



PREFEITURA DE ITANHAÉM

ESTÂNCIA BALNEÁRIA | ESTADO DE SÃO PAULO

ANEXO 14 - INDEPENDENT VERIFIER



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1 GENERAL PROVISIONS

The INDEPENDENT VERIFIER shall be a legal entity governed by specialized private law, which proves total independence and impartiality vis-à-vis the CONCESSIONAIRE and the GRANTOR.

The INDEPENDENT VERIFIER shall be selected by the GRANTOR and contracted, under the private regime, by the CONCESSIONAIRE, which shall fully bear the respective costs of hiring the INDEPENDENT VERIFIER, in accordance with the applicable legislation and the guidelines set out in this ANNEX.

An INDEPENDENT VERIFIER is considered to be the company responsible for assisting the GRANTOR in the inspection of the CONTRACT during all its stages, among other contributions set out below.

The INDEPENDENT VERIFIER must have, under the terms of this ANNEX, notable expertise in the assessment of quality in the provision of services, giving total impartiality to the process, thus considered as the proven experience in (i) auditing or verification of indicators; or (ii) implementation and management of indicators.

The INDEPENDENT VERIFIER may be hired in the form of a consortium of legal entities, provided that the requirements of Federal Law No. 8,666, of June 21, 1993, as well as the rules contained in this ANNEX are met.

The work of the INDEPENDENT VERIFIER must be developed in partnership with the GRANTOR and the CONCESSIONAIRE, promoting the integration of teams and alignment in relation to the best practices to be adopted.

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

Any disagreements regarding the content of the products provided by the INDEPENDENT VERIFIER, whether by the CONCESSIONAIRE or by the GRANTOR, shall be resolved through dispute settlement mechanisms, under the terms of the CONTRACT.

The INDEPENDENT VERIFIER does not replace, nor exclude, the exercise of the GRANTOR's inspection power within the scope of the CONCESSION.



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2 JUSTIFICATION

The GRANTOR shall make use of an independent verification technical service to assist it in monitoring the performance of the CONTRACT, as well as in the Assessment of the PERFORMANCE MEASUREMENT SYSTEM, in the calculation of the EFFECTIVE MONTHLY CONSIDERATION and in the measurement of compliance with the other obligations assumed by the CONCESSIONAIRE.

3 HIRING THE INDEPENDENT VERIFIER

The CONCESSIONAIRE shall submit, for prior approval by the GRANTOR, at least 3 (three) companies that meet the minimum qualification conditions to act as an INDEPENDENT VERIFIER.

The GRANTOR may refuse all those pre-qualified by the CONCESSIONAIRE as long as it presents justification for doing so. In this case, the CONCESSIONAIRE must submit, within a maximum period of 10 (ten) consecutive days, a new list, containing the indication of other 3 (three) companies that meet the minimum qualification conditions to act as an INDEPENDENT VERIFIER, in the same way, in the same period and under the same conditions established above.

Exceptionally, at the discretion of the GRANTOR, the contracting and payment of the INDEPENDENT VERIFIER may be carried out by the GRANTOR itself.

Legal entities interested in acting as an INDEPENDENT VERIFIER must prove that they have experience that meets all the qualifications described below:

- I. Having acted directly in INDEPENDENT VERIFIER services provision, for at least 2 (two) years, in projects of Public-Private Partnerships and/or Common Concessions; (ii) or worked in the preparation of economic-financial modeling projects for Public-Private Partnerships or Common Concessions, in the amount equal to or greater than R\$53,000,000.00 (fifty three million), in Brazil or abroad, in the last 5 (five) years;
- II. Having prepared an engineering project (reference project, preliminary project,



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basic project or executive project) for the modernization/efficiency of the street lighting network with a minimum quantity of 10.000 (ten thousand) POINTS of the MUNICIPAL STREET LIGHTING NETWORK

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

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

Professionals may have links with different legal entities of the consortium.

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

- I. In case of being the owner of the company, through the presentation of the articles of association or other legal document, duly registered with the Board of Trade;
- II. In case of a company employee, through the presentation of the Work and Social Security Card - CTPS, the Employee Registration Form or other equivalent official document, proving the professional's employment relationship with legal entities; or
- III. In case of professionals who have a relationship through a Service Contract, proof of the professional's relationship with legal entities shall be through the presentation of the aforementioned document, with a notarized signature of both Parties.

The following legal entities cannot be hired as INDEPENDENT VERIFIER:

- I. Who are in a judicial or extrajudicial recovery regime, insolvency asset, temporary special administration or intervention, and whose bankruptcy has been decreed by a court decision, unless a judicial recovery plan approved by the creditors has been presented and the judicial recovery has been granted judicial, or, in the case of extrajudicial reorganization, by demonstrating that the extrajudicial reorganization plan was approved by the competent court;



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- II. That are in compliance with the penalty of temporary suspension of participation in bidding or impediment to contract with the Public Administration;
- III. That have been declared unsuitable to bid or contract with the Public Administration, as well as have been sentenced, by a final judgment, to the penalty of interdiction of rights due to the practice of environmental crimes, as regulated in art. 10, of Federal Law No. 9,605, of February 12, 1998;
- IV. That provide independent auditing services in the CONTRACT or have a current contract with the CONCESSIONAIRE, even with a different purpose;
- V. Whose partners have direct or indirect participation in the CONCESSIONAIRE's management or corporate structure;
- VI. Which are RELATED PARTIES with the CONCESSIONAIRE or its direct and/or indirect shareholders; and
- VII. That, in some way, may have their independence and impartiality compromised.

4 CONTRACT WITH THE INDEPENDENT VERIFIER

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

- I. The CONTRACT object;
- II. The object of the contract in question;
- III. A detailed description of the activities to be carried out by the INDEPENDENT VERIFIER;
- IV. The reports to be delivered and the respective deadlines;
- V. Contract duration;
- VI. Maximum percentage of subcontracting services;
- VII. Conditions of confidentiality and ownership of information;
- VIII. Relationship with the contractor and with the GRANTOR.



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Upon contracting the INDEPENDENT VERIFIER, the GRANTOR shall include in the contract the obligation of the verifier to fully comply with the provisions of the CONTRACT.

The draft contract shall provide that the INDEPENDENT VERIFIER will act with independence, transparency, predictability, consistency, integration, efficiency, responsibility and impartiality, together with the inspection body designated in the CONTRACT and with the GRANTOR.

The costs of carrying out the contract will be borne by the CONCESSIONAIRE.

5 SERVICES SCOPE

The services to be provided, without prejudice to others provided for in the CONTRACT and/or possibly assigned in a specific contract, consist of:

- a) Measurement of the performance and quality of the SERVICES performed by the CONCESSIONAIRE, as well as compliance with the CONCESSION MILESTONES;
- b) Support for the inspection of the CONCESSIONAIRE regarding the economic and financial aspects, according to the description, terms and conditions for services execution specified in the CONTRACT and in its respective ANNEXES;
- c) Monitoring of the CONCESSIONAIRE's remuneration process, according to the description, terms and conditions for SERVICES execution specified in the CONTRACT and in its respective ANNEXES;
- d) Conducting diligences, surveys, field inspections and collecting information, with the support of the CONCESSIONAIRE and the GRANTOR.
- e) Preparation of a QUARTERLY INDICATOR REPORT, including measurement of all indicators, in compliance with ANNEX 7;
- f) Calculation of the EFFECTIVE MONTHLY CONSIDERATION and the annual adjustment of the MAXIMUM MONTHLY CONSIDERATION;
- g) Issuance of the TERM OF ACCEPTANCE for the SERVICES within the



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- CONCESSION scope (BASE REGISTRATION, OPERATIONAL CONTROL CENTER, CONCESSION MILESTONES, SPECIAL LIGHTING, REMOTE MANAGEMENT SYSTEM and OPERATIONAL DEMOBILIZATION PLAN);
- h) Validation of the OPERATION AND MAINTENANCE PLAN and technical support to the MUNICIPALITY in the validation of the MODERNIZATION PLAN. The INDEPENDENT VERIFIER must issue an opinion assessing whether all the contractual requirements provided for have been complied with by the CONCESSIONAIRE; and
 - i) Inspection of compliance with the terms and conditions of the CONTRACT and ANNEXES.

6 ATTRIBUTIONS OF THE INDEPENDENT VERIFIER

The monitoring of the fulfillment of the CONCESSIONAIRE's obligations during the term of the CONTRACT shall be carried out by the INDEPENDENT VERIFIER, who shall be responsible, among other obligations that may be defined, upon contracting, the following attributions:

- a) Analyzing and comment on the plans prepared by the CONCESSIONAIRE;
- b) Analyzing and express an opinion on the CONCESSIONAIRE's compliance with the CONCESSION MILESTONES and on facilities, such as the OPERATIONAL CONTROL CENTER;
- c) Periodically carrying out a performance Assessment and verification of the calculation of the EFFECTIVE MONTHLY CONSIDERATION due to the CONCESSIONAIRE from the MAXIMUM MONTHLY CONSIDERATION, as well as monitoring the BONUS ON THE ENERGY BILL, according to the indicators provided in ANNEX 7;
- d) Carrying out on-site measurements of the STREET LIGHTING POINTS that shall be assessed;



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- e) Monitoring the GENERAL PERFORMANCE INDEXES of the execution of the CONCESSION, validate the data obtained and prepare the QUARTERLY INDICATOR REPORT;
- f) Carrying out the calculation of the readjustments of values provided for in the CONTRACT;
- g) Monitoring and reporting to the GRANTOR on the sharing of ACCESSORY REVENUES;
- h) Carry out the necessary steps to fulfill its functions, carrying out surveys and field inspections, when necessary, and collecting information from the CONCESSIONAIRE and the GRANTOR, and for that purpose, they must have access to the entire CONCESSION database;
- i) Assisting the GRANTOR by analyzing the documents and carrying out inspections prior to the issuance of the TERMS OF ACCEPTANCE to the CONCESSIONAIRE, as per ANNEX 5;
- j) Informing the DEPOSITORY FINANCIAL INSTITUTION and the GRANTOR of any changes in the value of the MAXIMUM MONTHLY CONSIDERATION and the EFFECTIVE MONTHLY CONSIDERATION;
- k) Issuing the notifications provided for in the DEPOSITORY FINANCIAL INSTITUTION's contract referred to in ANNEX 13;
- l) Supporting, from a technical and economic-financial point of view, the discussions of claims to restore the economic-financial balance of the CONTRACT;
- m) Attest, every six months, to the CONCESSIONAIRE compliance with the social and environmental requirements of the International Finance Corporation - IFC, specifically the provisions of the Performance Standards on Social and Environmental Sustainability (version dated January 2012) applicable, namely, Performance Standard 1: Assessment and Social and Environmental Risk and Impact Management, Performance Standard 2: Employment and Working



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Conditions, Performance Standard 3: Resource Efficiency and Pollution Prevention, Performance Standard 4: Community Health and Safety (“IFC Social and Environmental Sustainability Policy”), as well as the World Bank Group's Environmental, Health, and Safety General Guidelines (version dated April 2007) and ; Performance Standard 8: Cultural Heritage.

- n) The assessment of the social and Environmental Management Programs, pursuant to ANNEX 6, including observations of non-conformities and, when applicable, corrective actions, with deadlines and responsibilities and/or recommendations, in the form of corrective action plans;
- o) Assess the CONTRACT's financial balance and review the marginal cash flow, as requested by the GRANTOR;
- p) Validate all technical and economic-financial data of requests for ordinary and extraordinary review, as requested by the GRANTOR;
- q) Recommend the parameters for the economic-financial recomposition of the CONTRACT, or for adjustment in the value of the consideration, consolidating the results of their analyzes in technical-financial reports; and
- r) Other attributions provided for in the CONTRACT and its ANNEXES.

The determinations that may be issued within the scope of the foreseen verifications will be immediately applicable after they are sent to the GRANTOR and the CONCESSIONAIRE, and will bind the CONCESSIONAIRE under the CONTRACT, subject to the hypotheses for discussion of any divergences.

The CONCESSIONAIRE shall guarantee the GRANTOR and the INDEPENDENT VERIFIER unrestricted, uninterrupted and online access, at any time, to the SERVICE COMPANY's monitoring and monitoring systems and to the data related to the CONCESSIONAIRE's administration, accounting and technical, economic and financial resources.



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7 INDEPENDENT VERIFIER PRODUCTS

The INDEPENDENT VERIFIER shall submit a detailed report with the results of the work carried out, as provided for in the CONTRACT and, whenever applicable, shall contain the following information:

- a) Improvement of the results obtained with those produced by the CONCESSIONAIRE and pointing out possible causes for the divergences;
- b) Results determined in the CONCESSIONAIRE's performance assessment, as per ANNEX 7;
- c) Sources of information and data used in the report;
- d) Calculation memories;
- e) Indication of procedures to improve the monitoring and inspection of the CONTRACT;
- f) Indication of failures that may have been committed by the CONCESSIONAIRE;
- g) Company name and technical team responsible for preparing the report; and
- h) Other information that you deem relevant.

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

- a) Matrix of responsibilities of the INDEPENDENT VERIFIER, the GRANTOR and the CONCESSIONAIRE, prepared based on the obligations contained in the CONTRACT;
- b) Report containing the design of all processes necessary for the performance of INDEPENDENT VERIFIER activities;
- c) Report identifying the sources of information that shall be used to calculate the performance reports;
- d) Assessment report of plans, programs and other documents and facilities



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prepared or implemented by the CONCESSIONAIRE, provided for in the CONTRACT and its ANNEXES, which provide for assessment by the INDEPENDENT VERIFIER;

- e) Performance Assessment reports and calculation of the EFFECTIVE MONTHLY CONSIDERATION;
- f) Calculations of readjustments of values provided for in the CONTRACT;
- g) Analysis of calculation of costs/expenses and revenues;
- h) Calculation reports of ACCESSORY REVENUES;
- i) Reports for monitoring the results of the execution of the CONTRACT and validation of the data obtained and recommendations for improving the gauging processes;
- j) Web system available to the INDEPENDENT VERIFIER, the GRANTOR and the CONCESSIONAIRE, contemplating the results of the performance indicators made available by the INDEPENDENT VERIFIER;
- k) Technical opinions regarding the claims and the scenarios that gave rise to their claim; and
- l) Other opinions and reports, as required by the CONTRACT and requested by the PARTIES.

8 RELATION WITH THE PARTIES

In order to grant technical independence of the analysis and content produced by the INDEPENDENT VERIFIER:

All documents, reports, manuals, analyzes and studies produced by the INDEPENDENT VERIFIER, even if in preliminary versions, must be produced and delivered digitally, concomitantly, to the CONCESSIONAIRE and the GRANTOR.



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For those services in which the INDEPENDENT VERIFIER acts upon demand, both the CONCESSIONAIRE and the GRANTOR may formally request its provision, and the INDEPENDENT VERIFIER must inform the other PARTY immediately.

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

9 MONITORING MEETINGS AND FORUMS

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

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