



Governo do Estado do Rio de Janeiro

ANNEX V - PROVISIONS FOR HIRING INDEPENDENT VERIFIER AND CERTIFIER

INDEPENDENT VERIFIER

1. General provisions on the INDEPENDENT VERIFIER

1.1. The INDEPENDENT VERIFIER is a legal entity, with proven technical knowledge on the provision and management of services and activities similar to those performed by the CONCESSIONAIRE.

1.2. The INDEPENDENT VERIFIER shall be responsible for assisting the REGULATORY AGENCY in the supervision of the AGREEMENT throughout all its stages, being responsible for gathering the necessary information and data for the supervision, especially with regard to the PERFORMANCE INDICATORS, provided for in ANNEX III - PERFORMANCE INDICATORS AND SERVICE TARGETS, among other roles as set forth below.

1.3. The INDEPENDENT VERIFIER shall be responsible for detailing the system and procedures for assessing the PERFORMANCE INDICATORS provided for in the AGREEMENT, as well as in ANNEX III - PERFORMANCE INDICATORS AND SERVICE TARGETS.

1.4. The work of the INDEPENDENT VERIFIER shall be developed in partnership with the REGULATORY AGENCY, in accordance with the guidelines set forth herein, promoting the integration of teams and alignment with the best practices to be adopted.

2. Scope of services to be provided by the INDEPENDENT VERIFIER

2.1. The scope of the services provided by the INDEPENDENT VERIFIER in the first cycle of the contract by the REGULATORY AGENCY shall follow the following steps:

- a) **PLANNING:** initial stage of the work with the objective of structuring the bases of the project, establishing the guidelines for the performance of the services, instituting concepts and practices, besides promoting full integration between the REGULATORY AGENCY teams.
- b) **STRUCTURING:** services that require intense effort at the beginning of the AGREEMENT and, once structured, require more occasional efforts to maintain its operations, such as:
 - I. Analysis of sewage collection systems and calculations of PERFORMANCE INDICATORS; and

II. Preparation of performance systems mapping.

c) MANAGEMENT: services that make up the routine management activities of the AGREEMENT and that will be carried out throughout the entire term of the agreement, such as:

- I. Support to the REGULATORY AGENCY in the inspection of the CONCESSIONAIRE's activities in the compliance with the clauses and items of the AGREEMENT;
- II. Monitoring of the CONCESSIONAIRE's performance in relation to the obligations, indicators and targets set out for each item in accordance with ANNEX III - PERFORMANCE INDICATORS AND SERVICE TARGETS and clause 26 of the AGREEMENT;
- III. Preparation and presentation of verification reports on the PERFORMANCE INDICATORS compliance reports prepared by the CONCESSIONAIRE, in the frequency and within the deadlines set out in clause 26 of the AGREEMENT.

3.2. The first cycle is understood as the first contract executed by the REGULATORY AGENCY for independent verification of the SERVICES provided under this AGREEMENT.

3.3. In addition to the stages described in the first contract cycle of the INDEPENDENT VERIFIER, the following are the services to be provided by said entity throughout the entire CONCESSION cycle:

- a) Support on the CONCESSIONAIRE's inspection by the REGULATORY AGENCY regarding the assessment of the performance and quality of the SERVICES rendered by the CONCESSIONAIRE; and
- b) Carrying out inquiries, surveys, field inspections and collecting information from the CONCESSIONAIRE and the SYSTEM whenever necessary.

3.4. Within the scope of the first cycle of the contract of the INDEPENDENT VERIFIER with the REGULATORY AGENCY, the hired entity will be responsible for promoting the necessary procedures for the transfer of the knowledge gathered regarding the processes for measuring the CONCESSIONAIRE's performance with the necessary transfer of the macro-processes to the REGULATORY AGENCY.

3.5. The requirement established in the previous item is intended to provide the REGULATORY AGENCY with the inputs necessary for the next hiring, in order to avoid insecurity and retrocession in the performance of the AGREEMENT.

3.6. The INDEPENDENT VERIFIER does not replace, nor does it rule out the exercise of the power of supervision of the REGULATORY AGENCY within the scope of the CONCESSION.

3. Hiring the INDEPENDENT VERIFIER

3.1. The hiring of the INDEPENDENT VERIFIER and the respective remuneration shall be the responsibility of the REGULATORY AGENCY, in accordance with the guidelines set forth in this ANNEX.

3.2. Without prejudice of other restrictions provided for in legislation, the following entities may not be hired as INDEPENDENT VERIFIER:

- a) Those precluded or suspended from hiring with the Government;
- b) Those whose partners have direct or indirect participation in the management or corporate structure of CEDAE, the CONCESSIONAIRE or the economic group to which the latter belongs;
- c) Those that are AFFILIATED, associated or under the common control of CEDAE, the CONCESSIONAIRE, its shareholders or any subcontractor to perform the services that are the purpose of this AGREEMENT;
- d) Those which have in their technical body a person that is or has been, at any time in the previous 6 (six) months, an officer, manager, employee, outsourced contractor or partner of the shareholders of CEDAE, the CONCESSIONAIRE or any subcontractor company to perform the services that are the purpose of this AGREEMENT;
- e) Those which provide, at the moment of hiring, an independent audit service at CEDAE or the CONCESSIONAIRE;
- f) Those which have an effective contract with the CONCESSIONAIRE, even if with a different object;
- g) Those that may somehow have their independence and impartiality compromised;
- h) Shall not to be under liquidation, intervention or Special Temporary Administration Regime - RAET, bankruptcy or judicial reorganization;
- i) Shall not be under a penalty of temporary suspension from participation in bidding processes or precluded from hiring with the Government;
- j) Shall not have been declared ineligible to bid or hire with the Government, as well as not to have been sentenced, by a res judicata judgement, to the interdiction of rights due to the practice of environmental crimes, as regulated by Article 10 of Law No. 9605 of February 12, 1998.

3.3. The INDEPENDENT VERIFIER must have previous experience in services with characteristics similar to the following:

- a) Independent Supervision or Verification of PPP/Concession Agreements;

- b) Project Management;
- c) Assessment of Performance Indicators;
- d) Supervision and Control of Processes / Indicators;
- e) Implementation of WEB platform for information sharing;
- f) Vulnerability analysis in Information Technology environments, from the point of view of information security.

3.4. The same INDEPENDENT VERIFIER may be hired, in a single contract, to work with the REGULATORY AGENCY in more than one BLOCK.

INDEPENDENT CERTIFIER

4. Considerations on the INDEPENDENT CERTIFIER

4.1. The INDEPENDENT CERTIFIER is a legal entity with the role of monitoring the compliance with the investments provided for in the ACTION PLAN related to the NON-URBANIZED IRREGULAR AREAS and the DRY WEATHER COLLECTOR INVESTMENT SCHEDULE, in support of the supervision of the AGREEMENT by the REGULATORY AGENCY, as provided for in the ANNEX IV - CONCESSION TECHNICAL SPECIFICATIONS.

4.2. The work of the INDEPENDENT CERTIFIER shall be developed in partnership with the REGULATORY AGENCY, in accordance with the guidelines set forth herein, promoting the integration of teams and alignment with the best practices to be adopted.

5. Scope of services to be provided by the INDEPENDENT CERTIFIER

5.1. The INDEPENDENT CERTIFIER shall act in the CONCESSION as a technical agent that will support the REGULATORY AGENCY in the supervision of the AGREEMENT until the investments made by the CONCESSIONAIRE, in NON-URBANIZED IRREGULAR AREAS and dry weather collectors and the other investments provided for in item 3.5 of ANNEX IV – CONCESSION TECHNICAL SPECIFICATIONS, are finished.

5.2. The scope of the services provided by the INDEPENDENT shall follow the following steps:

- a) **PLANNING:** initial stage of the work with the objective of structuring the bases of the project, from the analysis of the proposals for investments provided for in item 3.5 of ANNEX IV – CONCESSION TECHNICAL SPECIFICATIONS.
- b) **IMPLEMENTATION:** services that make up the activities to follow up on the investments provided for in item 3.5 of ANNEX IV – CONCESSION TECHNICAL SPECIFICATIONS, such as:

- I. Support to the REGULATORY AGENCY in the inspection;
- II. Preparation and presentation of reports on the compliance with the investment targets by the CONCESSIONAIRE, in the frequency and within the deadlines set out in clauses 11 and 12 of the AGREEMENT.

5.3. The INDEPENDENT CERTIFIER does not replace, nor does it rule out the exercise of the power of supervision of the REGULATORY AGENCY within the scope of the CONCESSION.

6. Hiring the INDEPENDENT CERTIFIER

6.1. The hiring of the INDEPENDENT CERTIFIER and the respective remuneration shall be the responsibility of the REGULATORY AGENCY, in accordance with the guidelines set forth in this ANNEX.

6.2. The following entities may not be hired as INDEPENDENT CERTIFIER:

- a) Those precluded or suspended from hiring with the Government;
- b) Those whose partners have direct or indirect participation in the management or corporate structure of the CONCESSIONAIRE or the economic group to which the latter belongs;
- c) Those that are AFFILIATED, associated or under the common control of the CONCESSIONAIRE, its shareholders or any subcontractor to perform the services that are the purpose of this CONCESSION AGREEMENT;
- d) Those which have in their technical body a person that is or has been, in the previous 6 (six) months, an officer, manager, employee, outsourced contractor or partner of the shareholders of the CONCESSIONAIRE or any subcontractor company to perform the services that are the purpose of this CONCESSION AGREEMENT;
- e) Those which have an effective contract with the CONCESSIONAIRE, even if with a different object;
- f) Those that may somehow have their independence and impartiality compromised;
- g) Shall not to be under liquidation, intervention or Special Temporary Administration Regime - RAET, bankruptcy or judicial reorganization; under a penalty of temporary suspension from participation in bidding processes or precluded from hiring with the Government; not have been declared ineligible to bid or hire with the Government, as well as not to have been sentenced, by a res judicata judgement, to the interdiction of

rights due to the practice of environmental crimes, as regulated by Article 10 of Law No. 9605 of February 12, 1998.

6.3. It shall be mandatory requirements for hiring of the INDEPENDENT CERTIFIER to have previous experience in services of similar characteristics to those set out in this Annex and in ANNEX IV - CONCESSION TECHNICAL SPECIFICATIONS, thus understood as activities of:

- I. Independent supervision, certification or audit;
- II. Project management and/or supervision;
- III. Process Supervision and Control;

6.4. The above activities must be proven by a technical certificate issued by a legal entity of public or private law.

6.5. The same INDEPENDENT CERTIFIER may be hired, in a single contract, to work with the REGULATORY AGENCY in more than one BLOCK

7. Final provisions

7.1. The CONCESSIONAIRE shall warrant to the STATE, the REGULATORY AGENCY, INDEPENDENT VERIFIER and INDEPENDENT CERTIFIER unrestricted, uninterrupted and online access, at any time, to the SERVICES' monitoring and follow-up systems and to the data related to the CONCESSIONAIRE's management, accounting and technical, economic and financial resources.

7.2. The INDEPENDENT VERIFIER and the INDEPENDENT CERTIFIER shall follow good corporate governance practices, with the presentation of accounts and standardized financial statements in accordance with the accounting rules and practices adopted in Brazil.

7.3. Provided that the requirements are proven cumulatively, the REGULATORY AGENCY may execute a single contract in order to develop the services related to the INDEPENDENT VERIFIER and the INDEPENDENT CERTIFIER.
