CONTROL or transfer of the SPECIAL PURPOSE COMPANY run by FINANCIERS and/or Guarantors, for purposes of financially restructuring the CONCESSIONAIRE, except in the events specified in the TRIPARTITE AGREEMENT, should it be signed;
- V. establishment of subsidiaries, including for purposes of exploiting REVENUE and ADDITIONAL REVENUE;
- VI. reduction of the SPECIAL PURPOSE COMPANY's capital stock to thresholds below the minimum established under this CONTRACT;
- VII. contracting or changes made to insurance coverages of the insurance company contracted and/or in guarantees contracted by the CONCESSIONAIRE relating to this CONTRACT, even those whose contracting stems from what is defined in accordance with ORDINARY REVIEW procedures;

**STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT**

- VIII. securing any financing, issuance of bonds and securities, any and all debt operation contracted by the SPC, and securing insurance and guarantees;
  - IX. disposal, establishment of encumbrances or transfer, of any kind, of REVERTIBLE ASSETS by the CONCESSIONAIRE to third parties, including its FINANCIERS or guarantors;
  - X. transfer, pursuant to the terms provided in Clause 32.9, of breeding stock animals to ventures entailing participation of RELATED PARTIES;
- 43.2. Requests for prior approval shall be submitted by the CONCESSIONAIRE sufficiently beforehand to allow for the GRANTING AUTHORITY to properly appraise and issue a statement in a timely and reasonable manner, considering all precautionary measures so as not to jeopardize operation(s) intended by the CONCESSIONAIRE that are conditional upon the GRANTING AUTHORITY's prior consent.
- 43.3. Requests for prior approval to be submitted by the CONCESSIONAIRE shall be sent along with relevant documentation for purposes of portraying and describing all intended operations, as well as additional documents that may be requested by the GRANTING AUTHORITY, especially those needed to verify non-compliance with the continuity and quality standards of services rendered under this CONTRACT;
- 43.3.1. In the event that the request for prior approval encompasses any type of operation that impacts the CONCESSION's ASSETS, the CONCESSIONAIRE's commitment to, if necessary, immediately replace assets to be disposed of or transferred for new assets with similar operating conditions and equal or greater technology shall be submitted, unless the GRANTING AUTHORITY expressly agrees not to proceed with it.
  - 43.3.2. The GRANTING AUTHORITY shall have 60 (sixty) days, as of the receipt of the prior consent request submitted by the CONCESSIONAIRE, to provide a written response to the request, which may grant approval, reject the request or draw up additional requirements for granting it.
- 43.4. If the GRANTING AUTHORITY rejects the request or requires additions, it shall do so in a grounded manner, and may submit an alternate proposal to the intended operation to be heeded.

**Operations and situations to be reported to the GRANTING AUTHORITY**

- 43.5. The following actions and operations potentially undertaken by the CONCESSIONAIRE are conditional upon giving notice to the GRANTING AUTHORITY up to 15 (fifteen) days prior to their execution, under penalty of enforcement of sanctions described in this CONTRACT:
- I. changes to the SPECIAL PURPOSE COMPANY's corporate structure that do not entail TRANSFER OF SHAREHOLDING CONTROL, but which do entail transferring at least 20% (twenty percent) of the SPECIAL PURPOSE COMPANY's voting securities;
  - II. changes to the SPECIAL PURPOSE COMPANY's corporate structure that do not entail TRANSFER OF SHAREHOLDING CONTROL, but which do entail transferring at least 10% (ten percent) of the SPECIAL PURPOSE COMPANY's stock with voting securities held by a sole shareholder;



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- III. changes to voting agreements attributable to any CONTROLLING BLOCK, provided they do not entail TRANSFER OF SHAREHOLDING CONTROL;
- IV. changes to the SPECIAL PURPOSE COMPANY's By-Laws that have a significantly formal and/or procedural nature;
- V. enforcement of penalties to the SPECIAL PURPOSE COMPANY by any agency or entity with powers to do so, especially due to default in regard to tax, social security, occupational safety and health obligations, or those enforced by any other body empowered to regulate and inspect the CONCESSIONAIRE'S activities, or that has an environmental nature;
- VI. replacement of personnel required under subsections 2.1.3, 3.1.11 and 3.1.12 of ANNEX III;
- VII. replacement of the SPECIAL PURPOSE COMPANY'S TECHNICIAN IN CHARGE;
- VIII. loss of any condition required for the SPECIAL PURPOSE COMPANY to provide its services;
- IX. financial restructuring requests; and
- X. subcontracting or outsourcing construction works and services related to exploiting REVENUE and complying with assignments specified in this CONTRACT and ANNEXES.

### CLAUSE FORTY-FOUR – ON PENALTIES

- 44.1. Penalties applicable under the scope of this CONTRACT, as well as their severity thresholds, shall comply with the set of rules established under ANNEX XXXI, and shall be enforced through sanctioning administrative proceedings, which are to comply with the procedure defined in State Law No. 10.177/1998, with the right to be heard and to adversary proceedings as per legal terms and deadlines.
- 44.2. Application of penalties shall not be mistaken for appraisal of the PERFORMANCE INDICATORS and their respective consequences.
- 44.3. For purposes of this CONTRACT, recurrence shall be deemed any and all breaches committed again within a period of three (03) years.
- 44.3.1. For purposes of typifying recurrences, it does not matter whether there was no conviction, or even initiation of a sanctioning administrative proceeding at the time of recurrence of the breach in regard to the prior breach.
- 44.3.2. Conviction for the prior breach is a condition for applying aggravating recurrence circumstances to the following infraction's penalty.
- 44.3.2.1. If, upon applying the subsequent breach's penalty, the conviction for the prior infraction is not yet final in the administrative sphere, application of aggravating recurrence circumstances to the subsequent breach's penalty, whose effects shall be automatically disregarded, regardless of CONCESSIONAIRE requests, shall be considered on a temporary basis in the event that the conviction for the previous infraction no longer persists,

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

at any time and for any reason.

44.4. Failure to comply with the provisions of this CONTRACT, ANNEXES and the AUCTION NOTICE, and of the applicable legislation and/or rules shall result, notwithstanding applicable administrative, civil or criminal liabilities, enforcement of the following contractual penalties:

- I. notifications;
- II. monetary fines;
- III. temporary suspension in the right to participate in bidding processes and impediment to enter into contracts with the direct or indirect Public Administration of the State of São Paulo, for a period not exceeding 2 (two) years;
- IV. declaration of ineligibility to participate in bidding processes or to enter into contracts with the FEDERAL PUBLIC ADMINISTRATION while the reasons for the sanction persist, or until it is rehabilitated by the authority that enforced the sanction.

44.4.1. All penalties provided for under this CONTRACT shall be applied individually or cumulatively, conditional upon the severity of the act.

44.4.2. Determination of the type of breach, as per ANNEX XXXI, does not rule out the possibility of determining infractions that are not typified for breaching CONTRACT, AUCTION NOTICE and ANNEX standards, as well as those of the applicable legislation and rules, as set forth under ANNEX XXXI.

44.4.3. In the event of termination of the CONCESSION, the penalty set forth under items III and/or IV of Clause 44.4. shall apply both to the CONCESSIONAIRE and to its CONTROLLING shareholder(s) who exercised CONCESSIONAIRE CONTROL at the time the unlawful act that gave rise to the conviction took place.

44.5. The GRANTING AUTHORITY may, in the cases specified in this CONTRACT, award an additional period for the CONCESSIONAIRE to rectify breaches, thereby suspending enforcement of penalties on the CONCESSIONAIRE.

44.5.1. The additional period awarded for rectifying breach shall not suspend ongoing sanctioning proceeding(s), unless expressly agreed to otherwise.

44.5.2. The additional period for rectifying breaches shall extend for a term of up to 180 (one hundred and eighty) days, extendable at the GRANTING AUTHORITY's discretion.

44.5.3. Once the additional period for rectifying breaches has elapsed, and aggravating circumstances that caused it remain unsettled, application of penalties shall resume by computing penalties due throughout the entire suspension term, as well as by appraising the suitability of opening termination proceedings, as set forth under this CONTRACT, in case these were not already underway.

44.5.4. Once the additional period for rectifying breaches has elapsed, awarded under Clause 44.5, and aggravating circumstances that originated it have been settled, thereby ceasing the situation of breach of contract, sanctioning proceedings related to the rectified breach shall be concluded, without application of penalties.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 44.6. Whenever a penalty stems from non-compliance with the MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS' initial or intermediate deadlines, the GRANTING AUTHORITY may consent to a new schedule of services not yet performed so as to allow for the recovery of the breached deadline, provided the schedule's original end date remains the same.
- 44.6.1. Any and all decisions on consenting to a new schedule, as set forth under Clause 44.6, shall be based on and guided by technical criteria.
- 44.6.2. Regardless of the consent given to a new schedule addressed in subsection 44.6.1, procedures for applying penalties set forth under this CONTRACT are to be complied with, whereas application of penalties or enforceability, in the case of a fine, shall be suspended.
- 44.6.3. The CONCESSIONAIRE's submission of a request to reschedule services not yet performed, as addressed in Clause 44.6, shall mean acknowledgment that the breach of the initial or intermediary deadline is in fact its own responsibility, with the CONCESSIONAIRE not being able to engage, during the sanctioning process, in any behavior adverse to this acknowledgment.
- 44.6.4. The suspension of penalties or enforceability of fines may only be granted when the deadline set in the schedule referred to in Clause 44.6 does not entail prescription of the GRANTING AUTHORITY's punitive damage claims.
- 44.6.5. Compliance with the deadline set in the new schedule, as defined in Clause 44.6, and recovery of the original schedule shall lead to the sanctioning administrative proceeding being filed and/or to the termination of the corresponding penalty.
- 44.6.6. In the event that the deadline set in the new schedule referred to in Clause 44.6 is unfulfilled, an invoice shall be drawn up on the working day immediately following the new schedule's unfulfilled deadline, with the fine amount to be preferably deducted from the CENTRALIZER ACCOUNT, accruing interest in arrears specified in subsection 44.6.6.2, in which case a new schedule may not be submitted.
- 44.6.6.1. Any potential defense submitted by the CONCESSIONAIRE due to charges specified in subsection 44.6.6 shall be restricted to proving that the breach of the deadline set in the new schedule resulted from an issue whose risk or responsibility was attributed to the GRANTING AUTHORITY, whereas circumstances that have already been subject to appraisal as well as unappealable decisions made during sanctioning proceedings may not be brought up again for discussion.
- 44.6.6.2. The sum of the fine due by the CONCESSIONAIRE shall be corrected monetarily for inflation using the *pro rata die* index mentioned in clause 3.2, in addition to the application of 1% (one percent) monthly interest estimated *pro rata die*, and comprising the period referred to in subsection 44.6.2, as well as the date the invoice was drawn up.
- 44.7. The benefit potentially collected by the CONCESSIONAIRE due to any act deemed a breach having taken place shall be relayed to the GRANTING AUTHORITY so as to avoid the CONCESSIONAIRE's illicit enrichment, notwithstanding the applicable penalty.
- 44.8. Any monetary amounts resulting from application of fines certifiably due in a final administrative proceeding decision shall revert in benefit of the GRANTING AUTHORITY, being preferably offset with amounts that the GRANTING AUTHORITY acknowledges administratively as being owed to the CONCESSIONAIRE, or deducted directly from the CENTRALIZER ACCOUNT, subject to the discount

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

threshold of 0.5% (five tenths percent ) on the sum included in the CENTRALIZER ACCOUNT, in frequencies defined in the CENTRALIZER ACCOUNT management contract, pursuant to the terms of ANNEX XXIV, until the debt has been fully settled.

44.8.1. Fine sums, when applied, shall be corrected monetarily using the *pro rata die* index variation specified in Clause 3.2, in addition to application of interest in arrears of 1% (one percent) per month estimated *pro rata die*, as of the maturity date of the payment term specified in subsection 44.8.2, until the date the payment is effectively made.

44.8.2. In the event that a direct deduction from the CENTRALIZER ACCOUNT or offsetting amounts due by the GRANTING AUTHORITY is not possible, the CONCESSIONAIRE shall make the payment within 30 (thirty) consecutive days, starting from the notice of the final administrative decision, with the payment receipt to be included in the sanctioning administrative proceeding files within the same period.

44.8.3. Failure to collect any fine due, whenever direct discount from the CENTRALIZER ACCOUNT or offsetting amounts due to the GRANTING AUTHORITY is not possible, under the defined conditions and deadlines, shall determine a serious breach, triggering payment of the PERFORMANCE BOND, as set forth under Clause Thirty-Eight, without any further steps being necessary.

44.9. In the event that any type of breach of contract is verified during oversight duties, consequently leading to potential application of penalties to the CONCESSIONAIRE, the party in charge of overseeing CONTRACT performance shall draw up the OVERSIGHT TERM, which shall include:

- I. description of the verified fact(s);
- II. signalling of a potential recurrence, including the date of the last occurrence, if applicable;
- III. corresponding breaches specified in ANNEX XXXI to the verified fact or, in case of lack of a specific determination, breach of obligations set forth under the CONTRACT, the AUCTION NOTICE and its ANNEXES, as well as the applicable legislation and/or rules;
- IV. photographic records, if applicable to the nature of the breach;
- V. signalling and the severity of the applicable penalty, subject to the criteria of ANNEX XXXI; and

VI. identification of the agent in charge of oversight duties.

44.9.1. Any and all potential mistakes made by the oversight agent in determining or attributing the applicable penalty may be rectified through sanctioning administrative proceedings, with the CONCESSIONAIRE being restored its deadline to submit its defense should the rectification lead to any factual-related information.

44.9.2. Once the OVERSIGHT TERM has been drawn up, it shall be submitted:

- I. to the STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT's competent administrative department for purposes of appraising whether sanctioning administrative proceedings should be initiated, in compliance with ordinary legal proceedings set forth under Article 63 of State Law No. 10.177/1998;
- II. to the CONCESSIONAIRE, signalling the deadline to rectify all verified errors or defects, notwithstanding the option to begin, at the same time, sanctioning administrative

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

proceedings under State Law No. 10.177/1998.

- 44.9.3. Rectification of errors specified in the OVERSIGHT TERM does not rule out the fact that a breach has occurred, and hence, application of the corresponding penalty in accordance with this CONTRACT, ANNEX XXXI and the applicable legislation, notwithstanding application of other circumstances specified in Clauses 44.5 and 44.6, if applicable.
- 44.9.4. In the event of any sign of animal abuse to animals managed by the CONCESSIONAIRE, as per the provisions of ANNEX XXXI, the following measures shall be enforced, in addition to those described in Clause 44.9:
  - I. documentation submitted by technical or photographic reports;
  - II. immediate notification of the Fauna Department or the competent environmental agency in charge of wild animal management to carry out an on-site inspection and enforce any additional measures that may apply.
- 44.9.5. The OVERSIGHT TERM, in addition to any other administrative proceeding stage initiated to verify potential contract breaches, enables the GRANTING AUTHORITY, whether by itself or upon others' request, to determine enforcing preventive or mitigating measures whenever there evidence or understandable concern that the CONCESSIONAIRE, whether by itself or by mean of third parties, may cause irreparable damages or damages difficult to repair to USERS or the community, or which may render ineffective the procedure's final result.
  - 44.9.5.1. Failure to fulfill preventive or mitigating measures defined set forth by the GRANTING AUTHORITY shall constitute aggravating factors.
- 44.10. Related cases concerning breaches of the same type may be included in the same sanctioning administrative proceeding, in which case the potential application of penalties shall account for the number of infractions committed.
  - 44.10.1. Once mitigating and/or aggravating factors are verified for only one or part of breaches ascertained, the GRANTING AUTHORITY may enforce penalties separately.
- 44.11. If the PERFORMANCE BOND in force is a guarantee insurance, the GRANTING AUTHORITY may, at its own discretion, notify the insurance company on initiation of sanctioning administrative proceedings.
- 44.12. Upon being summoned either by receipt or by electronic means, the CONCESSIONAIRE shall be responsible for submitting its defense within the term specified in article 63, item III of State Law No. 10.177/1998, documenting it with any evidence it deems relevant.
  - 44.12.1. CONCESSIONAIRE requests for producing evidence shall only be considered, pursuant to article 63, item IV of State Law No. 10.177/1998, if the CONCESSIONAIRE, in its defense, specifically points out which evidence it intends to produce, its purpose, and the grounds for the evidentiary stage.
- 44.13. In the event that the CONCESSIONAIRE's arguments are rejected, or in case the legal deadline elapses without a defense having been submitted, and with it having been determined that the contract was in fact breached, the appropriate sanction shall apply, serving the CONCESSIONAIRE with a notification.
  - 44.13.1. Notifications on the application of penalties shall be made in writing, upon receipt or sent

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

electronically.

44.13.2. The CONCESSIONAIRE shall keep the GRANTING AUTHORITY up-to-date on the electronic mail address it will use to receive any summons, notifications, subpoenas or communications relating to this CONTRACT, using as the initial date for counting the term the working day immediately after the electronic communication was sent.

44.14. In the event of a potential penalty being enforced upon the GRANTING AUTHORITY, the latter shall have the right to appeal within 15 (fifteen) working days as of receipt of the notification by the CONCESSIONAIRE, only one time, directly to the next-senior superior under the GRANTING AUTHORITY's scope who rendered the decision, subject to the provisions of Articles 40 and 47, paragraph 2, both of State Law No. 10.177/1998.

44.14.1. The term specified in Clause 44.14 applies to requests for reconsideration which may be filed only once, and solely for events listed in Article 42 of State Law No. 10.177/1998.

44.15. Fulfillment of penalties enforced upon the GRANTING AUTHORITY shall not exempt the CONCESSIONAIRE from its faithful performance of all obligations and duties foreseen under the CONTRACT and ANNEXES, in addition to compensation for potential losses and damages caused to the GRANTING AUTHORITY, its employees, USERS or third parties due to CONCESSION-related activities.

44.16. Unless specifically stated, deadlines shall be counted consecutively, excluding the first day and including the maturity date, and should the deadline mature on a day when the entity in charge of oversight duties is not in service, then the deadline shall be postponed to the first subsequent working day.

44.16.1. Deadlines are only to start and expire on days when the agency or entity is in service.

44.16.2. The deadline shall be deemed postponed until the first subsequent working day if, upon its maturity date, the working day is finished before regular office hours.

## CHAPTER VIII – INTERVENTION

### CLAUSE FORTY-FIVE – INTERVENTION

45.1. The GRANTING AUTHORITY may, at any time and notwithstanding all applicable penalties and incidental responsibilities, intervene in the CONCESSION to ensure compliance and appropriateness of construction works, continuity in the provision of services and/or the CONCESSIONAIRE's compliance with all relevant contractual, regulatory and legal standards, under the terms of article 32 and onwards of Federal Law No. 8.897/1995. The following are some of the events that may trigger interventions:

- I. total or partial suspension or interruption of construction works related to the MINIMUM STARTING INVESTMENT or ADDITIONAL INVESTMENTS, or to the CONCESSIONAIRE's provision of services and activities that are the purpose of this CONTRACT;
- II. serious shortcomings in the CONCESSIONAIRE's organization that jeopardize faithful compliance with all obligations assumed under the scope of the CONCESSION;
- III. serious shortcomings in rendering activities under the scope of this CONTRACT;
- IV. events in which the CONCESSIONAIRE's management of the CONCESSION AREA poses risks to the continuity of adequate services provided under the contract;



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- V. events that jeopardize the environment, the safety of people or assets, the treasury, public health or the population's health;
  - VI. serious and/or recurring breaches of this CONTRACT's obligations;
  - VII. failure to submit or renew insurance policies necessary for faithful and regular performance of the contract;
  - VIII. recurring inappropriate or inefficient CONCESSIONAIRE actions while performing the purpose of the contract, using PERFORMANCE INDICATORS as reference, evaluated upon assigning to the CONCESSIONAIRE performance scores below (a) 25% (twenty-five) of goals set by PERFORMANCE INDICATORS for the provision of services, even without jeopardizing the CONCESSIONAIRE's financial condition, for 02 (two) consecutive years; or (b) 50% (fifty percent) of goals set by PERFORMANCE INDICATORS for the provision of services, even without jeopardizing the CONCESSIONAIRE's financial condition, for 03 (three) non-consecutive years;
  - IX. mistreatment of the BIOLOGICAL ASSETS of fauna or lack of proper care with the BIOLOGICAL ASSETS of flora; and
  - X. using CONCESSION facilities for unlawful purposes.
- 45.1.1. The GRANTING AUTHORITY's decision to carry out the CONCESSION's intervention in any of the events specified in Clause 45.1 entail the GRANTING AUTHORITY to carry out convenient and appropriate proceedings, with the GRANTING AUTHORITY having the right, in view of the events' particularities, to choose to enforce other measures specified in the CONTRACT which, to its understanding, better serve the public interest, such as enforcing penalties or declaring termination of the CONCESSION, if applicable.
- 45.1.2. Should any event that may give rise to the CONCESSION's intervention be verified, the GRANTING AUTHORITY shall notify the CONCESSIONAIRE so that it may proceed to, within the set deadline, rectify errors signalled, notwithstanding application of incidental penalties and of TRIPARTITE AGREEMENT provisions, in case it is signed.
- 45.1.2.1. If the established deadline elapses with the CONCESSIONAIRE having failed to rectify errors or take action which, at the GRANTING AUTHORITY's discretion, would effectively prove its commitment to rectifying them, the latter shall recommend the Governor of the State of São Paulo to carry out the intervention.
- 45.2. CONCESSION interventions shall be effected upon order issued by the Governor of the State of São Paulo, duly published in the State of São Paulo's Official Register (DOE/SP) and pointing out, at the very least, the reasons for the intervention, appointment of the Intervener, deadline and restrictions of the intervention.
- 45.3. Interventions shall automatically entail compulsory and temporary transfer of the CONCESSIONAIRE management to the INTERVENTOR.
- 45.3.1. The role of INTERVENER may be carried out by any agent of the GRANTING AUTHORITY's staff, a person specifically appointed, a corporation or company, whereas the CONCESSIONAIRE shall bear all costs of the respective compensation.
- 45.4. Once intervention has been declared, the GRANTING AUTHORITY shall, within 30 (thirty) days, initiate

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

administrative proceedings to assess the respective liabilities and verify the causes that gave rise to the intervention, warranting the CONCESSIONAIRE the right to due legal process, especially the right to be heard and to adversary proceedings.

- 45.4.1. The aforementioned administrative proceedings are to be concluded within up to 180 (one hundred and eighty) days, under penalty of rendering the intervention void.
- 45.5. Any and all interventions shall require the CONCESSIONAIRE to provide the CONCESSION AREA, CONCESSION ASSETS and BIOLOGICAL ASSETS immediately to the GRANTING AUTHORITY, as well as everything else needed for the faithful performance of services under the scope of this CONTRACT.
- 45.6. Throughout the intervention period, REVENUE and ADDITIONAL REVENUE shall be collected as defined by the INTERVENER or through the intervention procedure.
  - 45.6.1. Revenue collected during the intervention period shall be used to cover costs required for the regular performance of activities corresponding to the purpose of the CONTRACT, as well as to pay insurance and guarantee costs, among others, in addition to financing-related costs and reimbursement of administrative costs.
- 45.7. Any potential additional costs resulting from the intervention are to be borne by the CONCESSIONAIRE, whereas the GRANTING AUTHORITY shall have the right to use the PERFORMANCE BOND for purposes of securing funds still needed to cover expenses to ensure the the CONCESSION AREA's proper working conditions, as well as for maintenance and operating purposes under the intervention regime.
  - 45.7.1. In the event that the PERFORMANCE BOND is insufficient, the CONCESSIONAIRE is to reimburse the GRANTING AUTHORITY.
- 45.8. Once the intervention has ceased, and provided the CONCESSION has not been terminated, the provision of services covered under this CONTRACT shall revert back to the CONCESSIONAIRE, with any potential remaining REVENUE surplus collected throughout the intervention period to be transferred back to the latter after rendering of accounts by the INTERVENER, who shall answer for all acts carried out during its administration, whereas possession of assets that have been taken over by the intervener and the performance of contract rights and obligations intrinsic to said provision shall be reverted back to the CONCESSIONAIRE.
- 45.9. Interventions shall not be grounds for termination or suspension of any of the CONCESSIONAIRE's obligations to third parties, including to FINANCIERS.
- 45.10. Should it be proven that legal and regulatory grounds for declaring intervention were not complied with, it shall be deemed void and services shall immediately revert back to the CONCESSIONAIRE, notwithstanding the INTERVENER's rendering of accounts as well as any potential compensation due.
- 45.11. The GRANTING AUTHORITY shall compensate the CONCESSIONAIRE for any potential damages it may have caused throughout the intervention term.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

**CHAPTER IX – TERMINATION OF CONTRACT**

**CLAUSE FORTY-SIX – CIRCUMSTANCES FOR TERMINATING THE CONCESSION**

46.1. The CONCESSION shall be terminated upon:

- I. end of contract term;
- II. expropriation;
- III. expiry;
- IV. rescission;
- V. annulment due to unverifiable errors or breaches determined during proceedings or upon awarding the purpose of this contract;
- VI. bankruptcy or termination of the CONCESSIONAIRE, as well as financial restructuring, in this last scenario, which impairs performance of the CONTRACT;
- VII. fortuitous or force majeure events addressed in this Chapter; and
- VIII. mutual rescission

46.2. In the event that the CONCESSION is terminated, the GRANTING AUTHORITY may, conditional upon the event that led to termination of the CONTRACT, and pursuant to the provisions of this Chapter:

- I. take over, whether directly or indirectly, CONCESSION AREA operations at the place and in the conditions it is in;
- II. occupy and use locations, facilities, public amenities and equipment, and use personnel employed to provide services required for continuity of its services;
- III. enforce all applicable penalties;
- IV. retain and execute the PERFORMANCE BOND for purposes of receiving administrative fines and reimbursing losses caused by the CONCESSIONAIRE; and
- V. fulfill the provisions of the TRIPARTITE AGREEMENT, should it be signed, in regard to FINANCIERS' rights in the event that the CONCESSION is terminated.

46.3. Upon termination of the CONCESSION, the GRANTING AUTHORITY shall immediately take over all activities that are the purpose of this CONTRACT as well as REVERTIBLE ASSETS and BIOLOGICAL ASSETS, with applicable assets and rights to be reverted, as per Clause Fifty-Six.

46.3.1. Regarding the event foreseen under Clause 46.3, the GRANTING AUTHORITY may retain contracts that the CONCESSIONAIRE signed with third parties for the term and initially agreed-upon conditions, subject to the current legislation.

46.4. The GRANTING AUTHORITY may carry out a new bidding process for the purpose of the CONTRACT, bestowing upon the winner the duty to pay compensation straight to the former CONCESSIONAIRE's FINANCIERS, or straight to the latter, as the case may be.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 46.4.1. The provisions of Clause 46.4 neither rule out nor hinder the CONCESSIONAIRE's right to enforce collection measures effective the moment the compensation becomes due, up to its payment.
- 46.4.2. The CONCESSIONAIRE shall, throughout the entire term of the CONTRACT, clear the GRANTING AUTHORITY's or third parties' access to the CONCESSION AREA for purposes of conducting research studies or carrying out technical inspections aimed at promoting or proceeding with bidding processes, while, if applicable, complying with CONCESSIONAIRE-defined rules or procedures aimed at mitigating any and all impacts that said admissions may cause to activities undertaken at the CONCESSION AREA.

**CLAUSE FORTY-SEVEN – END OF CONTRACT TERM**

- 47.1. The CONCESSION shall be terminated upon expiry of the CONCESSION TERM, consequently ceasing all contractual relationships between the PARTIES, except for those expressly set out under this CONTRACT, as well as post-contractual obligations attributed to the CONCESSIONAIRE and the GRANTING AUTHORITY.
- 47.2. Upon determining that the contract term has elapsed, and notwithstanding potential replacements of the SUCCESSOR under current contracts, the CONCESSIONAIRE shall be held fully and solely accountable for ceasing any and all contractual relationships signed with third parties to which it is a party, whereasthe GRANTING AUTHORITY is not to take over any liability or cost relating to said contracts executed.
- 47.3. The GRANTING AUTHORITY shall not take on, except when exercising its option to replace itself in contracts entered into with the CONCESSIONAIRE, any liability or cost relating to contracts executed by the CONCESSIONAIRE, with no compensation being owed to the CONCESSIONAIRE or to third parties due to the end of said contractual relationships.
  - 47.3.1. The CONCESSIONAIRE shall take all necessary measures to enable negotiations between the GRANTING AUTHORITY and third parties contracted by it, for purposes of ensuring the option of exercising the prerogative set forth under Clause 47.3.
- 47.4. The CONCESSIONAIRE shall be required to assist the GRANTING AUTHORITY to avoid interruptions in the provision of CONCESSION AREA services or visitation due to expiry of the contract term and subsequent termination of this CONTRACT, as per ANNEX XXIX, and to assist, for instance, in the training of GRANTING AUTHORITY personnel, or of any other FEDERAL PUBLIC ADMINISTRATION entity appointed by it, or any potential SUCCESSOR collaborating with the transition and whatever else is needed for the continued exploitation and maintenance of REVERTIBLE ASSETS, while upholding duly justified corporate confidentiality circumstances that have the GRANTING AUTHORITY's consent.
- 47.5. The CONCESSIONAIRE shall submit a DEMOBILIZATION PLAN for the GRANTING AUTHORITY's appraisal and approval three (3) years before the CONCESSION TERM's closing date, pursuant to the provisions of Clause 58.1.
- 47.6. In the final ORDINARY REVIEW prior to the end of the CONCESSION TERM, the PARTIES shall provide for any potential funding required for demobilization, with said funding to be amortized before the end of the CONCESSION TERM.
- 47.7. The CONCESSIONAIRE shall not be entitled to claim any compensation related to REVERTIBLE ASSET investments after the contract term has expired.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

**CLAUSE FORTY-EIGHT – GENERAL RULES FOR COMPENSATION**

- 48.1. In any event of early termination of this CONTRACT, the CONCESSIONAIRE shall have the right to compensation, which is to cover unamortized and undepreciated financing installments made and relating to REVERTIBLE ASSETS, and shall additionally consider, for purposes of computing compensation due, the methodology stipulated in this Clause.
- 48.1.1. the amortization method used in the estimation shall be the straight-line (constant amortization) method, taking into account recognition of the REVERTIBLE ASSET and the shortest period between (I) the CONTRACT term and (II) the concerning REVERTIBLE ASSET's useful life.
- 48.1.2. any and all potential sums accounted for as interest and other financial costs during the construction period shall be disregarded.
- 48.1.3. any and all potential sums accounted for as pre-operating expenses shall be disregarded, deemed those carried out before the SPECIAL PURPOSE COMPANY official incorporation.
- 48.1.4. any and all potential sums accounted for as builders' margin shall be disregarded.
- 48.1.5. any and all potential acquisition premiums shall be disregarded.
- 48.1.6. Only costs and expenses accounted for, and which were undertaken by the CONCESSIONAIRE itself shall be considered, whereas any and all potential costs and expenses undertaken by CONCESSIONAIRE shareholders or RELATED PARTIES shall be disregarded, regardless of them being in the benefit of activities carried out at the CONCESSION AREA.
- 48.1.7. Any and all potential sums accounted for as VARIABLE GRANTS or INSPECTION FEES shall be disregarded.
- 48.1.8. The sum of financing installments linked to unamortized or undepreciated REVERTIBLE ASSETS shall be estimated based on the CONCESSIONAIRE's asset and have, as the end date, the date of notification for terminating the CONTRACT sent to the CONCESSIONAIRE, in accordance with Technical Interpretation ICPC 01 (R1), corresponding statements and guidelines, as well as concerning reviews, all of them issued by the Accounting Pronouncements Committee - CPC, duly updated according to the IPC/FIPE Consumer Index of the contract year of accreditation of the investment until the contract year of payment of the compensation.
- 48.1.9. All costs accounted for, according to the method described in subsection 48.1.8, shall have as a threshold limit:
- I. for the MINIMUM STARTING INVESTMENT, amounts projected in feasibility studies provided by the GRANTING AUTHORITY, duly corrected monetarily using the IPC/FIPE Consumer Price Index of feasibility studies' base date, up to the contract year when the compensation was settled;
  - II. amounts estimated for ADDITIONAL INVESTMENTS projected in contractual amendments, duly corrected monetarily using the IPC/FIPE Consumer Price Index of the reference contract year's price forecasted in the contractual amendment, up to the contract year when the compensation was settled; and
  - III. for additional REVERTIBLE ASSET investments made, GRANTING AUTHORITY-

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

approved amounts using the methodology specified in subclause 28.5.2, in the event that feasibility studies provided by the GRANTING AUTHORITY fail to bring an estimate, duly corrected monetarily using the contract year's IPC/FIPE Consumer Price Index, of the sum approved up to the contract year when the compensation was settled.

- 48.1.10. With the exception of expiry events, unamortized or undepreciated sums accounted for by means of the VARIABLE GRANT's accreditation shall be considered, provided the CONCESSIONAIRE has effectively disbursed them.
- 48.2. REVERTIBLE ASSETS that have been added to the CONCESSIONAIRE's asset by means of donations or compensations made by the GRANTING AUTHORITY shall not comprise compensable sums.
- 48.2.1. Any and all potential expenses for repairing and/or rebuilding REVERTIBLE ASSETS delivered in conditions other than those specified in this CONTRACT and its ANNEXES shall be deducted from the compensable amount.
- 48.3. Unamortized BIOLOGICAL ASSETS acquired by the CONCESSIONAIRE throughout the CONCESSION that the GRANTING AUTHORITY stated its interest for, pursuant to the provisions of ANNEX III, consequently becoming REVERTIBLE ASSETS, shall be considered for purposes of estimating compensations in the event of early termination of the CONTRACT.
- 48.4. Compensations estimated using the method specified in this and the following clauses, as well as their effective payment in the administrative sphere, when accepted by the CONCESSIONAIRE, shall entail the full, general and unrestricted settlement of the amount owed by the GRANTING AUTHORITY resulting from termination, whereas the CONCESSIONAIRE shall not have the right to claim, whether administratively or legally, any compensation, including those related to loss of profit and consequential damages.
- 48.4.1. If compensation amounts estimated using methods specified in Clause Forty-Eight and subsequent clauses are subject to collection of applicable taxes upon payment, the sum to be paid shall be increased so as to ensure the CONCESSIONAIRE's receipt of net tax values corresponding to the amount computed for compensation, with the exception of amounts listed in Clause 49.3, whose applicable taxes are to be borne by the CONCESSIONAIRE.
- 48.5. The balance of economic-financial imbalances shall be added or subtracted from the compensation amount owed to the CONCESSIONAIRE, estimated using the methodology described in this Chapter, in benefit, respectively, of the CONCESSIONAIRE or the GRANTING AUTHORITY, already in net values and due following completion of the administrative proceedings, in an unappealable decision under the administrative sphere.
- 48.6. Compensation due to the CONCESSIONAIRE, except in the event of expiry shall be debilled, always in the order of preference below, and regardless of the concessionaire's consent:
- I. sums awarded to the CONCESSIONAIRE as insurance coverages related to events or circumstances that gave rise to the termination;
  - II. the outstanding balance owed to FINANCIERS for financing allocated to REVERTIBLE ASSET-related investments, plus contractual interest agreed-upon in the concerning contractual instruments;



STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- III. the sum of fines enforced upon the CONCESSIONAIRE under the scope of the CONTRACT due to final and unappealable rulings and/or already concluded sanctioning proceedings;
  - IV. the sum of damages proven to be caused by the CONCESSIONAIRE to the GRANTING AUTHORITY, as recognized in a ruling that is final and not subject to administrative appeals.
- 48.6.1. The amount described in item II of Clause 48.6 above shall be paid by the GRANTING AUTHORITY to the FINANCIER.
- 48.6.2. In the event of Expiry of contract, items III and IV above shall prevail in the deduction order as opposed to subsection II, both pertaining to Clause 48.6.
- 48.7. Release of the CONCESSIONAIRE from any of the obligations originating from financing contracts that it entered into for purposes of fulfilling the CONTRACT may take place by means of:
- I. assumption by the GRANTING AUTHORITY or third parties, upon replacement, by the FINANCIERS or creditors, upon agreement entered into by and between said parties, of the CONCESSIONAIRE's remaining contractual obligations, up to the threshold limit of the amount due to the CONCESSIONAIRE after payment of deductions set forth under Clause 48.6, and provided the FINANCIERS are in agreement ; or
  - II. previous compensation to the CONCESSIONAIRE, restricted to the sum of the compensation estimated in accordance with Clause 48.6, of total remaining debts it has with FINANCIERS or creditors.
- 48.7.1. The amount related to the release addressed in Clause 48.7 above is to be deducted from the sum of the compensation due, and may not, under any circumstance whatsoever, exceed the overall compensation sum due.
- 48.8. The general set of rules for compensations described in this clause applies to all early termination events, and compensation payments for specific items in each of the early termination clauses listed below are always to be fulfilled.

**CLAUSE FORTY-NINE – EXPROPRIATION**

- 49.1. The GRANTING AUTHORITY may, throughout the validity of the CONTRACT, resume its performance due to duly justified public interest by means of a specific authorizing law, and after previous payment of compensation, in accordance with this CONTRACT.
- 49.2. In the event of expropriation, compensation owed to the CONCESSIONAIRE shall cover the following, in addition to the provisions of Clause 48.1:
- I. all charges and encumbrances stemming from fines, rescissions and compensations due to suppliers, contracted parties and third parties in general resulting from the end of contractual relationship, and said sums shall comply with those currently in force in the market, particularly in regard to RELATED PARTIES, and shall be expressly provided for under the contract or stemming from a court ruling; moreover, any and all sums relating to loss of profit or related funds shall not be included in the compensation, regardless of being provided for under contracts entered into by the CONCESSIONAIRE; and
  - II. lost profits estimated pursuant to Clause 49.3.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

49.3. The component set forth in item II of Clause 49.2 shall be estimated using the following equation:

$$LC = A \times [(1 + NTNB')^n - 1]$$

Where:

*LC* = lost profits specified in item II of Clause 49.2.

*A* = investments signalled in Clause 48.1.

*NTNB'* = gross real interest rate levied on the sale of National Treasury Notes - Série B (NTN-B), *ex-ante* deduction of income tax, with a maturity date compatible with the CONTRACT's end, provided it was not subject to early termination, published by the National Secretary of Treasury, considering quotation averages available in the 12 months before the compensation payment date.

*n* = remaining period in years between the compensation payment date of indemnization payment and the end of the contract term, provided the CONTRACT was not subject to early termination, on the same *NTNB'* base.

49.4. Compensation owed due to expropriation shall be restricted to sums defined in this Clause, and no other sums shall be owed as compensation, lost profits in addition to those compensated for under this clause and/or consequential damages.

49.5. Compensations are to be disbursed up until the very moment the CONCESSION is resumed, and as a condition for its resumption.

#### CLAUSE FIFTY – EXPIRY

50.1. Total or partial failure to perform this CONTRACT or any of the duties enforced by legislation or rules shall give rise, at the GRANTING AUTHORITY's discretion and in compliance with the provisions of this CONTRACT, to declare the CONCESSION expired after prior competent administrative proceedings have taken place, ensuring due legal process, especially the right to be heard and to adversary proceedings, once all settlement possibilities specified in this CONTRACT have been exhausted, notwithstanding enforcement of contractual sanctions.

50.2. The GRANTING AUTHORITY's decision to declare the CONCESSION expired, should any of the events set forth under Clause 50.3 occur, entails the GRANTING AUTHORITY to carry out pertinent appraisal proceedings, and the GRANTING AUTHORITY may additionally, in view of the situation's particularities, choose to enforce other measures set forth under the CONTRACT which, at its discretion, better serve the public interest, such as the application of penalties or determining the CONCESSION's intervention, when acceptable.

50.3. The CONCESSION may be deemed expired in the following cases, in addition to those specified under Federal Law No. 8.987/1995 and its amendments, and notwithstanding additional events provided for under this CONTRACT:

- I. loss or impairment of economic-financial, technical or operating conditions required for rendering full performance of the CONCESSION;
- II. total or recurrent non-performance of obligations under this CONTRACT;

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- III. proven fraud in estimating INSPECTION FEE or VARIABLE GRANT payments, or in sharing ADDITIONAL REVENUE, particularly resulting from fictitiously reducing the tax base, stemming, among other thing, from altering the CONCESSIONAIRE's accounting data or from arranging fictitiously lower prices with third parties.
- IV. suspension of services that are the purpose of the CONTRACT due to the CONCESSIONAIRE's fault or willful misconduct, or if it has contributed thereto, except for fortuitous or force majeure events, as provided for under this CONTRACT;
- V. the CONCESSIONAIRE's failure to comply with the GRANTING AUTHORITY's notification to, within 180 (one hundred and eighty days), submit its FISCAL AND LABOR COMPLIANCE documentation, pursuant to article 29 of Federal Law No. 8.666/1993;
- VI. failure to uphold its duty to restitute the full PERFORMANCE BOND sum in the event that the bank guarantee letter or the insurance-guarantee policy is cancelled or terminated, and/or in the event that both of these are not renewed at least 30 (thirty) days before their expiry dates, pursuant to the terms of Clause 38.7;
- VII. failure in keeping the required PERFORMANCE BOND and insurance policies fully paid up, in addition to their potential infeasibility or the GRANTING AUTHORITY's unjustified difficulty in executing insurances and the PERFORMANCE BOND in events requiring their deployment;
- VIII. recurring inappropriate or inefficient performance by the CONCESSIONAIRE in executing the purpose of the contract, using the PERFORMANCE INDICATORS as reference, and appraised by the CONCESSIONAIRE being assigned performance scores below (a) 25% (twenty-five percent) of goals set by the PERFORMANCE INDICATORS for providing services, even without jeopardizing the CONCESSIONAIRE's financial conditions, for 02 (two) consecutive years; or (b) 50% (fifty percent) of goals set by the PERFORMANCE INDICATORS for providing services, even without jeopardizing the CONCESSIONAIRE's financial conditions, for 03 (three) non-consecutive years;
- IX. failure to comply with penalties enforced by the GRANTING AUTHORITY within the prescribed deadlines;
- X. changes to the CONCESSIONAIRE's shareholding control or encumbrance of its stocks without the GRANTING AUTHORITY's prior and express consent, except if FINANCIERS take over CONTROL, under the terms of this CONTRACT;
- XI. transfer of the CONCESSION itself without the GRANTING AUTHORITY's prior and express written consent, except in the event foreseen under the TRIPARTITE AGREEMENT, should it be signed;
- XII. failure to comply with a GRANTING AUTHORITY notification to restore the provision of services, in accordance with the decision and deadlines defined, according to each case;
- XIII. in the event of recurrent objections made to inspection activities which in any way hinder, impair or preclude monitoring of the CONCESSIONAIRE's performance;
- XIV. in the event of deviation from the CONCESSIONAIRE's business purpose;

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- XV. in the event of mishandling the BIOLOGICAL ASSETS of fauna or lack of proper care with the BIOLOGICAL ASSETS of flora;
  - XVI. in the event of administrative notifications for payment that lead to the enforcement of contractual fines which, in their added value, add up to 30% (thirty percent) of the CONTRACT value, considering, to this end, fines that are unappealable under the administrative sphere.
  - XVII. initiation of uninsurable administrative or legal proceeding(s) concerning damages caused by the CONCESSIONAIRE to the GRANTING AUTHORITY or whose amount exceeds the amount covered by insurance, and whose added value corresponds to 30% (thirty percent) of the CONTRACT value; and
  - XVIII. in the event that the sum of items XVI and XVII corresponds to 40% (forty percent) of the CONTRACT value.
- 50.4. In the event that the CONCESSIONAIRE's breach of contract entails a continuous breach or default of the CONCESSIONAIRE's contractual obligations, the fact that the GRANTING AUTHORITY applies, or has applied, any of the penalties specified in this CONTRACT and ANNEX XXXI shall not rule out the option of declaring the CONCESSION terminated, should this CONTRACT allow for it, and if the CONCESSIONAIRE, in spite of the penalty applied, continues with its breach of contractual obligations.
- 50.5. Prior to declaring the CONCESSION expired, the CONCESSIONAIRE shall verify breach of contract by means of ordinary administrative proceedings, ensuring due legal process, particularly the right to be heard and to adversary proceedings, as well as upholding related TRIPARTITE AGREEMENT provisions, should it be signed.
- 50.5.1. The CONCESSIONAIRE shall be notified before administrative proceedings to declare expiry initiate, thoroughly pointing out all breaches of contract and the default event, awarding it a term of at least 30 (thirty) days to rectify all breaches ascertained.
  - 50.5.2. If the deadline has elapsed and the CONCESSIONAIRE has failed to rectify breaches or take measures that prove its intended purpose to rectify them, the latter shall recommend that expiry be declared.
  - 50.5.3. Once administrative proceedings have been initiated, and upon the default having been proven, the Governor of the State of São Paulo shall declare expiry of the CONCESSION, regardless of previous compensation payments, the amount of which shall be determined throughout the aforementioned administrative proceedings or in separate administrative proceedings.
  - 50.5.4. Declaring expiry expired shall lead to the GRANTING AUTHORITY immediately being vested of possession over REVERTIBLE ASSETS and BIOLOGICAL ASSETS, as well as the CONCESSIONAIRE being accountable for any and all charges, fines, penalties, compensations, encumbrances or obligations to third parties, particularly those related to labor, tax and social security duties.
- 50.6. Expiry of the CONCESSION shall enable the GRANTING AUTHORITY to:
- I. take over the performance of the purpose of the CONTRACT in the place and in the conditions in which it is in;

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- II. occupy and use premises, facilities, public amenities, equipment and human resources used to perform services, provided they are required for their continuity;
  - III. retain and execute the PERFORMANCE BOND for reimbursement of losses suffered by the GRANTING AUTHORITY; and
  - IV. retain potential CONCESSIONAIRE credits resulting from the CONTRACT in events in which the PERFORMANCE BOND proves to be insufficient for reimbursing the GRANTING AUTHORITY, and up to the threshold limits of losses incurred.
- 50.7. Once expiry is declared and the concerning compensation that may be potentially due is paid, the GRANTING AUTHORITY shall not be held accountable for any kind of liability in regard to charges, encumbrances, obligations or commitments to third parties or to CONCESSIONAIRE employees, including labor and social security debts.
- 50.8. Compensation due by the GRANTING AUTHORITY as the result of expiry shall be restricted to sums charged as per this Clause and Clause Forty-Eight, and no other costs shall be due as compensation, lost profits and/or consequential damages.

### CLAUSE FIFTY-ONE – RESCISSION

- 51.1 This CONTRACT may be rescinded at the CONCESSIONAIRE's initiative due to the GRANTING AUTHORITY's non-performance of contract rules, by means of an arbitration procedure initiated solely to this end.
- 51.1.1 The CONCESSIONAIRE is to give notice to the GRANTING AUTHORITY on its intent to rescind this CONTRACT in the event of the GRANTING AUTHORITY's failure to comply with contract rules, listing the reasons for bringing a lawsuit to this end, as set forth under the applicable legislation and rules.
- 51.1.2 In the event of subsection 51.1.1 above, the CONCESSIONAIRE shall set a term of at least 30 (thirty) days for the breach of contract to be remedied under the administrative sphere.
- 51.2 Services rendered by the CONCESSIONAIRE may not be interrupted or suspended until a final court decision is issued, declaring rescission of the contract, and notwithstanding easing of PERFORMANCE INDICATOR duties and fulfillment so as to ensure the CONCESSIONAIRE's financial soundness.
- 51.3 In the event of rescission of the CONTRACT due to GRANTING AUTHORITY default, compensation due to the CONCESSIONAIRE shall correspond to the one provided for expiry events, and is to be estimated the same way.

### CLAUSE FIFTY-TWO – ANNULMENT

- 52.1 The CONTRACT may be annulled in the event that an unvalidated illegality is exposed during the bidding process, in its execution, or in an essential clause that jeopardizes provision of services, by means of due administrative proceedings initiated effective the moment the GRANTING AUTHORITY gives notice to the CONCESSIONAIRE, while ensuring the right to be heard and to adversary proceedings
- 52.1.1 In the event that the illegality does not result from actions taken by the CONCESSIONAIRE, and

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

which may be validated through the performance of actions undertaken, both the CONCESSIONAIRE and the GRANTING AUTHORITY shall engage for purposes of keeping the CONTRACT in force.

52.1.2 In the event that the CONCESSION is terminated by annulment:

- I. if annulment does not result from any fact attributable to the CONCESSIONAIRE or to any of its current or past shareholders, compensation shall correspond to that estimated for early termination events of the CONTRACT due to fortuitous or force majeure events, pursuant to Clause 55.2, item I;
- II. if annulment results from a fact attributable to the CONCESSIONAIRE or to any of its current or past shareholders, compensation shall correspond to that estimated for early termination events of the CONTRACT due to expiry; and
- III. if annulment results from a fact attributable to the GRANTING AUTHORITY, compensation shall correspond to that estimated for early termination events of the CONTRACT due to rescission.

### **CLAUSE FIFTY-THREE – ON BANKRUPTCY OR TERMINATION OF THE CONCESSIONAIRE, OR ITS FINANCIAL RESTRUCTURING**

- 53.1 The CONCESSION shall be terminated in the event that the CONCESSIONAIRE is declared bankrupt upon a final court decision issued, or in the event of financial restructuring which, in this case, hinders performance of the CONTRACT.
- 53.2 Once bankruptcy is declared, the GRANTING AUTHORITY shall be awarded the CONCESSION AREA and shall immediately take over the performance of the purpose of this CONTRACT.
- 53.3 In the event that the CONCESSIONAIRE is terminated after filing for bankruptcy or due to financial restructuring which, in this case, hinders performance of the CONTRACT, or due to the CONCESSIONAIRE's upon resolution of its shareholders, the same provisions shall apply that concern expiry of the CONCESSION, with the initiation of due administrative proceedings to appraise effective losses and to determine the applicable sanctions.
- 53.4 The terminated CONCESSIONAIRE's potential net assets shall not be distributed among its shareholders before all duties are settled with the GRANTING AUTHORITY or prior to the GRANTING AUTHORITY issuing the FINAL ACCEPTANCE CERTIFICATE.
- 53.5 The provisions of this Clause are not to hinder application or fulfillment of obligations determined in the TRIPARTITE AGREEMENT that benefit FINANCIERS, should it be signed.

### **CLAUSE FIFTY-FOUR – ON FORTUITOUS AND FORCE MAJEURE EVENTS**

- 54.1 Fortuitous or force majeure events, with the applicable consequences established under this CONTRACT, shall be deemed any and all events thus defined under civil law and which directly impact the performance of activities under the CONCESSION.



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

54.1.1 For illustrative purposes, the following are some of the examples of fortuitous and force majeure events:

- I. national or international wars directly affecting performance of the contract;
- II. acts of terrorism;
- III. nuclear, chemical or biological contamination, including epidemics and pandemics, if thus declared by national health agencies or by the World Health Organization, which impact the CONCESSIONAIRE's activities significantly, unless, for all events, if these result from acts carried out by the CONCESSIONAIRE;
- IV. trade embargoes imposed by a foreign country;
- V. natural events, such as earthquakes, hurricanes or floods, whenever their impacts cannot be avoided by taking preventive measures as reasonably requested by the CONCESSIONAIRE.

54.1.2 Failure to comply with contractual obligations, including those concerning the fulfillment of contract milestones, and which are duly proven to have resulted from fortuitous or force majeure events, under the terms of this CONTRACT and ANNEXES, shall not be subject to any penalties.

54.2. Whichever PARTY has the performance of its activities impacted by fortuitous or force majeure events shall notify the other PARTY on the occurrence of said event within 48 (forty-eight) hours.

54.3. In the event of fortuitous or force majeure events whose consequences are uninsurable in Brazil, or whose irreparable effects extend over 90 (ninety) days, or for a term mutually agreed-upon by both PARTIES upon verifying that the effects may irreversibly jeopardize performance of the CONCESSION, either PARTY may choose to enforce its right specified in Clause 7.2.

54.3.1. In the event of termination of the CONCESSION due to any event deemed a fortuitous or force majeure event, compensation owed to the CONCESSIONAIRE shall be appraised in accordance with the set of rules foreseen under Clause 55.2, item I.

54.4. Unless the GRANTING AUTHORITY submits written instructions otherwise, the CONCESSIONAIRE shall continue performing its obligations under this CONTRACT to the best of its abilities and shall seek, by all means possible, to comply with all obligations that were not affected by fortuitous or force majeure events, with the GRANTING AUTHORITY being likewise responsible for fulfilling all its obligations that have not been affected by fortuitous or force majeure events.

54.5 In case occurrences of fortuitous or force majeure events are verified, without this having led to termination of the CONCESSION as per Clause 55.2, item VII, other compensations relating to the PERFORMANCE INDICATORS that may have been impacted by the event are to be suspended until the situation is stabilized and its effects cease.

54.6 The PARTIES undertake to deploy all measures and actions needed to mitigate any and all effects stemming from fortuitous or force majeure events.

### **CLAUSE FIFTY-FIVE – ON MUTUAL RESCISSION**

55.1 Events described in Clause 7.2 or mutual rescission events pursuant to the terms of article 26 of State Law No. 7.835/1992 may give rise to early termination.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 55.2 In the case of Clause 7.2, compensation due is to be estimated taking into account, for each of the events, the following scenario:
- I. in the case of early termination of CONTRACT resulting from any event specified in item I of Clause 7.2 taking place, compensation shall be estimated in accordance with the rules of Clause 48.1, based on the moment immediately prior to occurrence of the fortuitous or force majeure event, accrued with sums specified in Clause 49.2, item I, while lost profits described in Clause 49.2, subsection II shall not be due;
  - II. in the events of early termination of CONTRACT resulting from any event specified in items II and IV of Clause 7.2 taking place, compensation shall be estimated in accordance with the same rules and equation set forth under contract for expropriation events.
  - III. Regarding extinction of CONTRACT events resulting from any event specified in item III of Clause 7.2 taking place, compensation shall be estimated in accordance with the same rules and equation set forth under contract for expiry cases.
- 55.3 This CONTRACT may be rescinded following a rebidding proceeding pursuant to article 8 of State Law No. 16.933/2019, which shall be conditional upon an agreement made between the GRANTING AUTHORITY and the CONCESSIONAIRE, and whose procedure shall ensure the continuity of activities rendered at the CONCESSION AREA, until the new rebidding proceeding for resumption of activities by the SUCCESSOR is concluded.
- 55.3.1. The CONCESSIONAIRE does not hold any right whatsoever to initiate, bring about, run or terminate any bidding proceeding, whereas the GRANTING AUTHORITY, as per article 9, paragraph 1 of State Law No. 16.933/2019, shall appraise the need, appropriateness and reasonableness of initiating and running proceedings as opposed to the CONTRACT's continuity or termination options foreseen under Clause 46.1.
  - 55.3.2. Upon the CONCESSIONAIRE's request for the CONTRACT to be qualified for purposes of rebidding, after proving recurring or permanent non-compliance with contract provisions or failure to fulfill contractual or financial duties taken on, the GRANTING AUTHORITY shall only be entitled to appraise the request if it is submitted along with all documents foreseen under article 9, paragraph 2 of State Law No. 16.933/2019.
  - 55.3.3. Once the CONTRACT is qualified for purposes of rebidding, and in the event that a decision is rendered to initiate proceedings, both the GRANTING AUTHORITY and the CONCESSIONAIRE shall sign an amendment to the CONTRACT, whose contents are to uphold, in addition to the provisions of article 10 of State Law No. 16.933/2019, any other factors that the GRANTING AUTHORITY deems relevant for ensuring continuity of services rendered at the CONCESSION AREA.
  - 55.3.4. Compensation shall correspond to the amount specified for expiry events, estimated in accordance with the provisions of Clause 48.1.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

**CHAPTER X – ON REVERSION**

**CLAUSE FIFTY-SIX – ON ASSET REVERSION**

- 56.1 Upon termination of the CONCESSION, CONCESSION-related REVERTIBLE ASSETS, rights and privileges that were transferred or provided to the CONCESSIONAIRE under the terms of this CONTRACT, or that were built, introduced or acquired by the latter under the scope of the CONCESSION, and the BIOLOGICAL ASSETS return to the GRANTING AUTHORITY clear and unfettered of any liens or encumbrances, regardless of any notifications or formalities.
- 56.2 The GRANTING AUTHORITY may, within 180 (one hundred and eighty) days before the final term of the CONCESSION, assess REVERTIBLE ASSETS with the purpose of distinguishing those that are dispensable to the continuity of CONCESSION AREA activities, with the option of waiving their reversion at the end of the CONCESSION, in which case the CONCESSIONAIRE shall be entitled to any and all rights to compensation or economic-financial recovery of the CONTRACT.
- 56.2.1 If the GRANTING AUTHORITY verifies, at its own discretion, the existence of REVERTIBLE ASSETS that are dispensable to the continuity of CONCESSION AREA activities, it shall then provide the CONCESSIONAIRE with a list of properties that will not be reverted, and which are to be removed from the CONCESSION AREA at the CONCESSIONAIRE's expense within the term specified in Cause 56.2 above.
- 56.2.2 All physical facilities added to the CONCESSION AREA, such as buildings and other public amenities bolted to the ground, are to be reverted back to the GRANTING AUTHORITY at the end of the CONCESSION, notwithstanding the option of waiving the reversion of movable assets relating to them.
- 56.3 Reversion shall be free of charge and automatic, with assets to be given back in adequate operating, usage and maintenance conditions, as well as free and unfettered of any and all encumbrances, charges, residual costs, taxes, obligations, legal injunctions, liens or collection of any amount by the CONCESSIONAIRE, with technical characteristics and prerequisites that enable full operations of the CONCESSION AREA.
- 56.4 Assets reverted back to the GRANTING AUTHORITY shall be in proper conservation and working conditions, thereby allowing for the continuity of services that are the purpose of this CONTRACT for a minimum additional period of 5 (five) years effective the date of termination of the CONTRACT, except for those with shorter useful lives, as per ANNEX XXIX.
- 56.4.1 Any potential costs relating to these investments are to be amortized and depreciated before the CONTRACT expires, whereas the CONCESSIONAIRE shall not be entitled to any compensation stemming therefrom.
- 56.4.2 All REVERTIBLE ASSET and BIOLOGICAL ASSET-related information, including descriptions, conservation conditions and remaining useful life, shall comprise the INVENTORY to be kept by the CONCESSIONAIRE throughout the entire CONCESSION and delivered, at the end, to the GRANTING AUTHORITY.
- 56.4.3 In the event of discrepancies between the INVENTORY and REVERTIBLE ASSETS' actual conditions, the CONCESSIONAIRE shall, if said discrepancy is detrimental to the GRANTING AUTHORITY, take all appropriate measures, including acquiring new assets or carrying out construction works so as to deliver the REVERTIBLE ASSETS in the same conditions as they were described in the INVENTORY.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 56.5 If asset reversion does not take place according to the conditions set forth hereunder, the CONCESSIONAIRE shall compensate the GRANTING AUTHORITY in accordance with assets' indemnification costs, notwithstanding applicable sanctions and payment of any potential INSURANCE and GUARANTEES.
- 56.6 During the CONCESSION's termination proceedings and contract transition, the GRANTING AUTHORITY may inspect assets that will be reverted, which are to include the participation of at least one CONCESSIONAIRE representative to verify assets' conservation and maintenance conditions, applying, as appropriate, the provisions of ANNEX XXIX.

**CLAUSE FIFTY-SEVEN – ON DEMOBILIZATION**

- 57.1 The CONCESSIONAIRE shall, within 36 (thirty six) months before the end of the CONCESSION or immediately, in the event of early termination of this contract, submit the CONCESSION AREA's DEMOBILIZATION PLAN for the GRANTING AUTHORITY's approval, which shall set forth procedures for carrying out demobilization and due reversion of REVERTIBLE ASSETS, without this leading to any interruption of services provided.
- 57.2 The DEMOBILIZATION PLAN shall encompass at least the following:
- I. the method to be used to revert REVERTIBLE ASSETS and BIOLOGICAL ASSETS;
  - II. REVERTIBLE ASSETS' conservation and maintenance conditions together with technical reports and expert opinions issued by a certified professional;
  - III. the REVERTIBLE ASSETS' depreciation status;
  - IV. the method to be used for replacing CONCESSIONAIRE employees with GRANTING AUTHORITY and/or SUCCESSOR civil servants;
  - V. the period and training method to be used for GRANTING AUTHORITY and/or SUCCESSOR civil servants who shall run the CONCESSION AREA.
- 57.3 The GRANTING AUTHORITY may conduct inspections it deems necessary for the faithful performance of its activities, so as to ensure contract transition without hindering the continuity of services that are the purpose of this CONTRACT in any way whatsoever, as well as overseeing the drafting of technical reports and expert opinions.
- 57.4 Twelve (12) months prior to the end of the CONTRACT's term, the CONCESSIONAIRE shall train personnel appointed by the GRANTING AUTHORITY, in addition to transferring all CONCESSION AREA-related technical and administrative documentation and operating instructions that have not yet been delivered.
- 57.5 The CONCESSIONAIRE shall be fully and solely responsible for terminating any and all contracts it is a party to at the end of the CONCESSION term, whereas the GRANTING AUTHORITY shall not take on any liability or encumbrance thereto, nor shall any compensation be owed to the CONCESSIONAIRE, unless if otherwise agreed upon under the terms of this CONTRACT, or if the GRANTING AUTHORITY has motivated early termination of the CONCESSION.
- 57.5.1 Aimed at ensuring continuity in the maintenance and exploitation of CONCESSION ASSETS,

## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

the PARTIES shall use their best efforts to determine options of providing subrogation, by the GRANTING AUTHORITY or the SUCCESSOR, in current contracts of interest to the CONCESSION that the CONCESSIONAIRE has entered into.

- 57.6 The CONTRACT's PERFORMANCE BOND may only be cleared upon issuance of the FINAL ACCEPTANCE TERM.
- 57.7 Any potential compensation due to the CONCESSIONAIRE upon expiry of the CONCESSION is not to prevent resumption of the CONCESSION, subject to, in the event of expiry, the provisions of Clause 49.5.
- 57.8 The final receipt of the CONCESSION AREA shall not waive any civil or ethical-professional liabilities stemming from services rendered under this CONTRACT, within limits established under the legislation.
- 57.9 The DEMOBILIZATION PLAN shall enable transfer and reversion of assets to be carried out seamlessly and without any unforeseen obstacles, whereas the CONCESSION AREA's operations shall not be negatively impacted.
- 57.10 The CONCESSIONAIRE's failure to submit the DEMOBILIZATION PLAN shall be deemed a serious breach, giving rise to enforcement of all applicable penalties to the CONCESSIONAIRE.

### CLAUSE FIFTY-EIGHT – ON THE TRANSITION

- 58.1. Notwithstanding the provisions of ANNEX XXIX, the following are the CONCESSIONAIRE'S obligations for properly transitioning the CONCESSION AREA's operations to the GRANTING AUTHORITY or to the SUCCESSOR:
- I. providing documents and contracts related to the purpose of the CONCESSION;
  - II. providing operating documents related to the purpose of the CONCESSION;
  - III. providing additional information on CONCESSION AREA operations;
  - IV. cooperating with the SUCCESSOR and the GRANTING AUTHORITY for proper sharing of knowledge and information;
  - V. allowing the GRANTING AUTHORITY and/or the SUCCESSOR to oversee CONCESSION AREA operations and usual CONCESSIONAIRE activities;
  - VI. carrying out training of GRANTING AUTHORITY and/or SUCCESSOR staff for operating the CONCESSION AREA;
  - VII. collaborating with the GRANTING AUTHORITY and/or the SUCCESSOR in devising reports potentially required for transition proceedings;
  - VIII. appointing experts from relevant areas of expertise for operational transitioning while the GRANTING AUTHORITY or the SUCCESSOR take over the operation of services;
  - IX. providing premises to lodge GRANTING AUTHORITY and/or SUCCESSOR work groups during this period;



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- X. assisting with staff planning;
- XI. engaging with the GRANTING AUTHORITY, the SUCCESSOR and other players and agents involved in CONCESSION AREA operations.

### CHAPTER XI – ON DISPUTE SETTLEMENT

#### CLAUSE FIFTY-NINE – ON AMICABLE DISPUTE SETTLEMENT

- 59.1 The PARTIES shall use their best efforts to amicably settle any disputes or conflicts of interest that may result from this CONTRACT by means of direct negotiation, and upholding the principle of good faith.
- 59.2 In the event of disputes or conflicts of interest as per this Clause, the interested PARTY shall provide written notice to the other PARTY submitting all its claims concerning the dispute or conflict of interest, in addition to submitting a recommendation for settling and/or explaining the issue.
  - 59.2.1 The notified PARTY shall have a period of 10 (ten) working days, as of receipt of the notification, to answer whether it agrees or not to the recommended settlement or explanation.
  - 59.2.2 If the notified PARTY agrees to the recommended settlement or explanation, the PARTIES shall deem the dispute or conflict of interest to be solved, and shall take all necessary measures to put in place that which was agreed upon.
  - 59.2.3 Should it disagree with the recommendation submitted, the notified PARTY shall provide the other PARTY, also within 10 (ten) working days, with the reasons as to why it disagrees with the settlement or explanation offered, in which case it is to submit an alternate recommendation for the case.
- 59.3 The amicable dispute settlement procedure specified in this Clause Fifty-Nine is not subject to mandatory compliance in emergency situations in which there are risks of extinction of rights or aggravation of circumstances.
- 59.4 Introduction of procedures described above shall not release the PARTIES from continuing and fulfilling their contractual obligations, with the PARTIES being required to ensure continuity of services rendered as well as compliance with construction work schedules.
  - 59.4.1 Suspension of construction works or services shall only be admissible in the event that the subject of the dispute or conflict of interest poses risks to the safety of people and/or the venture, provided suspension is proven to be the best option to offset the circumstances or, in the event that it is unfeasible, to mitigate any potentially existing risks, securing, when possible and without jeopardizing safety, the GRANTING AUTHORITY's consent prior to the suspension.
- 59.5 Dispute settlements may additionally be carried out at administrative chambers for dispute settlement or by means of mediation, under the terms of Federal Law No. 13.140/2015.
- 59.6 While upholding contract rules, the Parties may benefit from technical committees, independent rapporteurs or other types of amicable dispute settlements to which they shall formally agree upon, aimed at resolving technical issues as well as any and all potential questions, request explanations or technical or expert opinions to ensure full understanding of all issues in question.





## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

59.7 In the event that amicable dispute settlement measures fail to resolve the dispute or conflict of interest, either PARTY may request initiation of arbitration proceedings as per Federal Law No. 9.307/1996 and State Decree No. 64.356/2019, which shall comply with the rules of Clause Sixty.

### CLAUSE SIXTY – ON ARBITRATION

60.1 With the exception of subsection 60.1.1, the PARTIES shall submit any and all disputes concerning existing property rights to arbitration, as defined by article 18, paragraph 4 of State Law no. 16.933/2019 related to the interpretation or performance of this CONTRACT, that have not been settled administratively or by means of other dispute settlement methods provided for under this CONTRACT.

60.1.1 Regarding disputes strictly concerning enforcement of contract penalties upon the CONCESSIONAIRE or amendment of criteria used by the CONCESSIONAIRE for its amount, the CONCESSIONAIRE may decide in favor of submitting the dispute for legal or arbitrary appraisal, whereas the GRANTING AUTHORITY may not bring up the arbitration clause for purposes of preventing this option in due time.

60.1.2 The choice of the method used for settling disputes described in Clause 60.1.1 is final and irreversible, effective the claim register submitted to the Courts or upon submission of the request for arbitration at the chamber chosen to conduct proceedings, whereas any and all other disputes holding a relation to or connection with it, as well as any and all counterclaims based on the same facts or in related facts, shall follow the same procedure.

60.2 Initiation of arbitration proceedings does not release the parties from fulfilling their contractual obligations.

60.3 The PARTY requesting initiation of arbitration proceedings shall appoint, upon lodging its claim, the chamber responsible for conducting the dispute settlement proceeding, which shall be chosen among those registered with the State of São Paulo for dispute settlement involving the Direct Administration and its autonomous bodies.

60.3.1 In the event that there are no arbitration chambers registered with the State of São Paulo, the choice shall be made by the PARTY that requests initiation of arbitration proceedings, based on the following criteria:

- I. to provide enough space to conduct hearings and secretariat services, without additional costs to be borne by either party, in the city of São Paulo;
- II. to be regularly incorporated for at least five years;
- III. to fulfill all legal requirements for receiving payments from the Federal Public Administration of the State of São Paulo;
- IV. to have a recognized reputation as being an impartial, competent and seasoned entity in conducting arbitration proceedings with the FEDERAL PUBLIC ADMINISTRATION.

60.4 Arbitration proceedings shall comply with the Regulations of the Arbitration Chamber chosen, as well as with provisions of Federal Law No. 9.307/1996 and all subsequent amendments, in addition to the provisions of this CONTRACT.

STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 60.5 The ARBITRAL TRIBUNAL shall be composed of three members to be appointed in accordance with the arbitration chamber's regulations, and conditional upon agreement between the parties, one single arbitrator may be appointed.
- 60.6 The ARBITRAL TRIBUNAL shall be located in the city of São Paulo, State of São Paulo, and may convene at any place, provided all PARTIES are convened.
- 60.7 Arbitration is to be conducted in Portuguese, in accordance with the laws of the Federative Republic of Brazil, although technical documents written in other languages may be used, with the option of sworn translation also allowed, in the event that the parties disagree on its meaning.
- 60.7.1 Arbitration shall comply with any and all court rulings which, under the terms of the current Brazilian legislation, have a binding effect and whose compliance is required by Judiciary Branch bodies.
- 60.7.2 Upon the CONCESSIONAIRE's request and with the GRANTING AUTHORITY's consent, arbitration may be partially conducted in two languages, with rulings to be rendered in both Portuguese and English or in another foreign language.
- 60.7.3 If arbitration is partially conducted in two languages, the CONCESSIONAIRE shall bear all expenses related to translating documents, even when the translation documents result from GRANTING AUTHORITY actions, whereas said expenses are not to comprise procedural costs and expenses for purposes of paying the prevailing party's attorney fees.
- 60.7.4 Should there be any discrepancies between the contents of rulings or documents in Portuguese and foreign language versions, the contents of the Portuguese versions shall prevail.
- 60.8 The ARBITRAL TRIBUNAL shall not rely on equity in its rulings concerning this CONTRACT.
- 60.9 Payment of costs and expenses related to arbitration proceedings shall uphold, through analogical extension, rules for payments owed to the prevailing party's attorney as laid down in the Civil Procedural Code, whereas the defeated PARTY shall not be sentenced to reimburse the prevailing PARTY's contractual attorney fees.
- 60.10 Regardless of the PARTY that has triggered initiation of arbitration proceedings, the advanced payment of expenses and costs potentially requested by the chosen arbitration chamber shall, pursuant to article 18, paragraph 2 of State Law No. 16.933/2019, be paid by the CONCESSIONAIRE, which may, if applicable, be refunded according to a subsequent final ruling issued by an arbitration body.
- 60.11 Should either PARTY refuse to take the necessary measures to initiate arbitration proceedings, the PARTY that requested initiation of arbitration proceedings may appeal to one of the District Courts of São Paulo, State of São Paulo, in order to secure all applicable legal remedies, based on article 7 of Federal Law No. 9.307/1996 and subsequent amendments.
- 60.12 The verdict shall be deemed a final ruling with regard to the existing dispute between the PARTIES, which shall be unappealable and binding upon them.
- 60.13 Arbitration proceeding records shall be made public, except for cases of legal confidentiality or secrecy of legal proceedings.



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

- 60.14 Either PARTY may appeal to the District Court of São Paulo, State of São Paulo, to settle any dispute not subject to arbitration, as well as to obtain (a) the precautionary measure potentially needed prior to establishing the ARBITRAL TRIBUNAL, subject to the provisions of articles 22-A and 22-B of Federal Law No. 9.307/1996; or (b) to foster the execution of a precautionary measure, preliminary injunction or court ruling issued by the ARBITRAL TRIBUNAL.
- 60.15 Rulings issued by the ARBITRAL TRIBUNAL that impose a monetary fine upon the GRANTING AUTHORITY are to be fulfilled according to the system of court-ordered debt payment or small-cost bonds, under the same conditions imposed on other enforceable legal instruments.
- 60.16 The PARTIES acknowledge that rulings issued by the ARBITRAL TRIBUNAL may be regularly enforced in Brazil according to execution proceedings against the Public Treasury, whereas the GRANTING AUTHORITY shall not have any sovereign immunity to hinder said execution.

### CLAUSE SIXTY-ONE – COURT OF JURISDICTION

- 61.1. The District Court of São Paulo, State of São Paulo, shall be the court appointed for settling any and all disputes that cannot be settled by means of arbitration, or for purposes of exercising the option provided for under subsection 60.1.1, as set forth under this CONTRACT.

## CHAPTER XIII – FINAL PROVISIONS

### CLAUSE SIXTY-TWO – FINAL PROVISIONS

- 62.1 The CONCESSIONAIRE shall be entitled to carry out due administrative proceedings for all matters specified in this CONTRACT as well for decisions rendered by the GRANTING AUTHORITY, under State Law 10.177/1998.
- 62.2 This CONTRACT binds the PARTIES and their successors in all aspects.
- 62.3 Amendments potentially made to this CONTRACT shall only be valid if entered into and signed by both PARTIES by means of Amendments and Modification Agreements to the contract, except for the GRANTING AUTHORITY's option to unilaterally modify the CONTRACT, pursuant to the terms of the applicable legislation.
- 62.4 If either PARTY, even by means of omission, allows for full or partial non-performance of any of the Clauses or conditions of this CONTRACT and its ANNEXES, this event shall not free, release or in any way whatsoever affect or hinder the validity and effectiveness of said Clauses and conditions, which shall remain unchanged as if no forbearance had occurred.
- 62.5 Either PARTY's waiver of any of its rights shall only be effective if stated in writing and shall be restrictively construed, with its extension to any other right or obligation set forth under this CONTRACT being forbidden.
- 62.6 Nullification or invalidation of any Clause of this CONTRACT shall not prevent in due time the validity and legal effects of any other Clause under this same CONTRACT.
- 62.7 All notifications related to this CONTRACT are to be sent in writing to the addresses and in the names of the people listed below, according to the recipients' relevance in each case:



## STATE SECRETARIAT FOR INFRASTRUCTURE AND ENVIRONMENT

For the CONCESSIONAIRE: [●]  
For the GRANTING AUTHORITY: [●]  
For the FPZSP: [●]  
For the IBT: [●]  
For USP: [●]

- 62.8 The PARTIES may change the contact information in Clause 62.7 by means of simple written notification to the other PARTY.
- 62.9 Notifications and communications shall be deemed to be duly received on the date (I) showing on the notice of receipt; (II) of delivery of the official or unofficial letter; (III) of the fax notice of receipt; (IV) of proof of delivery by an internationally renowned courier service; (V) of proof of delivery of e-mail with acknowledgment receipt at the address specified in Clause 62.7; or (IV) of the GRANTING AUTHORITY's protocol or at the CONCESSIONAIRE's address specified in Clause 62.7.
- 62.10 All documents relating to this CONTRACT and to the CONCESSION shall be written in Brazilian Portuguese or translated into Brazilian Portuguese by a sworn translator, in the event that the documents are non-Brazilian.
- 62.10.1 In the event of any dispute or discrepancy, the version in Portuguese shall prevail.
- 62.11 Counting of deadlines defined in this CONTRACT shall exclude the start date and shall include the maturity date, always counting successive days, unless otherwise provided for.
- 62.11.1 Should deadlines fall on weekends, holidays or days in which the STATE's PUBLIC ADMINISTRATION is not in service, the deadline shall be automatically postponed to the following working day.
- 62.12 The CONCESSIONAIRE shall, within fifteen (15) days from the DATE OF SIGNING the CONTRACT, submit, in writing, the names and positions of employees or representatives appointed to be in charge of managing the CONTRACT in regard to technical and administrative matters, and for receiving correspondence provided for hereunder.
- 62.12.1 The GRANTING AUTHORITY shall appoint a technical unit responsible for the oversight and monitoring of this CONTRACT, designating its manager.

In witness whereof, the PARTIES hereby sign this Contract in 05 (five) counterparts of equal content and form, in the presence of 02 (two) undersigned witnesses identified below, for all legal purposes and effects.

São Paulo, [●].

**PARTIES AND SIGNATURES:**