

Rio de Janeiro State Government

State Chief of Staff



ANNEX VI - INTERDEPENDENCE AGREEMENT

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INTERDEPENDENCE AGREEMENT

CONCESSION FOR THE REGIONALIZED PROVISION OF PUBLIC WATER SUPPLY AND SANITATION SERVICES IN THE MUNICIPALITIES OF BLOCK 3

This instrument is entered into by and between

COMPANHIA ESTADUAL DE ÁGUAS E ESGOTOS DO RIO DE JANEIRO, a semi-public state corporation, enrolled with the Brazilian Corporate Taxpayers' Registry (CNPJ/MF) under no. 33.352.394/0001-04, with registered office at Avenida Presidente Vargas, no. 2655, Cidade Nova, Rio de Janeiro - RJ, ZIP 20210-030, herein represented pursuant to its bylaws by its Chief Executive Officer, Mr. [●], bearer of identity document (RG) no. [●], issued by [●], enrolled with the Brazilian Individual Taxpayers' Registry (CPF) under no. [●], hereinafter referred to as CEDAE;

and,

[●], a legal entity of private law, with registered office in the Municipality of [●], State of [●], at [●], enrolled with the Brazilian Corporate Taxpayers' Registry (CNPJ/MF) under no. [●], herein represented by [●], bearer of identity document (RG) no. [●], issued by [●], enrolled with the Brazilian Individual Taxpayers' Registry (CPF) under no. [●], hereinafter referred to as CONCESSIONAIRE;

jointly, the PARTIES.

and, as intervening consenting parties,

ESTADO DO RIO DE JANEIRO, a legal entity of internal public law, enrolled with the Brazilian Corporate Taxpayers' Registry (CNPJ/MF) under no. [●], with registered office at [address], herein represented by its [●], Mr. [●], [●], as representative of the holders of water supply services, hereinafter referred to as STATE;

AGÊNCIA REGULADORA DE ENERGIA E SANEAMENTO BÁSICO DO ESTADO DO RIO DE JANEIRO - AGENERSA, a special independent governmental agency, instituted by Law no. 4.556/05, with registered office at [●], herein represented by Mr. [●], hereinafter referred to as REGULATORY AGENCY.

WHEREAS:

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(i) Article 10-A, §2 of Federal Law No. 11,445/07, provides for the maintenance of the public service of water production by the company that holds the concession of water resources and requires the execution of a long-term contract between the company producing water and the operator of water distribution to the end user, the purpose of which must be the purchase and sale of water.

(ii) Article 12 of Federal Law No. 11,445/07 sets forth that, in the case of basic public sanitation services where more than one provider is responsible for interdependent activities, the performance of such activities shall be regulated by a specific agreement;

(iii) the STATE and CEDAE have entered into the water production agreement no. [●] ("WATER PRODUCTION AGREEMENT"), whereby CEDAE undertakes to provide the services of abstraction, treatment and wholesale supply of drinking water to the CONCESSIONAIRE and the SERVED MUNICIPALITIES, belonging to the BLOCK 3;

(iv) the STATE and the CONCESSIONAIRE have entered into the concession agreement no. [●] ("CONCESSION AGREEMENT"), whereby the STATE has transferred to the CONCESSIONAIRE, as representative of the METROPOLITAN REGION, the regionalized provision of public water supply and sanitation services in the municipalities comprising the BLOCK 3, in accordance with the contractual clauses and respective annexes;

(v) in the SERVED MUNICIPALITIES that are part of the BLOCK 3 there will be interdependence between the services provided concomitantly by the CONCESSIONAIRE and CEDAE, according to anex IV of the ITB - CONCESSION AREA, whereby CEDAE shall be responsible for the activities inherent to the water production and the CONCESSIONAIRE for the activities related to water supply and sanitation;

(vi) In the municipalities of Rio De Janeiro (PA-5) Itaguaí, Seropédica and Paracambi, which integrate the BLOCK, the PARTIES shall maintain a relationship of interdependence, pursuant to Article 12 of Federal Law No. 11,445/07, in order to enable the full and efficient performance of the services that constitute the subject matter of the CONCESSION AGREEMENTS and of the WATER PRODUCTION AGREEMENT;

the PARTIES hereby enter into this INTERDEPENDENCE AGREEMENT (hereinafter referred to as the "AGREEMENT"), which shall be annexed to the CONCESSION AGREEMENT and the WATER PRODUCTION AGREEMENT, with a view to regulating the interdependence of the activities undertaken by the PARTIES, governed by the relevant legislation and, specifically, by the clauses and conditions set out below.



1. DEFINITIONS

1.1. For the purposes of this INTERDEPENDENCE AGREEMENT, the following definitions shall be adopted:

1.1.1. BLOCKS: a set of Municipalities in the State of Rio de Janeiro, grouped in four areas, for the development of the regionalized provision of water supply and sanitation services, through CONCESSION AGREEMENTS and the WATER PRODUCTION AGREEMENT;

1.1.2. CONCESSION: delegation of the provision of the SERVICES in the MUNICIPALITIES and the METROPOLITAN REGION, which shall be governed by Federal Laws No. 8,987/1995, 11,445/2007 and 14,026/2020, throughout the term established in the ITB and in the CONCESSION AGREEMENT.

1.1.3. CONCESSIONAIRE: specific purpose entity incorporated by the winning bidder for the performance of the SERVICES that are the subject matter of the CONCESSION AGREEMENT.

1.1.4. CONCESSION AGREEMENT: agreements executed between the STATE, as representative of the holders of the services, and the CONCESSIONAIRES, with the intervention and consent of the REGULATORY AGENCY, with the purpose of regulating the concession of water supply and sanitation services;

1.1.5. MANAGEMENT AGREEMENT: instrument executed between the holders of the water supply and sanitation services and the STATE, the subject matter of which is, in addition to the COOPERATION AGREEMENT, to regulate the transfer of the organization and management of the regionalized provision of water supply and sanitation services in the urban area of the Municipalities grouped in BLOCKS assigned to the STATE in order to regulate the transfer of regulation, including tariff, and surveillance to the REGULATORY AGENCY, as well as to regulate the authorization of the transfer of the service provision by the STATE to third parties, in accordance with Federal Laws No. 8,666/1993, 8,987/1995, 11,107/2005, 11,445/2007 and 14,026/2020, among other applicable rules.

1.1.6. INTERDEPENDENCE AGREEMENT: the present legal instrument executed between the CONCESSIONAIRE and CEDAE, with the intervention and consent of the REGULATORY AGENCY and the STATE, which provides on the supply of drinking water to the CONCESSIONAIRE.

1.1.7. WATER PRODUCTION AGREEMENT: instrument executed between the STATE, as representative of the service holders, and CEDAE, the purpose of which is the delegation of the provision of water production services to CEDAE in the METROPOLITAN REGION;



- 1.1.8.** WATER SUPPLY SYSTEM BOARD: body composed by representatives of each of the CONCESSIONARIES of each of the BLOCKS that compose the regionalized sanitation system in the STATE, of the Rio Metropole Institute, of CEDAE, of the STATE and of the REGULATORY AGENCY, whose attribution will be to foster the liaison and interaction between all the parties that integrate the Water Supply System, with a view to promoting actions and measures that are convenient or necessary to the improvement of this system, as well as to produce decisions, observing the limits established in ANNEX X - WATER SUPPLY SYSTEM RULES;
- 1.1.9.** COOPERATION AGREEMENT: instrument that established the joint management of the water supply and sanitation services between the SERVICE contractors and the STATE, with the delegation of the activities of organization and management of the service provision to the STATE, and the activities of regulation and supervision to the REGULATORY AGENCY;
- 1.1.10.** STATE: State of Rio de Janeiro, representative of the METROPOLITAN REGION, pursuant to the JOINT MANAGEMENT instruments, mandated to organize, manage and transfer the UPSTREAM SERVICES.
- 1.1.11.** JOINT MANAGEMENT: voluntary association between the holders of the services and the STATE under the terms of the COOPERATION AGREEMENT and the MANAGEMENT AGREEMENT, in order to structure and organize the supply of public water supply and sanitation services in an integrated and regionalized manner;
- 1.1.12.** MUNICIPALITIES SERVED: Municipalities of Rio De Janeiro (PA-5), Itaguaí , Seropédica and Paracambi, in which there will be interdependence between the services provided simultaneously by the CONCESSIONAIRE and by CEDAE;
- 1.1.13.** ASSISTED OPERATION OF THE SYSTEM: period of 180 (one hundred and eighty) days, as from the execution of the CONCESSION AGREEMENT, which may be extended for another 90 (ninety) days by mutual agreement between the PARTIES, during which the CONCESSIONAIRE shall intensively monitor the activities related to the OPERATION OF THE SYSTEM, with CEDAE, for all intents and purposes, directly liable for the OPERATION OF THE SYSTEM and recipient of the revenues from such operation.



- 1.1.14. OPERATION OF THE SYSTEM:** comprises the set of operational actions to be developed and performed by the CONCESSIONAIRE, after the issuance of the certificate of system transfer, for the provision of the SERVICES to the users of the system, following the parameters and conditions provided for in the CONCESSION AGREEMENT and its annexes.
- 1.1.15. CONTRACTORS:** are the legal entities of private law hired by the STATE to provide water supply and sanitation services in their respective BLOCK;
- 1.1.16. METROPOLITAN WATER AND SANITATION PLAN:** planning instrument approved by the metropolitan region, containing provisions and information related to the water and sanitation services, pursuant to Article 19 of Federal Law No. 11,445/2007.
- 1.1.17. METROPOLITAN AREA:** the Metropolitan Region of Rio de Janeiro, a regional unit established by State Complementary Law no. 184/2018, composed by the STATE together with the Municipalities of Rio de Janeiro, Belford Roxo, Cachoeiras de Macacu, Duque de Caxias, Guapimirim, Itaboraí, Itaguaí, Japeri, Magé, Maricá, Mesquita, Nilópolis, Niterói, Nova Iguaçu, Paracambi, Petrópolis, Queimados, Rio Bonito, São Gonçalo, São João de Meriti, Seropédica and Tanguá, with a view to the organization, planning and performance of public duties and services of metropolitan or common interest;
- 1.1.18. WATER SUPPLY SYSTEM RULES:** regulation that establishes the rules on the operation of the Water Supply System (WSS) related to the regionalized provision of water supply services of the STATE, with a view to outlining the responsibilities and attributions among all the members of the WSS and to defining the governance structure for its relationship;
- 1.1.19. FLOW MEASUREMENT REPORT:** monthly report on the quantity of water production commercialized for each BLOCK and distributed/consumed between the BLOCKS, issued by the SYSTEM DATA CONTROL AND OPERATION CENTER;
- 1.1.20. UPSTREAM SERVICES:** integrated activities that comprise all of the services to be provided by CEDAE by virtue of this AGREEMENT and the WATER PRODUCTION AGREEMENT, as well as the investments to be made by CEDAE that are necessary for the expansion, conservation and maintenance of the UPSTREAM SYSTEM, including the reservoir, collection, supply and treatment of raw water;



1.1.21. UPSTREAM SYSTEM: corresponds to the set of infrastructures, installations and equipment connected to the public provision of UPSTREAM SERVICES, including the water treatment stations and other existing structures up to the point of delivery of the treated water to the CONCESSIONAIRES, which are located at the catchments of Guandu, Lajes, Acari, Imunana - Laranjal;

2. INTERPRETATION

2.1. In view of the existence of legal transactions linked to this AGREEMENT, the interpretation of its content must be construed in accordance with the legal instruments listed in item 2.2.

2.2. The following are the legal transactions related to this agreement, without prejudice to any other transaction:

2.2.1. Addenda of Termination of existing links between CEDAE and the SERVED MUNICIPALITIES;

2.2.2. COOPERATION AGREEMENTS entered into between the contractors and STATE, with the intervention of the REGULATORY AGENCY;

2.2.3. MANAGEMENT AGREEMENTS and respective annexes executed between the holders and the STATE, with the intervening consent of the REGULATORY AGENCY;

2.2.4. CONCESSION AGREEMENTS and respective annexes.

2.2.5. WATER PRODUCTION AGREEMENT and respective annexes.

2.3. In case of conflicts between the rules provided for in the legislation and the instruments referred to in the item 2.2, the following order shall prevail:

2.3.1. firstly, the provisions set forth in the current legal, regulatory and technical norms;

2.3.2. secondly, the provisions of the CONCESSION AGREEMENT and its annexes that have greater relevance in the matter in question, with the provisions of the CONCESSION AGREEMENT prevailing over those of its annexes;

2.3.3. thirdly, the provisions set out in the ITB and its annexes, the provisions of the ITB prevailing over those of its annexes;

2.3.4. in fourth place, the provisions set out in the bid proposal of the winning bidder of the CONCESSION AGREEMENT, provided they are in accordance with the rules of the bidding process;

2.3.5. in fifth place, the provisions of the WATER PRODUCTION AGREEMENT, with the provisions of the WATER PRODUCTION AGREEMENT prevailing over those of its annexes;



2.3.6. in sixth place, the provisions of the MANAGEMENT AGREEMENT for the regionalized provision of services, with the provisions of the MANAGEMENT AGREEMENT prevailing over those of its annexes; and

2.3.7. in seventh place, the provisions set out in the Addenda of Termination of the existing links between CEDAE and the Municipalities of the State of Rio de Janeiro

2.3.8. in eighth place, the provisions established in the COOPERATION AGREEMENTS.

2.4. Any questions arising from the application of this agreement, as well as cases of silence, shall be resolved by the REGULATORY AGENCY, observing the applicable legislation.

2.4.1. In case of conflicts between the CONCESSION AGREEMENTS and the WATER PRODUCTION AGREEMENT with respect to the provisions of this AGREEMENT, the provisions of the CONCESSION AGREEMENTS and the WATER PRODUCTION AGREEMENT shall prevail, observing the rule of clause 2.3.

3. PURPOSE

3.1. The object of this AGREEMENT is to regulate the relationship of interdependence between the PARTIES, in particular the obligations and responsibilities relating to the production and wholesale supply of drinking water by CEDAE to the CONCESSIONAIRE, in the SERVED MUNICIPALITIES, from the UPSTREAM SYSTEM

3.2. The CONCESSIONAIRE is responsible for operating raw water abstraction, raw water pipelining and water treatment in the municipalities served that are not linked to the UPSTREAM SYSTEM.

4. TERM

4.1. This AGREEMENT shall be effective on the date it is executed and shall remain in force for the same term as the CONCESSION AGREEMENT and the WATER PRODUCTION AGREEMENT, and shall be automatically extended in the event of extension of said agreements, unless agreed otherwise in writing.

5. THE PROVISION OF WATER SUPPLY SERVICES



5.1. CEDAE is responsible for the provision of drinking water production and wholesale supply services in the UPSTREAM SYSTEM, including the following activities:

5.1.1. raw water abstraction;

5.1.2. raw water pipelining;

5.1.3. water treatment.

5.2. The CONCESSIONAIRE is responsible for the provision of drinking water and sanitation services, including the following activities:

5.2.1. treated water pipelining;

5.2.2. drinking water supply, including:

5.2.2.1. treated water reservoir;

5.2.2.2. distribution of treated water, including service connection;

5.2.3. sanitation, including:

5.2.3.1. collection, including service connection, of sanitary sewers;

5.2.3.2. sewage transportation;

5.2.3.3. sewage treatment; and

5.2.3.4. final disposal of sewage and sludge from the treatment process.

5.2.4. The CONCESSIONAIRE shall be responsible for the commercial management of all activities provided for in the sub-clause 5.2, except in cases where there are pre-existing Concession Agreements in which private operators are responsible for the commercial management.

5.2.5. The CONCESSIONAIRE shall operate the abstraction, pipelining and treatment of water currently existing in the municipalities served that are not covered by the UPSTREAM SYSTEM;

5.2.6. The CONCESSIONAIRE may not create new abstractions in the MUNICIPALITIES SERVED, except as provided for in sub-clause 8.4.3.

5.3. During the term of effectiveness of this AGREEMENT, the representatives of the CONCESSIONAIRE and of CEDAE shall be assured reciprocal access to the information, premises, facilities and inputs of the other PARTY, whenever necessary for the appropriate provision of water supply and sanitation services, referring to the 5 (five) years prior to the request by any of the parties.



- 5.3.1.** The provision of data and information by the requested PARTY shall occur within a maximum of 10 (ten) days as from the receipt of the request, with a copy to the REGULATORY AGENCY.
- 5.3.2.** For access to the facilities of the other PARTY, the requesting PARTY shall make a formal request, at least 3 (three) working days in advance, stating the reasons why it should access the premises, facilities and inputs of the other PARTY, with a copy to the REGULATORY AGENCY.
- 5.3.3.** It shall be incumbent on the REGULATORY AGENCY to decide on requests for access to information, premises, installations and inputs refused by the requested PARTY.
- 5.4.** Within 30 (thirty) days after the execution of this AGREEMENT, the REGULATORY AGENCY shall establish the WATER SUPPLY SYSTEM BOARD in order to provide the necessary liaison and interaction between all the parties integrating the Water Supply System (WSS), in accordance with Annex X - WATER SUPPLY SYSTEM RULES.

6. CEDAE'S REMUNERATION AND PAYMENT

- 6.1.** For the supply of water delivered to the delivery points provided for in sub-clause 7.1, according to the specifications of the present AGREEMENT, the CONCESSIONAIRE shall pay to CEDAE the reference value on 11/2021 of R\$ 1,87/m³ of water, readjusted until the end of the fourth year of the CONCESSION, which shall be measured and invoiced monthly.
- 6.1.1.** From the fifth year of the CONCESSION, the CONCESSIONAIRE shall pay to CEDAE the reference value on 11/2021 of R\$ 1,79/m³ for the water supply delivered in the delivery points provided for in sub-clause 7.1.
- 6.1.1.1.** The value of R\$ 1,79/m³ provided for in sub-clause 6.1.1 shall be readjusted by the same indexes and readjustment periods applicable to the value of R\$ 1,87/m³ provided for in sub-clause 6.1.
- 6.2.** The amount due for the supply of each m³ (cubic meter) of drinking water shall be readjusted by the REGULATORY AGENCY every 12 (twelve) months, at the same time of the readjustment of the water and sewage tariffs charged by the CONCESSIONAIRE, and shall follow the following parametric formula:

$$\text{PRICE}_a = \text{PRICE}_{a-1} * \text{CRI}$$

Where:

- **PRICE_a**: Price of the water to be calculated.
- **PRICE_{a-1}**: Price of water in force in the previous year.
- **CRI**: Contractual Redjustment Index.

The CRI, in turn, will be calculated as follows:



$$\text{CRI} = [P1 \times A + P2 \times (Bi/Bo) + P3 \times (Ci/Co)]$$

Where:

- **P1, P2 and P3:** Weighting factors to be applied to the key indices used in the formula, whose values are shown in the following table. The sum of the weighting factors shall be equal to 1.
- **A:** Salary adjustment index determined in a Collective Bargaining Agreement entered into between the CEDAE and the Federal Government during the 12 (twelve) month period prior to the tariff readjustment date;
- **Bi:** It is the average of the electric energy tariff values referring to "Group A - Conventional, Subgroup A4 (2.3 kV to 25kV)", consumption value in MWh, practiced by the local concessionaire, on the 1st day of the 12 (twelve) months prior to the tariff readjustment date;
- **Bo:** It is the average of the electric energy tariff values referring to "Group A - Conventional, Subgroup A4 (2.3 kV to 25kV)", consumption value in MWh, practiced by the local concessionaire, on the 1st day of the 12 (twelve) months prior to the date of the last tariff readjustment;
- **Ci:** It is the index "GPI - Origin - OG-DI - Industrial Products - Manufacturing Industry - Chemicals (1006820)", corresponding to the fourth month prior to the tariff readjustment date;
- **Co:** It is the index "GPI - Origin - OG-DI - Industrial Products - Manufacturing Industry - Chemical Products (1006820)", corresponding to the fourth month prior to the date of the last tariff readjustment;

The following table shows the weighting factors of the cost item of the tariff readjustment.

Weight	Item	% of Total
P1	Labor	30%
P2	ELECTRIC POWER	40%
P3	Chemicals	30%
	Total	100%

6.3. The weighting factors set out in the table of clause 6.2 may be subject to a five-year review, concomitant to the ordinary review of the CONCESSION AGREEMENTS, if so requested by CEDAE.

6.3.1. The review provided for in the previous sub-clause shall be made by the REGULATORY AGENCY, following the procedure established by it.

6.4. The measurement of the volume supplied at the Delivery Points of CEDAE and the monthly issuance of the invoice relating to the volume of water supplied must observe the provisions of Annex X - WATER SUPPLY SYSTEM RULES.



6.5. The CONCESSIONAIRE, at its own expense, shall be responsible for the acquisition, installation and proper operation of the other water flow macro meters to be installed at the borders of its concession area with the other CONCESSIONAIRES, which will be used for the measurement and control of the volume of water supplied. The CONCESSIONAIRE shall be also responsible for the maintenance services, repairs and replacements that may be necessary throughout the CONCESSION in order to ensure the accuracy in the measurement of the volume of water supplied, as provided for in the ANNEX X - WATER SUPPLY SYSTEM RULES.

6.5.1. At the start of the SYSTEM OPERATION, the location of the macro meters must observe the maps of Annex IV - CONCESSION TECHNICAL SPECIFICATIONS, and the CONCESSIONAIRE responsible for the installation may propose to the WATER SUPPLY SYSTEM BOARD a new location for these macro meters or the installation of new macro meters, observing the provisions of Annex X - WATER SUPPLY SYSTEM RULES.

6.5.1.1. The proposition addressed in sub-clause 6.5.1 must be technically substantiated.

6.5.1.2. The REGULATORY AGENCY shall be in charge of supervising the useful life of the macro meters.

6.5.2. The measurement units and installations under the responsibility of the CONCESSIONAIRE shall be accessible for control and monitoring by CEDAE and the other CONCESSIONAIRES, as well as the OCC, pursuant to Annex X - WATER SUPPLY SYSTEM RULES.

6.5.3. The teams of CEDAE or the other CONCESSIONAIRES may monitor and check the maintenance, repairs and replacements that are necessary under the terms of the sub-clause 6.5.1, and may request the replacement of equipment in the event of malfunction, duly justified.

6.5.3.1. If the CONCESSIONAIRE disagrees with the CEDAE or the other CONCESSIONAIRE, the REGULATORY AGENCY shall, after hearing the PARTIES, settle the conflict, within a maximum period of 30 (thirty) days.

6.5.4. The installation and maintenance of the telemetry system or other equivalent technology system shall comply with the provisions of Annex X - WATER SUPPLY SYSTEM RULES.

6.6. The CONCESSIONAIRE must pay the invoice issued by CEDAE as set forth in Annex X - WATER SUPPLY SYSTEM RULES.

6.7. In the event of an increase in the amount to be paid for the supply of drinking water, as a result of the economic-financial rebalancing of the WATER PRODUCTION AGREEMENT, the appropriate economic-financial rebalancing of the CONCESSION AGREEMENT shall be granted.

6.8. At the discretion of the CONCESSIONAIRE, after the written consent of the REGULATORY AGENCY, the lack of payment by CEDAE to suppliers of products necessary for the treatment of



raw water, electric power or maintenance or replacement of equipment of CEDAE's responsibility, which generate any damage to the proper provision of the services, may be settled by the CONCESSIONAIRE, and the amounts spent by CONCESSIONAIRE shall be immediately offset from the payments due to CEDAE for the supply of drinking water.

6.8.1. The compensation provided for in the sub-clause 6.8 shall occur in the payment immediately subsequent to the payment of the charges by the CONCESSIONAIRE and shall be accompanied by a detailed statement, supported by the respective tax documents.

6.8.2. After 30 (thirty) days without the express consent provided for in sub-clause 6.8, it shall be understood that there was tacit consent by the REGULATORY AGENCY, event in which the CONCESSIONAIRE shall be responsible for notifying the hierarchically higher level of the REGULATORY AGENCY for control of the tacit administrative act.

6.9. CEDAE shall negotiate with such suppliers the possibility for the CONCESSIONAIRE to make such payments in case of default by CEDAE, in order to avoid major damage to the AGREEMENT or the interruption of the SERVICES.

6.9.1. The event set out in clause 6.9 shall give rise to the offset of the payment made by the CONCESSIONAIRE in the invoice issued by CEDAE for the month subsequent to such occurrence.

7. GENERAL CONDITIONS OF WATER SUPPLY

7.1. The CEDAE drinking water delivery points to the CONCESSIONAIRES shall be the following:

7.1.1. Guandu System: delivery points located at the entrances to the treated water mains of the Marapicu reservoir and in the discharge line of the Lameirão lifting;

7.1.2. Japeri System: delivery point located immediately downstream from the location of the new Japeri WTP.

7.1.2.1. The concessionaire responsible for the New Lifting Station of Lameirão (NLL) after the concession must request the energy distribution company to install a new energy input for the unit, since it currently shares the same electrical supply from the utility with the Lameirão Elevator, which receives electrical power at 138 kV and has a substation, through which energy is used for the operation of the New Lifting Station of Lameirão;

7.1.2.2. During the installation period of the new energy input for the New Lifting Station of Lameirão, the State Water and Sanitation Company of Rio de Janeiro will be reimbursed by the CONCESSIONAIRES for the supply of electricity to the New Lifting Station of Lameirão through its Lifting substation of Lameirão. The reimbursement methodology will be defined by Cedae and the concessionaires that use the New Lifting Station of Lameirão during the shared operation process, with the State Water and Sanitation Company of Rio de Janeiro being entitled to full reimbursement of costs related to the consumption of the New Lifting Station of Lameirão.



7.2. The measurement of the volume of water delivered to the delivery points as set out in clause 7.1, will be made through a macro flow meter that must be installed by CEDAE, pursuant to Annex X - WATER SUPPLY SYSTEM RULES.

7.2.1. The CONCESSIONAIRE may install other instruments at the drinking water delivery points, provided that the installation does not compromise or interfere with the pitometric installation, and it shall bear the respective installation and maintenance costs.

7.2.2. The verification of the measurement of the volume of drinking water shall be performed by the OCC, as established in Annex X - WATER SUPPLY SYSTEM RULES.

7.2.3. Maintenance or calibration of macro meters shall be notified at least 15 (fifteen) days in advance by CEDAE whenever they cause interruption to the water flow;

7.2.4. In the event of any interruption in the water flow, in accordance with the previous clause, the CONCESSIONAIRE shall implement a contingency plan to ensure the continuity of services to the population.

7.3. The CONCESSIONAIRES, without prejudice to the measurement referred to in clause 7.2, may install their own meter, up until the delivery point under the custody and management of CEDAE, provided that the installation does not compromise or interfere with the pitometric installation.

7.3.1. If there is any defect in the measurement device used for measuring the volume of water supplied, which prevents the actual verification of the consumption, it shall be established on the basis of the average of the measurements made by CONCESSIONAIRE and CEDAE, in the event they have installed their own macro meters, as per clause 7.3.

7.3.2. If there is only one macro meter installed by CEDAE or CONCESSIONAIRE, it can be used as source for the measurement data.

7.3.3. If there is no macro meter installed, by the CONCESSIONAIRE and/or by CEDAE, that is correctly measured and in operation, or if there are differences of more than 1% (one percent) between the measurements of the macro meters of CEDAE and of the CONCESSIONAIRE, the consumption will be established based on the average of the last actually measured 12 (twelve) months.

7.3.4. If there are less than 12 (twelve) months measured, the average will be calculated based on the consumption until then, considering the date of execution of this AGREEMENT as the start of the supply.

7.4. The quality of the water delivered by CEDAE will be assessed by the PARTIES at each delivery point listed in clause 7.1, and it is the responsibility of CEDAE to provide water in accordance with the potability and quality standards, in accordance with the legal and regulatory standards in force issued by the competent regulatory authorities.



- 7.4.1.** Without prejudice of the CONCESSIONAIRE being indemnified for any losses and damage suffered due to the supply of drinking water by CEDAE in non-conformity with the quality standards required by the legislation and as per the WATER PRODUCTION AGREEMENT, the CONCESSIONAIRE may implead CEDAE in the lawsuits that might have been filed as a result of such non-conformity.
- 7.4.2.** The CONCESSIONAIRE shall not suffer reductions in the values of the effective tariffs for the non-conformity of the standards of water potability that are attributable exclusively to CEDAE.
- 7.4.3.** In the event of conflicts over the responsibility for the non-conformity, no discounts shall be made on the effective tariffs until a final decision on the matter, which shall be submitted to the REGULATORY AGENCY.
- 7.4.4.** From the CEDAE Point of Delivery onwards, the maintenance of water quality becomes the responsibility of the CONCESSIONAIRE, according to the standards set out in the instruments referred to in clause 7.5.
- 7.5.** Besides the possibility of water quality analysis provided for in sub-clause 7.4, the REGULATORY AGENCY shall be responsible for assessing the water quality index provided by CEDAE, pursuant to the WATER PRODUCTION AGREEMENT and the CONCESSION AGREEMENT.
- 7.6.** The quality of the water delivered by CEDAE and distributed by the CONCESSIONAIRE shall fully comply with Ordinance 05 of 28/09/2017, Annex XX, of the Ministry of Health and its subsequent amendments, without prejudice of any rule that might replace it.
- 7.7.** If there is an order from an authority on new water quality parameters, which apply to the CONCESSION, CEDAE will have to provide, at its own expense, the adjustments to the water production system.

8. VOLUME OF WATER TO BE SUPPLIED BY CEDAE

- 8.1.** Until the end of the third year of the CONCESSION, CEDAE shall make available at its delivery points established in clause 7.1, the minimum volumes of water in accordance with the decision by the REGULATORY AGENCY.
- 8.1.1.** The minimum annual water volumes established for each block for the first three years of the CONCESSION AGREEMENT are as follows, and which the CONCESSIONAIRES undertake to pay, regardless of the volume effectively demanded:

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m3/year	Year 1	Year 2	Year 3
Block 3	165.305.933	168.403.599	174.952.715

8.2. Up to sixty (60) days prior to the deadline for the end of the third year of the CONCESSION, the CONCESSIONAIRE shall submit to the REGULATORY AGENCY the estimated planning of minimum volume of drinking water demand to be supplied by CEDAE, pursuant to art. 28 of Annex X - Water Supply System Rules.

8.3. In case the plan referred to in sub-clause 8.2 presents demands higher than the capacity of the CEDAE, the latter shall submit a statement on the possibility of meeting the CONCESSIONAIRE's demand within 15 (fifteen) days as from the REGULATORY AGENCY's decision, which shall establish a reasonable period of time for the performance of any works to meet the demand of minimum volume of drinking water or suggest an exceptional alternative solution.

8.3.1. In case CEDAE performs works to meet the demand exceeding the minimum volume of clause 0, and the CONCESSIONAIRE reviews the demand for drinking water, so that the new nominal capacity installed is no longer necessary, the CONCESSIONAIRE shall reimburse CEDAE for all amounts spent on the expansion of the system as updated by the IPCA, in addition to the payment of a 5% (five percent) fine over the amounts invested.

8.3.1.1. Before the performance of the works referred to in clause 8.3.1, CEDAE shall present the designs of the works to the REGULATORY AGENCY, which may, in turn, share it with the CONCESSIONAIRE(S) so that they may submit suggestions for changes and improvements in the designs, which may or may not be accepted by CEDAE.

8.3.1.2. In order to be entitled to such reimbursement, CEDAE must submit to the CONCESSIONAIRE all receipts and invoices for expenses incurred with the works. Only the duly evidenced amounts that are not amortized or depreciated by CEDAE, as provided for herein, relating to the works performed shall be reimbursed.

8.3.1.3. If the works carried out by CEDAE prove to be necessary to meet the demand forecast by the CONCESSIONAIRE, the latter shall not be obliged to reimburse CEDAE.

8.3.1.4. The REGULATORY AGENCY shall have up to 30 (thirty) days before the end of the previous cycle to decide on the allocation of volumes, pursuant to paragraph 5 of art. 28 of ANNEX X of the CONCESSION AGREEMENT.

8.4. If it is impossible for CEDAE to meet the demand established by the REGULATORY AGENCY, the CONCESSIONAIRE may, upon prior approval by the REGULATORY AGENCY:

8.4.1. hire the water supply with a third party;

8.4.2. make extraordinary investments in CEDAE's infrastructure;



- 8.4.3.** make investments in new water abstraction and treatment infrastructure, which may be provisionally operated by CONCESSIONAIRE, for up to 6 (six) months, and after this period, transfer the infrastructure to CEDAE's operation;
- 8.5.** In any of the events of the clause 8.4, the CONCESSIONAIRE shall have the right to the economic-financial rebalancing of the CONCESSION AGREEMENT, under the terms established in the CONCESSION AGREEMENT, except for the events of economic-financial rebalancing established in Clause 9 of this AGREEMENT.
- 8.6.** In the case of the extraordinary investments referred to in clauses 8.4.2 and 8.4.3, the CONCESSIONAIRE shall substantiate the need for the investments, providing the necessary engineering designs and studies, and it will be incumbent on the REGULATORY AGENCY, after hearing CEDAE, to approve such extraordinary investments.
- 8.6.1.** If the REGULATORY AGENCY does not issue a statement within 30 (thirty) working days, the CONCESSIONAIRE shall be automatically authorized to perform investments in water abstraction for the purpose of complying with the clause 8.4, in which case the CONCESSIONAIRE shall notify the higher level of the REGULATORY AGENCY for control of the tacit administrative act.
- 8.7.** CEDAE, in the course of one day, may reduce the supply at the delivery points, due to exceptional and emergency operational conditions, and to this end, it must previously communicate it to the REGULATORY AGENCY and the affected CONCESSIONAIRE(s).
- 8.7.1.** If there is a reduction of 10% (ten percent) or more of the volumes established for water supply, pursuant to clause 8.7, for a period longer than twenty-four (24) hours, CEDAE must inform the REGULATORY AGENCY and all CONCESSIONAIRES, communicating in detail the causes and the relevant mitigating actions.
- 8.8.** In addition to the provisions of clause 8.7, scheduled shutdowns for maintenance of the systems operated by CEDAE involving more than three (3) hours of supply disruption should be reported by CEDAE and negotiated with the CONCESSIONAIRE at least two days in advance, when the scheduled urgency so permits.
- 8.9.** The CONCESSIONAIRE shall communicate and negotiate with CEDAE, at least 02 (two) days in advance, the maintenance schedule in the systems operated by the CONCESSIONAIRE that imply a significant reduction in water supply.
- 8.10.** The PARTIES shall, as much as possible, ensure that, in the case of interdependent facilities, the scheduled maintenance of the facilities operated by each PARTIES is on coinciding dates, so as to have less impact on the continuity of the service provision.
- 8.11.** The CONCESSIONAIRE is released from purchasing water exclusively from CEDAE, in the following cases:
- 8.11.1.** Interruption of water supply, until full resumption of the supply by CEDAE;



- 8.11.2.** In case the CONCESSIONAIRE verifies a non-conformity in the quality of water supplied by CEDAE, until the quality levels of the water supplied are re-established;
- 8.11.3.** In the event that the CONCESSIONAIRE is informed on the impossibility of supplying the expected demand, in accordance with clause 8.4.
- 8.11.4.** In case there is no alternative water supplier available, or insufficient water to meet the necessary demand, or even a water cost higher than that offered by CEDAE, the economic-financial rebalancing of the CONCESSION AGREEMENT shall be ensured.

9. ECONOMIC-FINANCIAL REBALANCING

9.1. The interruption of water supply by CEDAE to the CONCESSIONAIRE due to an event characterized as force majeure or act of God, shall exempt CEDAE from the duty to indemnify any damage suffered by CONCESSIONAIRE.

9.2. The following event, in addition to entailing the economic-financial rebalance in favor of the CONCESSIONAIRE under this AGREEMENT, shall in no way impact its performance evaluation in relation to the parameters and targets set forth in the CONCESSION AGREEMENT and its annexes, and it is certain that, in any event, if the rebalancing mechanisms provided for in this AGREEMENT are not sufficient to restore the economic-financial balance in view of the experienced imbalance, the CONCESSIONAIRE shall additionally be entitled to the economic-financial rebalancing in the scope of the CONCESSION AGREEMENT, under the terms of the CONCESSION AGREEMENT.

9.2.1. The interruption of water supply by the CEDAE to the CONCESSIONAIRE as a result of an event not characterized as force majeure or act of God, which impacts the provision of services under the responsibility of the CONCESSIONAIRE, or the default of the minimum supply obligations by CEDAE as provided for in the clause 8.1.1 **Erro! Fonte de referência não encontrada.**, provided that there is operational demand by the CONCESSIONAIRE, shall entail the economic-financial rebalance of the AGREEMENT, with a discount in the value of the monthly invoice issued by the CEDAE in relation to the drinking water supplied, in accordance with clause 6.10, to be calculated through the following formula:

$$D = \frac{\left[VN \times (1 - iPA) \times TM \times ME \times \left(1 + \frac{IUA}{IUE} \right) \right]}{(1 + I)}$$

Where:

D is the discount in BRL;

VN is the volume in m³ that was not supplied by CEDAE that will be calculated as the sum of the positive daily differences between the volume that will be agreed with CEDAE and what was actually supplied;



WLI is the Water Loss Index measured in the last readjustment for the calculation of the General Performance Indicator (GPI), according to Annex III - PERFORMANCE INDICATORS AND SERVICE TARGETS of the CONCESSION AGREEMENT;

AT is the average tariff in R\$/m³ of the area operated by CEDAE, according to the Concession Area of the CONCESSION AGREEMENT. It should be calculated by the ratio between the annual revenue invoiced and the annual volume invoiced measured for the last fiscal year and presented in the audited financial statements;

EM is the EBITDA Margin in percentage, according to the last audited financial statements;

WSI and USI are the water and sewerage service indexes, in percentage, measured in the last readjustment for calculation of the GPI, according to ANNEX III - PERFORMANCE INDICATORS AND SERVICE TARGETS of the CONCESSION AGREEMENT; and

I: tax rates on revenue.

9.2.2. The calculations addressed in clause 9.2.1 must be prepared by the CONCESSIONAIRE and validated by the REGULATORY AGENCY.

9.2.3. In case of disagreement by the CEDAE, the same procedure provided for in clause 6.5.3.1 shall apply.

9.3. For the year 1 (one) of this AGREEMENT, the following values of **GPI**, **AT**, **EM**, **WSI** and **USI** shall be respectively:

Block	GPI (%)	MT (R\$/m ³)	EM (%)	WSI (%)	USI (%)
3	34.10	6.53	18.24	92.73	43.13

9.4. The provisions of the clause 9.2.1 shall not apply in the event of the clause 8.7.

9.5. In the event of an interruption of the water supply by the CEDAE, the provisions of clause 8.11 shall apply.

9.6. In the event of water supply by CEDAE at inadequate standards, the provisions of item 34.4.24 of the CONCESSION AGREEMENT shall apply.

10. REGULATION

10.1. The activities covered by this AGREEMENT shall be regulated and supervised by the REGULATORY AGENCY, which shall enter into it as intervening party, under the same terms provided for in the CONCESSION AGREEMENT and in the WATER PRODUCTION AGREEMENT.

11. TERMINATION EVENT

11.1. The present CONTRACT shall be terminated exclusively upon the expiration of its term.

11.2. The unilateral administrative termination of this AGREEMENT is forbidden.



11.3. The liabilities of the PARTIES in relation to acts or facts originated during the term of the AGREEMENT shall survive.

11.4. Upon termination of the CONCESSION AGREEMENT, the rights and obligations of the CONCESSIONAIRE in relation to this AGREEMENT shall cease, at which moment such rights and obligations shall be assigned to the STATE.

12. SUCCESSION OF THE CONCESSIONAIRE AND CEDAE

12.1. If, for any reason and at any time during the term of the AGREEMENT, the CONCESSIONAIRE ceases to be the provider of water supply services in the BLOCK, the STATE undertakes to cause the successor of the CONCESSIONAIRE in said service provision, of whatever nature, to assume the rights and obligations provided for in this instrument, with full subrogation.

12.2. If, for any reason and at any time during the term of the AGREEMENT, CEDAE ceases to be the provider of raw water production services in the BLOCK, the STATE undertakes to cause the successor of CEDAE in said service provision, of whatever nature, to assume the rights and obligations provided for in this instrument, with full subrogation.

13. PENALTIES

13.1. As a result of any default of contractual obligations, the PARTIES shall be subject to the following fines:

13.1.1. Up to 2% (two percent) of the invoice value of the month in which the breach of contract occurs, characterized by the hindrance to reciprocal access to information, facilities, installations and inputs, of the other PARTY whenever necessary for the adequate provision of water supply and sanitation services, in the event that the justification for the refusal is denied by the REGULATORY AGENCY;

13.1.2. Up to 2% (two percent) of the value of the first invoice issued by CEDAE for the failure to appoint an agent, under the terms and within the time limit set forth in clause 5.4, who is duly qualified, part of its professional staff, who will be responsible for all the communication with the other PARTY;

13.1.3. Up to 1% (one percent) of the monthly invoice value per day of non-compliance, in case the CONCESSIONAIRE does not perform the macro meter replacements within the deadline established in clause 6.5.1;

13.1.4. Up to 1.5% (one percent) of the invoice value, per day of default in the payment of the invoice, without prejudice to the monetary correction of the values with the IPCA index;



- 13.1.5.** Up to 1% (one percent) of the value of the first invoice for the failure to install macrometers in each of the reservoirs;
- 13.1.6.** Up to 2% (two percent) of the invoice value, in case of water supply outside the standards of potability and quality;
- 13.1.7.** Up to 2% (two percent) of the invoice value, in case of failure to supply the minimum volumes of drinking water established in sub-clause 8.1.1 and in the planning addressed in sub-clause 8.2.
- 13.1.8.** Up to 2% (two percent) of the invoice value, in case of failure to pay the minimum volumes of drinking water supplied by CEDAE.
- 13.2.** The application of fines on either Party shall not exempt it from the duty to indemnify any direct damage caused, nor shall it exempt it from the obligation to remedy the respective failure or non-compliance.
- 13.3.** The fines provided for in this clause shall be applied without prejudice of the events that may give rise to intervention or declaration of termination provided for in the CONCESSION AGREEMENTS and the WATER PRODUCTION AGREEMENT.
- 13.4.** When a situation that can be characterized as default or breach of contract is identified, the REGULATORY AGENCY shall notify the relevant PARTY to present its prior defense within 30 (thirty) days.
- 13.5.** Once the previous defense has been analyzed and in case it is deemed without grounds, the REGULATORY AGENCY shall issue an infraction notice, which shall characterize the infraction committed, for the purpose of applying the respective penalty.
- 13.5.1.** The infraction notice shall detail precisely the infraction committed and the contractual provision that was breached, and shall be issued in 02 (two) counterparts, by means of notification delivered to the infringing Party, under protocol of receipt.
- 13.5.2.** Within 10 (ten) days as from the respective receipt of the notice, the infringing PARTY may file an Appeal, which must necessarily be analysed by the REGULATORY AGENCY, and any annotation in the records of the PARTY shall be precluded while there is no final decision on the merits of the notice.
- 13.5.3.** Upon receipt of the Appeal, the authority that issued the infraction notice may reconsider its decision. If the decision is not reconsidered, the case shall be submitted to the higher authority, after the discovery, for decision.
- 13.5.4.** The decision of the Appeal shall be justified and reasoned by the REGULATORY AGENCY, pointing out the elements addressed or not in the defense presented by the infringing PARTY.
- 13.5.5.** If the infraction notice is maintained by the higher authority, the infringing PARTY shall



be notified thereof, and the penalty shall be imposed so that the infringing PARTY shall make its payment within 20 (twenty) days, as from the receipt of the notification of the decision.

13.5.6. The failure to pay any fine applied in accordance with the provisions of this clause, within the established deadline, shall entail monetary correction by the variation of the IPCA index and default interest of 1% (one percent) per month *pro rata die*.

13.5.7. The actions of the infringing PARTY in order to remedy the action or omission that led to the administrative procedure, with a view to ascertaining liability and the application of penalty, shall be considered by the competent authorities when the penalty is imposed.

13.6. The notification of the acts and decisions referred to in the above clauses shall be made by written communication to the PARTIES.

13.7. Two or more similar infractions, or infractions arising from the same triggering event, may be ascertained in the same proceedings, with separate penalties applied for each of the infractions or a single penalty in the case of continued infractions.

13.7.1. Continued infractions shall be those proven to stem from the same triggering event.

13.8. The monetary amounts resulting from the application of the fines shall be allocated to the injured PARTY, without prejudice to the other penalties provided for in the CONCESSION AGREEMENTS and in the WATER PRODUCTION AGREEMENT.

13.9. For the application of the penalty and its calculation, the following circumstances shall be considered:

13.9.1. the nature and severity of the infraction;

13.9.2. the technical nature and the standards of service provision;

13.9.3. the damage resulting from the infraction;

13.9.4. the advantage obtained by the infringing PARTY by virtue of the infringement;

13.9.5. the proportionality between the severity of the infraction and the level of the penalty, including the number of users affected;

13.9.6. the general aggravating and mitigating circumstances, especially the existence of bad faith on the part of the infringing PARTY;

13.9.7. the PARTY's history of infractions; and

13.9.8. the recidivism of the PARTY in committing the infraction.



13.10. Any difference between the volume of drinking water supplied by CEDAE at the delivery points and the volume of water received by the CONCESSIONAIRE(S) through the point(s) of intersection with other CONCESSIONAIRE(S), shall be ascertained in accordance with ANNEX X - WATER SUPPLY SYSTEM RULES, with CEDAE's responsibility ending at the point of delivery of the macro meters, provided that the minimum volumes established by the REGULATORY AGENCY are complied with.

14. JURISDICTION

14.1. The Court of the District of Rio de Janeiro, State of Rio de Janeiro, is hereby appointed as competent to adjudicate on matters related to this AGREEMENT that cannot be decided through arbitration, and for the enforcement of the arbitral award, excluding any other, however privileged it may be.

15. ARBITRATION

15.1. Any disputes arising out of or related to this AGREEMENT, which are of a pecuniary nature and do not concern primary public interests, shall be definitively resolved by arbitration in accordance with Federal Law No. 9,307/1996, with the 23-A of Law 8,987/1995, the Decree No. 46,245/2018 of the State of Rio de Janeiro and the arbitration rules of the Arbitration Chamber appointed pursuant to the Concession Agreement.

15.2. Any of the PARTIES may initiate mediation proceedings prior to arbitration, and the other PARTY may agree or not to participate, in accordance with the mediation rules of the institution mentioned in the previous item.

15.3. The arbitration shall be conducted and decided by three arbitrators, appointed in accordance with the established arbitration rules.

15.4. If the value of the dispute is lower than R\$ 5,000,000.00 (five million BRL), if both PARTIES consent, the arbitration may:

I - be conducted and decided by only one arbitrator, appointed pursuant to the established arbitration rules; and/or

II - to be conducted in accordance with the expedite arbitration rules of the same institution mentioned above in this clause.

15.5. For the purposes of interpretation of paragraph four of this clause, the value of the dispute shall be assessed by adding the requests put forward by the claimant in the request for arbitration and by the defendant in its answer to such request.

15.6. The PARTIES must make clear the intention to exercise the choices mentioned in the fourth paragraph above in these same procedural documents.



- 15.7.** The seat of the arbitration shall be the city of Rio de Janeiro/RJ, Brazil.
- 15.8.** Brazilian law shall apply to the merits of the dispute, the arbitration clause and the arbitral procedure.
- 15.9.** The arbitral proceeding language shall be Portuguese and, if the counterpart requests so in the answer to the request for arbitration, also English, with the Portuguese version prevailing in case of conflict.
- 15.10.** Even if the language is only Portuguese, the arbitral tribunal may waive the translation of documents submitted in a foreign language if both PARTIES also agree.
- 15.11.** The Court of the District of the Capital City of the State of Rio de Janeiro shall be competent to process and judge any judicial measure in support of the arbitration, except for the provisions of the sole paragraph of Article 4 of Decree No. 46,245/2018.
- 15.12.** The rules set forth in articles 5 to 10 of Decree No. 46,245/2018 shall apply to the arbitral proceeding.
- 15.13.** The expenses with the arbitration shall be advanced by the CONCESSIONAIRE when it is the claimant of the arbitration, including the arbitrators' fees, any expert investigation costs and other expenses with the proceeding.
- 15.14.** The acts of the arbitration proceeding shall be public, observing the rules of art. 13 of Decree No. 46,245/2018.
- 15.15.** The allocation of the costs of arbitration shall comply with the provisions of art. 16 of Decree No. 46,245/2018.
- 15.16.** The PARTIES hereby appoint the Court of the District of the Capital City of the State of Rio de Janeiro, excluding any other, however privileged it may be, to, if necessary, and only for this purpose, file for urgent protection or injunctive relief.

16. ASSIGNMENTS AND COLLATERALS

- 16.1.** CEDAE is authorized to offer as collateral or to assign fiducially, the rights deriving from this INTERDEPENDENCE AGREEMENT as long as such collaterals and assignments do not compromise the provision of the UPSTREAM SERVICES.
- 16.1.1.** CEDAE may assign fiducially or provide as collateral to the financing institution(s) its emerging rights concerning the revenues from the provision of the UPSTREAM SERVICES, as well as other credits or receivables of CEDAE, whether existing, to be realized or contingent, including any indemnities arising from the termination of this INTERDEPENDENCE AGREEMENT;
- 16.1.2.** In the operationalization of the collaterals and/or fiduciary assignments referred to in



Sub-Clause 16.1, CEDAE may adopt escrow account structures for the transit, control and possible automatic withholding of receivables for payment of the obligations undertaken before the financing institution(s).

16.1.3. To provide a collateral for the loan agreements, in any of its modalities, CEDAE may assign to the financing institution(s), by simple notification to the STATE, the REGULATORY AGENCY and the CONCESSIONAIRE, on a fiduciary basis, a portion of its future operating credits to be obtained as a result of the provision of the UPSTREAM SERVICES, subject to the conditions of article 28-A, of Federal Law No. 8,987/95.

16.2. Indemnities due to CEDAE in the event of early termination of this INTERDEPENDENCE AGREEMENT may be paid directly to the financing institution(s), in case of fiduciary assignment or other collateral.

16.3. The provisions of this Clause, in particular with respect to the possibility of fiduciary assignment and collaterals over the rights arising from the INTERDEPENDENCE AGREEMENT, shall apply:

16.3.1.1. to financial operations that may be carried out by CEDAE and backed by the issuance of debentures, trade bills or other types of securities or credit securities, in compliance with the provisions of the legislation;

16.3.1.2. the restructuring or renegotiation of financial operations already executed by CEDAE and currently effective, including those backed by debentures, trade bills or other types of securities or credit securities, in compliance with the provisions of the legislation.

16.4. CEDAE may require the CONCESSIONAIRE to take the necessary measures to enable the operations referred to in the sub-clause 16.3.

16.4.1. Necessary measures shall be construed those to provide all information, consent and/or interventions that are necessary for the formalization of legal transactions whose object is the assignment of rights arising from the agreement.

17. INTERVENTION-CONSENT

17.1. The REGULATORY AGENCY, in its capacity as intervening consenting party, hereby represents to have full and complete knowledge as to the content that concerns the regulation and supervision of this instrument, with respect to which it represents to have no reservations or caveats, hereby expressing its consent.

17.2. The STATE, in its capacity as intervening consenting party, hereby represents to have full and complete knowledge of this instrument, with respect to which it represents to have no reservations or caveats, hereby expressing its consent.



18. FINAL PROVISIONS

18.1. Subsidiarily, all the provisions established in the CONCESSION AGREEMENT, of which it is an annex, and in the WATER PRODUCTION AGREEMENT, executed between the STATE and CEDAE, shall apply to this AGREEMENT.

18.2. The PARTIES hereby undertake to make their best efforts and cooperate with each other so that the ASSISTED OPERATION OF THE SYSTEM is carried out in an efficient, transparent and coordinated manner, with a view to transfer to the CONCESSIONAIRE the water supply and sanitation services in BLOCK 3.

18.3. When assuming the services, the CONCESSIONAIRE must adopt the flow of billing from CEDAE, in order to avoid the occurrence of two bills in the same month for the user. Therefore, it will be up to the CONCESSIONAIRE and CEDAE to agree on the best way to reduce the impact on the companies' cash flow without transferring the costs to the user.

18.4. Due to the pre-existence of interdependence agreements between CEDAE and the municipalities of the State of Rio de Janeiro, which *regulate the rights and obligations in relation to the commercial activities that enable the exploitation of municipal sanitation services*, the CONCESSIONAIRE fully subrogates itself in the rights and obligations of CEDAE established in such agreements.

18.4.1. To the extent necessary to ensure the adequate provision of water and sanitation services, concessionaires must hire CEDAE employees from the *outplacement* program that, in mutual cooperation, shall be developed jointly with the state Company.

18.5. The provisions established in the State Decree No. 45,334/2015 do not apply to the present AGREEMENT.

18.6. CEDAE undertakes to prepare and to make available, for free access by the CONCESSIONAIRE, in up to 15 (fifteen) days as from the execution of the present INTERDEPENDENCE AGREEMENT, a thorough Data Bank, containing information on curriculum data, professional experiences and technical skills of its employees.

18.6.1. The inclusion of CEDAE employees to the database mentioned in the previous item shall be voluntary.

18.7. The CONCESSIONAIRE undertakes to consult the Database made available by CEDAE for the purposes of selecting its employees, with no obligation or commitment on the part of the CONCESSIONAIRE to hire such employees.

19. ANNEXES OF THE AGREEMENT

This AGREEMENT includes the annexes to the CONCESSION AGREEMENT and the WATER PRODUCTION AGREEMENT, for all legal purposes.

Rio de Janeiro State Government

State Chief of Staff



IN WITNESS WHEREOF, the PARTIES and INTERVENING PARTIES hereto have caused this AGREEMENT to be executed in four (4) counterparts, in the presence of the undersigned witnesses.

[●], [●] of [●] of [202X].

CEDAE

CONCESSIONAIRE

STATE

REGULATORY AGENCY

Witnesses:

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