



Governo do Estado do Rio de Janeiro

PROCEDURE No. 120207/000707/2020

INTERNATIONAL INVITATION TO BIDS no. 01/2020

**CONCESSION OF THE REGIONALIZED PROVISION OF PUBLIC SERVICES OF WATER SUPPLY AND
SANITATION AND COMPLEMENTARY SERVICES OF THE MUNICIPALITIES OF THE STATE OF RIO DE
JANEIRO.**

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PREAMBLE

The **STATE OF RIO DE JANEIRO**, as a delegate of the administrative roles of organizing and promoting this bid process, as well as the role of contract management, based on Article 175 of the Constitution of the Brazil, Federal Law no. 8,987/1995, Federal Law no. 9,074/1995, Federal Law no. 8,666/1993, Federal Law no. 11,445/2007, Federal Decree no. 7,217/2010, Federal Law no. 14,026/2020, State Law no. 6,398/2013 and State Law no. 4.556/2005, announces the present INVITATION TO BID, classified as international competitive bid, to be judged by the highest bid criterion, in order to select the highest bidder for the CONCESSION of the public services of water supply and sanitation in the CONCESSION AREA, divided into blocks of Municipalities, according to the specifications set out in this ITB.

The draft of this ITB, the Concession Agreement and other annexes were available for public consultation from 09/06/2020 to 07/08/2020, on the website www.rj.gov.br/consultapublica and in the headquarters of the STATE and were subject to virtual public hearings, carried out through digital platform, on 25/06/2020, 06/07/2020 and 04/08/2020. Both the consultation and the public hearing were duly announced on the STATE website and had their notices published in the Official Gazette of the State of Rio de Janeiro on 08/06/2020, 24/06/2020 and 06/07/2020 and in a large circulation newspaper on 08/06/2020 and 26/06/2020.

As published in the Official Gazette of the State of Rio de Janeiro on 28/12/2020, this bid process was duly justified in compliance with articles 5 and 16 of Federal Law 8,987/1995.

Any changes to this ITB shall be binding on all BIDDERS and shall be disclosed in the same manner as the publication of this instrument.

In the event of changes that affect the preparation of the bids, the deadline for submission of the bids shall be restarted, pursuant to items 9.2.6 and 12.2 of this ITB.

Interested parties may obtain the ITB at the headquarters of the STATE, Rua Pinheiro Machado, s/n - Anexo Building - Térreo, Laranjeiras, telephone 2334-3245, from 09:00hrs to 18:00hrs, by e-mail licitacao@casacivil.rj.gov.br or through the website <http://www.concessaosaneamento.rj.gov.br>. On this same website the complementary documents and related legal business are available, among which the technical studies that preceded the preparation of the ITB, the cooperation agreements, management agreements and the water production agreement, and all the acts practiced during the course of the BIDDING PROCESS will be published therein.

The BID SUBMISSION DATE will take place on April 27, 2021, from 10 am to 2 pm
PLACE: Rua Quinze de Novembro, 275 - Centro Histórico de São Paulo, São Paulo - SP, 01010-901.

The BIDDING PROCESS shall be conducted in accordance with Article 18-A of Federal Law no. 8.987/1995, the first stage consisting of the submission of the APPLICATION documents and, thereafter, the opening of the BID SECURITIES, which will be analyzed by the BID COMMITTEE. The disclosure of the result of the analysis and of the BIDDERS who have had their BID SECURITIES accepted will be on April 07, 2021.

The public sessions of BID opening and judgment, per BLOCK, followed by the opening of the QUALIFICATION DOCUMENTS of the BIDDER that classifies first in each BLOCK, shall take place on the dates established in item 255, at B3, at Rua Quinze de Novembro, 275 - Centro Histórico de São Paulo, São Paulo - SP, 01010-901.

All times established in this notice refer to the time of Brasilia. For the acts to be carried out directly with the STATE, either by e-mail or in person, the interested parties must observe the opening hours of the respective body.

CHAPTER I - INITIAL PROVISIONS

1. DEFINITIONS

1.1. This ITB establishes the administrative procedures of the BIDDING PROCESS, as well as the conditions and legal regime for hiring the object of this ITB, defining the rules that shall be in force throughout the proceedings of the BIDDING PROCESS.

1.2. The following terms, when written in capital letters, singular or plural, shall have the following meaning except their context clearly indicates otherwise:

1.2.1. **AFFILIATE**: legal entity related, directly or indirectly, to another legal entity who CONTROLS, or is CONTROLLED by, or is under common CONTROL with other legal or natural person(s);

1.2.2. **REGULATORY AGENCY**: Rio de Janeiro State Energy and Basic Sanitation Regulatory Agency (AGENERSA), created by State Law No. 4,556/2005, with competence to regulate, control and inspect the rendering of public services of basic sanitation, or other agency or state regulatory entity that might replace it in the attributions of regulation of the public services of basic sanitation, as well as the National Agency of Waters and Basic Sanitation (ANA), responsible for issuing reference rules for the sector;

1.2.3. **ANNEX**: each of the documents annexed to this ITB, numbered sequentially and an integral part hereof;

1.2.4. **CONCESSION AREA**: urban area of the municipalities and respective urban districts integrating the respective BLOCKS, delimited according to ANNEX IV and JOINT MANAGEMENT instruments, where the SERVICES will be provided by the CONCESSIONAIRE, pursuant to the AGREEMENT. The urban area to be considered is that delimited in the Master Plans of each municipality and, in the absence thereof, that defined by municipal legislation or, finally, by the IBGE;

1.2.5. **B3**: BRAZIL, BOLSA, BALCÃO - B3, current name of BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros, located in the City of São Paulo, State of São Paulo, at Rua Quinze de Novembro, 275 - Centro Histórico de São Paulo, São Paulo - SP, 01010-901, technical advisor of the BID COMMITTEE to, among other activities, conduct the Public Session of International Invitation to Bids No. 01/2020;

1.2.6. **PRIVATE ASSETS**: property of the CONCESSIONAIRE which, despite being LINKED ASSETS, are not considered REVERSIBLE ASSETS, as they are goods of administrative use and/or not essential to the REGIONALIZED PROVISION.

1.2.7. **REVERSIBLE GOODS**: set of movable and immovable assets, including facilities, equipment, machinery, apparatus, buildings and accessories of the existing water and sanitation systems, subject matter of the CONCESSION, which are essential and indispensable to the REGIONALIZED PROVISION, and which will be transferred to the CONCESSIONAIRE, as well as the other assets essential and indispensable to the REGIONALIZED PROVISION that will be acquired and/or built by the

CONCESSIONAIRE, and that will revert to the holders of the SERVICES, through the STATE, upon the extinguishment of the CONCESSION;

1.2.8. LINKED ASSETS: PRIVATE ASSETS and REVERSIBLE ASSETS, which together represent all the assets used by the CONCESSIONAIRE in the performance of the CONCESSION AGREEMENT;

1.2.9. BLOCK: 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, pursuant to Annex IV of the ITB;

1.2.10. BLOCK 1: portion of the OBJECT of the BIDDING PROCESS, corresponding to the territory of the MUNICIPALITIES of BLOCK 1;

1.2.11. BLOCK 2: portion of the OBJECT of the BIDDING PROCESS, corresponding to the territory of the MUNICIPALITIES of BLOCK 2;

1.2.12. BLOCK 3: portion of the OBJECT of the BIDDING PROCESS, corresponding to the territory of the MUNICIPALITIES of BLOCK 3;

1.2.13. BLOCK 4: portion of the OBJECT of the BIDDING PROCESS, corresponding to the territory of the MUNICIPALITIES of BLOCK 4;

1.2.14. BNDES: is the National Bank of Economic and Social Development, responsible for carrying out studies related to the CONCESSION, under the Agreement No. 17.2.0389.1 entered into between BNDES and the State of Rio de Janeiro, published on 28/11/2017, in the Official Gazette of the State of Rio de Janeiro;

1.2.15. CEDAE: Rio de Janeiro State Water and Sanitation Company, a semi-public company, with registered office at Avenida Presidente Vargas, no. 2655 - Cidade Nova, CEP 20210-030, Rio de Janeiro - RJ, responsible for the provision of water abstraction, raw water supply and water treatment services, with which the INTERDEPENDENCE AGREEMENT shall be entered into.

1.2.16. BID COMMITTEE: Special Mixed Bid Evaluation Committee assigned to promote the BIDDING PROCESS, by Chief of Staff Resolution no. 21/2020, including the analysis and judgment of all documents in this BIDDING PROCESS;

1.2.17. CONCESSION: delegation of the provision of the SERVICES to the MUNICIPALITIES, which shall be governed by Federal Law no. 8,987/1995, during the term established in the ITB and in the AGREEMENT;

1.2.18. CONCESSIONAIRE: specific purpose entity incorporated by the winning bidder for the performance of the SERVICES object of this AGREEMENT;

1.2.19. CONSORTIUM MEMBER: each of the members of a CONSORTIUM;

1.2.20. CONSORTIUM: association of companies, funds or entities with the purpose of participating in the BIDDING PROCESS, which, in the event it becomes the winning bidder, must be incorporated as an SPE, in accordance with the laws of the Federative Republic of Brazil;

1.2.21. AGREEMENT: legal instrument and its Annexes, to be entered into between the STATE, as representative of the holders of the SERVICES, and the CONCESSIONAIRE, with the consent and intervention of the REGULATORY AGENCY pursuant to ANNEX I - DRAFT AGREEMENT and Annexes of this ITB;

1.2.22. 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.

1.2.23. INTERDEPENDENCE AGREEMENT: legal instrument to be 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.

1.2.24. WATER PRODUCTION AGREEMENT: agreement entered into between the STATE and CEDAE, subject matter of which is the maintenance of water production services provided by CEDAE in the METROPOLITAN REGION, pursuant to art. 10-A, § 2, of Law no. 11,445/2007.

1.2.25. CONTROLLED: any person or investment fund whose CONTROL is exercised by another person or investment fund;

1.2.26. CONTROLLER: any person, investment fund or pension fund entity that exercises CONTROL over another person or investment fund;

1.2.27. CONTROL: power held by a person or group of persons bound by a voting agreement or under common control, whether directly or indirectly, alone or jointly, to: (i) exercise, on a permanent basis, rights that ensure the majority of votes in the corporate decisions and to elect the majority of the officers or managers of another person, investment fund or pension fund entity, as the case may be; or (ii) to effectively direct the corporate activities and guide the operation of the bodies of another person, investment fund or pension fund entity;

1.2.28. COOPERATION AGREEMENTS: instruments 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;

- 1.2.29. ACCREDITATION: procedure for the registration of the BIDDERS' legal representatives, in accordance with this ITB and the B3 PROCEDURES MANUAL;
- 1.2.30. BID BASE DATE: the date of the submission of the winning BIDDER's BID, which will be used as the starting point for counting of the deadlines to be applied for the purposes of readjustment and review of the TARIFFS, as per this ITB and its ANNEXES;
- 1.2.31. BID SUBMISSION DUE DATE: date established in the ITB, by which the BID SUBMISSIONS must be delivered by the BIDDERS at B3, before the BID COMMITTEE;
- 1.2.32. CHAIRMAN OF THE SESSION: B3 employee responsible for conducting the bidding stage;
- 1.2.33. QUALIFICATION DOCUMENTS: documents of the BIDDERS related to their legal qualification, tax and labor good standing, technical qualification, economic-financial qualification and of compliance with the provisions of item XXXIII, of Article 7 of the Federal Constitution, pursuant to this ITB;
- 1.2.34. ITB: instrument of invitation and its annexes (International Invitation to Bid no. 01/2020) regulating the terms and conditions of the BIDDING PROCESS;
- 1.2.35. STATE: State of Rio de Janeiro, representative of the service holders, pursuant to the JOINT MANAGEMENT instruments, mandated to organize, manage and transfer the provision of water supply and sanitation services in the CONCESSION AREA;
- 1.2.36. BID SECURITY: guarantee of compliance with the obligations undertaken by the BIDDERS by reason of its participation in the BIDDING PROCESS, in accordance with the terms of the ITB;
- 1.2.37. PERFORMANCE GUARANTEE: guarantee to be provided by the CONCESSIONAIRE in order to guarantee the perfect compliance with the obligations set out in this AGREEMENT;
- 1.2.38. JOINT MANAGEMENT: voluntary association between each Municipality of the State of Rio de Janeiro, alone or through the Deliberative Council of the Metropolitan Region, with the STATE, in accordance with the COOPERATION AGREEMENTS and MANAGEMENT AGREEMENTS, with the purpose of structuring and organizing the water supply and sanitation services, in an integrated and regionalized manner;
- 1.2.39. RIO METRÓPOLE INSTITUTE: an independent governmental agency competent to carry out the decisions of the Deliberative Council of the METROPOLITAN REGION of Rio de Janeiro, pursuant to the State Complementary Law no. 184/2018;
- 1.2.40. INTERMEDIARY BID: bid equal to or lower than the highest bid already offered, but higher than the last bid submitted by the BIDDER itself.

1.2.41. BIDDING PROCESS: International Competitive Bid no. 01/2020, subject matter of this ITB, which aims to select the most advantageous bid, in view of granting the CONCESSION that is the subject matter of the AGREEMENT;

1.2.42. BIDDER: legal entity or Investment fund acting alone or in CONSORTIUM, in accordance with this ITB, which participates in the BIDDING PROCESS;

1.2.43. WINNING BIDDER: legal entity or investment fund, acting alone or in CONSORTIUM, in accordance with this ITB, which wins the BIDDING PROCESS and which will incorporate the SPE as precondition to enter into the AGREEMENT;

1.2.44. PROCEDURES MANUAL: document prepared by B3 and approved by the STATE, which contains guidelines, rules and models of documents for the BIDDING PROCESS;

1.2.45. MUNICIPALITIES: Municipalities listed in ANNEX IV - CONCESSION AREAS;

1.2.46. ASSISTED OPERATION OF THE SYSTEM: period of 180 (one hundred and eighty) days, as from the execution of the AGREEMENT, which may be extended for another 90 (ninety) days by mutual agreement between the STATE and the CONCESSIONAIRE, 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;

1.2.47. 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 AGREEMENT and its Annexes;

1.2.48. FIXED CONCESSION FEE: payment made by the CONCESSIONAIRE to the STATE, as a condition precedent for the exploitation of the CONCESSION, the values of which shall be shared by the STATE with the MUNICIPALITIES and the Metropolitan Region Development Fund, in accordance with the ITB, the JOINT MANAGEMENT documents and the AGREEMENT;

1.2.49. VARIABLE CONCESSION FEE: monthly payment to be made by the CONCESSIONAIRE to the MUNICIPALITIES and to the METROPOLITAN REGION, through the Metropolitan Region Development Fund, corresponding to a percentage of the TARIFF REVENUE originating from the TARIFF payments by the USERS located in their territories, in accordance with the AGREEMENT

1.2.50. ACCREDITED PARTICIPANTS: legal persons qualified and authorized to operate at B3, hired by the BIDDERS to represent them in all acts related to the BIDDING PROCESS before B3;

1.2.51. REGIONALIZED PROVISION: performance of the SERVICES by the CONCESSIONAIRE in the MUNICIPALITIES of the four BLOCKS, with a view to generating gains of scale and ensuring the universalization and technical and economic-financial feasibility of the SERVICES;

1.2.52. WATER PRODUCTION: integrated activities that include all the services to be provided by CEDAE by virtue of the WATER PRODUCTION AGREEMENT and the INTERDEPENDENCE AGREEMENT comprising the reservoir, abstraction, supply and treatment of raw water in the Imunama, Laranjal, Guandu and Acari river basins;

1.2.53. BID: proposal submitted by the BIDDERS, containing the value of the FIXED CONCESSION FEE offered for the CONCESSION, in accordance with ANNEX III - MODEL BID;

1.2.54. ADDITIONAL REVENUE: any and all alternative, complementary and accessory revenue that may be directly or indirectly received by the CONCESSIONAIRE as a result of the exploitation of an associated project or the rendering of services additional to the SERVICES, pursuant to article 11 of Federal Law 8,987/95 and article 10-A, II of Federal Law 11,556/2007, upon prior and express authorization of the STATE;

1.2.55. EXPLOITATION REVENUE: revenue earned by the CONCESSIONAIRE as a result of the collection of the TARIFFS for the provision of the SERVICES to the USERS of the SYSTEM, plus the ADDITIONAL REVENUE and the revenue resulting from the provision of SUPPLEMENTARY SERVICES.

1.2.56. TARIFF REVENUE: amount collected by the CONCESSIONAIRE as a result of the payment of the TARIFFS by the USERS of the SYSTEM for the provision of the SERVICES;

1.2.57. METROPOLITAN AREA: the Metropolitan Region of Rio de Janeiro, a regional unit established by State Complementary Law no. 184/2018, composed by the State of Rio de Janeiro 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;

1.2.58. SERVICES: integrated activities that comprise all the services to be provided by the CONCESSIONAIRE, namely:

(a) water supply: public service covering the activities, infrastructure and facilities required for the public supply of water, from water abstraction to building connections and their measurement instruments.

(b) sanitation: public service that covers the activities of collection, transportation, treatment and final disposal of the treated sewage, from the service connections to its final discharge in the environment.

1.2.59. SUPPLEMENTARY SERVICES: auxiliary, complementary and correlated services to the SERVICES, to be provided by the CONCESSIONAIRE and under the regulation of the REGULATORY AGENCY, in accordance with the AGREEMENT and its Annexes;

1.2.60. SPE: specific purpose entity to be incorporated by the WINNING BIDDER of each BLOCK, as a joint stock company, with the specific purpose of providing the public services that are the object of this CONCESSION;

1.2.61. SYSTEM: the set of infrastructures related to the provision of the SERVICES, such as networks, connections, water lifting stations, sewage lifting stations, sewage treatment stations, manholes, interceptors, outlets, trunk collectors, among other structures necessary for rendering the SERVICES, in accordance with ANNEX IV of the ITB.

1.2.62. TARIFF(S): actual amounts due to the CONCESSIONAIRE, as remuneration for the provision of the SERVICES, considering any deductions arising from non-compliance with performance indicators, as set forth in the AGREEMENT;

1.2.63. EFFECTIVE TARIFF(S): the actual amounts due to the CONCESSIONAIRE, in consideration of the provision of the SERVICES, taking into account any deductions arising from non-compliance with the performance indicators, as set forth in Annex III of the AGREEMENT.

1.2.64. CERTIFICATE OF SYSTEM TRANSFER: document whereby the STATE, at the end of the period of ASSISTED OPERATION OF THE SYSTEM, transfers to the CONCESSIONAIRE the responsibility for the OPERATION OF THE SYSTEM, enabling it to provide all the SERVICES, in accordance with the AGREEMENT;

1.2.65. USER: natural and legal persons, within the classifications and categories provided for in Annex VII of the AGREEMENT - Tariff Structure and Supplementary Services, who will be the recipients of the SERVICES provided by the CONCESSIONAIRE in the respective region, upon payment of a TARIFF;

1.2.66. SUBMISSION: pack containing a set of documents necessary for participating in this BIDDING PROCESS, totaling 3 (three) submissions, namely: SUBMISSION 1, concerning the BID SECURITY AND REPRESENTATION DOCUMENTS; SUBMISSION 2, concerning the BID; and SUBMISSION 3, concerning the QUALIFICATION DOCUMENTS, in accordance with this ITB.

2. APPLICABLE LAW

2.1. The BIDDING PROCESS and its object shall be governed by the Constitution of the Republic of Brazil, Federal Law no. 8.987/1995, Federal Law no. 8.666/1993, Federal Law no. 9.074/1995, Federal Law no. 11.445/2007, Federal Law no. 14.026/2020, Federal Decree no. 7.217/2010, State Law no. 6.398/2013, State Law no. 4.556/2005, State Law no. 3.239/1999, State Supplementary Law no. 184/2018 and other applicable legal and regulatory provisions.

2.2. Without prejudice to the other applicable constitutional, legal and regulatory provisions, the following rules in particular shall apply:

2.2.1. Federal Constitution;

2.2.2. Federal Law no. 8.987, 13 of February 13, 1995;

2.2.3. Federal Law no. 9.074, 7 of July 7, 1995;

2.2.4. Federal Law no. 8.666, 21 of June 21, 1993;

2.2.5. Federal Law no. 11.445, 05 of January 5, 2007;

2.2.6. Federal Law no. 14.026, of July 15, 2020;

2.2.7. Federal Decree no. 7,217, of June 21, 2010;

2.2.8. Federal Law no. 13.089, 12 of January 12, 2015;

2.2.9. Federal Law no. 13.460, 26 of June, 2017;

2.2.10. State Law no. 6,398, March 5, 2013;

2.2.11. State Law no. 4,556, June 6, 2005;

2.2.12. State Decree no. 45.344, August 17, 2015.

2.3. References to the rules applicable to CONCESSION shall also be construed as references to the legislation that might replace or amend them, in whole or in part.

2.4. The following are the legal transactions related to the CONCESSION:

2.4.1. Addenda of Termination of existing links between CEDAE and the municipalities of the State of Rio de Janeiro;

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

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

2.4.4. WATER PRODUCTION AGREEMENT and respective ANNEXES.

3. INTERPRETATION

3.1. In case of conflicts between the rules provided for in legislation, in the instruments listed in item 2.4, in the ITB, in the AGREEMENT and its Annexes, the following order shall prevail:

i. firstly, the provisions set forth in the current legal, regulatory and technical norms, except for the

legal norms of private law;

- ii. secondly, the provisions of the AGREEMENT and its Annexes that have greater relevance in the matter in question, with the provisions of the AGREEMENT prevailing over those of its Annexes;
- iii. thirdly, the provisions set out in the ITB and its Annexes, the provisions of the ITB prevailing over those of its Annexes;
- iv. in fourth place, the provisions set out in the BID PROPOSAL of the winning BIDDER, provided they are in accordance with the rules of the ITB;
- v. in fifth place, the provisions of the WATER PRODUCTION AGREEMENT, with the provisions of the WATER PRODUCTION AGREEMENT prevailing over those of its Annexes;
- vi. in sixth place, the provisions of the MANAGEMENT AGREEMENTS for the regionalized provision of services, with the provisions of the MANAGEMENT AGREEMENTS prevailing over those of its Annexes;
- vii. 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
- viii. in eighth place, the provisions established in the COOPERATION AGREEMENTS.

4. PURPOSE OF THE BIDDING PROCESS

4.1. The object of this BIDDING PROCESS is the CONCESSION OF THE REGIONALISED PROVISION of the SERVICES, in the CONCESSION AREA, in each one of the BLOCKS, through the exploitation of the infrastructures that are part of the SYSTEM, in accordance with the description, characteristics and technical specifications detailed in this ITB, in the respective ANNEXES, in the AGREEMENT and in the applicable legislation.

4.2. The performance of the SERVICES shall strictly comply with all provisions, deadlines, technical guidelines and procedures set out in this ITB, the AGREEMENT, the respective ANNEXES and applicable legislation.

4.3. The CONCESSION presumes the satisfactory provision of the SERVICES, thus considered those that satisfy the conditions of regularity, efficiency, safety, timeliness, generality, courtesy, equity, continuity and reasonability of TARIFFS, observing the performance indicators and service targets provided for in the AGREEMENT, respective Annexes and in the applicable legislation.

5. JUDGEMENT CRITERION

5.1. This BIDDING PROCESS shall be judged with the highest bid criterion, pursuant to Article 15, item II, of Federal Law no. 8,987/1995, based on the amount of the FIXED CONCESSION FEE offered by the BIDDER for the CONCESSION of each BLOCK.

5.2. The minimum amount of FIXED CONCESSION FEE to be offered by the BIDDER, for the CONCESSION, shall be:

5.2.1. BLOCK 1: R\$ 4,036,855,561.10 (four billion, thirty-six million, eight hundred and fifty-five thousand, five hundred and sixty-one BRL and ten cents);

5.2.2. BLOCK 2: R\$ 3,172,208,314.37 (three billion, one hundred and seventy-two million, two hundred and eight thousand, three hundred and fourteen BRL and thirty-seven cents);

5.2.3. BLOCK 4: R\$ 2,503,249,157.43 (two billion, five hundred and three million, two hundred and forty-nine thousand, one hundred and fifty-seven BRL and forty-three cents);

5.2.4. BLOCK 3: R\$ 908,108,968.01 (nine hundred and eight million, one hundred and eight thousand, nine hundred and sixty-eight BRL and one centavo);

5.3. Bids that do not meet the minimum amount set out in the above item 5.2 shall be disqualified.

5.4. The payment of the amount of the FIXED CONCESSION FEE shall be made directly to the STATE, representative of the holders of the service, and is divided into 3 (three) installments. The first installment, in the amount of 65% (sixty five percent) of the FIXED CONCESSION FEE, shall be paid as a condition precedent for the execution of the AGREEMENT. The second installment, in the amount of 15% (fifteen percent) of the FIXED CONCESSION FEE, shall be paid up to 2 (two) working days after the issuance of the CERTIFICATE OF SYSTEM TRANSFER and/or the start of the OPERATION OF THE SYSTEM by the CONCESSIONAIRE, whichever occurs first. And, the third installment, in the amount of 20% (twenty percent) of the FIXED CONCESSION FEE, shall be paid up until the end of the third year of effectiveness of the AGREEMENT, the issuance of the CERTIFICATE OF SYSTEM TRANSFER and/or the start of the OPERATION OF THE SYSTEM by the CONCESSIONAIRE, whichever occurs first.

5.4.1. The STATE, representing the service holders, shall be responsible for passing on the value referred to in the item 5.4 to the MUNICIPALITIES served by the provision of the SERVICES in the percentage of 15% (fifteen percent) of the value of the FIXED CONCESSION FEE, proportional to the number of inhabitants of each MUNICIPALITY, based on data from the Municipal Population Estimates, published by the Brazilian Institute of Geography and Statistics - IBGE, with reference date on July 1, 2020.

5.4.2. The STATE shall be responsible for passing on the amount referred to in the item 5.4 to the Metropolitan Region Development Fund in the percentage of 5% (five percent) of the value of the FIXED CONCESSION FEE.

5.4.3. The remaining amount, that is, 80% (eighty percent), shall be allocated to the STATE.

5.5. The surplus amount of the value of the BID of the CONCESSIONAIRE, which exceeds the minimum values of FIXED CONCESSION FEE provided for in item 5.2, shall have the surplus distributed in the proportion of 50% (fifty percent) for the STATE, and 50% (fifty percent) for the MUNICIPALITIES of regionalized provision, observing the proportionality in relation to the number of inhabitants of each municipality, based on data from the document Population Estimates of Municipalities, published by the Brazilian Institute of Geography and Statistics - IBGE, with reference date of July 1, 2020.

5.6. The FIXED CONCESSION FEE installments shall have their values updated by the National Wide Consumer Price Index - IPCA, if paid after 365 (three hundred and sixty-five) days as from the date of the BID submission.

5.7. The proportion of the FIXED CONCESSION FEE, provided for in item 5.4 as a condition precedent for the execution of the AGREEMENT, shall be paid by the BIDDER that was awarded the object of this BIDDING PROCESS within 60 (sixty) days as from the announcement of the WINNING BIDDER, pursuant to item 0.

5.8. The delay in the payment of the FIXED CONCESSION FEE shall give entail the payment of a fine corresponding to two percent (2%) of the amount in arrears, plus default interest of one percent (1%) per month, *pro rata die*, and the outstanding balance shall be updated in accordance with subitem 5.6.

6. ESTIMATED CONTRACT VALUE

6.1. The estimated value of the AGREEMENT for the purpose of this bidding process, corresponds to the present value of the sum of the revenues earned with the rendering of the SERVICES over the contractual term, on the base date of December 2019:

6.1.1. BLOCK 1: R\$ 25,540,646,800.18 (twenty-five billion, five hundred and forty million, six hundred and forty-six thousand, eight hundred BRL and eighteen cents);

6.1.2. BLOCK 2: R\$ 14,542,689,046.35 (fourteen billion, five hundred and forty-two million, six hundred and eighty-nine thousand, forty-six BRL and thirty-five cents);

6.1.3. BLOCK 4: R\$ 56,581,843,610.53 (fifty-six billion, five hundred and eighty-one million, eight hundred and forty-three thousand, six hundred and ten BRL and fifty-three cents);

6.1.4. BLOCK 3: R\$ 13,837,160,493.84 (thirteen billion, eight hundred and thirty-seven million, one hundred and sixty thousand, four hundred and ninety-three BRL and eighty-four cents);

7. ITB ANNEXES

7.1. The following Annexes are an integral and inseparable part of this ITB:

7.1.1. ANNEX I - DRAFT AGREEMENT and Annexes;

7.1.2. ANNEX II - MODEL LETTERS AND DECLARATIONS;

7.1.3. ANNEX III - MODEL BID;

7.1.4. ANNEX IV - CONCESSION AREA;

8. REFERENCE STUDIES AND MATERIALS

8.1. The data, studies, materials and information published by STATE in the website <http://www.rj.gov.br/consultapublica/>, prepared by STATE or by entities hired by it, are of a merely informative and reference nature and do not integrate the present ITB, and aim to facilitate the understanding of the object of the CONCESSION.

8.2. The STATE and the entities promoting and/or preparing the materials mentioned in the sub-item 8.1 shall not be liable for their correctness, accuracy or sufficiency, and the BIDDER shall be solely responsible for carrying out the full analysis of all the conditions and information necessary for the presentation of the respective BIDS.

CHAPTER II - BIDDING PROCEDURE

9. THE BIDDING COMMITTEE

9.1. The BIDDING PROCESS shall be judged by the BID COMMITTEE and it shall be incumbent upon it to conduct the work necessary to carry out the BIDDING PROCESS with the support of B3, BNDES and other public agents that are part of the staff of the STATE.

9.2. In addition to the prerogatives that derive from its legal role, the BID COMMITTEE may:

9.2.1. request from the BIDDERS, at any time, by means of a notice published on the BIDDING PROCESS website, clarification of the documents presented by them, which shall be answered by the BIDDERS within the period determined by the BIDDING COMMITTEE;

9.2.2. adopt criteria for the remediation of formal flaws and complementing insufficiencies in the course of the BIDDING PROCESS;

9.2.3. make inquiries aimed at clarifying or supplementing the analysis of the BIDDING PROCESS, but the late inclusion of a document or relevant information that should originally appear in the documents submitted by the BIDDER shall be forbidden;

9.2.4. justifiably extend the deadlines established by the ITB in cases of public interest, act of God or force majeure, without the BIDDER being entitled to indemnification or reimbursement of costs and expenses of any kind. The extension of deadlines shall be published at least 3 (three) working days in advance;

9.2.5. change the dates or agendas of the sessions, bringing them forward or even suspending them, depending on the development of the works, in compliance with the applicable legal rules. New dates shall be published at least three (3) working days in advance; and

9.2.6. in the event of an amendment that unequivocally affects the preparation of the BIDS, change the BID SUBMISSION DUE DATE, as well as the date of the Public Bid Opening Session, extending or restarting the deadline initially established, pursuant to article 21, §4 of Federal Law 8.666/93.

10. CLARIFICATIONS ON THE ITB

10.1. Until the date established in the schedule of item 25 of this ITB, the BIDDERS may request clarifications on the ITB to the chairman of the BID COMMITTEE, by electronic mail (e-mail) to the e-mail address licitacao@casacivil.rj.gov.br, attaching the file with the questions, in PDF format, as per the model in ANNEX II - MODEL LETTERS AND DECLARATIONS of this ITB.

10.2. The BID COMMITTEE will publish the answers to the requests for clarification to all BIDDERS on the website <http://www.concessaosaneamento.rj.gov.br>, by the date described in the reference schedule.

10.3. In the absence of requests for clarification on the BIDDING PROCESS or after the respective answers, it shall be assumed that the elements provided in the ITB are sufficiently clear and precise for all the acts under the BIDDING PROCESS to be carried out, and the BIDDERS shall not be entitled to any subsequent complaints, since the participation in the BIDDING PROCESS implies full and unconditional acceptance of all the terms and conditions of this ITB and ANNEXES.

10.4. The clarifications provided by the BID COMMITTEE shall integrate the contents of this ITB as if they were a part of it, and any other information not contained in this ITB or in the clarifications provided by the BID COMMITTEE, that might have been or be obtained by the BIDDER in any other way, shall not bind the BID COMMITTEE nor the STATE.

11. CHALLENGE TO THE ITB

11.1. Any citizen shall be entitled to challenge the ITB in view of any irregularity and must file the respective challenge in up to five (5) working days prior to the BID SUBMISSION DUE DATE.

11.2. The BIDDER who does not challenge the ITB by the 2nd (second) working day prior to the BID SUBMISSION DUE DATE shall not be entitled to do so thereafter.

11.3. Challenges to the ITB shall be addressed to the Chairman of the BID COMMITTEE, and filed, in writing, from Monday to Friday, from 9am to 6pm, at the principal office of the STATE, located at Rua Pinheiro Machado, s/nº - Prédio Anexo - Térreo, Laranjeiras, or by sending electronic mail (e-mail), sent

to the e-mail address licitacao@casacivil.rj.gov.br, containing the file in PDF format, digitally signed pursuant to item 34.3 of this ITB, and should be supported with:

- a) a copy of the signatory's identity document, where the signatory is a natural person; or
- b) a copy of the articles of incorporation or bylaws and any other documents necessary to evidence the signatory's powers of attorney, when filed by a legal entity.

12. AMENDMENTS TO THE ITB

12.1. At any time, until the bid opening session of the BIDDING PROCESS, the BID COMMITTEE, at its sole discretion, as a result of clarifications, challenges to the ITB and/or any other reason of public interest, may amend the ITB.

12.2. Any amendment to the ITB shall require the same advertising that was given to the original text and the initially established deadline shall restart, except when said change does not affect the form of presentation of the BID SECURITY, the preparation of the BID, or the QUALIFICATION DOCUMENTS, as provided for in article 21, § 4, of Federal Law 8.666/1993.

CHAPTER III - GENERAL CONDITIONS

13. CONDITIONS FOR PARTICIPATION

13.1. Legal entities, national or foreign, acting alone or in CONSORTIUM, which fully comply with all the terms and conditions of this ITB, may participate in this BIDDING PROCESS.

13.2. For the purposes of this ITB, the participation of the following entities shall also be admitted in this BIDDING PROCESS:

- a) the foundations or funds whose purpose, according to their own regulations and the corresponding applicable legislation, allows them to perform the activities provided for in the AGREEMENT;
- b) the pension fund entities;
- c) Private Equity Funds (PEFs); and
- d) *trusts* and *private equity* funds incorporated in accordance with the law of their governing body, subject to the terms of their incorporation and corporate documents and the law of their jurisdiction.

13.3. The BIDDERS may bid for more than one BLOCK of the subject matter of the BIDDING PROCESS, provided that they submit the documents required for each of the BLOCKS, in accordance with the provisions of this ITB, as well as the technical qualification requirements set forth in the items 22.11.1.1 and 22.11.1.2.

13.3.1. If the BIDDER chooses to bid for more than one BLOCK of the BIDDING PROCESS, its judgment must respect the sequential order of the qualification judgement procedure of the BLOCKS set out in item 27.1.1.

13.3.2. Should the proposal submitted by the BIDDER be, after the verbal bidding stage, the one of highest value for a BLOCK, the BIDDER shall have the prerogative to withdraw its bid to the subsequent BLOCKS, without characterizing an administrative infraction and cause of enforcement of the bid security.

13.4. The following persons may not participate, alone or in a CONSORTIUM, in this BIDDING PROCESS:

- a) persons declared ineligible for bidding or hiring with the Federal, States and the Municipal governments, by administrative act of Official Authority.
- b) b) suspended or precluded from participating in bidding processes or from hiring with the Government of the State of Rio de Janeiro, pursuant to Federal Law No. 8,666/1993;
- c) those under the intervention of the Secretary of Complementary Social Security of the Ministry of Social Security;
- d) those whose officer(s) or technical manager(s) is (are), or has (have) been, during the 180 (one hundred and eighty) days prior to the date of publication of the ITB, public servant(s) occupying position(s) or employment(s) in the hiring bodies or entities or responsible for the BIDDING PROCESS, or public agent(s) precluded from hiring with the Direct and Indirect Government of the STATE by constitutional or legal prohibition;
- e) those sentenced, by a res judicata sentence, to interdiction of rights due to the practice of environmental crimes, as regulated in article 10 of Federal Law no. 9,605/1998;
- f) Those who are AFFILIATED to another BIDDER;
- g) Separately or in a CONSORTIUM (including its affiliates, SUBSIDIARIES, CONTROLLING COMPANIES or other company under common CONTROL), in more than one CONSORTIUM or, in any case, that results in more than one bid by the referred BIDDER and/or economic group in the same BLOCK;
- h) Those prohibited from hiring with the Government, by virtue of a res judicata judgment, by virtue of misconduct in public office, pursuant to Federal Law 8,429/1992;

i) those currently prohibited, by decision of the Administrative Council of Economic Defense - CADE, from participating in bidding processes promoted by the Federal, State, Municipal, Direct and Indirect Government, due to violation of the economic order, in accordance with Article 38, item II, of Federal Law no. 12,529/2011.

13.5. Individuals and legal entities that participated, directly or indirectly, alone or in CONSORTIUM, in the preparation of the technical studies that supported this BIDDING PROCESS may not participate in this BIDDING PROCESS.

13.5.1. Indirect participation, for the purposes of this article, shall be understood as the existence of any link of a technical, commercial, economic, financial or labor nature, between the individuals or legal entities that participated in the preparation of the technical studies that supported this BIDDING PROCESS and any of the BIDDERS, whose link has as scope the performance of activities with a view to the participation of the BIDDER in this BIDDING PROCESS.

14. ACCEPTANCE OF THE TERMS OF THE ITB

14.1. The participation in the BIDDING PROCESS implies full and unconditional acceptance of all the terms and requirements of this ITB, and any subsequent claims of ignorance or disagreement with its conditions, as well as the relevant regulatory standards, shall not be accepted.

14.2. Any shortcomings in meeting the requirements and conditions for presenting the BID SECURITY, the BID, and the QUALIFICATION DOCUMENTS shall be deemed the exclusive responsibility of the BIDDERS.

14.3. The BID SECURITY, the BID and the QUALIFICATION DOCUMENTS that do not meet the requirements set forth in this ITB shall entail the disqualification or ineligibility of the BIDDERS, as the case may be.

15. TECHNICAL VISIT

15.1. Interested BIDDERS may perform any technical visits as they deem necessary to the BLOCKS and existing facilities related to the SERVICES.

15.2. The purpose of the technical visit shall be to enable the BIDDERS to carry out, at their own expense and under their own responsibility, an assessment of the nature and extent of the works, materials and equipment required to carry out the SERVICES, as well as to obtain any other data they deem necessary for the preparation of their bids.

15.3. The BIDDER must express its interest in carrying out the technical visit, which will be accompanied by a representative of the STATE, subject to prior scheduling until the 15th (fifteenth)

working day prior to the BID SUBMISSION DATE, by means of a written request, to be sent to the electronic address licitacao@casacivil.rj.gov.br, with the indication of which BLOCKS and/or facilities it is interested in visiting.

15.3.1. Technical visits must occur until the 2nd (second) working day before the BID SUBMISSION DATE.

15.3.2. The BIDDER may appoint up to four (4) representatives to participate in the technical visits.

15.4. It is not mandatory to make a technical visit to participate in the BIDDING PROCESS, however the BID COMMITTEE shall consider that the BIDS presented were prepared with perfect knowledge of the CONCESSION AREA, and the WINNING BIDDER may not, under any circumstances, request changes in prices, deadlines, or the conditions of the AGREEMENT, nor claim any damage or benefit, under the excuse of insufficient data or information on the object of the BIDDING PROCESS.

16. BIDDERS' COSTS

16.1. Any and all expenses and/or costs incurred by the BIDDER in connection with this BIDDING PROCESS shall be at their own expense and risk, and the STATE shall be exempt from any liability or indemnification duty regardless of the outcome of the BIDDING PROCESS.

17. ACCREDITED REPRESENTATIVES

17.1. Each BIDDER shall have at least 1 (one) and at most 2 (two) Accredited Representatives, who must carry an official photo identification in the public sessions of the BIDDING PROCESS.

17.2. To prove the powers of attorney of the Accredited Representative(s) the following documents must be presented, inside the SUBMISSION 1- BID SECURITY AND REPRESENTATION DOCUMENTS:

17.2.1. in the case of Brazilian legal entities, a power of attorney evidencing powers to practice, on behalf of the BIDDER, all acts related to the BIDDING PROCESS, as per the model in ANNEX II - MODEL LETTERS AND DECLARATIONS, accompanied by the documents evidencing the powers of the grantor(s) (as per the last amendment filed at the company's registry or competent notary public), which may be the Simplified Certificate issued by the Board of Trade of the district of the BIDDER;

17.2.2. in the case of foreign legal entities, by means of a power of attorney granted to the legal representative residing and domiciled in Brazil that proves the powers to practice, on behalf of the BIDDER, all acts related to the BIDDING PROCESS and with express powers to receive summons and represent the BIDDER administratively and judicially, as well as to enter into settlement agreements and waive rights and, if applicable, delegating the appropriate powers for the Registered Representative(s), according to the model in ANNEX II - MODEL LETTERS AND DECLARATIONS, accompanied by documents proving the powers of the grantors, with the signature(s) duly notarized in person by a notary public or

other entity in accordance with the legislation applicable to the documents, which must be recognized by the Brazilian consular representation of the country of origin, duly translated into Portuguese by a sworn public translator and registered in the Deeds and Documents Registry Office (as last filed in the company register, competent notary public or equivalent requirement of the country of origin), observing, however, the rules of Decree no.8,660, of 29 January 2016 (which enacts the Convention Abolishing the Requirement of Legalization for Foreign Public Documents); and

17.2.3. in the case of a CONSORTIUM, by means of a power of attorney granted by the leading legal entity, pursuant to items 17.2.1 and 17.2.2 above, as the case may be, and shall be accompanied by a Commitment to Incorporate an SPE, undersigned by the consortium members and documents evidencing the powers of all signatories, as the case may be.

17.3. The Accredited Representative(s) shall not be allowed to intervene or act before B3 during the opening and classification of the BIDS, except before the BID COMMITTEE, and such representation shall be exercised exclusively by the ACCREDITED PARTICIPANTS.

17.4. The Accredited Representative(s) shall sign, duly notarizing their signatures, all statements and documents referred to in this ITB, including the intermediation agreement between the ACCREDITED PARTICIPANT and the BIDDER, with the exception of the BID.

17.5. Each Accredited Representative may only represent a single BIDDER.

18. ACCREDITED PARTICIPANTS

18.1. Bidders must be represented by ACCREDITED PARTICIPANTS, subject to the provisions of this item.

18.2. The intermediation agreement between the ACCREDITED PARTICIPANT and the BIDDER, which shall have the minimum content as set out in the B3 PROCEDURES MANUAL, shall be submitted together with the documents referred to in the item 17 of this ITB, in accordance with the rules of the B3 PROCEDURES MANUAL.

18.3. The ACCREDITED PARTICIPANTS shall represent the BIDDERS, before B3, in the delivery of all SUBMISSIONS required in this ITB, observing the contents of each SUBMISSION.

18.4. Each ACCREDITED PARTICIPANT may only represent a single BIDDER, and each Bidder may only be represented and participate in the BIDDING through a single ACCREDITED PARTICIPANT.

CHAPTER IV - BID SECURITY, BID AND QUALIFICATION DOCUMENTS

19. GENERAL RULES FOR THE PRESENTATION OF THE DOCUMENTS

19.1. The SUBMISSIONS shall be presented as detailed below.

19.2. Inside each SUBMISSION, there must be a digital media (pen drive) for each copy, containing a copy of all documents presented in the respective hard pack, in a non-editable PDF file format.

19.3. The documents of each SUBMISSION must be presented in (i) the original or authenticated copy, except for the BID SECURITY, which must be presented in its original copy, which consists of the surety bond or bank guarantee with digital certification; and (ii) a second copy, in simple copy, and each copy must be bound separately, initialed and numbered sequentially and also contain, at the start, an index of the subjects and corresponding pages and at the end, a closing page, so as to reflect the exact number of pages, and no amendments, erasures or reservations or any content in writing shall be allowed, with the exception of official and public documents that are issued in this manner.

19.4. Without prejudice to the signatures that shall appear in the specific fields, according to the models presented in this ITB, all the SUBMISSION pages should be initialed, always by the BIDDER's legal representative.

19.4.1. All documents that are undersigned may be signed physically or digitally with digital certification in the Brazilian Public Key Infrastructure standard - ICP-Brazil, provided that the document presented contains the means to verify its authenticity, including, without limitation, QR Codes and codes for validation in links to websites expressly indicated in the document in question.

19.5. All documents presented in this BIDDING PROCESS must be typed and printed legibly and delivered in the Portuguese language, except for technical expressions of current use.

19.5.1. Documents with handwritten content shall be considered erased, with the exception of official and public documents that are presented in this manner.

19.5.2. Foreign documents presented in other languages must be certified by the notary public of the country of origin, certified by the Consulate General of Brazil of the country of origin and accompanied by the respective sworn translation into Portuguese by a sworn translator registered in any of the Boards of Trade of Brazil, in accordance with the provisions of Federal Decree no. 8.660, of 29 of January 29, 2016, which enacts the Convention Abolishing the Requirement of Legalization for Foreign Public Documents), as the case may be. Powers of attorney of foreign origin, accompanied by the respective sworn translations, must be registered with the Deeds and Documents Registry Office.

19.6. Only the documents required in this ITB shall be submitted, avoiding duplication or inclusion of unnecessary or unsolicited documents.

19.7. It is forbidden to untimely include any document or information that should have been originally included in the SUBMISSIONS, except in the case of purely formal defects or a document that aims to clarify doubts about another document already presented, in which cases the BID COMMITTEE shall, justifiably, exercise the legal prerogative to promote diligence to clarify or to complement the discovery of the process, pursuant to item 9.2 of this ITB and the art. 43, § 3, of Federal Law No. 8,666/1993.

19.8. SUBMISSION 1, SUBMISSION 2 and SUBMISSION 3 must be delivered on the BID SUBMISSIONS DUE DATE, at B3, located at Rua Quinze de Novembro, 275 - Centro Histórico de São Paulo, São Paulo - SP, 01010-901, by a representative of the ACCREDITED PARTICIPANTS, as provided for in the B3 PROCEDURES MANUAL.

19.9. The BIDDER must deliver the 3 (three) SUBMISSIONS, according to the item 26.1, in separate envelopes, non-transparent, sealed and initialed on the closing, containing, each envelope, on its external border, the following:

SUBMISSION 1 - BID SECURITY AND REPRESENTATION DOCUMENTS of BLOCK [•] Bidding Process no. 01/2020 - Concession of public water and sanitation services of BLOCK [•] Corporate Name or trade name of the BIDDER Corporate name or trade name of the ACCREDITED PARTICIPANT
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SUBMISSION 2 - BID for BLOCK [•] Bidding Process no. 01/2020 - Concession of public water and sanitation services of BLOCK [•] Corporate Name or trade name of the BIDDER Corporate name or trade name of the ACCREDITED PARTICIPANT

SUBMISSION 3 - QUALIFICATION DOCUMENTS for BLOCK [•] Bidding Process no. 01/2020 - Concession of public water and sanitation services of BLOCK [•] Corporate Name or trade name of the BIDDER Corporate name or trade name of the ACCREDITED PARTICIPANT

19.10. Upon delivery of the SUBMISSIONS the BIDDERS express full knowledge that:

19.10.1. they shall be liable for the truthfulness and authenticity of the information contained in the documents they submit;

19.10.2. they authorize the BID COMMITTEE to take any action it deems necessary at any stage of the BIDDING PROCESS to clarify or supplement the analysis of the case, but the later inclusion of any document or information that should have been originally included in the envelopes shall be forbidden; and

19.10.3. they know the conditions and related facilities of the CONCESSION AREA, as well as the characteristics of the SERVICES object of the CONCESSION.

19.11. In case of conflict between the rules set out in B3 PROCEDURES MANUAL and this ITB, the rules provided for in this ITB shall prevail.

19.12. In addition to the bid security documents listed in item 20, the BIDDER shall submit, inside SUBMISSION 1, the following declarations, as per the model in ANNEX II - MODEL LETTERS AND DECLARATIONS of this ITB:

19.12.1. Declaration of independent preparation of the bid; and

19.12.2. Declaration of awareness of the tiebreaker criteria provided for in art. 45, §2 and art. 3, §2 of Law 8.666/93.

19.13. In case the BIDDER becomes the winner from the application of the legal prerogatives mentioned in item 19.12.2, it must evidence it meets such prerogatives by delivering the relevant documents in single copy for analysis by the BID COMMITTEE, within the deadline to be established by it.

20. BID SECURITY

20.1. Each BIDDER shall, in order to cover the obligations provided for in this ITB, and in accordance with Article 31, item III, of Federal Law no. 8.666/1993, provide a BID SECURITY, for each BLOCK, in the following amounts:

20.1.1. In the amount of R\$ 76,621,940.40 (seventy-six million, six hundred and twenty-one thousand, nine hundred and forty BRL and forty cents) for BLOCK 1;

20.1.2. In the amount of R\$ 43,628,067.14 (forty-three million, six hundred and twenty-eight thousand, six hundred and sixty-seven BRL and fourteen cents) for BLOCK 2.

20.1.3. In the amount of R\$ 169,745,530.83 (one hundred and sixty-nine million, seven hundred and forty-five thousand, five hundred and thirty BRL and eighty-three cents) for BLOCK 4;

20.1.4. In the amount of R\$ 41,511,481.48 (forty-one million, five hundred and eleven thousand, four hundred and eighty-one BRL and forty-eight cents) for BLOCK 3;

20.2. The BID SECURITY can be provided in any of the following manners:

20.2.1. cash deposit, in Brazilian currency;

20.2.2. Government bonds, pursuant to item 20.5;

20.2.3. Surety Bond, pursuant to item 20.6; or

20.2.4. Bank guarantee, pursuant to item 20.7.

20.3. The BID SECURITY, of the type chosen by the BIDDER, must be mandatorily presented in its original hard copy or electronic copy with digital certification and be delivered to the BID COMMITTEE in SUBMISSION 1, on the BID SUBMISSIONS DUE DATE.

20.4. Only the instruments, assets and resources effective and available on the BID SUBMISSIONS DUE DATE shall be accepted.

20.5. When the BID SECURITY is provided in government bonds, only Fixed-rate bond (LTN), Selic Floating-rate bond (LFT), IPCA+ Floating-rate bond (NTN-B Principal), IPCA+ Floating-rate bond with Semi-annual Interest (NTN-B), National Treasury Bonds - series C - NTN-C or Fixed-rate bond with Semi-annual Interest (NTN-F) shall be accepted, and the same must be issued in book-entry form, through registration in a centralized settlement and custody system authorized by the Central Bank of Brazil and assessed by their economic values, as established by the Ministry of Economy.

20.5.1. The pledging of the bonds shall be carried out in accordance with the operational routines set out in B3 PROCEDURES MANUAL.

20.6. When the BID SECURITY is provided in surety bond, it must be issued by a surety company registered with the Superintendence of Private Insurance - SUSEP, with the start of the term of effectiveness one (1) day before the BID SUBMISSION DUE DATE, in order to cover the 24 hours of this day and comply with item 20.2 of SUSEP Circular no. 477/13 and comply with the conditions set out in ANNEX II - MODEL LETTERS AND DECLARATIONS of this ITB.

20.7. In the case of a bank guarantee, in accordance with the exact model of ANNEX II - MODEL LETTERS AND DECLARATIONS of this ITB, it shall contain a specific clause providing for the guarantor bank to waive the right to the order referred to in Article 827 of the Civil Code, and which makes it jointly and severally liable with the BIDDER, complying with the provisions of Articles 835 and 838 of the Civil Code, presented as per the exact model of ANNEX II - MODEL LETTERS AND DECLARATIONS of this ITB, in addition to being issued by a first or second rank bank, i.e., ranked between the classifications A and B of the long-term *rating* scales of at least one of the rating agencies, Fitch Ratings, Moody's or Standard & Poors.

20.8. The BID SECURITY shall be valid for at least 180 (one hundred and eighty) days, as from the day prior to the BID SUBMISSION DUE DATE, and it is incumbent on the BIDDER to attest, when necessary and according to the ITB, its renewal, for the same term, to the BID COMMITTEE, up to 10 (ten) working days before the expiration of this term.

20.8.1. If the BIDDER does not attest the renewal of the BID SECURITY within the deadline set out in the item 20.8, it shall be notified by the BID COMMITTEE to do so within 05 (five) days as from the receipt of the notification, under penalty of being disqualified from the BIDDING PROCESS and being barred from extending the validity of its BID.

20.8.2. If the renewal occurs after a period longer than one (1) year from its original issuance, the BID SECURITY shall be readjusted by the variation of the IPCA - Extended Consumer Price Index, published by the Brazilian Institute of Geography and Statistics - IBGE, between the month prior to the date of receipt of the submission and the month immediately prior to the respective renewal.

20.9. If the BIDDER is participating alone, the BID SECURITY must be provided in its own name. In the case of a CONSORTIUM, the BID SECURITY may be provided by one or more CONSORTIUM MEMBERS, in different types of security, provided that the sum thereof meets the established value and that they state the name of the CONSORTIUM, lists the CONSORTIUM MEMBERS and specifying the leader (corporate name and Tax ID (CNPJ)) and their respective percentages of participation.

20.10. Except as provided for in the items 9.2.1, 9.2.2 and 9.2.3 in the ITB and where the BIDDER acted in good-faith, should it incur in one of the following events, provided willful misconduct of the BIDDER is evidenced, being assured the right to adversarial proceedings and full defense, it shall be subject to the penalty of a fine corresponding to the full amount of the BID SECURITY, which shall be enforced for the purposes of receiving said fine:

20.10.1. if the BIDDER withdraws its BID, during its period of validity, except in the event provided for in item 13.3.2;

20.10.2. if the BIDDER fails to comply with any of its obligations under the law or this ITB, including the refusal to enter into the AGREEMENT, if it is awarded as WINNING BIDDER;

20.10.3. if the winning BIDDER does not meet the requirements for entering into the AGREEMENT, within the deadlines established in this ITB, unless justified and accepted by the BID COMMITTEE;

20.10.4. if the WINNING BIDDER practices acts aimed at frustrating the objectives of the bidding process; and

20.10.5. if the WINNING BIDDER does not renew the BID SECURITY within the deadline established in item 20.8

20.11. Amendments to the terms and conditions of the BID SECURITY after its submission shall be forbidden, except with the prior consent of the STATE.

20.11.1. The BID COMMITTEE may request the supplementation or replacement of the BID SECURITY in the event of loss of financial value or other changes to its quality.

20.12. The BID SECURITY shall not contain a clause of exemption of any liabilities undertaken by the BIDDER in connection with its participation in the BIDDING PROCESS in accordance with the ITB.

20.13. The BID SECURITY presented by the BIDDERS shall be released, as the case may be, after 15 (fifteen) days as from (i) the publication of the AGREEMENT summary; (ii) the publication of the decision

that judged the BIDDER ineligible or disqualified, provided that no appeal has been filed or the appeal has been definitively dismissed; or (iii) the revocation or annulment of the BIDDING PROCESS, as the case may be.

20.14. Documents regarding the representation of the issuer of the bid security shall only be submitted with SUBMISSION 1 if its registration is out of date, in accordance with B3 PROCEDURES MANUAL.

20.15. The BID SECURITY may be enforced to cover any fines, penalties and indemnities due by the BIDDER to the STATE, in connection with their participation in the BIDDING PROCESS, from the date of submission of the BID SECURITY until the deadline established in the item 20.13, without prejudice to the application of other penalties and the residual liability for any amounts exceeding the BID SECURITY.

21. BID PROPOSAL

21.1. Each BIDDER shall be responsible for carrying out, at its own risk and expense, investigations, surveys and studies, as well as for developing projects to enable the presentation of its BID.

21.2. The BID for each BLOCK shall be presented in SUBMISSION 2, in its original and single copy, worded in clear and objective language, as per the exact terms of the model of ANNEX III - BID MODEL of this ITB, without errors or erasures, and shall be signed by the legal representative of the BIDDER or the person legally authorized to do so on behalf of the BIDDER.

21.3. The BIDDER'S BID shall contain the indication of the amount of the FIXED CONCESSION FEE for the BLOCK offered by the BIDDER, to two decimal numbers, and indicate the commitment to:

a) Pay the amount of 0.5% (half percent) of the sum of the revenues of the TARIFFS earned monthly, for the performance of the activities of regulation and supervision of the AGREEMENT, which shall be transferred to the REGULATORY AGENCY.

b) Pay the amount of 3% (three percent) of the TARIFF REVENUE collected from the municipal area served, for each respective municipality, as VARIABLE CONCESSION FEE;

c) Pay the amount of 0.5% (half percent) of the TARIFF REVENUE collected from the municipal area served, related to the METROPOLITAN REGION, as VARIABLE CONCESSION FEE to the Metropolitan Region Development Fund;

21.4. The BID with a value of the FIXED CONCESSION FEE lower than the minimum foreseen for the BLOCK, according to the item of 5.2 this ITB, will be automatically disqualified, as well as those manifestly unfeasible or financially incompatible with the subject matter of the bidding process, pursuant to art. 15, II of Federal Law 8,987/1995, also observing art. 17 of said law.

21.5. If there is conflict between the number values and their respective written values, the latter shall prevail.

21.6. The term of validity of the BIDS must be of 180 (one hundred and eighty) days as from the BID SUBMISSION DUE DATE, during which period all its conditions shall be maintained.

21.7. Any business plan developed by the BIDDER for the provision of the SERVICES and preparation of its BID shall not be included in the BID, under penalty of disqualification of the BIDDER and application of a fine in the amount of the BID SECURITY, with its consequent enforcement.

21.8. In addition, for the preparation of the BID:

21.8.1. all obligations and risks allocated to the CONCESSIONAIRE under the AGREEMENT by operation of this ITB, and its ANNEXES, shall be taken into consideration.

21.8.2. all costs related to the performance of the object of the AGREEMENT shall be covered, including, without limitation, amounts related to the CONCESSIONAIRE's burdens and obligations regarding federal, state or municipal legislation that directly or indirectly impacts the provisions of the SERVICES, as well as all tax, labor and social security legislation, which shall be at its sole expense; costs with its subcontractors, suppliers and the like; costs of mobilization and demobilization for the installation of the works and services to be performed; other direct or indirect costs to be incurred in the performance of the services object of the CONCESSION; costs of hiring insurance and guarantees, of compliance with the deadlines and the other items necessary for the compliance with its obligations as provided for in the AGREEMENT; costs related to any expropriations and/or administrative easements necessary for the performance of the SERVICES;

21.8.3. no tax benefits or incentives that might be granted to the future CONCESSIONAIRE by the Federal, State or Municipalities government, during the CONCESSION period, shall be taken into account;

21.8.4. no other offers or advantages not provided for in this ITB, in the AGREEMENT and its respective ANNEXES, nor any prices or advantages based on the offers of the other BIDDERS.

22. QUALIFICATION DOCUMENTS

General Provisions

22.1. The BIDDERS must satisfy the requirements related to the legal qualification, tax and labor good standing, technical qualification, economic-financial qualification and the compliance with the provisions of item XXXIII, of Article 7 of the Federal Constitution, as provided for in Article 27 of Federal Law 8.666/1993 and in this ITB.

22.2. Certificates required for the qualification of the BIDDERS which are issued without an indication of their term of validity shall be deemed valid for 90 (ninety) days as from the date of issue.

22.3. Certificates obtained through the Internet shall be accepted, provided that they have been issued by official websites and that the document contains an indication of a website where the authenticity of the information can be verified.

22.4. The BIDDER who fails to submit any of the required documents or does not meet any of the conditions relating to the qualification, as provided for in this ITB, shall be disqualified.

Legal Qualification

22.5. The legal qualification shall take place upon the presentation of the following documents specified in art.28 of Federal Law 8,666/1993, especially:

22.5.1. in the case of a sole proprietorship, the presentation of the certificate of incorporation of the BIDDER;

22.5.2. in the case of limited companies, presentation of articles of incorporation, bylaws or articles of association of the BIDDER, as effective at the time, accompanied of certification of the acting officers, or the respective instrument of consolidation of the current bylaws or of articles of association with any amendments, duly registered with the trade registry of the place of its registered office, and, in the case of joint stock companies, accompanied by documents evidencing the election of the acting officers;

22.5.3. in the case of simple companies, presentation of the articles of incorporation of the BIDDER and all its current and subsequent amendments, duly registered with the Civil Registry Office of Legal Entities, accompanied by a document that lists the current management;

22.5.4. presentation of a Decree of authorization and certificate of registration or authorization for operation issued by the competent body, in the case of a foreign company or company operating in the country.

22.6. When the BIDDER is a financial institution, it must also present the authorization certificate to operate as a financial institution, issued by the Central Bank of Brazil (BACEN).

22.7. When the BIDDER is an open or closed pension fund entity, it shall also present proof of express and specific authorization regarding the incorporation and operation of the pension fund entity, granted by the competent supervisory body.

22.8. When the BIDDER is an investment fund it shall also submit the following documents:

a) certificate of registration of the investment fund with the Securities and Exchange Commission, created by Federal Law 6.385/76;

b) articles of incorporation with last amendment filed with the competent body;

c) regulations and amendments, if any, duly registered with the Titles and Documents Registry Office

or with the Securities and Exchange Commission, pursuant to Circular Letter CVM/SIN 12/19;

d) certificate of registration of the fund management company and, if any, of the manager of the investment fund before the Securities and Exchange Commission;

e) evidence of election of the fund management company's representatives;

f) proof that the investment fund is duly authorized by its shareholders to participate in the bidding process, by means of an authorization pursuant to the investment policy of the fund as described in its regulations, and that its fund management company may represent it in all acts and for all the purposes of the BIDDING PROCESS, assuming, on behalf of the investment fund, all obligations and rights arising therefrom;

g) proof that the fund management company and the fund are not in process of receivership, by means of a certificate issued by the court distribution registry office of its headquarters, or in extrajudicial liquidation, by means of proof obtained in consultation with the website of the Central Bank of Brazil.

22.9. In the case of a CONSORTIUM, the BIDDER shall submit the instrument of incorporation of the consortium or the Commitment to Incorporate an SPE, undersigned by the CONSORTIUM MEMBERS, as per item 23.2 of this ITB.

Economic-financial qualification

22.10. The economic and financial qualification shall be as follows:

22.10.1. In the event the BIDDER is a limited company, it shall present a clearance certificate regarding bankruptcy, judicial and extrajudicial reorganization, issued by the court distributor of the district (Civil Courts) where the company is headquartered, dated, at most, ninety (90) days prior to the date of the public session.

22.10.1.1. BIDDERS shall submit, together with the required clearance certificates, a statement issued by the court of the district of their registered office, stating which Notary Public or Registry Offices control the distribution of bankruptcy and judicial reorganization requests.

22.10.1.2. In the event of a liability certificate for judicial reorganization, it shall be necessary to evidence the approval of a plan for judicial reorganization duly approved and confirmed by the competent court.

22.10.2. When the BIDDER is an open or closed pension fund, it shall additionally submit a declaration stating that the plans and benefits managed by it are not under liquidation or intervention of the Superintendence of Private Insurance (SUSEP) of the Ministry of Finance or National Superintendence of Complementary Social Security (PREVIC) of the Ministry of Social Security;

22.10.3. When the BIDDER is an investment fund, it shall additionally present a clearance or liability certificate with clearance effects on bankruptcy of the fund management company and manager of the fund, issued by the registry office(s) of distribution of the district of its registered office, dated at most 90 (ninety) days prior to the date of the BID opening session.

22.10.4. The BIDDER and, in case of CONSORTIUM, each of its members in proportion to their participation in the CONSORTIUM, shall declare that it has or has the capacity to obtain sufficient financial resources, such as loans, to meet the obligations of investing own and third-party resources necessary to perform the object of this Concession, in accordance with ANNEX II - MODEL LETTERS AND DECLARATIONS.

Technical qualification

22.11. The technical qualification must be evidenced by means of:

22.11.1. Certificate issued by a public or private legal entity or loan agreement duly executed that proves that the BIDDER or its AFFILIATE has raised funds for infrastructure projects in any sector (e.g. communications, energy, transportation, sanitation, ports, fuel production, distribution or refining, etc.):

a) R\$ 830,000,000.00 (eight hundred and thirty million BRL), to meet the financial obligations undertaken for participation in BLOCK 1;

b) R\$ 538,000,000.00 (five hundred and thirty-eight million BRL), to meet the financial obligations undertaken for participation in BLOCK 2;

c) R\$ 1,608,000,000.00 (one billion, six hundred and eight million BRL), to meet the financial obligations undertaken for participation in BLOCK 4;

d) R\$ 495,000,000.00 (four hundred and ninety-five million BRL), to meet the financial obligations undertaken for participation in BLOCK 3;

22.11.1.1. If the BIDDER offers a bid for more than one BLOCK, it shall submit document(s) proving compliance with the requirements of item 22.11.1 for each one of the BLOCKS, and the use of the same amount(s) for more than one BLOCK shall be forbidden. The same rule applies if the BIDDER is in CONSORTIUM with another group or participating alone, in a separate BLOCK.

22.11.1.1.1. If the amount of the certification submitted is higher than the minimum required for qualification in the respective BLOCK, the excess quantity may be used in the participation of the BIDDER in a consortium or alone in another BLOCK.

22.11.1.2. In order to prove the amount established in sub-item 22.11.1, the sum of the amounts referring to different developments will be accepted, provided that at least one of the funds raised corresponds to at least 20% (twenty percent) of the value established in the item 22.11.1 for each BLOCK or, in the case of sub-item 22.11.1.1, of the sum of the values, and certificates of values lower than R\$ 15,000,000.00 (fifteen million BRL) shall not be accepted.

22.11.1.3. In case of participation in CONSORTIUM, the sum between the CONSORTIUM BIDDERS to prove the sub-item 22.11.1 shall be allowed.

22.11.1.3.1. To prove the requirements set out in item 22.11.1, only those amounts proportional to BIDDER's or its AFFILIATE's percentage of participation in the companies or CONSORTIA responsible for the development of the object of the certificate shall be taken into account.

22.11.1.3.2. The cases in which the BIDDER's or its AFFILIATE's percentage of participation is higher than fifty percent (50%) in the companies or CONSORTIA responsible for the development of the object of the certificate, the total value of the certificate, equivalent to 100% (one hundred percent), shall be taken into account.

22.11.1.4. The document(s) proving the experience required in subitem 22.11.1. shall inform the amount of funds raised and the development to which the funds have been allocated.

22.11.1.5. The amounts listed in the document(s) proving the experience required in sub-item 22.11.1 may be updated, from the date of hiring the financial operation, by the IPCA or, in its absence, by another official inflation index or other index that might replace it, up until the month prior to the date of the bid opening session of the BIDDING PROCESS.

22.11.1.6. In the event that the amounts stated in the supporting documents are presented in foreign currency, they shall be converted into BRL by the exchange rate of the date of hiring the financial operation and updated in accordance with the previous subitem, up to the month prior to the date of the bid opening session of the BIDDING PROCESS.

22.11.2. Certificate issued by a public or private legal entity, accompanied by the respective CAT - Certificate of Technical Collection, which proves that the BIDDER or its AFFILIATE has, in its permanent staff, a higher level professional, who has experience, at least in senior executive positions equivalent to (i) chief of operations or (ii) operations superintendent in a company responsible for the operation of water distribution systems and household sewage collection and treatment, including the direct provision of services to the population.

22.11.2.1. The professional(s) may be linked to the BIDDER or his/her AFFILIATE, by employment relationship, as officer, by service contract or by letter of intent.

22.11.2.2. In case of participation in a CONSORTIUM, the professional's link may be with any CONSORTIUM MEMBER.

22.11.2.3. In case of employment relationship, the BIDDER must present the Employee Registration Form (FRE) and the Work Permit, duly updated.

22.11.2.4. In order to prove the investiture in a management position, the BIDDER must present proof of election of the acting officers duly filed with the competent trade board or notary.

22.11.2.5. In order to prove the link by means of a letter of intent, the BIDDER shall submit a technical assistance agreement, with notarized signature, by which the qualified professional undertakes to provide the BIDDER with the technical assistance necessary for the performance of the AGREEMENT.

22.11.2.6. It is forbidden for a qualified professional to have links with more than one BIDDER.

22.11.3. The name and identification of the representative of the issuer of the certificates referred to in sub-items 22.11.1 and 22.11 must be presented, with updated information of their telephone numbers, address and e-mail for contact, for possible verification by the BID COMMITTEE on the good standing of the certificates, if such information is not included in the certificates submitted.

22.11.4. The non-conformity of the certificates or the non-confirmation of their content after the inquiries by the BID COMMITTEE shall result in the disqualification of the BIDDER, without prejudice to other applicable sanctions due to the provision of misinformation.

22.11.5. In the case of corporate changes and in the cases of merger, acquisition or spin-offs, only the certificates which, unequivocally and documentarily, attest the definitive transfer of technical acquiss shall be taken into account.

22.11.6. Subject to the above conditions, certificates may be submitted on behalf of AFFILIATE companies, and in such case of certificates from AFFILIATE companies, the BIDDER must present the shareholding or partners' structure.

22.11.7. The WINNING BIDDER shall submit, as a condition precedent for the execution of the AGREEMENT, the indication of the technical professional who holds the certificate required in subitem 22.11.2, as provided for in subitem 30.2.9.

Tax and labor good standing

22.12. The BIDDER's Tax and Labor Good Standing shall be proved with the submission of the following documents:

22.12.1. Proof of registration in the Brazilian Corporate Taxpayers' Registry - CNPJ;

22.12.2. Proof of registration in the taxpayer registry of the state and municipality of the BIDDER's registered office, relevant to its activity or, if the BIDDER is not registered, the appropriate declaration of such situation, under the penalties of law.

22.12.3. Proof of good standing before the State Treasury of the domicile or registered office of the BIDDER, upon presentation of the state tax debt clearance certificate or liability certificate with clearance effects, or, if the BIDDER is not registered, relevant proof of this situation, as per item 22.12.2.

22.12.4. Proof of good standing before the Municipal Treasury as to the municipal taxes, relative to the domicile or registered office of the BIDDER, upon presentation of the clearance certificate or liability certificate with clearance effects, or, if the BIDDER is not registered, relevant proof of this situation.

22.12.5. Proof of fiscal good standing before the National Treasury, upon presentation of the federal tax and federal outstanding debt clearance certificates or liability certificates with clearance effects, covering taxes managed by the IRS, federal outstanding debts managed by the Office of the Prosecutor-General of the National Treasury-PGFN and social contributions provided for in items "a" to "d" of the sole paragraph of article 11 of Law 8,212/91;

22.12.6. Certificate of good standing before the Severance Premium Reserve Fund - FGTS;

22.12.7. Clearance Certificate of Labor Debts - CNDT, or Debt Certificate with the same effects of the CNDT, pursuant to Title VII-A of the Consolidation of Labor Laws - CLT.

22.12.8. Declaration that it is in good standing before the Ministry of Labor, in compliance with the prohibitions established in article 7, item XXXIII, of the Federal Constitution, which are the prohibition of night work, dangerous or unhealthy work to minors under eighteen years of age and of any work to minors under sixteen years of age, except as apprentice, from fourteen years of age and up;

Declarations

22.13. BIDDERS shall also submit the following declarations, together with the qualification documents, in accordance with the respective models in ANNEX II - MODEL LETTERS AND DECLARATIONS of this ITB:

22.13.1. Declaration of full compliance with the qualification requirements;

22.13.2. Declaration that it is aware of all information and local conditions for the compliance with the obligations, object of this BIDDING PROCESS; and

22.13.3. Declaration on the absence of ineligibility factors for its participation in the BIDDING PROCESS.

23. CONSORTIUM PARTICIPATION

23.1. The QUALIFICATION DOCUMENTS must be individually proven by each of the CONSORTIUM MEMBERS of the BIDDER, however, in relation to the Technical Qualification requirements, the same can be met by any of the CONSORTIUM MEMBERS, in accordance with the conditions provided for in the specific chapter.

23.2. In addition to the other documents required by the ITB, the participation of the BIDDER in a CONSORTIUM shall be subject to the presentation of a CONSORTIUM incorporation instrument or a commitment to the incorporation of an SPE, undersigned by the CONSORTIUM MEMBERS, containing at least the following information:

23.2.1. the name of the CONSORTIUM;

23.2.2. the objectives of the CONSORTIUM, restricted to participation in the BIDDING PROCESS;

23.2.3. state the percentage of participation of each of the CONSORTIUM MEMBERS in the CONSORTIUM;

23.2.4. appointment of the CONSORTIUM leader;

23.2.5. the granting of broad powers to the CONSORTIUM leader to represent the CONSORTIUM MEMBERS, actively and passively, judicially and extrajudicially, in all acts related to the BIDDING PROCESS, with the ability to undertake obligations on behalf of the CONSORTIUM;

23.2.6. declaration of joint and several liability of the CONSORTIUM MEMBERS for the acts practiced in the BIDDING PROCESS; and

23.2.7. commitment that, in the event it is declared the winner of the BIDDING PROCESS, its CONSORTIUM MEMBERS will incorporate an SPE, pursuant to Brazilian law, as a joint-stock company, with headquarters in one of the BLOCK Municipalities and with a specific management, accounting and tax structure.

23.3. The ineligibility or disqualification, as the case may be, of any consortium member shall automatically entail the ineligibility or disqualification of the CONSORTIUM and of each of the CONSORTIUM MEMBERS.

23.4. In the case of a CONSORTIUM between Brazilian and foreign companies, the leadership shall necessarily be exercised by the Brazilian company.

23.5. The inclusion, replacement, withdrawal, exclusion or change of share of any CONSORTIUM MEMBER shall not be allowed, as from the presentation of the SUBMISSIONS until the execution of the AGREEMENT, and after this event, any change shall comply with the rules of the AGREEMENT.

23.6. There shall be no restriction on the number of CONSORTIUM MEMBERS.

24. FOREIGN BIDDERS' PARTICIPATION

24.1. Foreign BIDDERS must submit all documents equivalent to the documents required for the Brazilian BIDDERS and, in addition, the following documents:

a) power of attorney granted to the legal representative in Brazil, with express powers to receive summons and to answer administratively and judicially for its acts, as per the model in ANNEX II - MODEL LETTERS AND DECLARATIONS;

b) declaration of submission to the legislation of the Federative Republic of Brazil and waiver of any claims through diplomatic channels, as per the model in ANNEX II - MODEL LETTERS AND DECLARATIONS, and

24.2. The foreign BIDDERS may, for the purposes of their qualification, present documents from their registered offices or respective branches that are equivalent to those requested for the qualification of Brazilian legal entities and that comply with the legal requirements in the country of incorporation of the foreign BIDDER, in compliance with the requirements provided for in art. 32, § 4 of Federal Law No. 8,666/1993.

24.3. If there are no equivalent documents in the respective countries of origin that meet the requirements set forth in this ITB, foreign BIDDERS shall submit a declaration clarifying this circumstance.

CHAPTER V - ANALYSIS AND JUDGMENT PROCEDURE

25. BIDDING PROCESS REFERENCE SCHEDULE

25.1. The reference schedule below is merely indicative and may undergo changes that partially or fully impact the planned dates.

EVENT	EVENT DESCRIPTION	DATE
1	Publication of the ITB	December 29, 2020.
2	Release of B3 PROCEDURES MANUAL	5 working days after event 1
3	Deadline for scheduling a technical visit	April 5, 2021
4	Final Deadline for submitting a Request for Clarification	April 09, 2021
5	Deadline for carrying out the technical visit	April 23, 2021
6	Deadline for answers to requested clarifications	April 26, 2021
7	Final Deadline for NON-BIDDERS to challenge the ITB	April 19, 2021
8	Deadline for BIDDER to challenge the ITB	April 23, 2021
9	Final deadline for the result of the judgment of the challenge of NON-BIDDERS	April 22, 2021
10	Final deadline for the result of the judgment of the challenge of BIDDERS	April 26, 2021

11	Receipt, by B3 and the BID COMMITTEE, of the submissions of (i) BID SECURITY; (ii) BID; and (iii) QUALIFICATION DOCUMENTS.	April 27, 2021, from 10 a.m. to 2 p.m.
12	Disclosure of the result of the analysis of the BID SECURITIES.	April 29, 2021
13	Public Session for opening of SUBMISSION 2 referring to BLOCKS 1, 2, 4 and 3, individually and sequentially.	April 30, 2021, at 2pm
14	Public Session for the opening of SUBMISSION 3 of the BLOCKS successfully tendered, subsequently to the announcement of the WINNING BIDDERS	April 30, 2021
15	Publication of the Minutes of Judgement the BIDDING PROCESS	May 20, 2021
16	Opening of Single Appeal Deadline	May 21, 2021
17	Deadline for requesting inspection and filing appeals.	May 28, 2021
18	Publication of the decision on the appeals.	May 31, 2021
19	Award of the object of the BIDDING PROCESS to the WINNING BIDDER and approval of the result of the BIDDING PROCESS by the STATE.	At the discretion of the Granting Power

20	Final deadline for proof of compliance by the WINNING BIDDER with the conditions precedent for entering into the AGREEMENT, as set out in CHAPTER VI of the ITB.	Within 60 (sixty) days of event 19
21	Date scheduled for the execution of the AGREEMENT.	At the discretion of the Granting Power

26. RECEIPT AND ANALYSIS OF SUBMISSIONS 1

26.1. On the BID SUBMISSION DUE DATE, the BIDDERS must deliver, at the headquarters of B3, the Submission 1 - BID SECURITY AND REPRESENTATION DOCUMENTS, Submission 2 - BID; and Submission 3 - QUALIFICATION DOCUMENTS for each of the BLOCKS in which it intends to participate.

26.2. In the opening session of the bidding process, the members of the BIDDING COMMITTEE and the representatives of the BIDDERS will initial all the BIDDERS' SUBMISSION envelopes, still sealed, referring to BLOCK 1 and, sequentially, all the BIDDERS' submission envelopes, still sealed, referring to BLOCK 2, all the BIDDERS' SUBMISSION envelopes, still sealed, referring to BLOCK 4, all the BIDDERS' SUBMISSION envelopes, still sealed, referring to BLOCK 3.

26.3. Later on, the BID COMMITTEE shall then open SUBMISSION 1, containing the BID SECURITIES, when their compliance with the requirements established in this ITB shall be verified.

26.4. The BID COMMITTEE shall analyze the validity and effectiveness of the BID SECURITIES presented, with the support from B3, and shall decide on the eligibility of the BIDDERS.

26.5. The decision on whether or not to accept the documents submitted in submissions 1 will be published on the website <http://www.concessaosaneamento.rj.gov.br>, according to the reference schedule, and the opening of the appeals stage will take place according to item 29.1.

26.6. The procedure provided for in items 26.3., 26.4. and 26.5. will be practiced sequentially for BLOCK 1, 2, 4 and 3.

27. OPENING, EVALUATION AND JUDGEMENT OF THE BIDS

27.1. On the scheduled date, submissions 2 containing the BIDS of the BIDDERS who had their SUBMISSIONS 1 accepted shall be opened, thereafter they shall be examined by the DIRECTOR OF THE PUBLIC SESSION, on behalf of the BID COMMITTEE, with the reading and classification of the BIDS contained therein, and subsequent open outcry auction, according to the rules set out below.

27.1.1. In the scheduled date submissions 2 for each BLOCK will be opened respecting the following sequence: BLOCK 1, BLOCK 2, BLOCK 4 and BLOCK 3.

27.2. The BIDS below shall be disqualified:

27.2.1. which are not in accordance with the model set out in ANNEX III - MODEL BID of this ITB or do not contain all the documents required by the ITB;

27.2.2. that contain any erasure, blurring, or language that makes it difficult to understand the exact reasoning;

27.2.3. that contain any amendments, reservations or omissions;

27.2.4. which involve an offer subject to a condition or term not provided for in this ITB;

27.2.5. that do not contain the value of the FIXED CONCESSION FEE offered by the BIDDER for the CONCESSION;

27.2.6. whose value of the FIXED CONCESSION FEE offered by the BIDDER is lower than those established in item 5.2;

27.2.7. the documents of which are not signed by an authorized person or are not accompanied by documents evidencing the powers of attorney; or

27.2.8. that contain other flaws capable of compromising their validity.

27.3. The classified BIDDERS shall be those whose BIDS meet all the requirements established in current legislation and are also in compliance with the conditions and terms provided for in this ITB.

27.4. If there is a proposal from only one qualified BIDDER, the same shall be considered eligible for the qualification phase, if its BID complies with the requirements of this ITB.

27.5. Once the BIDS have been analyzed, the BID COMMITTEE shall classify them in descending order of offered value, being therefore the first place granted to the BID with the highest value of FIXED CONCESSION FEE.

27.6. If there are BIDS with a value of up to 20% (twenty percent) lower than the value proposed in the BID initially classified first, the open auction bidding among these BIDS shall be carried out.

27.7. If the open auction bidding stage is started and there are no bids, the BID initially ranked first will be declared the highest ranked bid.

27.7.1. Open bids must meet the following requirements to be considered valid:

(a) each bid must increase the amount of the highest BID at the time the bid is offered, no INTERMEDIARY BIDS shall be allowed; and

(b) respect the minimum value of variation to be defined by the DIRECTOR OF THE SESSION, according to the decision of the BID COMMITTEE, and such variation shall have as reference the highest BID offered so far.

27.7.2. The maximum time between bids will be of 10 (ten) minutes.

27.7.3. If no BIDDER announces a new bid within the time limit set for new bids by the DIRECTOR OF THE SESSION, the highest bid offered so far shall be declared the winner.

27.8. At the end of the open auction bidding stage, if held, the DIRECTOR OF THE SESSION will announce the final rank order of BIDDERS, in decreasing order of value of FIXED CONCESSION FEE.

27.9. Immediately after the end of the open auction bidding stage, the BIDS that participated in the auction shall ratify their final bids providing their signature on the ratification instrument issued by the BID COMMITTEE, with the signature of the respective accredited representatives.

27.9.1. There will be no ratification of BIDS in the absence of open outcry bids.

27.10. The BIDDER that offers the highest value of FIXED CONCESSION FEE shall be classified first and shall have the prerogative to withdraw its proposal for subsequent BLOCKS, if so desired.

27.11. In case of a tie between two or more BIDS, the BID COMMITTEE shall verify the compliance with the preferences established in the clauses of § 2 of art. 3 of Federal Law 8.666/1993, and if the tie is maintained, the classification shall be made directly by drawing lots in the same session, pursuant to § 2 of art. 45 of Federal Law 8.666/1993.

27.11.1. In the case of a consortium, if there is more than one consortium company that fits the preferences established in the clauses of §2 of art. 3 of Federal Law No. 8,666/1993, for classification purposes, the criteria of preference among them will be added, which will be included for the whole consortium.

27.12. The classification of the BIDS shall be published on the website <http://www.concessaosaneamento.rj.gov.br>, according to the schedule.

27.13. All acts performed in the public session of the BIDDING PROCES will be recorded in minutes signed by the BID COMMITTEE.

27.14. The procedures provided for in item 26 shall be adopted separately for each one of the BLOCKS, according to the reference schedule, as per item 24, following the sequential order of BLOCKS 1, 2, 4 and 3.

28. OPENING, EVALUATION AND JUDGEMENT OF THE QUALIFICATION DOCUMENTS

28.1. Subsequently to the announcement of the WINNING BIDDER, SUBMISSION 3 shall be opened, containing the QUALIFICATION DOCUMENTS of the BIDDER classified first for each one of the BLOCKS, in order to verify the compliance with qualification requirements set forth in this ITB.

28.2. Once the requirements provided for in the ITB are verified, the BIDDER shall be declared the winner and will be awarded the object after the conclusion of the appeals phase.

28.3. In the event of non-compliance with the requirements for qualification of the BIDDER classified, the winner of the bid shall be the BIDDER that, according to the order of classification, meets such requirements, and the WINNING BIDDER's failure to qualify, for each BLOCK, shall entail:

28.3.1. The establishment of a fine equivalent to the amount of the BID SECURITY and the full enforcement of its BID SECURITY for the payment of said fine when the BIDDER's actions are characterized pursuant to item 20.10; and

28.3.2. The opening of the QUALIFICATION DOCUMENTS of the BIDDER that has submitted the second-best bid for the BLOCK in question, and so on, until a BIDDER meets the requirements of the qualification, in which case it shall be considered the winner.

28.4. Pursuant to Paragraph 3 of Article 48 of Federal Law 8.666/93, when in any of the BLOCKS all the BIDDERS are disqualified or declassified, the BID COMMITTEE may set a period of eight (8) working days for the submission of new documents or new proposals tackling the causes of disqualification or declassification of each BLOCK.

28.5. In the event that the WINNING BIDDER is disqualified from a particular BLOCK, the BIDDER who has submitted the second-best Bid shall be declared the winner and said bid shall be considered for all intents and purposes including those provided for in item 28.6.

28.6. In case of refusal to enter into the AGREEMENT within the established deadline and conditions, or refusal to constitute the PERFORMANCE GUARANTEE or if any of the requirements prior to the execution are not met, the BID COMMITTEE may summon the remaining BIDDERS, in order of classification, to do so under the conditions proposed by the WINNING BIDDER, in accordance with items 28.3.2 and 28.5 or revoke the Bidding Process in whole or in part, without prejudice to the applicable administrative and civil sanctions.

28.7. The procedures provided for in item 28 shall be adopted separately for each one of the BLOCKS, according to the reference schedule, as per item 25, following the sequential order of BLOCKS 1, 2, 4 and 3.

28.8. In the event that only one BIDDER participates in the bidding process, the correction of defects in the qualification documentation will be admitted.

28.9. In the exercise of its roles, the BID COMMITTEE shall observe the principle of moderate formalism.

29. APPEALS

29.1. The BIDDERS may appeal from the examination and analysis of the BID SECURITIES and other documents of SUBMISSION 1, the examination and judgment of SUBMISSION 2 - BIDS and the examination and judgment of SUBMISSION 3 - QUALIFICATION DOCUMENTS in a single appeals stage, which shall start after the announcement of the WINNER, as scheduled.

29.2. The decisions of the BIDS COMMITTEE taken in any of the acts referred to in items 26, 27 and 28 shall be subject to appeal, which will have suspensive effect, after the publication of the minutes of judgment of the BIDDING PROCESS, according to the schedule and as provided in Article 109 of Federal Law No. 8,666/93, and which may be sent to the electronic address licitacao@casacivil.rj.gov.br or filed at Rua Pinheiro Machado, s/n° - Edifício Anexo - Térreo, Laranjeiras, from Monday to Friday, from 9:00am to 6:00pm.

29.3. The submission of the appeal shall be made within 5 (five) working days as from the publication of the minutes of BID evaluation, declaring the WINNING BIDDER, and its subject may relate to any decisions made in the course of this BIDDING PROCESS.

29.4. Appeals sent by mail or facsimile will not be accepted.

29.5. Once the appeal has been filed, it shall be communicated to the other BIDDERS, who may challenge the appeal within 5 (five) working days.

29.6. The appeal will be addressed to the BID COMMITTEE, which may reconsider its decision within 5 (five) working days, or, within the same period, submit it to the competent authority to judge it, which, in turn, shall decide within 5 (five) working days, as from receipt of the appeal, under penalty of liability.

29.6.1. The competent authority to judge the appeal referred to in the previous item shall be the current holder of the position of Secretariat of State Chief of Staff.

29.7. The case records will be open to interested BIDDERS for inspection as from the publication of the judgement minutes, according to the schedule.

29.8. Once the judgment of any appeals is concluded, the result shall be advertised on the website <http://www.concessaosaneamento.rj.gov.br> and published in the Official Gazette of Rio de Janeiro State, with no further appeals against the decision of the highest competent authority.

29.9. The result of the BIDDING PROCESS shall be submitted by the BID COMMITTEE to the highest authority competent for the approval and award of the object of the CONCESSION.

29.10. The procedures provided for in item 29 shall be adopted separately for each one of the BLOCKS, according to the reference schedule, as per item 25, following the sequential order of BLOCKS 1, 2, 4 and 3.

CHAPTER VI - CONDITIONS FOR EXECUTING THE AGREEMENT

30. CALL TO ENTER INTO THE AGREEMENT

30.1. Once the object of the BID is awarded, the WINNING BIDDER shall be called to, within sixty (60) days, comply with the necessary formalities listed in the following sections, allowing the CONCESSIONAIRE to enter into the AGREEMENT, under penalty of declining its right to contract, without prejudice to the application of the fine provided for in the item 20.10.3. and the application of the penalties provided for in article 81 of Federal Law no. 8.666/1993.

30.2. At the end of the deadline established in the item 0, the WINNING BIDDER shall submit to the STATE:

30.2.1. Documents relating to the incorporation of the SPE, whatever they may be:

30.2.1.1. Certificate of competent business registration;

30.2.1.2. Proof of registration with the Brazilian Corporate Taxpayers' Registry (CNPJ/MF)

30.2.1.3. Bylaws;

30.2.1.4. Shareholder agreement or similar document, if any;

30.2.1.5. In the case of a single BIDDER, the demonstration that the SPE is a wholly-owned subsidiary, pursuant to the Corporation Law.

30.2.2. Description of the shareholding and management structure for the SPE, containing:

30.2.2.1. a description of the types of shares;

30.2.2.2. the shareholders and their respective percentages by type of share;

30.2.2.3. information on the corporate structure of the SPE, as applicable, and of its parent companies, as established in the draft of the AGREEMENT;

- 30.2.2.4. shareholder agreements of the SPE, where applicable;
- 30.2.2.5. identification of the main officers, including their respective curricula vitae;
- 30.2.2.6. a description of the corporate governance principles adopted in the management of the SPE;
and
- 30.2.2.7. identification of the AFFILIATES, as established in the draft AGREEMENT.
- 30.2.3. Proof of subscription and payment of the share capital of the SPE, in the amount of at least:
- a) R\$ 645,896,889.78 (six hundred and forty-five million, eight hundred and ninety-six thousand, eight hundred and eighty-nine BRL and seventy-eight cents) for BLOCK 1;
- b) R\$ 507,553,330.30 (five hundred and seven million, five hundred and fifty-three thousand, three hundred and thirty BRL and thirty cents) for BLOCK 2;
- c) R\$ 400,519,865.19 (four hundred million, five hundred and nineteen thousand, eight hundred and sixty-five BRL and nineteen cents) for BLOCK 4.
- d) R\$ 145,297,434.88 (one hundred and forty-five million, two hundred and ninety-seven thousand, four hundred and thirty-four BRL and eighty-eight cents) for BLOCK 3;
- 30.2.4. Policy of the CONTRACT PERFORMANCE GUARANTEE, in accordance with this ITB and the AGREEMENT;
- 30.2.5. Proof of collection, by the WINNING BIDDER, of the amount of reimbursement due to BNDES, in accordance with the item 33;
- 30.2.6. Proof of payment, by the ACCREDITED PARTICIPANT representing the WINNING BIDDER, of the remuneration due to B3, corresponding to R\$ 312.560.02 (three hundred and twelve thousand, five hundred and sixty BRL and two cents), with base date of November 2020, updatable by the IPCA after the course of one (1) year, for each BLOCK, pursuant to the B3 PROCEDURES MANUAL;
- 30.2.7. Proof of payment by the SPE of the amount of FIXED CONCESSION FEE, as set out in the BID and observing the provisions of the ITB sub-item 5.4, updated by the IPCA, as per item 5.6;
- 30.2.8. Proof of the choice of the arbitration chamber responsible for the arbitration procedure of the AGREEMENT, among the chambers listed below:
- i. Brazilian Center for Mediation and Arbitration - CBMA;
- ii. Mediation and Arbitration Chamber of the FGV;
- iii. Chamber of Mediation and Arbitration-Brazil - CAMARB.

30.2.9. Indication, by means of a declaration signed by the BIDDER, containing the name, personal data and training of the professional(s) who will be designated as technical responsible persons for the operation of the water distribution system and household sewage collection and treatment, accompanied by proof of the link between the professional(s) and the SPE.

30.2.10. Certificate issued by a public or private legal entity, accompanied by the respective CAT - Certificate of Technical Collection, which proves that the BIDDER or its AFFILIATE has, in its permanent staff, a higher level professional, who has experience, at least in senior executive positions equivalent to (i) chief of operations or (ii) operations superintendent in a company responsible for the operation of water distribution systems and household sewage collection and treatment, including the direct provision of services to the population of, at least:

30.2.10.1. 277,000 (two hundred and seventy-seven thousand) inhabitants for BLOCK 1;

30.2.10.2. 106,000 (one hundred and six thousand) inhabitants for BLOCK 2;

30.2.10.3. 204,000 (two hundred and four thousand) inhabitants for BLOCK 3;

30.2.10.4. 665,000 (six hundred and sixty-five thousand) inhabitants for BLOCK 4.

30.2.11. In case the administrative structure of the SPE includes distinct positions for the direction of the operations of (i) water distribution systems and (ii) household sewage collection and treatment, it will be allowed for the experiences to which the item 30.2.10 refers, to be proven for each professional, refer only to the services effectively under their responsibility within the scope of the SPE.

30.2.12. The professional(s) may be linked to the BIDDER or his/her AFFILIATE, by employment relationship, as officer, by service contract or by letter of intent.

30.2.13. In case of participation in a CONSORTIUM, the professional's link may be with any CONSORTIUM MEMBER.

30.2.14. In case of employment relationship, the BIDDER must present the Employee Registration Form (FRE) and the Work Permit, duly updated.

30.2.14.1. In order to prove the investiture in a management position, the BIDDER must present proof of election of the acting officers duly filed with the competent trade board or notary.

30.2.14.2. In order to prove the link by means of a letter of intent, the BIDDER shall submit a technical assistance agreement, with notarized signature, by which the qualified professional undertakes to provide the BIDDER with the technical assistance necessary for the performance of the AGREEMENT.

30.2.14.3. In the case of corporate changes and in the cases of merger, acquisition, or spin-offs, only the certificates which, unequivocally and documentarily, attest the definitive transfer of technical acqui shall be taken into account.

30.2.14.4. Subject to the above conditions, certificates may be submitted on behalf of AFFILIATE companies, and in such case of certificates from AFFILIATE companies, the BIDDER must present the shareholding or partners' structure.

30.2.15. In the event of winning more than one BLOCK, the BIDDER shall comply with the provisions of the item 30.2.9 by means of the demonstration links with professionals who will work specifically in the operation of each lot, and it shall be forbidden to prove the experience in different lots through the same professional.

30.3. The SPE shall be called by the STATE to enter into the AGREEMENT no later than 05 (five) business days after the requirements set forth in item30.2 have been met.

30.4. The deadlines provided for in the sub-item 30.1 and 30.3 may be extended, for the same period, if requested during its course by the WINNING BIDDER and provided that it is justified and accepted by the STATE.

30.5. The STATE may, when the SPE or the WINNING BIDDER do not comply with the formalities set out in item 30.2 within the established deadline or when the SPE does not present itself to enter into the AGREEMENT within the established deadline and conditions, call the remaining BIDDERS, in their classification order and, in case of compliance with the requirements set out in the ITB, incorporate an SPE within the same deadline and under the conditions of the BID that was awarded first place.

30.6. The AGREEMENT shall be entered into between the STATE, as representative of the holders of the services granted, and the SPE, with the intervening consent of the REGULATORY AGENCY.

30.7. In case of refusal of the WINNING BIDDER to enter into the AGREEMENT, the remaining BIDDERS may be summoned, in order of classification, to do so in the same term and under the same conditions of the winning BIDDER's BID, according to § 2 of art. 64 of Federal Law no. 8.666/193, in which case their qualification documents shall be analyzed, observing the provisions in item 28.5 of this ITB.

31. THE CONCESSIONAIRE

31.1. To execute the AGREEMENT, the WINNING BIDDER must incorporate an SPE, in accordance with Brazilian law, with registered office in the city of Rio de Janeiro.

31.2. If the WINNING BIDDER is a single BIDDER, the SPE shall be its wholly owned subsidiary.

31.3. In the case of a consortium, the WINNING BIDDER shall incorporate the CONCESSIONAIRE, observing the shareholding structure presented in the CONSORTIUM incorporation instrument or commitment to constitute a CONSORTIUM presented in the BIDDING PROCESS.

31.4. The effective CONTROL of the CONCESSIONAIRE shall be exercised by the company or group of companies bound by an agreement of votes that hold the ownership of shareholders' rights that assure, in a permanent manner, the majority of the votes in the decision of the general meeting and the power to elect the majority of the company's officers and effectively use its power to direct the company's activities and guide the operation of the company's bodies, in accordance with the provisions of article 116 of Federal Law no. 6,404/76.

31.5. The CONCESSIONAIRE incorporated by the WINNING BIDDER shall assume the form of a corporation and shall have as its sole object the performance of the SERVICES and the exploitation of the sources of ADDITIONAL REVENUE and related activities.

31.6. The term of the CONCESSIONAIRE shall correspond to the period necessary for the performance of all its obligations under the AGREEMENT.

32. CONTRACT PERFORMANCE GUARANTEE

32.1. In order to guarantee the perfect compliance with the obligations that will be undertaken by the CONCESSIONAIRE in view of the AGREEMENT, within the deadline established in item 30.1, the CONCESSIONAIRE shall present to the STATE the proof that it has provided the CONTRACT PERFORMANCE GUARANTEE, in the amount of:

a) R\$ 207,583,250.00 (two hundred and seven million, five hundred and eighty-three thousand, two hundred and fifty BRL) for BLOCK 1;

b) R\$ 67,272,050.00 (seventy-seven million, two hundred and seventy-two thousand and fifty BRL) for BLOCK 2;

c) R\$ 402,196,150.00 (four hundred and two million, one hundred and ninety-six thousand, one hundred and fifty BRL) for BLOCK 4;

d) R\$ 65,805,175.00 (sixty-five million, eight hundred and five thousand and one hundred and seventy-five BRL) for BLOCK 3;

32.2. The CONTRACT PERFORMANCE GUARANTEE shall provide as obligee the STATE, as representative of the holders of the service, and shall be provided in one of the following forms, pursuant to Article 56 of Federal Law 8,666/93:

32.2.1. cash deposit, in Brazilian currency;

32.2.2. government bonds, which must have been issued in book-entry form, through registration in a centralized settlement and custody system authorized by the Central Bank of Brazil and assessed by their economic values, as established by the Ministry of Economy;

32.2.3. surety bond; or

32.2.4. bank guarantee.

32.3. When the CONTRACT PERFORMANCE GUARANTEE is provided in government bonds, only Fixed-rate bond (LTN), Selic Floating-rate bond (LFT), IPCA+ Floating-rate bond (NTN-B Principal), IPCA+ Floating-rate bond with Semi-annual Interest (NTN-B) or Fixed-rate bond with Semi-annual Interest (NTN-F) shall be accepted, and the same must be issued in book-entry form, through registration in a centralized settlement and custody system authorized by the Central Bank of Brazil and assessed by their economic values, as established by the Ministry of Economy.

32.4. In the event of presentation in national currency or government bonds, the CONCESSIONAIRE shall provide a bank guarantee, expressed in an original document, addressed to the STATE, dated and signed by a financial institution custodian of the securities given as guarantee and which establishes:

32.4.1. that the pecuniary value of the deposit or securities, clearly identified, shall be guaranteed in favor of the STATE as a guarantee for the performance of the CONCESSIONAIRE's obligations under the AGREEMENT;

32.4.2. a list identifying the pledged bonds, clarifying that they are regulated by Federal Law no. 10.179/01; and

32.4.3. that the STATE may enforce the guarantee under the conditions provided for in the AGREEMENT.

32.5. In the case of a bank guarantee, it shall contain a specific clause providing for the guarantor bank to waive the right to the order referred to in Article 827 of the Civil Code, and which makes it jointly and severally liable with the BIDDER, complying with the provisions of Articles 835 and 838 of the Civil Code and the conditions of the model in the AGREEMENT must be followed.

32.6. When in surety bond, the original copy or digital copy of the policy must be presented, duly certified, issued in favor of the STATE, supplied by a surety company registered with the Superintendence of Private Insurance - SUSEP, in accordance with the conditions of the model in the AGREEMENT.

32.7. The CONTRACT PERFORMANCE GUARANTEE provided may not contain any type of reservation or condition that may hinder or preclude its enforcement or that may leave doubts as to its consistency, and may be enforced by the STATE, in accordance with the conditions set forth in the AGREEMENT.

32.8. All expenses arising from the provision of the CONTRACT PERFORMANCE GUARANTEE shall be borne by the CONCESSIONAIRE and its shareholders, as the case may be.

33. REIMBURSEMENT OF STUDIES RELATED TO THE CONCESSION

33.1. Within the deadline of item 30.1, each WINNING BIDDER must prove the payment in full of up to R\$ 1,800,000.00 (one million eight hundred thousand BRL), corresponding to the studies related to the CONCESSION, in favor of the National Bank of Economic and Social Development - BNDES.

33.1.1. The value indicated in subitem 33.1, considering the update provided for in item 33.1.2, shall be divided equally for each BLOCK that has a WINNING BIDDER.

33.1.2. The value indicated in item 33.1 shall be updated annually by the IPCA, published by IBGE, or, in its absence, by another official inflation index, as of 16/11/2017, and shall be paid through a bank slip (*boleto*) issued by BNDES.

33.2. In addition to the amount set out in the subitem 33.1, the WINNING BIDDER shall prove the respective payment in the amount of R\$ 7,703,807.31 (seven million, seven hundred and three thousand, eight hundred and seven BRL and thirty-one cents), as reimbursement to BNDES, in accordance with Contract 17. 2,0389.1, entered into between BNDES and the State of Rio de Janeiro, published on 28/11/2017, in the Official Gazette of the State of Rio de Janeiro, as per article 21 of Federal Law 8,987/95.

33.2.1. The value indicated in subitem 33.2, considering the update provided for in item 33.2.2, shall be divided equally for each BLOCK that has a WINNING BIDDER.

33.2.2. The value indicated in item 33.2 shall be updated monthly by the IPCA, published by IBGE, or, in its absence, by another official inflation index, as of 06/02/2017, and shall be paid through a bank slip (*boleto*) issued by BNDES.

CHAPTER VIII - FINAL PROVISIONS

34. COMMUNICATIONS

34.1. All correspondence relating to the BIDDING PROCESS sent to the BID COMMITTEE shall be considered as delivered on the date of receipt by the recipient, except for correspondence received after 6 p.m., including correspondence addressed to an e-mail address, which shall be considered received on the immediately subsequent working day.

34.2. All correspondence relating to the BIDDING PROCESS sent to the BID COMMITTEE must be in Portuguese.

34.3. For the purposes of this BIDDING PROCESS, statements, requests for clarification, challenges and any other documents digitally signed with digital certification in the standard of the ICP-Brasil shall be accepted, provided that the document submitted contains a means for verification of its authenticity, including, without limitation, QR Codes and codes for validation in links to websites expressly indicated in the document in question.

35. DEADLINE COUNT

35.1. In calculating the periods to which this ITB refers, the starting day shall be excluded and the end day shall be included, considering calendar days, unless expressly provided otherwise.

35.2. Deadlines only start and expire on working days in the STATE.

36. GENERAL PROVISIONS

36.1. Any doubts during the application of this ITB, as well as the silent cases, shall be resolved by the BID COMMITTEE or after the award of the object of the CONCESSION, by the STATE, in compliance with the relevant legislation.

36.2. The rules of this BIDDING PROCESS shall be interpreted in favor of the broadening of the competition, respecting the equality of opportunity among the BIDDERS, provided that they do not compromise the public interest, the purpose and the security of the hiring process.

36.3. After the judgement of the subject matter of the BIDDING PROCESS up until the execution of the AGREEMENT, the STATE reserves the right to resolve any and all specific cases not addressed in this ITB and in any other matters that, in any way, relates directly or indirectly with its subject matter.

36.4. The terms set forth in this ITB, as well as the clauses and conditions of the AGREEMENT and those contained in the other annexes complement each other, one document reporting to the other in case of doubts or silence, and the rules of interpretation set forth in the AGREEMENT shall be followed.

36.5. The BIDDING PROCESS to which this ITB refers may be postponed, revoked for reasons of public interest resulting from a duly proven fact, or annulled, without the BIDDERS being entitled to any type of compensation for such reasons, according to article 49 of Federal Law 8.666/93.

36.6. During the performance of the AGREEMENT, the CONCESSION AREA may be extended through the inclusion of other MUNICIPALITIES, according to art. 8-A of Law no. 11,445/2007, provided that there is technical, economic and legal feasibility, without negative impact on the agreement that results in rebalancing with reduction of the concession fees due by the concessionaires or impacts of increase in the value of the basic tariffs, observing the procedure established in the AGREEMENT and art. 18, item VII of Federal Law 8,987/1995.

36.7. The pre-existing concessions of public services of water supply and/or sanitation entered into with private operators in the urban areas of the METROPOLITAN REGION shall not be prejudiced, insofar as the same are duly constituted legal acts.

36.7.1. At the end of each concession, pursuant to item 36.7, the STATE, after a previous favorable manifestation of the METROPOLITAN REGION and of the other holders of the service, shall promote the inclusion of the said public services in the subject matter of the CONCESSION AGREEMENT, observing the procedure established in the AGREEMENT.

36.7.2. The concessions of the public services of water supply and/or sanitation entered into with pre-existing private operators in the urban areas of the METROPOLITAN REGION will be included, if the requirements of the AGREEMENT are met, in the following BLOCKS:

- a) Pre-existing full concessions in the Municipalities of Guapimirim and Niterói will be included in BLOCK 1;
- b) The pre-existing full concession in the Municipality of Petrópolis will be included in BLOCK 2;
- c) The pre-existing AP-5 sanitation concession will be included in BLOCK 3; and
- d) The pre-existing São João de Meriti sanitation concession will be included in BLOCK 4.

36.8. The inclusion of the service(s) mentioned in subitem 33.4 in the object of the AGREEMENT shall have as conditions precedent (i) the CONCESSIONAIRE's knowledge of such inclusion upon notification to be made by the STATE; (ii) the economic-financial rebalancing of the AGREEMENT, if the unbalance is demonstrated; and (iii) the definition of PERFORMANCE INDICATORS and SERVICE TARGETS in line with the AGREEMENT.

36.8.1. The inclusion of a new service shall ensure the MUNICIPALITY which had its service included, as well as to the METROPOLITAN REGION, in case of services included in the scope thereof, the same percentage of VARIABLE CONCESSION FEE already established in this ITB for the other MUNICIPALITIES and for the METROPOLITAN REGION.

36.8.2. In case the economic-financial rebalancing provided for in subitem 36.8 demonstrates that the inclusion of the service generated positive results for the CONCESSIONAIRE, this result shall be passed on to the STATE, the MUNICIPALITIES and the METROPOLITAN REGION as FIXED CONCESSION FEE.

36.8.2.1. The payment of the FIXED CONCESSION FEE that the subitem 36.8.2 addresses shall be shared between STATE, MUNICIPALITIES and METROPOLITAN REGION in the same proportion established in subitem 5.4.

Rio de Janeiro, December 29, 2020
