

REPUBLIC OF PERU



PROJECT

**“IMPROVEMENT OF THE SEWERAGE AND WASTEWATER TREATMENT SYSTEM FOR THE CITY OF
PUERTO MALDONADO, TAMBOPATA DISTRICT, TAMBOPATA PROVINCE, DEPARTMENT OF
MADRE DE DIOS”**

ORIGINAL VERSION OF THE CONTRACT

SEPTEMBER 2020

Important: This is an unofficial translation. In the case of divergence between the English and Spanish text, the version in Spanish shall prevail

Table of Contents

CONCESSION CONTRACT	6
Chapter I. RECITALS AND DEFINITIONS	6
Recitals	6
Definitions	9
Chapter II. LEGAL NATURE, PURPOSE, MODALITY, AND CHARACTERISTICS	9
Legal Nature	9
Purpose and Modality	10
Characteristics	10
Chapter III. EVENTS AS OF THE CLOSING DATE	10
Representations by the Parties	10
Verifications on the Closing Date	14
Chapter IV. CONCESSION TERM	18
Concession Term	18
Maximum Concession Term	18
Renewals due to Expiration of the Concession	18
Suspension of the Concession Term	19
Suspension of the Term for the Performance of Obligations	19
Procedure for the Declaration of Suspension of the Term	20
Effects of the Declaration of Suspension	21
Chapter V. REGIMEN OF ASSETS	22
Concession Assets	22
Delivery of the Concession Assets	23
Inventories	29
Easements	30
Defense of Possession	32
Return of the Concession Assets of Component 1	33
Return of the Concession Assets Due to Termination	34
Replacement of the Concession Assets	35
Chapter VI. DESIGN AND PERFORMANCE OF THE WORKS	36
Rights and Duties of the CONCESSIONAIRE	36
Supervision of the Design and Execution of the Works	36
TECHNICAL FILES	40
Design and Works Logs	43
Works Performance Schedule	44
Start of Construction of the Works	45
Deadlines for Building the Works	47

Extension of the Works Performance Term.....	47
Approval of the Works	48
Functional Testing of Component 1 and Delivery of the Functional Milestones to PSS.....	50
Operating and Maintenance Manuals	51
Start-Up of Component 2.....	51
Delivery of Information	54
Conditions for Project Expansion	54
Record of Works.....	56
Chapter VII. PERMITTED SECURED DEBT AND FINANCIAL CLOSE	56
Permitted Secured Debt.....	56
Financial Closing.....	57
Financial Closing Accreditation Procedure.....	58
Guarantees in Favor of the Permitted Creditors.....	59
Mortgage on the Concession Right.....	59
Security Interest on the Minimum Stake	61
Right of the Permitted Creditors.....	63
Chapter VIII. ECONOMIC-FINANCIAL REGIMEN	64
PPD Component Coming from Co-financing Revenue	67
PPD Adjustment	68
Discount for Sludge Reclamation	69
Deductions due to Failure to Meet the Service Levels	69
Procedure for the Approval of the PPD Payment	73
Economic/Financial Balance.....	75
Tax Regimen of the Concession	77
Other Income of the Concession.....	78
Chapter IX. GUARANTEES.....	78
Guarantee of the GRANTOR to the CONCESSIONAIRE	78
Guarantees of the CONCESSIONAIRE to the GRANTOR.....	79
Renewal.....	79
Execution of the Performance Bond	80
Chapter X. INSURANCE REGIMEN	81
Insurance Policy Types	81
Approval of the Insurance.....	85
Insurance Regimen.....	87
Liability of the CONCESSIONAIRE	90
Environmental liability	90
Environmental Liabilities	92
Environmental Management Instrument (EMI).....	92

Socio-environmental management.....	93
Cultural Heritage	93
Socio-environmental reports	94
Sludge Management	95
Chapter XII. RELATIONS WITH THE STRATEGIC PARTNER, THIRD PARTIES AND PERSONNEL .	95
Relations with the Strategic Partner	95
Assignment of the contractual position.....	96
Relations with third parties.....	97
Relations with the personnel	97
Chapter XIII. ADMINISTRATIVE COMPETENCE	98
Common provisions	98
Prior opinions	98
Competences and power of SUNASS	99
Regulation contribution	101
Chapter XIV. FORCE MAJEURE OR ACTS OF GOD	101
Chapter XV. MODIFICATIONS TO THE CONTRACT.....	104
Chapter XVI. DISPUTE SETTLEMENT	105
Applicable Laws and Provisions.....	105
Scope of application	105
Interpretation criteria	105
Waiver of diplomatic claims.....	106
Direct negotiation	106
Arbitration.....	107
Common procedural rules.....	109
Chapter XVII. TERMINATION OF AGREEMENT	111
Grounds for Termination	111
Procedure for correction.....	117
Procedures for the Termination of the Concession Contract	118
Effects of the Termination of the Concession Contract	118
Liquidation of the Concession Contract	119
Return of the Performance Bond.....	123
Chapter XVIII. PENALTIES AND SANCTIONS.....	123
Penalties	123
Sanctions	125
Chapter XIX. DOMICILE.....	126
Establishment.....	126
Change of domicile.....	127
Annex 1 DEFINITIONS	129

Annex 2	AGREEMENT FOR DELEGATION OF POWERS	150
Annex 3	SERVICE PROVISION AGREEMENT	156
Appendix 1	: Board Contract	173
Appendix 2	: Service Levels	174
Appendix 3	: Sample Point Locations	177
Appendix 4	: Sampling Frequency	179
Appendix 5	: Considerations for Data Logging and Recording of Magnitudes.....	182
Appendix 6	: Guidelines for the Emergency Operating Plan in Case of Losses	185
Appendix 7	: Activities and Responsibility for MAV Monitoring and Control	188
Annex 4	ASSETS TO BE HANDED OVER BY THE GRANTOR FOR THE WORKS	191
Annex 5	MINIMUM PROJECT REQUIREMENTS	192
Appendix 1	: Drainage Areas, Areas to Be Remediated, and Division into Blocks	210
Appendix 2	: Premises Available for Use for Wastewater Pumping Stations, Wastewater Treatment Plant, and Monofill	211
Annex 6	OPERATION AND MAINTENANCE MANUAL GUIDELINES.....	213
Annex 7	MINIMUM CONTENT OF THE CONCESSIONAIRE’S AFFIDAVIT	215
Annex 8	MODEL PERMITTED CREDITOR’S REPRESENTATIONS	216
Annex 9	MODEL CONCESSIONAIRE’S AFFIDAVIT	218
Annex 10	MODEL PERFORMANCE BOND FOR THE DESIGN AND BUILDING PERIOD.....	219
Annex 11	MODEL PERFORMANCE BOND FOR THE OPERATION PERIOD.....	221
Annex 12	FINANCIAL ENTITIES AUTHORIZED TO ISSUE THE CONTRACT PERFORMANCE BONDS	223
Annex 13	MANAGEMENT TRUST AGREEMENT GUIDELINES	224
Annex 14	MANAGEMENT TRUST AGREEMENT	228
Annex 15	TABLE OF PENALTIES APPLICABLE TO THE CONCESSION CONTRACT	229
Annex 16	TECHNICAL PROPOSAL	238
Annex 17	ECONOMIC BID.....	239
Annex 18	CERTIFIED COPY OF THE NOTARIALLY RECORDED INSTRUMENT EVIDENCING THE ARTICLES OF INCORPORATION AND BYLAWS OF THE CONCESSIONAIRE	240

CONCESSION CONTRACT

You are hereby requested in your capacity as notary public to register in your Notary Record Book an instrument evidencing the Concession Contract for the design, financing, building, operation, and maintenance of the project for the “Improvement of the Sewerage and Wastewater Treatment System of the City of Puerto Maldonado, Tambopata District, Tambopata Province, Department of Madre de Dios” (hereinafter, the “Concession Contract”), entered into by and between:

The Government of the Republic of Peru (hereinafter, the GRANTOR), represented by the Ministry of Housing, Construction, and Sanitation, to whom powers have been delegated by the Provincial Municipality of Tambopata, acting by and through the Vice Minister of Construction and Sanitation, _____, identified with National Identity Document (DNI) _____, as per powers granted by Ministerial Resolution _____, with usual address at Av. República de Panamá 3650, San Isidro, Lima 27, Department of Lima, Peru; and,

_____, (hereinafter, the CONCESSIONAIRE), with usual address at _____, Peru, acting by and through _____, identified with _____, with address for the effects hereof at _____, Peru, as per the power of attorney registered in Filing Card _____ of the Registry of Legal Entities of the Public Records Office in and for Lima of the National Superintendency of Public Records Offices (SUNARP).

Chapter I. RECITALS AND DEFINITIONS

Recitals

- 1.1. By virtue of Technical Report 036-2014/GOREMAD/GRPPYAT/SGPIP/JFMCHS-ROR, dated March 28, 2014, the pre-investment feasibility study for the Project for “Improvement of the Sewerage and Wastewater Treatment System of the City of Puerto Maldonado, Tambopata District, Tambopata Province, Department of Madre de Dios” (hereinafter, the “Puerto Maldonado PTAR Project”), with SNIP Code 156697, was formulated and declared viable, by virtue of Contract to Delegate Powers 14522, entered into by and between the Regional Government of Madre de Dios and the Provincial Municipality of Tambopata (the latter hereinafter referred to as the “MPT”).
- 1.2. By virtue of Contract 892-2014-VIVIENDA/MVCS/PNSU, dated August 27, 2014, the Ministry of Housing, Construction, and Sanitation (hereinafter, the “MVCS”) transferred resources to the MPT, so that the MPT could take charge of the preparation of the technical report for the Puerto Maldonado PTAR Project.
- 1.3. By virtue of Mayoral Resolution 026-2016-MPT-A, dated January 22, 2016, the MPT approved the Technical File on the Puerto Maldonado PTAR Project; and in February 2016, it submitted it for the consideration of the National Urban Sanitation Program (hereinafter, “PNSU”) of the MVCS for its approval and funding, at which point the PNSU raised objections and made recommendations.
- 1.4. By virtue of Official Letter 96-2017-VIVIENDA/VMCS, dated February 9, 2017, the MVCS asked the Private Investment Promotion Agency (PROINVERSIÓN) to order the necessary actions for the inclusion of the Puerto Maldonado PTAR Project in the private investment promotion process as a Government-Promoted Private-Public Partnership.

- 1.5. By virtue of Official Letter 13-2017/PROINVERSIÓN/DPI, dated February 17, 2017, PROINVERSIÓN stated that in accordance with Section 7 of the Consolidated Text (TUO) of Legislative Order (Legislative Order) 1224, approved by Executive Order (Decreto Supremo) 254-2017-EF, the MVCS is responsible for preparing the Evaluation Report on the Puerto Maldonado PTAR Project for its inclusion in the private investment promotion process.
- 1.6. By virtue of Official Letter 135-2017-VIVIENDA/VMCS, dated March 2, 2017, the MVCS informed PROINVERSIÓN that it had deemed it advisable to entrust PROINVERSIÓN with the formulation and preparation of the Evaluation Report on the Puerto Maldonado PTAR Project.
- 1.7. By virtue of Mayoral Resolution 257-2017-MPT-A, dated May 15, 2017, the MPT annulled Mayoral Resolution 026-2016-MPT-A and approved the Revised Technical Report on the Puerto Maldonado PTAR Project, which contains the proposed rectification of objections raised by the PNSU.
- 1.8. By virtue of Ministerial Resolution 316-2017-VIVIENDA, dated August 25, 2017, the MVCS approved the 2017 Multiannual Report on Investments in PPPs, which includes the development of the Puerto Maldonado PTAR Project as a PPP under the form of a Co-financed Government Initiative.
- 1.9. By virtue of Contract 716-2017-VIVIENDA, dated September 8, 2017, the MVCS and the MPT executed the Contract for the Delegation of Powers and Duties so that MVCS could grant the Puerto Maldonado PTAR Project as a concession.
- 1.10. By virtue of Technical Assistance Contract 292-2018-VIVIENDA, dated May 30, 2018, the MVCS entrusted PROINVERSIÓN with including and carrying out the Puerto Maldonado PTAR Project through the private investment promotion process. For such purpose, the MVCS sent PROINVERSIÓN the Revised Technical File on the Puerto Maldonado PTAR Project, approved by Mayoral Resolution 257-2017-MPT-A.
- 1.11. By virtue of PROINVERSIÓN Advisory Board Resolution 55-1-2018-CD, dated July 13, 2018, the Puerto Maldonado PTAR Project was assigned to the PROINVERSIÓN Committee on Infrastructure and Public Social Service Projects, Mining, Sanitation, Irrigation, and Agricultural Matters, also known as the Pro-Development Committee (Comité Pro-Desarrollo).
- 1.12. PROINVERSIÓN Advisory Board Resolution 65-1-2018-CD, dated October 2, 2018, approved, among other things, the change of the name of the Pro-Development Committee to the Special Committee on Investment in Water, Sanitation, Irrigation, and Agriculture Projects (hereinafter, the “Pro-Water Committee” (Comité Pro Agua)).
- 1.13. On January 16, 2019, the Pro-Water Committee approved the Evaluation Report on the Puerto Maldonado PTAR Project, which received favorable opinions from the MVCS and the Ministry of Economy and Finance. The Pro-Water Committee also approved the Promotion Plan for said project.
- 1.14. On February 6, 2019, by virtue of PROINVERSIÓN Resolution 77-1-2019-CD, the Advisory Board approved the inclusion of the Puerto Maldonado PTAR Project in the private investment promotion process, along with the corresponding promotion form. This resolution was published in the official gazette “El Peruano” on February 12, 2019.

- 1.15. On March 18, 2019, by virtue of Interinstitutional Cooperation Contract 16-2019/VIVIENDA/VMCS/PNSU/1.0, the PNSU/MVCS, the MPT, and EMAPAT S.A. agreed to formulate and evaluate a drinking water and sewerage project via the Big Cities Program (Programa Grandes Ciudades), as a complement to the Puerto Maldonado PTAR Project, with the goal of increasing the coverage of both services to areas of urban expansion in the city of Puerto Maldonado.
- 1.16. On August 2, 2019, by virtue of Contract ATC/OC-16389-RG, Proinversión and the Inter-American Development Bank (IDB) executed a Contingent Recovery Technical Cooperation Contract to provide comprehensive advisory to Proinversión during the private investment promotion process for the Puerto Maldonado PTAR Project.
- 1.17. On January 20, 2020, by virtue of Official Letter 01-2020-VIVIENDA/CPIPSC, the Committee for the Promotion of Private Investment in Construction and Sanitation (CPIPSC) of the MVCS asked Proinversión to consider the inclusion of the town of El Triunfo, in the district of Las Piedras, within the scope of intervention of the Puerto Maldonado PTAR Project, in consideration of the request made by the MTP.
- 1.18. On March 3, 2020, by virtue of Official Letter 05-2020-VIVIENDA/CPIPSC, the CPIPCS of the MVCS announced that the PNSU would carry out the corresponding actions to include the water component and expansion of the sewer system in the urban expansion zones of the town of El Triunfo (Las Piedras District) in the pre-investment study being conducted by the Big Cities Program, so as to supplement the inclusion of the populated center of El Triunfo in the PTAR Puerto Maldonado Project.
- 1.19. On May 5, 2020, by virtue of Official Letter 07-2020-VIVIENDA/VMCS-CPIPSC, the Committee for the Promotion of Private Investment in Construction and Sanitation (CPIPSC) of the MVCS informed Proinversión that the Functional Area for Studies and Projects (AFEP) of the Regional Government of Madre de Dios had proceeded to deactivate the project for the "Expansion and Improvement of Drinking Water and Sewerage Services of the City of El Triunfo in the Las Piedras District, Tambopata Province, Department of Madre de Dios," with CUI No. 2358309, in order to avoid duplicating projects.
- 1.20. Resolution [*], dated [*], ratified Agreement _____ adopted by the Pro-Water Committee in its meeting held on _____, by virtue of which it approved the Terms and Conditions, ordering the publication of the corresponding call for bids. Said call for bids was issued on [*], [*], on the institutional website of Proinversión and in the Official Gazette "El Peruano."
- 1.21. By virtue of Official Letter [*], dated [*], the MVCS stated that it has the agreement of the PSS, wherein the PSS granted its approval of the Service Contract that, as an annex hereto, forms part of this Concession Contract.
- 1.22. [*], dated [*], approved the final version of the Terms and Conditions.
- 1.23. [*], dated [*], approved the final version of the Concession Contract.
- 1.24. On [*], the Pro-Water Committee awarded the contract to [*].

Definitions

1.25. In the Concession Contract:

- a) The terms that start with a capital letter, whether used in the singular or plural, have the meanings indicated in Annex 1.
- b) The terms that begin with a capital letter, whether used in the singular or plural, that are not defined in Annex 1 or other sections of the Concession Contract, shall have the meanings attributed to them in the Terms and Conditions or the Applicable Laws and Provisions, or the meaning given to them in view of their function and use in the normal course of business in Peru.
- c) All references made in this Concession Contract to “Annexes,” “Appendixes,” “Chapters,” “Clauses,” “Numbers,” or “Points” shall be understood as referring to the “Annexes,” “Appendixes,” “Chapters,” “Clauses,” “Numbers,” or “Points” of this Concession Contract, respectively, unless expressly indicated otherwise.
- d) All the Annexes and Appendixes of the Concession Contract form an integral part hereof.
- e) The titles have been included solely for the purpose of systematizing the exposition, and shall not be considered part of this Contract in any way that may limit or expand its contents, or to determine the rights and obligations of the Parties.
- f) Terms in the singular shall include the same terms in the plural and vice versa. Male-gendered terms include female-gendered terms and vice versa.
- g) The use of the disjunction “or” in an enumeration shall be understood as comprising one or more of the elements of such list.
- h) The use of the conjunction “and” in an enumeration shall be understood as including all of the elements of said enumeration or list.
- i) The terms established in this Concession Contract shall be calculated as from the day following the event that triggers their start.

Chapter II. LEGAL NATURE, PURPOSE, MODALITY, AND CHARACTERISTICS

Legal Nature

- 2.1. The Concession subject matter of this Concession Contract is granted for the design, financing, building, Operation, and Maintenance of the Project, under the responsibility of the CONCESSIONAIRE.
- 2.2. The Concession does not include the transfer in ownership of the Concession Assets.
- 2.3. The establishment of rights over the Concession shall be compatible with its nature and shall be approved by the GRANTOR, in accordance with the Concession Contract.

Purpose and Modality

- 2.4. By virtue of this Concession Contract, the GRANTOR grants the Project in Concession to the CONCESSIONAIRE, comprising:
- a) The design, financing, building, expansion, and rehabilitation of the household hookups and secondary collectors, including, where applicable, the closure of the existing infrastructure.
 - b) The design, financing, building, expansion, rehabilitation, Operation and Maintenance of the primary collectors, pumping stations, and impulse lines of sewer drains, treatment and final disposal of wastewater, waste, sludge, and other byproducts, including, where applicable, the closure of the existing infrastructure.
 - c) Technical support to the PSS for the monitoring and control of the MAVs at the sewer drain discharge points into the sanitary sewer system, from non-domestic connections, in accordance with the Concession Contract, and the Applicable Laws and Provisions.
- 2.5. The Concession modality is co-financed, in accordance with point 1 of Section 22 of Legislative Order 1362.

Characteristics

- 2.6. Without prejudice to the multiplicity of activities and services into which the purpose of this Concession Contract is divided, this Contract is unified in nature and based on a single cause.
- 2.7. The Concession Contract is primary, based on reciprocal provisions, ongoing execution, and continuing performance.
- 2.8. None of the approvals, conformities, opinions and the like, whether tacit or express, issued by the GRANTOR, the PSS, or the SUNASS, imply the release of the CONCESSIONAIRE from its responsibilities, as established in this Concession Contract.

Chapter III. EVENTS AS OF THE CLOSING DATE

Representations by the Parties

- 3.1. The CONCESSIONAIRE guarantees, as of the Closing Date and during the term of the Concession, as applicable, the truthfulness of the following representations:
- a) The Minimum Stake of the Strategic Partner, the corporate bylaws, and the articles of incorporation of the CONCESSIONAIRE meet the requirements established in the Terms and Conditions and the Concession Contract.
 - b) The CONCESSIONAIRE is duly authorized and has the capacity to assume the corresponding obligations as a consequence of the execution of the Concession Contract, having met all of the necessary requirements to formalize said Contract and uphold the commitments contained herein.

- c) It is not necessary to carry out any other acts or procedures on the part of the CONCESSIONAIRE, nor obtain any consent from other legal entities, to authorize the execution and performance of the corresponding obligations, in accordance with this Concession Contract.
- d) The CONCESSIONAIRE, its shareholders or capital holders are not subject to any impediments to entering into contracts, in accordance with Section 29 of Legislative Order 1362, as amended or substituted, or any other impediment contained in a norm with the rank of law, and it has not been administratively sanctioned with temporary or permanent ineligibility in the exercise of its rights to enter into contracts with the Peruvian Government.
- e) The CONCESSIONAIRE and its shareholders or capital holders expressly, unconditionally, and irrevocably waive their right to any diplomatic claim due to any disputes or conflicts that may arise from the Concession Contract.
- f) All the information, representations, certifications, and in general, all documents submitted in Envelopes 1, 2, and 3 during the Bidding stage, remain valid.
- g) The CONCESSIONAIRE represents that the Concession Contract is economically and financially balanced.
- h) There are no actions, trials, arbitrations, or other legal proceedings underway, nor judgments, nor decisions of any kind pending enforcement against the CONCESSIONAIRE, its shareholders or capital holders, that are intended to prohibit or otherwise impede or limit the performance of the commitments or obligations set forth in this Concession Contract.
- i) The CONCESSIONAIRE represents that neither it nor its shareholders, partners, or Related Companies, nor any of their respective directors, officers, employees, or any of their advisors, representatives, or agents have paid, offered, or attempted to pay or offer, nor will they attempt to pay or offer in the future, any illegal payment or kickback to any authority tied to the awarding of the contract, the Concession, or the performance of Concession Contract.
- j) The CONCESSIONAIRE receives, on the Closing Date, the Certificate of Initial Handover of the Concession Assets for the performance of the Concession Contract in accordance with the Initial Inventory, said certificates having been previously executed.
- k) The CONCESSIONAIRE hereby places on record that the contracts it enters into with third parties shall not be binding upon the GRANTOR or the PSS.
- l) The CONCESSIONAIRE acknowledges and accepts that it has based its decision to execute this this Concession Contract on its own investigations, tests, inspections, analyses, studies, and risk assessments, based on which it has prepared the economic/financial model referred to in Clause 3.3, Item l).
- m) The CONCESSIONAIRE acknowledges and accepts that (i) the GRANTOR does not warrant, either expressly or implicitly, the integrity, reliability, accuracy, or truthfulness of the information, whether verbal or written, provided during the Tender

Process, or in any other form; and, (ii) the GRANTOR and its representatives, agents, advisors, or dependents shall bear no responsibility whatsoever for the integrity, reliability, accuracy, or truthfulness of such information or the use thereof on the part of the CONCESSIONAIRE.

- n) The CONCESSIONAIRE acknowledges and accepts that (i) the GRANTOR is not obligated to update the information, whether verbal or written, provided during the Tender Process, or in any other way; and, (ii) the GRANTOR, its representatives, agents, advisors, or dependents shall not bear any responsibility whatsoever for the lack of updating or scope of such information.
- o) If, after the execution of the Concession Contract, the falsity of any of the aforementioned representations is demonstrated, this Concession Contract shall be terminated for causes attributable to the CONCESSIONAIRE, in which case the parties shall proceed as per the provisions of Chapter XVII, and execute the Performance Bond in force at that time.

Additionally, in the particular case of Item h), if it is verified that any of the individuals or legal entities mentioned therein have been or are, in the future, found guilty by virtue of a final and binding judgment, or have admitted or recognize the commission of any of the crimes defined in Title XVIII, Chapter II, Section IV of the Peruvian Penal Code, or equivalent crimes, in the event that they were or are committed in other countries, before any competent Peruvian or foreign authority, in relation to the performance of this Concession Contract, the Concession, or the awarding of the contract during the Tender Process, the CONCESSIONAIRE shall pay the GRANTOR a penalty equivalent to ten percent (10%) of the amount resulting from the application of the mechanism or procedure for the settlement of the Concession Contract established in Chapter XVII, without prejudice to the execution of the Performance Bond in force at that time.

3.2. The GRANTOR warrants to the CONCESSIONAIRE, as of the Closing Date and throughout the entire term of the Concession, as applicable, the truthfulness of the following representations:

- a) It is duly authorized, in accordance with the Applicable Laws and Provisions, to act as such in the Concession Contract, and to intervene in the Service Contract that forms part hereof. The execution, delivery, and performance by the GRANTOR of the commitments contained in said documents fall within its powers, in accordance with the Applicable Laws and Provisions.

No other action or procedure, on the part of the GRANTOR or any other Competent Governmental Authority, is necessary to authorize the execution of the Concession Contract or the performance of the obligations of the GRANTOR set forth herein.

- b) It has ensured the Availability of the assets provided by the GRANTOR for the Project, in the terms established in the Certificate of Initial Handover of Concession Assets that has been executed by the Parties to the Concession Contract.
- c) It has executed the Certificate of Definitive Handover of the Concession Assets for the assets that form part of the preceding section, which, as of the Closing Date, have been subject to Legal Clearance of Property.

- d) It will be responsible for completing the Legal Clearance of Property for all of the Concession Assets referred to in Annex 4, within a term not to exceed that established in Clause 6.24.
- e) The PSS is registered in the Consolidated Registry of Progressive Adaptation Processes (RUPAP).
- f) It has been verified that the PSS is registered in the Consolidated Registry of Progressive Adaptation Processes (RUPAP) and is complying with all of the obligations that are or were enforceable upon it during both the suspension stage and the regular term.
- g) The obligations of the PSS regarding the filing of the Six-Month Performance Progress Report for activities carried out within the framework of the Progressive Adaptation Process are suspended by virtue of Director's Resolution 171-2019-VIVIENDA/VMCS-DGAA, as amended or substituted.
- h) It has complied with all the administrative acts, requirements, demands, and obligations under its responsibility in order to enter into this Concession Contract and properly comply with its provisions.
- i) There are no Applicable Laws or Provisions in force that might prevent the GRANTOR from complying with its obligations under this Concession Contract.
- j) There are no actions, trials, investigations, lawsuits, or procedures underway before any jurisdictional body, arbitration court, or Competent Governmental Authority, judgments, awards, or decisions of any kind pending enforcement, that might prohibit, run contrary to, or in any way impede the execution or performance of the terms of the Concession Contract on the part of the GRANTOR, in accordance with the provisions set forth therein.
- k) The provisions of the Concession Contract have been worded based on the Applicable Laws and Provisions.
- l) There are no administrative, labor, tax, judicial, or legal liabilities, obligations, or contingencies that may in any way affect the use of the Concession Assets, the right to the performance of the Works or the right to the provision of the Service.
- m) Provided the CONCESSIONAIRE, its shareholders or capital holders comply with the Applicable Laws and Provisions, they shall be granted the legal stability agreement referred to in Legislative Orders 662 and 757, and Law 27342, as amended or substituted.
- n) The Executive Branch has issued the Executive Order, in accordance with the provisions established in Section 25 of Legislative Order 1362, by virtue of which it grants the assurances and guarantees of the Government of the Republic of Peru, in backing of the obligations, representations, and guarantees of the GRANTOR established in this Concession Contract. This is not a financial guarantee.
- o) During the term of the Concession Contract, no concession or license whatsoever shall

be granted that may affect the rights acquired by the CONCESSIONAIRE by virtue hereof.

- p) It shall not carry out acts that impede or hamper the performance of the provisions on the part of the CONCESSIONAIRE contained in this Concession Contract.
- q) The Concession Contract is economically and financially balanced.
- r) The Executive Branch has issued the Executive Order permitting the possession of assets in border areas.
- s) It has hired the Specialized Supervisor.
- t) By virtue of this Contract, the GRANTOR authorizes the CONCESSIONAIRE to take out a mortgage on the Concession, in accordance with the provisions of Section 26 of Legislative Order 1362 and Chapter VII.

Verifications on the Closing Date

3.3. The CONCESSIONAIRE, as of the Closing Date, has complied with the following:

- a) Deliver the true and exact copy of the notarially recorded instrument evidencing the incorporation and bylaws of the CONCESSIONAIRE, with proof of registration with the public records office, in order to prove: (i) that it is a new legal entity, validly established in accordance with the Applicable Laws and Provisions; and, (ii) it has the same partners, shareholders, capital holders, or members, and in the same proportions they hold as members of the Successful Bidder. The requirement established in item (ii) shall not apply when the Successful Bidder is a single legal entity, in which case it shall only be required, at a minimum, to have the Minimum Stake in the CONCESSIONAIRE.
- b) Prove that twenty-five percent (25%) of the minimum capital stock is fully subscribed and paid in. The minimum capital stock totals S/ 57,471,826.00 (Fifty-seven million four hundred seventy-one thousand eight hundred twenty-six 00/100 Soles).

Likewise, the CONCESSIONAIRE shall integrate the minimum capital stock, so that it is fully subscribed and paid in, as follows:

- Fifty percent (50%) of the minimum capital stock upon the submission of Technical File 1; and,
- One hundred percent (100%) of the minimum capital stock prior to the date of the execution of the Certificate for the Start of Construction of the Works contained in Technical File 1.

The aforementioned minimum capital stock shall be maintained for at least six (6) months following the issuing of the Operating Start-Up Certificate, after which the capital stock may be equivalent to fifty percent (50%) of the minimum capital stock, which shall be reported to the GRANTOR within fifteen (15) Days after the change is made.

To prove the integration of the capital stock, the CONCESSIONAIRE shall submit to the GRANTOR: (i) the Notarially Recorded Instrument evidencing the establishment of the CONCESSIONAIRE and, where applicable, the notarially recorded instrument evidencing an increase in capital stock and amendment of bylaws, with proof of registration in the public records office; (ii) the accounting entries proving the recording of the funds deposited by the partners, shareholders, or capital holders of the CONCESSIONAIRE; and, (iii) the deposit slip issued by the national financial system institution where the corresponding deposit was made.

- c) Proof of registration in the corresponding public records office of the powers of attorney of the legal representative of the CONCESSIONAIRE that will execute the Concession Contract in its name and on its behalf.
- d) Deliver a notarized copy of the documents establishing that its internal bodies have approved the Concession Contract.
- e) Deliver a notarized copy of the entries in the share register, or equivalent document, proving the shareholding structure or structure of the ownership interests in the CONCESSIONAIRE.
- f) Deliver an updated affidavit, using the form contained in Appendix 6 to Annex 5 of the Terms and Conditions, entitled "Representation of non-ineligibility to act as a bidder, and thus to enter into contracts with the Peruvian Government," signed by the members of the CONCESSIONAIRE.
- g) Submit the timeline for taking out insurance policies; the list of companies with which such policies may potentially be taken out; and the list of companies that may potentially perform the risk analyses for the insurance policies provided for in the Concession Contract for its approval, in accordance with the provisions thereof.
- h) The bylaws referred to in Item a) of this clause shall contain the following provisions, at a minimum:
 - A restriction on the free transfer, disposal, or encumbrance of the shares or ownership interests in the Strategic Partner in favor of third parties, with regard to the Minimum Stake.

The Strategic Partner may transfer, dispose of, or encumber said shares or ownership interests corresponding to the Minimum Stake in favor of a new strategic partners, after a minimum of five (5) years have passed following the execution of the Operating Start-Up Certificate, after first obtaining a non-binding opinion from the SUNASS, which shall be issued within a term not to exceed fifteen (15) Calendar Days after receiving the request of the CONCESSIONAIRE and the written authorization of the GRANTOR, which shall be issued within a term not to exceed fifteen (15) Calendar Days after receiving the opinion of the SUNASS or the expiration of the deadline for the issuing of said opinion without the effective issuing thereof. This new strategic partner shall meet the same requirements that were established for the Strategic Partner in the Terms and Conditions and the Concession Contract.

The approval of the GRANTOR is subject to compliance by the CONCESSIONAIRE

with the conditions and restrictions set forth in the Terms and Conditions and the Concession Contract.

The aforementioned restriction does not include the transfer of the Minimum Stake held by the Strategic Partner to a company from the same Group of Companies, provided the Control of both of them is exercised by the same Parent Company, with the previous, non-binding opinion of the SUNASS, which shall be issued within a term not to exceed fifteen (15) Calendar Days, and the written authorization of the GRANTOR, which shall be issued within a term not to exceed fifteen (15) Calendar Days after receiving the opinion of the SUNASS or the expiration of the deadline for the issuing of said opinion without the effective issuing thereof, and provided the new Strategic Partner meets the same requirements established for the Strategic Partner in the Terms and Conditions and the Concession Contract.

The restriction established in this section does not include the transfer, disposal, or encumbrance of the shares or ownership interests in the Strategic Partner other than the Minimum Stake, nor the shares or ownership interests other than those of the Strategic Partner.

With regard to the encumbrance of shares or ownership interests held by the Strategic Partner corresponding to the Minimum Stake, in case of execution, the new Strategic Partner shall meet the requirements established in the Terms and Conditions and the Concession Contract and obtain the prior, non-binding opinion of the SUNASS, which shall be issued within a term not to exceed fifteen (15) Calendar Days, and the written authorization of the GRANTOR, which shall be issued within a term not to exceed fifteen (15) Calendar Days after receiving the opinion of the SUNASS or the expiration of the deadline for the issuing of said opinion without the effective issuing thereof.

- A restriction on the free transfer, disposal, or encumbrance of the shares or ownership interests in favor of other Bidders, or the members of other Bidders, who submitted economic offers during the Tender Process stage. This restriction shall remain in force during the entire term of the Concession.

The aforementioned limitation also includes the transfer, disposal, or encumbrance of the shares or ownership interests in favor of companies that may have a direct or indirect relationship, or that form part of a Group of Companies, in accordance with the definitions contained in SMV Resolution 019-2015-SMV/01, as amended or substituted, as applicable, regarding the legal entities that were Bidders during the Tender Process stage, or the members of the consortiums that submitted economic offers during the Tender Process stage, different from the Successful Bidder.

- Any amendment to the corporate bylaws that involves a change to the regimen of majorities, share classes, and the proportions that the shareholders or capital holders shall maintain among themselves; their administrative bodies; or any process for an increase in capital stock, reduction in capital stock, merger, spinoff, transformation, or liquidation of the CONCESSIONAIRE, starting on the Closing Date and throughout the entire term of the Concession, shall:

- (i) Maintain the Minimum Stake, in terms of percentage, in the capital stock for the Strategic Partner, as established in the Terms and Conditions and the Concession Contract; and,
- (ii) Necessarily obtain the favorable vote of the Strategic Partner, and be approved by shareholders or capital holders of the CONCESSIONAIRE collectively representing at least two thirds (2/3) of its capital stock, on both first and second call.

In the event that the CONCESSIONAIRE decides to carry out any of the aforementioned processes, it shall observe the following rules:

- (iii) Provide the GRANTOR, with a copy to the SUNASS, of the draft resolution of the general shareholders' meeting. This shall be evaluated and, if applicable, authorized by the GRANTOR within a term not to exceed forty-five (45) Days of receiving the non-binding opinion of the SUNASS, or following the expiration of said deadline without the effective issuing of said opinion, which shall be issued within a term of no more than thirty (30) Days after receiving the request.
 - (iv) The bylaws shall expressly state that, for the adoption of any resolution that directly or indirectly assumes or may result in an increase in the capital stock of the CONCESSIONAIRE, the favorable vote of the Strategic Partner shall necessarily be required. This provision shall remain in force throughout the entire term of the Concession, complying with the Minimum Stake at all times.
- The CONCESSIONAIRE is a corporation established for the exclusive purpose of performing the activities set forth in the Concession Contract.
 - For purposes of the establishment, operations, and performance of the CONCESSIONAIRE, it shall mandatorily comply with the Applicable Laws and Provisions.
 - The term of the existence of the CONCESSIONAIRE shall be at least two (2) years following the date of entry into force of the Concession Contract. In case of the renewal or extension of the Concession provided for in Chapter IV, the term of existence of the CONCESSIONAIRE shall be extended, at a minimum, for this new term plus two (2) years.
- i) Deliver the Performance Bond for the Design and Building Period, as established in Clauses 9.2, *et seq.*
 - j) Perform the deposit in the account indicated by PROINVERSIÓN for the reimbursement of expenses for the process, as established in the Terms and Conditions.
 - k) Execute the Concession Contract.
 - l) Deliver the economic/financial model prepared by the Successful Bidder, which shall be based on the investigations, tests, inspections, analyses, and risk assessments of

the Successful Bidder. Said model shall comply with the provisions established in the Terms and Conditions and the Applicable Laws and Provisions.

- 3.4. The GRANTOR, on the Closing Date, shall comply with the following requirements:
- a) Return to the CONCESSIONAIRE the Bid Bond submitted by the Successful Bidder.
 - b) Deliver a copy of the Executive Order published in the Official Gazette "El Peruano," in accordance with Section 25 of Legislative Order 1362, as amended or substituted, by virtue of which the Executive Branch grants the CONCESSIONAIRE the Government's guarantee in backing of the representations and guarantees of the GRANTOR provided for in this Concession Contract, which does not constitute a financial guarantee.
 - c) Deliver the Concession Contract, duly executed.

Chapter IV. CONCESSION TERM

Concession Term

- 4.1. The term of the Concession is for twenty-two (22) years and six (6) months, counted as from the Closing Date.

Maximum Concession Term

- 4.2. In no case shall the term of the Concession, plus the term of any renewal(s), exceed the maximum term established in the Applicable Laws and Provisions, counted as from the Closing Date.

Renewals due to Expiration of the Concession

- 4.3. The term of the Concession may be renewed upon expiration at the request of the GRANTOR or the CONCESSIONAIRE, by virtue of a duly justified written notice, sent no less than two (2) years prior to the expiration of the Concession term, provided the CONCESSIONAIRE has not accrued penalties equal to more than four hundred fifty (450) Tax Units (UITs), or has not incurred in a severe violation of its contractual obligations as set forth in the Concession Contract, during the entire duration hereof.

The GRANTOR reserves the right to revise the conditions under which it may accept the renewal of the Concession. The GRANTOR's decision may not be challenged or questioned by the CONCESSIONAIRE via the dispute settlement mechanism.

- 4.4. Before renewing the term of the Concession due to expiration, the GRANTOR shall evaluate whether, during the elapsed term of the Concession, any changes have occurred in the material, technological, or economics conditions under which the Service is provided, in order to determine the advisability of granting the additional term, or, where applicable, calling a new selection process, considering the principles of value for money and competition, as well as other applicable conditions or sectoral standards. The renewal of the term shall be processed in accordance with the procedure established in Chapter XV and the Applicable Laws and Provisions.

Suspension of the Concession Term

- 4.5. The CONCESSIONAIRE or the GRANTOR may request the suspension of the term of the Concession, assuming the occurrence of one of the following events that affects the Critical Path or the normal provision of the Service:
- a) Force majeure or act of God, as per the provisions set forth in Chapter XIV.
 - b) Written agreement between the Parties to the Concession Contract, arising from circumstances other than those indicated in the preceding item, provided they are not attributable to the CONCESSIONAIRE, with the prior binding opinion of the Specialized Supervisor or the SUNASS, as applicable. This agreement shall be contained in a written document.
 - c) All other cases expressly provided for in this Concession Contract.

The request for the suspension of the Concession term shall be processed in accordance with the procedure established in Clauses 4.10 through 4.14, and may be submitted by any of the Parties to the Concession Contract. In the event that the Specialized Supervisor or the SUNASS, as applicable, or the GRANTOR do not issue a decision by the established deadline, their opinion shall be understood to be against the suspension.

In case of the suspension of the Concession term, no economic or financial damages whatsoever shall be admitted in relation to affected income or costs incurred by any of the Parties to the Concession Contract.

- 4.6. In the event that the suspension of the Concession term extends for more than one hundred eighty (180) consecutive Calendar Days, counted as from the respective announcement, and this suspension affects the Critical Path or the provision of the Service, any of the Parties to the Concession Contract may call for its Termination.
- 4.7. The violation of obligations arising as a consequence of the cases set forth in Clause 4.5 shall not be subject to the penalties or deductions set forth in the Concession Contract.
- 4.8. In the event that the GRANTOR declares the request for the suspension of the Concession term to be inadmissible, the penalties or deductions corresponding to the CONCESSIONAIRE shall be applied retroactively.

Suspension of the Term for the Performance of Obligations

- 4.9. Failure to comply with the obligations set forth in the Concession Contract on the part of the CONCESSIONAIRE, the GRANTOR, or the PSS shall not be considered a cause attributable to them, for the duration of the suspension and insofar as said noncompliance prevents the performance of any of the obligations set forth herein, and is the result of one of the following causes:
- a) Force majeure or act of God affecting the performance of an obligation, in accordance with Chapter XIV.
 - b) Contract between the Parties to the Concession Contract and, if the GRANTOR deems it advisable, with the participation of the PSS, arising from circumstances

other than those set forth in the preceding item, provided they are not attributable to the CONCESSIONAIRE, in which case it shall be necessary to obtain the prior opinion of the SUNASS or the Specialized Supervisor, as applicable, which shall be issued within a term not to exceed ten (10) Days. Said agreement shall be put in writing. In the event that the suspension affects the continuity of the provision of the Service, whether in relation to Functionality or Operation and Maintenance, the opinion of the SUNASS shall be binding.

- c) All other cases expressly established in the Concession Contract.

Procedure for the Declaration of Suspension of the Term

4.10. With the exception of the grounds mentioned in Item b) of the preceding clause, if the CONCESSIONAIRE, the GRANTOR, or the PSS cannot perform the obligations under their responsibility as per the Concession Contract due to any of the events indicated in said clause, the party affected by the event shall inform the others involved regarding:

- a) The facts constituting said event, within seventy-two (72) hours following the occurrence or the discovery thereof, as applicable;
- b) The estimated duration of the full or partial restriction for the performance of its obligations and the expected degree of impact; and,
- c) The mitigation measures that have been or should be adopted while overcoming the estimated restriction period, with the corresponding backing.

Additionally, the affected party shall send the other parties involved, and the SUNASS or the Specialized Supervisor, as applicable, within seven (7) Days after the occurrence of the event, a technical, legal, and financial report supporting the reasons for the noncompliance, the details of such event, the obligation or condition affected, the estimated period of total or partial restriction of its activities and the expected degree of impact, the mitigation measures adopted, a proposal of measures to be implemented with regard to the insurance policies taken out, in accordance with Clause 10.3, contractual warranties, and other obligations whose performance is not directly hampered by the event.

The party affected by the event shall also keep all of the other parties involved apprised of the development of said event.

4.11. Within ten (10) Days after the notification of the circumstance for which the temporary suspension of the obligation has been invoked, the SUNASS or the Specialized Supervisor, as applicable, shall issue their technical opinion to the affected party and the others involved. If the suspension affects the continuity of the provision of the Service, the opinion of the SUNASS shall be binding.

4.12. If the CONCESSIONAIRE has requested the suspension of the term for the performance of its obligations, and this request has been deemed admissible, the GRANTOR shall have a term of ten (10) Days to declare the suspension, counted from the receipt of the technical opinion issued by the Specialized Supervisor or the SUNASS, as applicable. If the suspension affects the continuity of the provision of the Service, the opinion of the SUNASS shall be binding.

If the GRANTOR or the PSS have requested the suspension of the term for the performance of their obligations, the GRANTOR shall declare the suspension within fifteen (15) Days, counted as from the receipt of the technical opinion of the Specialized Supervisor or the SUNASS, as applicable, and the opinion of the CONCESSIONAIRE. In the case of the CONCESSIONAIRE, it shall have a term of ten (10) Days, counted as from the receipt of the request, to send its opinion to the GRANTOR.

In all cases, the GRANTOR shall be responsible for declaring the suspension of the term for the performance of the obligations, in accordance with the Applicable Laws and Provisions. The suspension shall enter into force on the Calendar Day following the notification by the respective Party of the event that gave rise to the suspension.

- 4.13. Once the suspension has been declared, if the obligations are affected by a force majeure event or act of God, they shall be suspended starting with the occurrence of the force majeure event or act of God and so long as said event persists, in accordance with Chapter XIV.
- 4.14. If there are any disputes regarding the opinion issued, the GRANTOR or the CONCESSIONAIRE affected shall be entitled to avail themselves of the dispute settlement procedure established in Chapter XVI.

Effects of the Declaration of Suspension

- 4.15. The duty of the affected party to comply with the obligations of the Concession Contract shall be temporarily suspended during the approved period, due to the impossibility caused by any of the grounds set forth in the preceding clauses.

The foregoing is established without prejudice to the obligation of the CONCESSIONAIRE to reestablish the Service in the shortest time possible, once the grounds giving rise to the suspension have ceased to exist.

- 4.16. The party affected by a force majeure event or act of God shall immediately notify the other parties involved and the Specialized Supervisor or the SUNASS, as applicable, when the impediment has ceased and it is able to continue performing its obligations. From that moment on, it shall reassume the performance of the suspended obligations.

The force majeure event or act of God shall not release the affected party from the requirement to uphold those obligations that have not been suspended due to said events, nor shall it release the CONCESSIONAIRE from the application of the penalties or deductions, as applicable, for the breaches that occurred prior to the declaration of the suspension, as duly notified by the Specialized Supervisor or the SUNASS.

- 4.17. If, during the term of the Concession, any of the obligations are suspended, those not affected by the suspension shall remain in force.
- 4.18. In the event that the GRANTOR declares the request for the suspension of the deadline for the performance of the obligations to be inadmissible, the penalties or deductions corresponding to the CONCESSIONAIRE shall be applied retroactively.

Chapter V. REGIMEN OF ASSETS

Concession Assets

- 5.1. The Concession Assets shall be exclusively destined for the performance of the Concession Contract. All obligations under the responsibility of the CONCESSIONAIRE established in this Chapter shall be performed on its own account and at its own cost and risk.
- 5.2. The Concession Assets that the GRANTOR shall deliver to the CONCESSIONAIRE for the performance of the Works involved in each one of the Components are listed in Annex 4.
- 5.3. In the event that the CONCESSIONAIRE decides to use assets other than those delivered upon the execution of the respective Certificate of Handover of the Concession Assets (Initial or Definitive), the procedures required to obtain the Legal Clearance of Property shall be the sole and exclusive responsibility of the CONCESSIONAIRE, who shall assume the performance of each and every one of the procedures and costs required by this process. The GRANTOR shall not admit any type of payment, suspension of deadlines, or extension of deadlines resulting from the decision of the CONCESSIONAIRE to use premises or assets or rights other than those listed in Annex 4.

The CONCESSIONAIRE shall likewise be responsible for each and every one of the consequences arising from the use of these premises, assets, or rights not provided by the GRANTOR in the development of the Project, whether in the Design and Building Period or the Operating Period. Once these assets have been incorporated into the Concession as per the provisions set forth in this Concession Contract, they shall become part of the Concession Assets, as from the date on which the GRANTOR provides notice of its acceptance.

- 5.4. During the term of the Concession, the CONCESSIONAIRE is obligated to perform activities aimed at maintaining the Concession Assets in proper operating order, taking into account the ordinary use and nature thereof.
- 5.5. The CONCESSIONAIRE is also obligated to perform preventive and corrective maintenance activities, and, in general, all the work necessary to keep the Concession Assets in operating order.
- 5.6. The CONCESSIONAIRE is obligated to make the improvements required by the aforementioned Concession Assets for the proper provision of the Service, on its own account and at its own cost and risk.
- 5.7. The Specialized Supervisor or the SUNASS, as applicable, shall verify the compliance with the provisions set forth in this Concession Contract as part of its supervision actions during the Concession.
- 5.8. The CONCESSIONAIRE's primary obligation is to replenish or replace, on its own account and at its own cost and risk, and on a timely basis, any Concession Assets that may be lost, as well as those whose state of conservation make it impossible to comply with the Concession Contract.
- 5.9. The Concession Assets destined for the performance of the Concession Contract may not be removed from the Concession Area, except with the prior written authorization of the

GRANTOR. For such purposes, the GRANTOR shall respond to the written request filed by the CONCESSIONAIRE within a term of no more than ten (10) Days after receiving said request. In the event that the GRANTOR does not respond within the aforementioned term, the request shall be considered denied.

- 5.10. The Concession Assets destined for the performance of the Concession Contract may not be transferred separately from the Concession, or mortgaged, and may not be subject to any security interest, or be submitted to charges and/or encumbrances of any kind, except with the prior written authorization of the GRANTOR, as established in Chapter VII.
- 5.11. Each one of the Concession Assets that are able to be registered in the Public Records Offices shall be registered by the CONCESSIONAIRE, on its own account and at its own cost and risk, to the name of the GRANTOR, within a term not to exceed six (6) months following the completion of their construction, procurement, performance, or implementation, with the conformity of the GRANTOR, except in case of delay by the Competent Governmental Authority, duly proven.

For such purpose, the GRANTOR expressly authorizes the CONCESSIONAIRE to carry out all the administrative procedures required.

For its part, the CONCESSIONAIRE, within a term not to exceed six (6) months from the Closing Date, shall register the Concession in the Registry of the National Superintendency of Public Records Offices (SUNARP), on its own account and at its own cost and risk.

Delivery of the Concession Assets

- 5.12. The GRANTOR shall hand over the available Concession Assets, in accordance with the conditions established in the Concession Contract. Such Availability shall be proven by the GRANTOR on the Closing Date using the following documents:
- a) In the case of procurements: Agreements for early transfer, certificates, minutes, or any other reliable document proving possession, agreements for enjoyment, surface area, assignment in use, and others, entered into by and between the lender and the borrower in accordance with Legislative Order 1192, as amended or substituted.
 - b) In the case of expropriations: A letter of intention to Procure sent by the GRANTOR to the Expropriated Party in accordance with Legislative Order 1192, as amended or substituted.
 - c) In the case of the transfer of assets owned by peasant or native communities: Assembly minutes in which the members resolve to transfer land for the implementation of the Project (according to the formalities established in the Applicable Laws and Provisions), and a letter of commitment backed by the minutes of the ordinary or extraordinary general assembly that approved the order for the disposal or administration of the land, commitment, or agreement for sale, donation, exchange, or any act for the disposal or administration of community assets.
 - d) In the case of land, premises, or immovable property with the direct participation of the National Superintendency of State-Owned Assets (SBN): Official letters indicating the start of the Legal Clearance of Property or the transfer of premises or resolutions approving any order for the disposal or administration of assets, or resolutions for the

release of assets, extinction, return, or reassignment of use.

- e) In the case of land, premises, or immovable property owned by the municipality: Certificate, deed, resolution of the Council approving the transfer of the property or any other reliable document proving possession, filing cards evidencing the registration of properties, public records cards evidencing the separate registration of each piece of land, property, or immovable asset, as well as provisional notations.

The foregoing list of documentation is for reference purposes only and is not intended to be exhaustive.

- 5.13. Upon the execution of the Certificate of Initial Handover of the Concession Assets, the CONCESSIONAIRE acquires the right to use the assets that form part of the Concession Assets, in the state in which they are found, which are Available for the performance of the Project. As part of this certificate, the land forming part of that Concession Assets that is not occupied by the PSS and has not yet undergone the Legal Clearance of Property shall be delivered in possession, so that the CONCESSIONAIRE may carry out its duty of Custody.

Once the assets included in Certificate of Initial Handover of the Concession Assets have completed the Legal Clearance of Property, the CONCESSIONAIRE shall execute the Certificate of Definitive Handover of the Concession Assets on the date established in the Asset Handover Schedule, except for those assets delivered on the Closing Date, with regard to which, in addition to the obligations established in the preceding paragraph, the CONCESSIONAIRE also acquires the duty to exercise the protection of possession thereover.

- 5.14. The GRANTOR shall obtain the Legal Clearance of Property for the lands that form part of the Concession Assets, according to Annex 4, within a term not longer than that established in Clause 6.24.
- 5.15. For purposes of the Concession Contract, the assets that are replaced, repaired, and those acquired shall be catalogued under the regimen of Concession Assets.
- 5.16. The CONCESSIONAIRE is responsible for the damages, harm, or losses caused to the Concession Assets as from the handover in possession referred to in the Certificate of Handover of the Concession Assets (Initial or Definitive) until the delivery thereof to the PSS or the GRANTOR, as applicable, through the Certificate of Return of the Concession Assets, except for those damages or losses attributable exclusively to the lack of Legal Clearance of Property on the part of the GRANTOR. The CONCESSIONAIRE shall be responsible for hidden defects in the Works of Component 1 delivered to the PSS for seven (7) years, counted as from the date of the Certificate of Return of the Concession Assets.

Consequently, the CONCESSIONAIRE shall establish the security measures necessary to guarantee the integrity and adequate functioning of the Concession Assets against damages and harm that may be caused by third parties.

- 5.17. The CONCESSIONAIRE shall hold the GRANTOR harmless against any action or exception of a legal, administrative, arbitral, or contractual nature, or any claim of any kind regarding the Concession Assets, provided this situation has arisen due to acts or omissions occurred as from the execution date of the respective Certificate of Initial Handover of the Concession Assets or Certificate of Definitive Handover of the Concession Assets, as

applicable, and until the execution date of the respective Certificate of Return of the Concession Assets, unless there has been any kind of fraud or gross negligence attributable to the GRANTOR.

The CONCESSIONAIRE assumes responsibility before the GRANTOR, the PSS, and third parties, as applicable, for the correct management, use, and Custody of the Concession Assets, as well as the risk inherent thereto, and the civil liability derived therefrom.

Any claim, action, or act brought by third parties in relation to the Concession Assets, due to events or situations not attributable to the CONCESSIONAIRE originating prior to the execution date of the respective Certificate of Definitive Handover of the Concession Assets shall be the responsibility of the GRANTOR in the case of the Concession Assets identified in Annex 4, and of the CONCESSIONAIRE in the case of those Concession Assets incorporated thereby, in accordance with the Applicable Laws and Provisions.

- 5.18. The CONCESSIONAIRE undertakes to take out the insurance policies for the Concession Assets in the terms set forth in Chapter X.
- 5.19. As from the execution of the respective Certificate of Initial Handover of the Concession Assets for the assets delivered in possession, the CONCESSIONAIRE is responsible for and shall be obligated to pay the applicable taxes, fees, and contributions in relation to the Concession Assets, in accordance with the Applicable Laws and Provisions.
- 5.20. All of the Concession Assets that the GRANTOR is obligated to hand over to the CONCESSIONAIRE, by virtue of the respective Certificates of Definitive Handover of the Concession Assets, shall meet the following terms:
 - a) They shall not be subject to charges or encumbrances or occupation by third parties that may affect or impede the delivery in possession to the CONCESSIONAIRE or their use thereby.
 - b) There shall not be any administrative, labor, tax, judicial, or legal liabilities, obligations, or contingencies, among others, that in any way affect or may affect their use by the CONCESSIONAIRE.
- 5.21. The CONCESSIONAIRE may not refuse to receive the Concession Assets based on the allegation that they are subject to legal limitations or the contingencies established in the preceding clause, as established in the Certificate of Definitive Handover of the Concession Assets, and shall be required to sign the respective certificate. No discrepancy shall be considered a valid reason not to sign the certificate; in such case, the Parties may subsequently seek an expert evaluation in accordance with the procedure established in Clauses 5.32 and 5.33.
- 5.22. If the CONCESSIONAIRE is not in agreement with the Availability or the Legal Clearance of Property of the Concession Assets, it shall be obligated to execute the respective Certificate of Handover of the Concession Assets (Initial or Definitive), placing this fact on record, as a necessary requirement for the start of the expert evaluation.

Delivery of the Concession Assets

- 5.23. The delivery of the Concession Assets shall be subject to the following procedure:

- a) Before the Closing Date, the GRANTOR and the CONCESSIONAIRE shall execute the Certificate of Initial Handover of the Concession Assets, by virtue of which the GRANTOR delivers to the CONCESSIONAIRE: (i) the assets that are Available; and (ii) the movable assets indicated in the general shareholders' meeting minutes of the PSS authorizing the execution of the Concession Contract; as well as the possession of those Concession Assets that are not being operated by the PSS, so that it may carry out the duty of Custody. The effects of this certificate are conditional upon the Closing Date.

Additionally, the Certificate of Definitive Handover of the Concession Assets shall be executed for the land, premises, or real properties that have undergone the Legal Clearance of Property as of that date that are not being operated by the PSS.

- b) The Concession Assets not delivered in possession on the Closing Date shall be delivered as per the Asset Handover Schedule contained in Technical File 1 or 2, as applicable. This handover shall be performed following the execution of the respective Certificates of Definitive Handover of the Concession Assets, executing as many certificates as necessary in accordance with said schedules.

- 5.24. In case of any dispute between the Parties to the Concession Contract regarding the admissibility of the handover of the Concession Assets indicated in Annex 4, the CONCESSIONAIRE agrees to receive said Concession Assets without prejudice to its right to subsequently request an expert evaluation.

If the GRANTOR fails to comply with the handover the Concession Assets under its responsibility, and this makes it impossible for the CONCESSIONAIRE to comply with its obligations for reasons tied to said handover, the GRANTOR assumes responsibility, provided this situation has affected the Critical Path of the Project. The CONCESSIONAIRE may request the suspension of the Concession term.

- 5.25. Regarding the Concession Assets delivered in possession the CONCESSIONAIRE up until the respective Certificate of Definitive Handover of the Concession Assets, the CONCESSIONAIRE shall be responsible for their Custody and security. Without prejudice to the foregoing, the GRANTOR assumes responsibility for any problems arising from the lack of Legal Clearance of Property that may occur during said period, provided it has been determined that the causes are attributable to the GRANTOR, whether by virtue of an agreement between the Parties to the Concession Contract or an expert evaluation, as applicable.

- 5.26. During the term of the Concession, the GRANTOR shall maintain the right of ownership or the rights of use over the Concession Assets. Without prejudice to the foregoing, this Concession is sufficient title for the CONCESSIONAIRE to exercise, during the validity hereof, exclusive rights for the exploitation of the Concession Assets and to enforce its rights against third parties.

The Concession is likewise sufficient title for the CONCESSIONAIRE to enforce its rights directly tied to the Concession in the banking and financial system.

- 5.27. Following the execution of the respective Certificate of Definitive Handover of the Concession Assets, the CONCESSIONAIRE shall be responsible, during the term of the

Concession, for maintaining the corresponding Concession Assets free of legal and de facto limitations that affect the purposes of the Concession.

- 5.28. The CONCESSIONAIRE shall have the right of use and, where applicable, of exclusive exploitation of the Concession Assets, as well as the exercise of any necessary rights over the Concession Assets, in order to comply with the obligations with the obligations under its responsibility established in the Concession Contract and the Applicable Laws and Provisions.
- 5.29. The corresponding Certificates of Handover of Concession Assets (Initial or Definitive) shall necessarily include the Initial Inventory or the Intermediate Inventory, as applicable, as well as any element that may help to individually identify the asset delivered, its condition, and state.

No less than twenty (20) Days before the execution date established in the Asset Handover Schedule for each Certificate of Definitive Handover of the Concession Assets, with the exception of that executed on the Closing Date, the Parties to the Concession Contract shall prepare a draft certificate, including the corresponding Intermediate Inventory.

The CONCESSIONAIRE shall be obligated to receive the Concession Assets on the scheduled execution date of the respective Certificate of Definitive Handover of the Concession Assets.

Execution of the Certificate of Definitive Handover of the Concession Assets

- 5.30. The definitive handover of the Concession Assets by the GRANTOR shall become effective upon the execution of the respective Certificate of Definitive Handover of the Concession Assets.
- 5.31. Regarding the respective Certificate of Definitive Handover of the Concession Assets, if the CONCESSIONAIRE finds that any of the Concession Assets does not meet the requirements established in this Chapter, and the GRANTOR is unable to rectify all of the objections within (10) Days prior to the execution of the respective Certificate of Definitive Handover of the Concession Assets, the Parties to the Concession Contract shall execute the respective Certificate of Definitive Handover of the Concession Assets, placing on record the pending objections and the term within which the GRANTOR shall make the corresponding rectifications.

In the event that the pending objections make it impossible to perform the Works or provide the Service, the Parties to the Concession Contract may agree to suspend the Concession term or suspend the schedule for the performance of the affected obligations, as established in Clause 4.5, *et seq*, and Clause 4.9, *et seq*.

The period of suspension of the Concession term, or of the term for the performance of the affected obligations, shall run until the Day on which the GRANTOR notifies the CONCESSIONAIRE that the Concession Assets to be handed over comply with the terms established in this Chapter, which shall be performed by and at the risk of the GRANTOR.

Expert Evaluation

- 5.32. In the event that the Parties to the Concession Contract initiate the expert evaluation

mechanism, they shall place on record, in writing, whether in the text of the Certificate of Handover of Assets (Initial or Definitive) or subsequently, all of the disputes that may arise regarding the compliance with the provisions established in this Chapter, which shall be resolved in a single act by an independent expert (hereinafter, the "Expert") appointed by mutual agreement between the Parties to the Concession Contract, in accordance with the following clauses, who shall be hired by the CONCESSIONAIRE. The CONCESSIONAIRE shall assume all of the costs, expenses, and risks required for the hiring thereof, as well as any taxes levied thereon. The implementation of the expert evaluation is mandatory, and the Expert's decisions are final and binding, for which reason they may not be submitted to the dispute settlement mechanisms established in Chapter XVI. The Expert shall issue his/her decision by the deadline established for the Parties to execute or implement such decisions.

- 5.33. For the hiring of the Expert, the CONCESSIONAIRE shall send the GRANTOR, within a maximum term of fifteen (15) Days after the dispute arises, the terms of reference, deadlines, and procedures of the expert evaluation, as well as a list of at least three (3) experts on the matter in dispute. None of the proposed experts shall have any ties to, nor shall they be directly or indirectly rendering any type of services to, the Parties to the Concession Contract or the PSS, their partners, shareholders, advisers, officers, capital holders or Related Companies, in Peru or abroad. This restriction shall apply as from the year prior to that in which the Expert is selected, up until a year following the completion of the expert evaluation.

Once the documentation has been received for the expert evaluation, the GRANTOR, within a term not to exceed ten (10) Days, may raise objections including its right to veto the list of experts, terms of reference, deadlines, and the procedure of the expert evaluation. In the case of any objections, the CONCESSIONAIRE, within a term not to exceed five (5) Days after receiving the objections, shall rectify them to the satisfaction of the GRANTOR. If there are no objections, or any objections have been rectified by the CONCESSIONAIRE, the GRANTOR shall approve the contracting conditions and select one of the experts within a term not to exceed ten (10) Days.

Once the Expert has been selected, the CONCESSIONAIRE, within a maximum term of ten (10) Days, shall hire him/her in the terms established in the preceding clause, and inform the GRANTOR of the scope and cost of the expert evaluation services.

Formalities for the Execution of the Certificates of Handover of Assets

- 5.34. All Certificates of Handover of the Concession Assets shall be signed in the presence of a Notary Public, hired and paid by the GRANTOR, in order to certify the delivery by the CONCESSIONAIRE of the Concession Assets, specifying their characteristics, area, location, whether the land is barren or unlevelled, the coordinates in the WGS 84 system, state of conservation and maintenance, operation and performance, and the specific effects on the performance of the Concession purpose, as well as any other aspects of interest.
- 5.35. All Certificates of Handover of the Concession Assets shall be executed in two (2) original counterparts, one for the GRANTOR and the other for the CONCESSIONAIRE. The GRANTOR shall be responsible for submitting an uncertified copy of these certificates to the SUNASS and, where applicable, to the Specialized Supervisor or the PSS.
- 5.36. The Concession Assets shall be received by the CONCESSIONAIRE at the place and in the state of conversation in which they are found. Therefore, the CONCESSIONAIRE may not

allege the existence of any fault or hidden defect, which shall be its full responsibility.

- 5.37. The CONCESSIONAIRE may place on record any defect or objection it identified with regard to the Concession Assets delivered to it in the respective Certificate of Handover of the Concession Assets, without such act invalidating the delivery of Availability or possession, as applicable.

Inventories

- 5.38. The Initial Inventory and the Intermediate Inventories form part of the Certificates of Handover of the Concession Assets (Initial or Definitive, as applicable), which detail the movable or immovable properties to be handed over as Concession Assets for each one of the Components, as applicable.

The Initial Inventory or the Intermediate Inventories corresponding to the Concession Assets of each Component shall be drafted by the GRANTOR and delivered to the CONCESSIONAIRE by the deadlines established in the Concession Contract and the respective Asset Handover Schedule.

- 5.39. Following the execution of the Certificates of Handover of the Concession Assets, the CONCESSIONAIRE is obligated to draft and submit to the GRANTOR the following Inventories of the Concession Assets of each one of the Components:

- a) Works Inventory
- b) Annual Inventory
- c) Final Inventory

These Inventories shall be drafted based on the Initial and Intermediate Inventories of each Component, as applicable in accordance with the preceding clause, and shall have those characteristics expressly provided for in the definition of Inventories contained in Annex 1 and other provisions of the Concession Contract and shall be submitted to the GRANTOR on the occasions established therein. Once the Inventories have been submitted, the GRANTOR may raise objections within a maximum term of twenty (20) Days, in writing and with the respective explanation, granting the CONCESSIONAIRE a one-term, maximum term of ten (10) Days for the rectification thereof.

- 5.40. The Inventories shall contain, at a minimum, a concise description of the Concession Assets, their characteristics, location, state of conservation, notes on their operation or performance, as applicable; and, where applicable, make, model, and year of manufacture, as well as the dates on which they were registered, if they are registered in Public Records Offices. The Inventories may include interpretative elements such as photographs, plans, schematics, and third-party reports, in accordance with the forms to be provided by the GRANTOR. The Annual Inventories submitted by the CONCESSIONAIRE shall include the value of the Concession Assets in accordance with the accounting standards in force.
- 5.41. With regard to the Initial Inventory or the Intermediate Inventories, during a term of forty-five (45) Calendar Days following the approval of Technical File 2, the CONCESSIONAIRE may return to the GRANTOR, in the conditions in which they were received, for one time only, any Concession Assets it has received that it deems unnecessary for the performance

of the Concession.

In the event that the CONCESSIONAIRE decides to return any Concession Assets, this act shall not affect nor may it be claimed as the cause of any failure to meet the Service Levels or the performance of the other obligations under the responsibility of the CONCESSIONAIRE.

For such purpose, the CONCESSIONAIRE shall send the GRANTOR a notice identifying each and every one of the assets it intended to return, providing a reason for the return and indicating the proposed date thereof, which may not be established any sooner than twenty (20) Days following the date of said notice.

Within fifteen (15) Days following the receipt of the notice from the CONCESSIONAIRE, the GRANTOR shall issue a response on whether or not the proposed return is admissible. If the GRANTOR's opinion is unfavorable, it shall provide the relevant reasoning. In such case, the CONCESSIONAIRE shall continue to hold all the obligations intrinsic to said Concession Assets as established in this Concession Contract.

- 5.42. If it is not physically possible to return said assets, the CONCESSIONAIRE shall have the power to dispose of them or proceed to demolish them, with the prior favorable opinion of the GRANTOR, which shall be issued within thirty (30) Calendar Days, counted as from the receipt of the notice from the CONCESSIONAIRE.

If the GRANTOR's opinion is favorable, the CONCESSIONAIRE shall not be obligated to replace the assets that have been demolished or disposed of.

If the GRANTOR's opinion is not favorable, it shall send a notice to the CONCESSIONAIRE with the respective supporting arguments. In such case, the assets may not be disposed of or demolished, and the maintenance thereof shall be assumed by the GRANTOR, when so determined by the corresponding Expert, after following the procedure established in las Clauses 5.32 and 5.33.

- 5.43. In no case may it be proposed to return those Concession Assets which, by their very nature, form part of the closure activities, in accordance with the provisions established in the Concession Contract and the Technical Files.

Easements

- 5.44. The CONCESSIONAIRE shall perform all procedures with the competent institutions to establish and register, in the corresponding Public Records Offices, all of the conventional Easements necessary for the performance of its obligations in accordance with the Concession Contract, on its own account and at its own cost and risk.

- 5.45. The CONCESSIONAIRE shall send a written communication to the GRANTOR of the start of procedures to establish the Easements, including the notification thereof and the easement management plan indicating all of the activities necessary to establish the easements required by the project. The procedures for the establishment of easements shall begin within forty-five (45) Calendar Days after the respective Technical File has been commenced. If six (6) months transpire from the start of the procedures to establish the conventional Easements and such procedures have not been successful, the CONCESSIONAIRE shall file the requests for the forced imposition of easements required,

in accordance with the provisions established in the Applicable Laws and Provisions.

- 5.46. In the case provided for in the preceding clause, the CONCESSIONAIRE shall request the forced establishment of Easements within fifteen (15) Calendar Days following the end of the aforementioned term of six (6) months in accordance with the procedure established in the Applicable Laws and Provisions. For such purpose the CONCESSIONAIRE shall provide the technical and legal documentation established in the Applicable Laws and Provisions. The participation of the GRANTOR is one of means, and under no circumstances one of ends. Once the forced Easement has been established, the CONCESSIONAIRE shall make the corresponding payment, on its own account and at its own cost and risk, in accordance with the provisions established in the Applicable Laws and Provisions.
- 5.47. Provided it has complied with its necessary obligations, procedures, and/or actions to obtain the Easements, the CONCESSIONAIRE may call for the suspension of the term for compliance with the obligations directly related to the performance of the Works that require Easements, provided this affects the Critical Path and is due to events not attributable to the CONCESSIONAIRE. For such purpose, THE CONCESSIONAIRE shall submit the request for the suspension of the term for compliance with the obligations, within the maximum term established in Clause 4.10, counted as from the end of the six (6)-month term set forth in Clause 5.45. Said request for the suspension of the term for compliance with the obligations is subject to the provisions established in Clause 4.10, Item c) and the procedure established for such purpose.
- 5.48. If the request is approved by the GRANTOR, the suspension shall continue until the Easements are obtained. Accordingly, the Parties shall agree to a new schedule for the performance of the obligations that were suspended, where necessary.
- Under no circumstances shall the suspension of the term for compliance with this obligation also suspend the other obligations of the CONCESSIONAIRE set forth in the Concession Contract.
- 5.49. The GRANTOR shall grant, free of charge, those Easements involving publicly-owned assets, as per the provisions established in Law 30327 and Legislative Order 1280, as amended or substituted.
- 5.50. The CONCESSIONAIRE shall register in the corresponding Public Records Offices, in the name of the GRANTOR, as applicable, any Easements that may have been established for the performance of the Concession Contract and imposed on third-party assets, within a term not to exceed one hundred fifty (150) Calendar Days, counted as from the date of establishment of the Easement.
- 5.51. The Easements for the implementation of assets may include the following, among others:
- a) Rights of way: For the installation of pipelines, manholes, etc., indispensables to the Operation and Maintenance of the Works.
 - b) Access easements: For access, Custody, Maintenance, and repair of the Works, equipment, and facilities, and the provision of the Service.

Additionally, Easements may be required for the electricity and water supplies, among other things.

- 5.52. The Easements requested by the CONCESSIONAIRE shall be those identified in the corresponding Technical File.
- 5.53. The Easements, once imposed, shall be considered rights of the Concession.
- 5.54. The Easements shall give the owner of the servient property the right to receive the indemnities and considerations established in the Applicable Laws and Provisions, except where said Easements are free of charge.

The payment of the applicable indemnities or considerations as a result of the agreement or imposition of such Easements, shall be assumed by the CONCESSIONAIRE, on its own account and at its own cost and risk.

- 5.55. The GRANTOR recognizes the right of the CONCESSIONAIRE to avoid or challenge any repairs or modifications that may be attempted by any public or private entity, whether or not it has obtained an Easement, when the exercise thereof is incompatible with the purpose of the Concession, as established in the Concession Contract. The CONCESSIONAIRE may request that the GRANTOR intervene for the proper defense of its rights.
- 5.56. In the event that an Easement is extinguished at the fault of the CONCESSIONAIRE, and for such reason there is a need for a new Easement, the CONCESSIONAIRE shall be responsible for obtaining it on its own account and at its own cost and risk.

If, for any reason not attributable to the CONCESSIONAIRE, the CONCESSIONAIRE loses the right to any Easement established by the PSS before the Closing Date, the GRANTOR, provided the CONCESSIONAIRE provides it with the technical and legal documentation established in the Applicable Laws and Provisions, shall carry out the procedures for the imposition of a new forced Easement that may substitute the previous one. In such case, the CONCESSIONAIRE shall also assume the payment of any necessary indemnities or considerations.

In this latter case, if the loss of the Easement makes it impossible to continue as normal with the activities established in the Concession Contract, the decision may be made to suspend those obligations directly tied to said Easement, at the request of the CONCESSIONAIRE.

Defense of Possession

- 5.57. Following the execution of each Certificate of Definitive Handover of the Concession Assets, the CONCESSIONAIRE shall have the obligation to exercise any of the following forms of defense of possession of the Concession Assets delivered via said certificate:
- a) Out-of-course defense of possession: Used to fend off the force used against it and regain the asset, without any waiting period, if THE CONCESSIONAIRE has been stripped thereof, refraining at all times from using de facto methods not permitted under the Applicable Laws and Provisions.
 - b) Judicial defense of possession: This concept includes injunctive relief, enforcement orders, and other judicial actions. In the event that the Concession is subject to any

encumbrances, dispossession, occupation, squatting, etc., the CONCESSIONAIRE shall report said events to the GRANTOR and the SUNASS and make use of the judicial mechanisms and resources in force as per the Applicable Laws and Provisions that allow it to hold harmless the rights of the GRANTOR and the CONCESSIONAIRE over the Concession Assets. Such cases shall be subject to the Enforcement Procedure Act, as amended or substituted.

Without prejudice to the exercise of the aforementioned defenses, the CONCESSIONAIRE, in a case such as those described in the preceding paragraph, shall notify the GRANTOR of such events no later than one (1) business day following their occurrence, via any written means or email, and immediately coordinate with the GRANTOR regarding the legal actions it intends to take. In such case, the GRANTOR shall be free to bring those legal actions it deems most suitable to hold harmless its rights over the Concession Assets. The GRANTOR shall make its best efforts, in accordance with its powers under the Applicable Laws and Provisions, to aid the CONCESSIONAIRE in achieving such purposes.

- 5.58. During the period between the Certificate of Initial Handover of the Concession Assets and the Certificate of Definitive Handover of the Concession Assets, the GRANTOR shall be responsible for carrying out the aforementioned defense of possession. For such purpose, the CONCESSIONAIRE shall immediately report any event that may affect the possession of the asset, without prejudice to the responsibility it shall assume in the case that the asset is affected due to lack of Custody, which is an obligation of the CONCESSIONAIRE as from the execution of the Certificate of Initial Handover of the Concession Assets.

The CONCESSIONAIRE shall immediately provide notice via the email address and the cell phone number indicated in the Certificate of Initial Handover of the Concession Assets. This email address and cell phone number may be changed according to a prior notice via email sent by the GRANTOR to the CONCESSIONAIRE and shall be notified to the CONCESSIONAIRE via a formal written document.

Return of the Concession Assets of Component 1

- 5.59. Once the Works have been performed for each Milestone and the Functional Testing has been satisfactorily passed, under the supervision of the Specialized Supervisor and with the conformity of the PSS, the Concession Assets pertaining to Component 1 shall be transferred to the PSS, for which purpose a Certificate of Return of the Concession Assets shall be executed for each Functional Milestone, in the presence of a Notary Public, hired and paid by the GRANTOR, to certify the handover to the GRANTOR. This Certificate of Return shall also place on record that the Works have been concluded and have satisfactorily passed the Functional Testing in accordance with the provisions established in this Contract. The return of the Concession Assets shall occur as of the execution of the Certificate of Return of the Concession Assets.

If, for reasons not attributable to the CONCESSIONAIRE, it is not possible to deliver, in a single act, all of the Concession Assets that comprise a Functional Milestone, the CONCESSIONAIRE shall hand over the missing assets in a subsequent act, no more than thirty (30) Days after the first act, under the same conditions as described above. In this latter case, no penalty shall apply to the delay in the return of the Concession Assets.

- 5.60. During the act of transfer, the CONCESSIONAIRE, the GRANTOR, and the PSS shall execute the respective Certificate of Return of the Concession Assets, as established in this Chapter.

Said certificate shall contain the identifying information of the representatives, a description of the assets being transferred, specifying, as a whole or for each one of the components: characteristics, location, state of conservation, notes on the operation or performance thereof, and any other aspects of interest, where applicable.

- 5.61. The Final Inventory shall form part of Certificate of Return of the Concession Assets, along with any other documents that help to identify the object(s) being returned and their state of conservation, including plans, photographs, or schematics.

The Certificates of Return of the Concession Assets for each Functional Milestone shall be executed in three (3) counterparts: one (1) for the CONCESSIONAIRE, one (1) for the GRANTOR, and one (1) for the PSS.

Return of the Concession Assets Due to Termination

- 5.62. If the Termination occurs for any of the grounds described in Chapter XVII, the CONCESSIONAIRE shall be obligated to hand over to the GRANTOR, in a single act through which the Termination is made effective, all of the Concession Assets under its responsibility. The return of the Concession Assets by the CONCESSIONAIRE to the GRANTOR shall be performed without such return giving rise to any right to indemnity or consideration whatsoever in favor of the CONCESSIONAIRE.

If the Termination occurs during the Design and Building Period, the Concession Assets shall be properly conserved, taking into account the ordinary use and nature of the assets. In the case of the Functional Milestones of Component 1 that have not yet been delivered to the PSS, but where the equipment has been fully installed, said equipment shall be in operating order and properly conserved. In such case, an opinion shall be issued by the Specialized Supervisor before executing of the Certificate of Return of the Concession Assets.

If the Termination occurs during the Operating Period, the Concession Assets shall be properly conserved, in conditions for their use and operation, except for the grounds established in Clause 17.1.6, provided this exception affects the Concession Assets.

If, for reasons not attributable to the CONCESSIONAIRE, it is not possible to hand over all of the Concession Assets in a single act, the CONCESSIONAIRE shall hand over the missing assets in a subsequent act, no more than thirty (30) Days after the first act, under the same conditions as described above. In this latter case, no penalty shall apply to the delay in the return of the Concession Assets.

- 5.63. During the act of transfer, the CONCESSIONAIRE and the GRANTOR shall execute the respective Certificate of Return of the Concession Assets, as established in this Chapter. Said certificate shall contain the identifying information of the representatives and a description of the assets being transferred, specifying, as a whole or for each one of the components: characteristics, location, state of conservation, notes on the operation or performance thereof, and any other aspects of interest, where applicable. The value of the Concession Assets shall not be binding for the calculation of the settlement amount in accordance with Clause 17.11.2.
- 5.64. The Final Inventory shall form part of Certificate of Return of the Concession Assets, along with any other documents that help to identify the object(s) being returned and their state of conservation, including plans, photographs, or schematics.

The Certificates of Return of the Concession Assets shall be executed in three (3) counterparts: one (1) for the CONCESSIONAIRE and two (2) for the GRANTOR.

The GRANTOR shall also be responsible for expressly identifying in the Certificate of Return of the Concession Assets those Concession Assets that, by their nature, are necessary and indispensable for the purpose of the Concession and the provision of the Service, as applicable.

Within a maximum term not to exceed two (2) Days after the return of the Concession Assets, the GRANTOR shall send the SUNASS a copy of the Certificate of Return of the Concession Assets.

- 5.65. All assets contained in the Initial Inventory are considered Concession Assets, except those which the CONCESSIONAIRE has returned, demolished, or disposed of in accordance with this Concession Contract.

Replacement of the Concession Assets

- 5.66. During the first quarter of each Calendar Year of the Operating Period, the CONCESSIONAIRE shall send a written report to the GRANTOR for its approval entitled "Concession Asset Replacement Schedule," which establishes the Concession Assets that shall be changed or replaced during said Calendar Year. The GRANTOR shall approve this report within a maximum term of twenty (20) Days. If the GRANTOR fails to respond by said deadline, this shall be taken to mean its implied approval. The CONCESSIONAIRE shall send a copy of the approved Concession Asset Replacement Schedule to the SUNASS for informational purposes, within no more than three (3) Days after the deadline for the GRANTOR's response has expired.

If the Concession Asset Replacement Schedule is approved, such changes or replacements shall not require any additional approval the GRANTOR, provided they are performance in accordance with said schedule.

- 5.67. If the CONCESSIONAIRE foresees the need to change or replace one of more of the Concession Assets assigned for the performance of the Concession Contract, in accordance with the provisions established in Clauses 5.4 through 5.8, and such change or replacement is not set forth in the Concession Asset Replacement Schedule, the CONCESSIONAIRE shall submit to the GRANTOR, for its approval, the corresponding replacement request. The GRANTOR shall approve the request within a maximum term of twenty (20) Days. If the GRANTOR fails to respond, this shall be taken to mean its implied approval.
- 5.68. In any of the cases provided for in Clauses 5.66 and 5.67 where a replacement is necessary due to an emergency situation, the CONCESSIONAIRE shall immediately replace the asset and notify the GRANTOR of said replacement within a term not to exceed five (5) Days following the performance thereof.
- 5.69. The replaced assets shall be handed over to the GRANTOR, attaching an inventory of said assets, at the place and by the deadline established by the GRANTOR, except for those assets that are demolished or that form part of the new asset, with the prior written authorization of the GRANTOR. Until such time as the GRANTOR issues a pronouncement on the matter, the CONCESSIONAIRE undertakes to maintain the asset in its Custody. The

CONCESSIONAIRE shall keep these assets for a maximum term of six (6) months, counted as from the date on which the CONCESSIONAIRE asks the GRANTOR to indicate the place and time for the delivery of the asset to be replaced. If the aforementioned maximum term expires and the GRANTOR has still not made a decision regarding what is to be done with the assets in question, the CONCESSIONAIRE may dispose of the replaced assets.

- 5.70. All cases involving the replacement of the Concession Assets shall be the responsibility of the CONCESSIONAIRE, on its own account and at its own cost and risk.

Chapter VI. DESIGN AND PERFORMANCE OF THE WORKS

Rights and Duties of the CONCESSIONAIRE

- 6.1. The CONCESSIONAIRE undertakes, on its own account and at its own cost and risk, to prepare the Technical Files and perform the Works in accordance with Annex 5 "Minimum Requirements of the Project." For such purpose, it shall previously inform the GRANTOR, writing, of the start of the preparation of each Technical File.
- 6.2. The risks inherent to the design, financing, and building of the Components are assumed entirely by the CONCESSIONAIRE. Likewise, all of the obligations under the responsibility of the CONCESSIONAIRE in accordance with this Chapter shall be assumed thereby on its own account and at its own cost and risk.
- 6.3. The CONCESSIONAIRE shall perform the Works as established in the corresponding Technical Files, after these Technical Files have been approved by the GRANTOR. Likewise, during the Design and Building Period, the CONCESSIONAIRE shall comply with the safety standards established in the Applicable Laws and Provisions.
- 6.4. The amount of the Expenditure in Works shall be determined by and at the risk of the CONCESSIONAIRE. No claims may be brought between the Parties in relation to a higher or lower expenditure amount executed by the CONCESSIONAIRE.

Supervision of the Design and Execution of the Works

- 6.5. The GRANTOR, acting through the Specialized Supervisor, shall be responsible for conducting the supervision of the design and performance of the Works, which comprise: (i) the preparation of the Technical Files and the Environmental Management Instrument(s); (ii) the building of the Works; (iii) Functional Testing; and (iv) the Start-Up.
- 6.6. For such purpose, in accordance with Clause 3.2, Item s), the GRANTOR has accredited the company that will perform all of the duties of the Specialized Supervisor, who shall not have directly or indirectly provided any type of service to CONCESSIONAIRE, its shareholders, capital holders, or Related Companies, in the last five (5) years, in Peru or abroad, counted as from the moment that it is hired. This restriction includes the employees of the Specialized Supervisor and those involved in the supervision of this project.

The contract with the Specialized Supervisor includes non-disclosure clauses regarding the information provided to it by the CONCESSIONAIRE and establishes that the Specialized Supervisor is the only one responsible for any damages or losses that its personnel may cause to the Works during the supervision work.

The CONCESSIONAIRE shall assume the costs for the supervision of the design and performance of the Works, including VAT, for which purpose it shall deposit the respective amount in the Supervision Account of the Management Trust. The Specialized Supervisor shall then issue the respective payment vouchers to the CONCESSIONAIRE. The total amount that the CONCESSIONAIRE shall allocate for the supervision work is S/ 6,536,920.00 (Six Million Five Hundred Thirty-Six Thousand Nine Hundred Peruvian Soles), plus VAT.

In the event of early Termination of the Concession Contract, the supervision agreement establishes the scope and mechanisms for the compensation of the Specialized Supervisor.

- 6.7. On an exceptional basis, and without prejudice to the obligations of the CONCESSIONAIRE established in Clauses 6.1 to 6.4, the GRANTOR may temporarily assume duties for the supervision of the design and performance of the Works, only in the event that the contract with the Specialized Supervisor has been terminated or has expired.

In such case, the GRANTOR shall immediately hire the services of a new Specialized Supervisor, in compliance with the provisions set forth in Clause 6.6, such that the approval of the Technical Files, the completion of the Works, the Functional Testing, and the Start-Up are always subject to the technical opinion of the Specialized Supervisor.

In the exceptional case of the temporary assumption by the GRANTOR of the supervisory duties, the GRANTOR shall notify the CONCESSIONAIRE of the name of the Department or area that shall assume the role of Specialized Supervisor.

In case of the Suspension of the Concession term or the Suspension of the deadline for the performance of obligations, the GRANTOR may totally or partially suspend the applicable supervisory work for the duration of the Suspension.

- 6.8. Within five (5) Days after the Closing Date or the execution of the contract with the Specialized Supervisor in case of replacement, the GRANTOR shall send the CONCESSIONAIRE the month-by-month schedule of the payments established for the supervision, so that the CONCESSIONAIRE, within the first five (5) Days of each month, can effectively deposit the respective amounts in the Supervision Account of the Management Trust.

The draft agreement for the Management Trust shall be submitted within no more than six (6) months, counted as from the Closing Date. On an exceptional basis, in the event that the Management Trust agreement has not yet been executed, at the request of the GRANTOR, the CONCESSIONAIRE may make the monthly payment directly to the Specialized Supervisor, which shall occur within five (5) Days after receiving the payment request.

If, as a result of the selection process for the Specialized Supervisor, the amount paid by the GRANTOR is less than the amounts established in Clause 6.6, the unpaid balance may be used for possible extensions to the supervision agreement.

If, after the Specialized Supervisor has completed its duties, there is any remaining balance, said balance shall be transferred to the Supervision Account of the Management Trust.

In the event that additional resources are required for the supervision for reasons for reasons attributable to the CONCESSIONAIRE, the difference shall be assumed by the

CONCESSIONAIRE.

If additional resources are required for the supervision for reasons attributable to the GRANTOR or the PSS, the difference shall be assumed by the GRANTOR.

If additional resources are required for the supervision due to force majeure events or acts of God, the amount shall be assumed by the GRANTOR and the CONCESSIONAIRE in equal parts.

Additionally, if the Management Trust agreement has not been executed by the indicated deadline, all of the penalties imposed until the establishment thereof shall be transferred to the respective trust, once it has been created.

- 6.9. During the preparation of the Technical Files and the Environmental Management Instrument(s), the CONCESSIONAIRE shall provide the Specialized Supervisor, with a copy to the GRANTOR, with the monthly progress thereof, including all supplementary information that the GRANTOR may request, as well as providing access to the activities and studies that the CONCESSIONAIRE is going to or does perform for such purpose. These reports shall be submitted as from the submission date of the work plan, within five (5) Days following the last day of the month ended.

Fifteen (15) Days after the Closing Date, the CONCESSIONAIRE shall submit the work plan to the GRANTOR. This plan shall encompass all of the contract activities, including a schedule in Microsoft Project or another software program accepted by the GRANTOR, with an analysis of the critical path, the progress and analysis of which shall be included by the CONCESSIONAIRE in the monthly the monthly progress reports.

The Specialized Supervisor may ask the CONCESSIONAIRE, with a copy to the GRANTOR, for additional information in relation to the documents required in accordance with this chapter, which shall be submitted within no more than ten (10) Days, counted as from the date on which the corresponding request is received.

- 6.10. The Specialized Supervisor is responsible for performing the following duties:
- a) Issue an opinion on the Technical Files, including during the preparation thereof, as referred to in Clause 6.12, verifying the consistency between the Technical Files and the Technical Proposal in the following aspects: technical solution; location of the Planned PTAR; principal or general technical specifications, including the equipment and materials required; deadlines for preparatory activities, building, and equipping; period and procedure for Functional Testing and Start-Up, including the required tests, in accordance with Annex 5.
 - b) Verify compliance with the Minimum Requirements of the Project established in Annex 5, during the preparation of the Technical Files and their modifications, the performance of the Works, the Functional Testing, and the Start-Up.
 - c) Verify the preparation of the Environmental Management Instrument(s) and their modifications, or the technical reports supporting the application of the possible exceptions to the modification of the EMI, as applicable, in accordance with the Applicable Laws and Provisions, verifying the consistency between the instrument and the design established in the Technical Files, while performing the preventive control

of compliance with the provisions of the Environmental Management Instrument(s) in force during the Design and Building Period, without prejudice to the corresponding supervision and auditing actions of the Competent Governmental Authority.

- d) Make the relevant notes in the Design and Works Log(s) on incidents related to the design, performance of the Works, Functional Testing, and Start-Up. At the design and works kickoff meeting between the CONCESSIONAIRE and the Specialized Supervisor, the protocol for the management of the Design and Works Logs shall be established, defining their location, management procedures, forms, access, etc.
- e) Verify compliance with the Works Performance Schedule referred to in Clauses 6.22 and 6.23.
- f) Report to the GRANTOR, within no more than seventy-two (72) hours after the discovery thereof, any failure to meet the deadlines or to comply with the Minimum Requirements of the Project during the preparation of the Technical Files, the performance of the Works, the Start-Up, and the reversal of the Functional Milestones.
- g) Supervise the Functional Testing, the operational tests, and the correct implementation of the Start-Up; verify compliance with the Service Levels before issuing the Start-Up Certificate, which shall be performed via the hiring, on its own account and at its own cost and risk, of a certified laboratory, in accordance with the Applicable Laws and Provisions. Said laboratory shall be different from the one used by the CONCESSIONAIRE for the submission of the laboratory analyses under its responsibility.
- h) Verify the consistency of the Operating and Maintenance Manuals prepared by the CONCESSIONAIRE and submit its objections or favorable opinion to the GRANTOR.
- i) Supervise the physical and valued progress of the works, taking into account the Works Performance Schedule; verify the quality, specifications, and functional compliance with the Works.
- j) Timely verify the replacement or relocation of any infrastructure, including Interferences, that is affected as a consequence of the performance of the Works.
- k) Prepare the reports in support of the approval of the Works for each Component.
- l) Issue an opinion regarding the requests for deadline extension in the design and performance of the Works.
- m) Respond to requests for information or technical reports requested by the GRANTOR.
- n) Prepare a report for each Functional Milestone of Component 1 submitted by the GRANTOR for its approval.
- o) Execute the documents or certificates tied to the performance of its duties, including those regarding the start, completion, suspension, extension, or approval, among others, of the Design and Building Period, in accordance with the Concession Contract and the Applicable Laws and Provisions.

- p) All other duties established in this Concession Contract and those established in the supervision agreement.

As part of the duties referred to in Points a), b), and e) above, the Specialized Supervisor shall prepare a detailed quarterly report and submit it to the GRANTOR for its consideration; and to the CONCESSIONAIRE for informational purposes.

- 6.11. The CONCESSIONAIRE shall provide the GRANTOR and the Specialized Supervisor with unrestricted access to the areas where the Works are being performed so that they can carry out their supervisory tasks unhampered.

Likewise, from the start of the Concession, the CONCESSIONAIRE shall provide the Specialized Supervisor, at its own cost, with an independent office with an area of not less than sixty square meters (60 m²), including furniture and fittings, restrooms, telephone services, internet, and electricity. The office shall be located in the Concession Area.

TECHNICAL FILES

- 6.12. The CONCESSIONAIRE shall prepare the Technical Files and submit them to the GRANTOR, with a copy to the Specialized Supervisor, by the following deadlines:

- Technical File 1: Within five (5) months, counted as from the Closing Date.
- Technical File 2: Within twelve (12) months, counted as from the Closing Date.

- 6.13. All of the Technical Files shall be prepared in accordance with the Technical Proposal and the Minimum Requirements of the Project established in the Annexes.

- 6.14. For the submission of any Technical File to the GRANTOR for the evaluation thereof, it shall not be necessary for the corresponding Environmental Management Instrument(s) to be approved by the Competent Governmental Authority.

- 6.15. For the approval of Technical File 1, the following rules shall apply:

- a) Once Technical File 1 has been received, in hardcopy and digital form, the GRANTOR shall have a maximum term of twenty-five (25) Days, counted as from the receipt of the complete documentation from the CONCESSIONAIRE, to issue its approval, or, where applicable, issue the corresponding objections.

For its part, the Specialized Supervisor shall issue its opinion and inform the GRANTOR thereof within a maximum term of fifteen (15) Days after receiving the complete documentation.

Without prejudice to the foregoing, in the event that any objections are raised by the GRANTOR, the procedure described in Points b), *et seq*, shall apply.

In the event that the GRANTOR raises any objections, it shall do so for one time only, attaching a report with the respective explanation or technical justification, so as to allow the CONCESSIONAIRE to respond to or rectify the objections raised.

In the event that the GRANTOR fails to issue a pronouncement or raise any objections

within the term of twenty-five (25) Days or after the procedure for the rectification of objections, the CONCESSIONAIRE may, within a maximum term of two (2) Days, reiterate its request to the GRANTOR asking it to grant its approval of Technical File 1. Said pronouncement shall be issued by the GRANTOR within a maximum term of five (5) Days. If the GRANTOR fails to issue its pronouncement, Technical File 1 shall be understood to be approved.

- b) If the GRANTOR raises any objections to Technical File 1, the CONCESSIONAIRE shall have a maximum term of twenty (20) Days to rectify them, counted as from the date on which said objections are received, without prejudice to the application of the corresponding penalties. The rectification of objections shall be sent by the CONCESSIONAIRE to the GRANTOR, with a copy to the Specialized Supervisor.
- c) The Specialized Supervisor shall have a maximum term of five (5) Days, as from the day following the receipt of the rectification of the objections, to send its opinion to the GRANTOR.
- d) The GRANTOR shall have a maximum term of ten (10) Days to evaluate the rectifications submitted by the CONCESSIONAIRE, counted as from the date of receipt thereof; and, where applicable, to proceed with the approval of Technical File 1.
- e) If there are still objections that have not be rectified by the CONCESSIONAIRE, depending on the nature of such objections, the GRANTOR may grant the CONCESSIONAIRE a maximum additional term of ten (10) Days, for one time only, to rectify the objections, without prejudice to the application of the corresponding penalties. The rectification of the objections shall be sent to the GRANTOR with a copy to the Specialized Supervisor.
- f) Once the rectification has been received, the Specialized Supervisor shall issue its opinion to the GRANTOR within a maximum term of five (5) Days.
- g) Within a maximum term of ten (10) Days after receiving the new rectification of objections, the GRANTOR shall inform the CONCESSIONAIRE in writing, with a copy to the Specialized Supervisor, of its approval of Technical File 1. If there are still objections that remain unresolved, the Parties shall submit this situation to a specialized Expert selected by the GRANTOR from among a list of three Experts proposed by the CONCESSIONAIRE, which shall be selected in accordance with the procedure established in Clauses 5.32 and 5.33. The CONCESSIONAIRE shall assume the necessary costs for the hiring of the Expert. The Expert's decisions are final and binding, and thus cannot be submitted to the dispute settlement mechanisms established in Chapter XVI.
- h) After receiving the responses to the objections, the Expert shall have a term of ten (10) Days to issue its opinion to the CONCESSIONAIRE, with a copy to the GRANTOR and the Supervisor. If the Expert finds that the objections still have not been rectified, the GRANTOR shall invoke the Termination of the Contract, without prejudice to the application of the established penalties.
- i) If Technical File 1 has been approved by the GRANTOR, the GRANTOR shall send a complete copy thereof to the SUNASS and the PSS.

6.16. For the approval of Technical File 2, the following rules shall apply:

- a) Once Technical File 2 has been received, the GRANTOR shall have a maximum term of forty-five (45) Days, counted as from the receipt of the complete documentation, to issue its approval, or, where applicable, issue the corresponding objections.

For its part, the Specialized Supervisor shall issue its opinion and inform the GRANTOR thereof within a maximum term of thirty (30) Days after receiving the complete documentation from the CONCESSIONAIRE.

In the event that the GRANTOR raises any objections, it shall do so for one time only, attaching a report with the respective explanation or technical justification, so as to allow the CONCESSIONAIRE to respond to or rectify the objections raised.

In the event that the GRANTOR fails to issue a pronouncement or raise any objections within the term of forty-five (45) Days or after the procedure for the rectification of objections, the CONCESSIONAIRE may, within a maximum term of two (2) Days, reiterate its request to the GRANTOR asking it to grant its approval of Technical File 2. Said pronouncement shall be issued by the GRANTOR within a maximum term of five (5) Days. If the GRANTOR fails to issue its pronouncement, Technical File 2 shall be understood to be approved.

- b) If the GRANTOR raises any objections to Technical File 2, the CONCESSIONAIRE shall have a maximum term of twenty (20) Days to rectify them, counted as from the date on which said objections are received, without prejudice to the application of the corresponding penalties. The rectification of objections shall be sent by the CONCESSIONAIRE to the GRANTOR, with a copy to the Specialized Supervisor.
- c) E The Specialized Supervisor shall have a maximum term of seven (7) Days following the receipt of the rectification of the objections to send its opinion to the GRANTOR.
- d) The GRANTOR shall have a maximum term of fifteen (15) Days to evaluate the rectifications submitted by the CONCESSIONAIRE, counted as from the date of receipt thereof; and, where applicable, to proceed with the approval of Technical File 2.
- e) If there are still objections that have not be rectified by the CONCESSIONAIRE, depending on the nature of such objections, the GRANTOR may grant the CONCESSIONAIRE a maximum additional term of ten (10) Days, for one time only, to rectify the objections, without prejudice to the application of the corresponding penalties. The rectification of the objections shall be sent to the GRANTOR with a copy to the Specialized Supervisor.
- f) Once the rectification has been received, the Specialized Supervisor shall issue its opinion to the GRANTOR within a maximum term of five (5) Days.
- g) Within a maximum term of ten (10) Days after receiving the new rectification of objections, the GRANTOR shall inform the CONCESSIONAIRE in writing, with a copy to the Specialized Supervisor, of its approval of Technical File 2. If there are still objections that remain unresolved, the Parties shall submit this situation to a specialized Expert selected by the GRANTOR from among a list of three Experts proposed by the CONCESSIONAIRE, which shall be selected in accordance with the procedure established in Clauses 5.32 and 5.33. The CONCESSIONAIRE shall assume the necessary

costs for the hiring of the Expert. The Expert's decisions are final and binding, and thus cannot be submitted to the dispute settlement mechanisms established in Chapter XVI.

- h) After receiving the responses to the objections, the Expert shall have a term of ten (10) Days to issue its opinion to the CONCESSIONAIRE, with a copy to the GRANTOR and the Supervisor. If the Expert finds that the objections still have not been rectified, the GRANTOR shall invoke the Termination of the Contract, without prejudice to the application of the established penalties.
 - i) If Technical File 2 has been approved by the GRANTOR, the GRANTOR shall send a complete copy thereof to the SUNASS and the PSS.
- 6.17. Any approval of the Technical Files by the GRANTOR does not imply nor shall it be interpreted that the CONCESSIONAIRE transfers to the GRANTOR, in whole or in part, the risks of the design, financing, or building, which are the sole and exclusive responsibility the CONCESSIONAIRE, in accordance with the provisions established in Clause 6.2.
- 6.18. With the approval of the corresponding Technical File, the CONCESSIONAIRE shall be understood to be authorized by the GRANTOR to perform the Works, without prejudice to the other licenses, permits, or authorizations that the CONCESSIONAIRE shall request, in accordance with the Applicable Laws and Provisions.

The CONCESSIONAIRE shall bear in mind that the Technical Files may be modified by virtue of any change requested by the Competent Governmental Authority for the granting of the licenses and authorizations required, in accordance with Concession Contract. Likewise, the GRANTOR or the CONCESSIONAIRE may request modifications to the Technical Files, which shall be agreed to between the Parties and receive the technical opinion of the Specialized Supervisor.

In the event that the proposed modifications alter the contractual obligations, such changes to the Service Levels or Minimum Requirements of the Project shall be subject to the provisions established in Chapter XV of the Concession Contract.

In the case of modifications to the Technical Files that do not require any contractual changes, the Specialized Supervisor shall order their execution in the works, provided that the scope of such matters has been expressly approved by the GRANTOR and previously notified in writing to the CONCESSIONAIRE.

Any changed regulated in the preceding paragraph may not result in higher costs for the GRANTOR or modify the deadlines for the performance of Works in each Technical File.

Any changes to the Technical Files shall be recorded in the corresponding Design and Works Log, and systematized, organized, and documented in detail by the Specialized Supervisor for the information of and follow-up by the GRANTOR, among other Competent Governmental Authorities.

Design and Works Logs

- 6.19. The Design and Works Log shall include the following, at a minimum: the sources of the materials used; the suppliers and subcontractors; a summary of assays or tests that form

part of the Functional Testing and the Start-Up tests; works correspondence; objections or complaints between the CONCESSIONAIRE and the GRANTOR, or the CONCESSIONAIRE and the Specialized Supervisor. At the end of every month and/or upon reaching a Functional Milestone, a summary shall be included for the Valorization and Progress of the works, including material take-off and partial costs. The log shall indicate compliance with the Works Performance Schedule; and, if there is any delay, indicate the reasons for it, and any other useful information to document the process for the design and/or performance of the Works. Upon the completion of the works, indicate the operating conditions thereof.

Copies of the aforementioned documentation shall be attached to the Supervisor's Monthly Works Report, and these copies (or originals, as applicable) shall be kept in the corresponding Works files. All of this documentation shall be submitted to the CONCESSIONAIRE upon completion of the Works.

- 6.20. Within ten (10) Calendar Days, counted as from the Closing Date, the CONCESSIONAIRE undertakes to start, update daily, and safekeep a Design and Works Log, all of which shall be kept in the original.

Additionally, there shall be up to two (2) sets of copies, to be distributed in accordance with the provisions established in the following clause. The pages shall be notarized and sequentially numbered. A mechanized loose-leaf system may also be used.

Each week, the CONCESSIONAIRE shall send the GRANTOR and the Specialized Supervisor a copy of the sheets with the notes recorded in the Design and Works Log during said period.

- 6.21. Both the GRANTOR and the Specialized Supervisor shall be given unhindered access to the Design and Works Log during the preparation of the Technical Files, the performance of the Works, the Functional Testing, and the Start-Up. The CONCESSIONAIRE shall deliver the original to the GRANTOR within thirty (30) Calendar Days, counted as from the end of the Design and Building Period, with a set of copies remaining in the possession of the CONCESSIONAIRE and another in the possession of the Specialized Supervisor.

Works Performance Schedule

- 6.22. In each Technical File, the CONCESSIONAIRE shall include a Works Performance Schedule, including the material take-off, unit prices, budget, and execution deadlines for the line items comprising the Works up until their completion. The Works Performance Schedule shall also clearly identify the line items of the Works that form part of each Milestone of Component 1.

The Works Performance Schedule shall clearly define the activities of the Critical Path and determine the maximum deadlines for each activity.

For such purpose, the Critical Path shall consist of those activities whose delayed execution would result in a delay in the maximum term established in Clause 6.29. The Works Performance Schedule shall contain, at a minimum, those elements established in Annex 5.

- 6.23. The Works Performance Schedule shall obey the maximum deadline established in the Concession Contract. It shall be submitted in digital form and hardcopy, as an integral part

of the corresponding Technical File.

Start of Construction of the Works

6.24. To being building the Works and execute the respective certificate, the Parties to the Concession Contract shall have the following maximum terms:

- For Technical File 1: Eight (8) months, as from the Closing Date.
- For Technical File 2: Eighteen (18) months, as from the Closing Date.

Within said terms, the Parties to the Concession Contract shall meet the following conditions and execute the Certificate for the Start of Construction of the Works for the corresponding Technical File:

- a) The Parties to the Concession Contract have executed the Certificate of Definitive Handover of the Concession Assets which, according to the Asset Handover Schedule of each Technical File, are necessary to begin building the Works.
- b) The GRANTOR has obtained the Legal Clearance of Property for the land that forms part of the Concession Assets as necessary for the performance of the Works of the respective Technical File.
- c) The CONCESSIONAIRE has obtained the Easements, according to the conditions established in Clauses 5.44 through 5.56 of Chapter V.
- d) The CONCESSIONAIRE has obtained the approval of the Technical File.
- e) The CONCESSIONAIRE has obtained the approval of the Environmental Management Instruments required for the start of the Works included in the Technical File from the Competent Governmental Authority.
- f) The CONCESSIONAIRE has obtained the authorizations and licenses required from the Competent Governmental Authorities for the performance of the Works included in the Technical File.
- g) In the event that the Builders are hired by the CONCESSIONAIRE, the CONCESSIONAIRE shall have provided the GRANTOR with a notarized copy of the corresponding construction agreements.
- h) The CONCESSIONAIRE has obtained the Certificate of Nonexistence of Archaeological Remains (CIRA) or other required instrument from the Competent Governmental Authority, on its own account and at its own cost and risk, for the performance of the corresponding Works, assuming all the costs and risks necessary to obtain them, without prejudice to the provisions established in Chapter IX of the Concession Contract.
- i) The CONCESSIONAIRE has proven the cash payment of the capital stock, in accordance with Item b) of Clause 3.3.

Additionally, to begin building the Works included in Technical File 1, the Parties shall meet the following conditions:

- j) The Parties have executed and registered the Management Trust agreement, in accordance with the Applicable Laws.
- k) The PSS has submitted the form to the SUNASS for the approval of the corresponding rate increase, attaching the supporting documentation for its proposal, in order to cover the financial obligations derived from the Project, in accordance with the Applicable Laws and Provisions. In the event that the Concession Contract is executed after the presentation of the five-year Optimized Master Plan (OMP), a request for the rate adjustment shall have been submitted to the SUNASS in accordance with the Applicable Laws and Provisions, for compliance with the contractual obligations.

Additionally, to begin building the Works included in Technical File 2, the following conditions shall be met:

- l) The CONCESSIONAIRE has obtained the approval of PROINVERSIÓN as of the Financial Closing.

- 6.25. In the event that any of the conditions established for the start of the Works included in Technical File 1 or 2 is not met by the corresponding Party to the Concession Contract by the deadlines established hereinabove, the Parties to the Concession Contract may extend the deadline, for one time only, for a maximum period of up to one hundred eighty (180) Calendar Days. If the failure to meet the respective condition continues after said extension, the affected Party of the Concession Contract may invoke the Termination of the Concession Contract due to breach by the other Party, without prejudice to the application of the corresponding penalties.

On an exceptional basis, with the agreement of the Parties to the Concession Contract, the performance of the Works may begin only when the condition established in Item b) of Clause 6.24 remains to be met, placing this fact on record in the respective Certificate for the Start of Construction and granting a maximum term of six (6) months for the compliance therewith, provided said term does not affect the Critical Path, as per the Technical File.

If the aforementioned period expires and the condition has still not been met due to a breach attributable to the CONCESSIONAIRE, the corresponding penalties shall apply.

- 6.26. The construction agreements mentioned in Clause 6.24 shall comply with the terms and conditions established in the Terms and Conditions and the Concession Contract. Any changes to the construction agreements shall also be reported to the GRANTOR.

In case of any modifications to the construction agreement that involve changing the Builder who has proven that it meets the shortlisting requirements during the Tender Process stage, the new builder shall be required to comply with the same technical construction requirements as accredited by the Builder, such that said requirements are met at all times during the performance of the Works, under penalty of Termination.

- 6.27. From the execution of the respective Certificate of Definitive Handover of the Concession Assets in accordance with the Asset Handover Schedule established in Technical File 1 or 2, until the execution of the Certificate of Return of the Concession Assets of Component 1 or the Operating Start-Up Certificate for Component 2, the CONCESSIONAIRE shall be

responsible for the Functionality of the Works tied to said assets. The cost necessary for this obligation shall be considered part of the required expenditure.

- 6.28. The purpose of the Functionality referred to in the preceding clause is to guarantee the conveyance of the wastewater collected for the provision of the sanitary sewer system service, preventing or resolving clogs, ruptures, overloads, or other issues. The compliance therewith shall be supervised by the SUNASS, in accordance with the provisions established in the Applicable Laws and Provisions.

Deadlines for Building the Works

- 6.29. Except where shorter deadlines are established in the Technical Proposal, which shall be binding and enforceable, the CONCESSIONAIRE shall perform the Works within the following maximum terms:
- Works included in Technical File 1: Thirteen (13) months, counted as from the execution of the Certificate for the Start of Construction for Technical File 1.
 - Works included in Technical File 2: Thirteen (13) months, counted as from the execution of the Certificate for the Start of Construction for Technical File 2.
- 6.30. If the CONCESSIONAIRE, for reasons attributable thereto, fails to meet the deadlines established in the preceding clause, it shall be subject to the penalties accrued as from the date on which the breach occurred until the date of delivery of the final Functional Milestone for Component 1, and until the date on which the Start-Up Certificate is issued for Component 2.
- 6.31. In the case that the start of building or the progress of the performance of the Works is delayed due to an event not attributable to the CONCESSIONAIRE, the CONCESSIONAIRE may request: (i) the suspension of the term for the performance of the obligations, in accordance with Clause 4.10; or, (ii) the extension of the term for the performance of the Works, in accordance with Clauses 6.33 and 6.34, for a period not to exceed the duration of said delay.
- 6.32. The CONCESSIONAIRE assumes the risk of the release of all interferences to the Project, on its own account and at its own cost, including all applicable taxes.

Extension of the Works Performance Term

- 6.33. The CONCESSIONAIRE may submit a request to the GRANTOR, with a copy to the Specialized Supervisor, asking for an extension of the term for the performance of the Works of the respective Component, provided the grounds for the extension are not attributable to the CONCESSIONAIRE, and they affect the Critical Path of the Works Execution Schedule in force at the time of the request. This extension of the Works performance term does not imply an extension of the term of the Concession.

On the event that the GRANTOR, with the prior opinion of the Specialized Supervisor, decides to reject the term extension request, the GRANTOR shall send the CONCESSIONAIRE a report with the respective explanation or justification.

When the CONCESSIONAIRE, for reasons strictly attributable to itself, fails to meet the

initially established deadlines or fails to meet the new deadlines, including the extensions referred to in this clause, the respective penalties shall apply in accordance with Chapter XVIII.

In case of the occurrence established in Clause 17.1.3, Item v), in addition to the application of the corresponding penalties, the GRANTOR shall proceed in accordance with the provisions established in Chapter XVII.

- 6.34. The term extension requests referred to in the preceding clause shall be subject to the following procedure:
- a) The CONCESSIONAIRE shall note down, in the corresponding Design and Works Log, those circumstances which it believes warrant an extension of the term for the completion of the Works corresponding to each Component. The extension request shall be submitted in writing to the GRANTOR, with a copy to the Specialized Supervisor, with proper supporting information and a proposal for the new Works Performance Schedule for the corresponding Technical File. Within no more than fifteen (15) Calendar Days, the Specialized Supervisor shall inform the GRANTOR of its opinion regarding this request, including a report justifying its position.
 - b) The GRANTOR, with the opinion of the Specialized Supervisor, shall decide whether or not to admit said extension within a maximum term of thirty (30) Calendar Days, counted as from the receipt of the CONCESSIONAIRE's request. If no pronouncement is issued by the GRANTOR within that term, the request shall be considered rejected.
 - c) Once a term extension has been approved, the CONCESSIONAIRE shall provide the GRANTOR, with a copy to the Specialized Supervisor, an updated Works Performance Schedule for the corresponding Technical File, within no more than ten (10) Calendar Days after the approval of said extension. If the updated Works Performance Schedule is not submitted, the penalties established in Annex 15 shall apply.

Approval of the Works

- 6.35. Once each one of the Milestones of Component 1 or the Works of Component 2 has been completed, the CONCESSIONAIRE shall submit a request for the approval thereof to the GRANTOR, with a copy to the Specialized Supervisor, attaching a report verifying the completion, in accordance with the respective Technical File, and including a Works Inventory. Within a term not to exceed twenty (20) Days, the Specialized Supervisor shall inform the GRANTOR of its opinion regarding the conformity of the completion, including a report justifying its position.
- 6.36. Within no more than twenty (20) Days, counted as from the receipt of the conformity of the Specialized Supervisor, the GRANTOR shall issue its approval of the completed Works or raise objections, with the respective technical justification, in accordance with Clause 6.35.

If there are no objections, the GRANTOR shall approve the completed Works, issuing a Works Completion Certificate placing on record that the Works have been performed in accordance with the Technical File.

With the issuing of the respective Works Completion Certificates, it shall be understood

that authorization has been granted to: (i) begin the Functional Testing of the Works for each Milestone of Component 1; or (ii) begin the Start-Up of Component 2.

- 6.37. If the GRANTOR raises any objections to the completed Works, the CONCESSIONAIRE shall rectify them within a term not to exceed twenty-five (25) Days, counted as from the receipt thereof, sending the respective rectifications to the GRANTOR with a copy to the Specialized Supervisor.

Within a term not to exceed five (5) Days, the Specialized Supervisor shall inform the GRANTOR of its opinion regarding the rectification of the objections and the approval of the completion, including a report justifying its position.

The GRANTOR, within a maximum term of ten (10) Days following the receipt of approval by the Specialized Supervisor, shall verify that the objections have been rectified. If the objections persist, without prejudice to the application of penalties, the GRANTOR may issue the corresponding Works Completion Certificate, provided that the CONCESSIONAIRE proves that there is no substantial objection. In such case, "substantial" shall be understood to apply to any objection that:

- Prevents the CONCESSIONAIRE from performing its contractual obligations with regard to the Functional Testing of the Works of Component 1, or that represent an amount in excess of one percent (1%) of the capital expenditures for the Works of the corresponding Milestone;
- Prevents the CONCESSIONAIRE from meeting its contractual obligations in accordance with the Service Levels for the Works of Component 2.

Any objections considered unsubstantial shall be rectified, at the latest, during the Start-Up of Component 2.

- 6.38. In case of persistent substantial objections to the Works of Component 2, without prejudice to the application of penalties, the GRANTOR shall establish a new deadline for the rectification of said objections, which may not exceed forty (40) Days. For the rectification of substantial objections to the Works of Component 1, without prejudice to the application of penalties, the GRANTOR shall set a maximum deadline for the rectification thereof as established for the rectification of objections to the Works of Component 2, for which purpose said objections may be combined in the procedure for the approval of the Works of Component 2.

- 6.39. If this new deadline expires, the GRANTOR shall proceed, within a maximum term of ten (10) Days, to verify whether the objections have been rectified. If the GRANTOR finds everything to its satisfaction, it shall issue the corresponding Works Completion Certificate. On the contrary, if any substantial objections remain unresolved, the GRANTOR shall reject the Works. Consequently, the GRANTOR shall proceed in accordance with the provisions established in Chapter XVII, as applicable, and demand compensation for direct damages and losses caused by the failure of the CONCESSIONAIRE to fulfill its obligations and duties, without prejudice to the application of the penalties that the GRANTOR has previously collected or that have previously accrued.

In the case of unsubstantial objections that have not been rectified during the Start-Up of Component 2, the GRANTOR shall execute the Performance Bond for the Design and Building Period for the unrectified part.

- 6.40. If the CONCESSIONAIRE is not in agreement with the decision of the GRANTOR regarding the objections raised that ultimately led to the rejection of the Works in accordance with the provisions established in Clause 6.39, it can seek to have the dispute settled in accordance with the procedure set forth in Chapter XVI.

Functional Testing of Component 1 and Delivery of the Functional Milestones to PSS

- 6.41. During the Functional Testing, the GRANTOR shall be responsible for ensuring the participation of the PSS in all matters under its jurisdiction.
- 6.42. The Functional Testing shall include the Works grouped into each Milestone of Component 1. During this stage, the necessary procedures shall be performed to verify the correction functioning, both individually and as a whole, of the civil works, pipelines, machinery, equipment, electrical and electromechanical installations, control and automation systems, and others, in accordance with the Technical File.
- 6.43. The Functional Testing shall demonstrate proper functioning for a minimum of fifteen (15) consecutive Days per Milestone, counted as from the day following the execution of the Works Completion Certificate for each Milestone until the issuing of the Functional Testing Certificate.

The CONCESSIONAIRE shall assume, on its own account and at its own cost and risk, all of the activities necessary for the performance of the Functional Testing.

- 6.44. The CONCESSIONAIRE shall notify the GRANTOR and the Specialized Supervisor in writing of the start date of the Functional Testing, in accordance with the procedures established in the Technical File. The Functional Testing shall be carried out with the participation of the Specialized Supervisor, the SUNASS, and, where relevant, the PSS, in accordance with the Technical File.

In the event that the Functional Testing is delayed due to an event not attributable to the CONCESSIONAIRE, the Concession term may be suspended at the request of the CONCESSIONAIRE, provided it affects the Critical Path or the normal provision of the Service, in accordance with Clause 4.5.

- 6.45. The CONCESSIONAIRE shall deliver to the GRANTOR, with a copy to the Specialized Supervisor and to the SUNASS, the final as-built plans, duly signed by the corresponding professionals, in a digital file and hardcopy. The plans shall include: architecture, structures, electrical installations, plumbing, and the automation system, sewerage networks, etc.
- 6.46. Following the receipt of the complete documentation, the GRANTOR, within a maximum term of thirty (30) Calendar Days, shall: (i) if it is in accordance, deliver to the CONCESSIONAIRE the Functional Testing Certificate; or, (ii) raise any objections it deems relevant, which shall include the respective explanation or justification.
- 6.47. In the event that any objections are raised during the Functional Testing, the CONCESSIONAIRE shall rectify them, and, once they have been rectified, once again request the start of the Functional Testing.
- 6.48. Once the Functional Testing has been satisfactorily completed, the Functional Testing

Certificate shall be issued and the CONCESSIONAIRE, the GRANTOR, and the PSS or a representative thereof shall execute the Certificate of Return of the Concession Assets corresponding to said Functional Milestone.

Operating and Maintenance Manuals

- 6.49. The obligation assumed by the CONCESSIONAIRE entails the responsibility of defining the methodologies, procedures, and the schedule for the Operation and Maintenance works, which shall be contained in the Operating and Maintenance Manual.
- 6.50. The Operating and Maintenance Manual shall include the description and justification of the policies to be used, the schedule of activities to be performed, the measurements for monitoring and control indicators, and the general technical justifications.
- 6.51. For such purpose, the CONCESSIONAIRE shall provide the GRANTOR, with a copy to the Specialized Supervisor, the Operating and Maintenance Manual for the Works as a whole, together with the Technical Files, obtaining the approval thereof along with the approval of the respective Technical File. Once the Operating and Maintenance Manual has been approved, it shall be submitted by the GRANTOR to the SUNASS.

Any changes made to the Operating and Maintenance Manual during the Design and Building Period shall be approved by the GRANTOR, with the prior opinion of the Specialized Supervisor, via the same procedure established for the modification of Technical Files set forth in Clause 6.18. For such purpose, only the sections or parts being modified shall be submitted.

- 6.52. Once the Operating Start-Up Certificate has been executed, the CONCESSIONAIRE shall submit an updated version of the Operating and Maintenance Manual, once every two (2) years or whenever any modification is made to the system, including the approved modifications that may have been made since the last version submitted.

The modifications or updates made to the Operating and Maintenance Manual shall be approved by the GRANTOR, with the prior opinion of the SUNASS. For such purpose, only the sections or parts being modified shall be submitted.

Start-Up of Component 2

- 6.53. During the implementation of the Start-Up, the GRANTOR shall be responsible for ensuring the participation of the PSS in all matters under its jurisdiction.
- 6.54. The Start-Up shall include the Works of Component 2. During this stage, the necessary procedures shall be performed to verify the correct functioning, both individually and as a whole, of the civil works, pipelines, machinery, equipment, electrical and electromechanical installations, control and automation systems, and others, in accordance with Technical File 2. Likewise, via samples and laboratory analyses performed by an accredited laboratory, in accordance with the Applicable Laws and Provisions, the compliance with the Service Levels shall be verified, with the exceptions provided for in the Concession Contract.
- 6.55. This stage shall have a maximum duration of five (5) months, counted as from the Certificate of Start of Start-Up until the issuing of the Start-Up Certificate.

The CONCESSIONAIRE shall assume, on its own account and at its own cost and risk, all of the activities necessary for the performance of the Start-Up.

- 6.56. While the Start-Up is underway, neither the flow volumes and treatment volumes established in the Concession Contract nor compliance with the Service Levels shall be enforceable, except for the period established in Clause 6.58, Item d), without prejudice to the Functionality required from the Works.
- 6.57. The CONCESSIONAIRE shall provide written notice to the GRANTOR and the Specialized Supervisor of the start date of the Start-Up, in accordance with the procedures established in the Technical Files. The Start-Up shall be performed with the participation of the Specialized Supervisor, the SUNASS, and, where applicable, the PSS.

In the event that the Start-Up is delayed due to an event not attributable to the CONCESSIONAIRE, the Concession term may be suspended, at the request of the CONCESSIONAIRE, provided it affects the Critical Path or the normal provision of the Service, as established in Clause 4.5.

- 6.58. For the Start-Up Certificate, the CONCESSIONAIRE shall submit the request to the GRANTOR, proving that the CONCESSIONAIRE:
- a) Maintains the Performance Bond for the Design and Building Period in force and has issued the Operation Performance Bond;
 - b) Has taken out the insurance policies required as per the Concession Contract;
 - c) Has obtained the discharge authorizations required for the functioning of the Works of Component 2 from the Competent Governmental Authority;
 - d) Has verified, for thirty (30) consecutive Calendar Days, the compliance with the corresponding Service Levels, volumes and flows, in accordance with the procedures established in the Technical File and the Concession Contract;
 - e) Has performed, via a laboratory accredited in accordance with the Applicable Laws and Provisions, the definition of the physical, chemical, and microbiological parameters of the water at the Sampling Points of the receiving body, located in accordance with the Service Contract, in order to validate the environmental baseline parameters that form part of the respective Environmental Management Instrument, as per the Concession Contract;
 - f) Has implemented the Final Disposal mechanism for solid waste, which may include, but is not limited to: the execution of an agreement with a solid waste management company (EO-RS) registered with the Ministry of the Environment; and the construction of a monofill, or any other infrastructure for the Final Disposal of solid waste that is technically and legally viable, in accordance with Applicable Laws and Provisions;
 - g) Has obtained the approval of the Operating and Maintenance Manuals for the Works of Component 2; and,

- h) Delivers to the GRANTOR, with a copy to the SUNASS and the Specialized Supervisor, the final as-built plans, duly signed by the corresponding professionals, in a digital file and hardcopy. The plans shall include: architecture, structures, electrical installations, plumbing, and automation system, etc.

Following the receipt of the complete documentation, the GRANTOR, with the participation of the Specialized Supervisor, shall have a maximum term of thirty (30) Calendar Days to: (i) if it is in accordance, deliver the Start-Up Certificate to the CONCESSIONAIRE; or, (ii) raise any objections it deems relevant, which shall include the respective explanation or justification.

- 6.59. In the event that any objections are raised, the GRANTOR shall, based on the nature thereof, set an additional term for the CONCESSIONAIRE to rectify such objections, which shall not exceed thirty (30) Days.

Once the additional term established in the preceding paragraph has expired, without prejudice to the application of penalties, if the objections have not been rectified, and:

- a) The penalties do not prevent the normal provision of the Service: the GRANTOR shall provide an additional term of ten (10) Days to the CONCESSIONAIRE for the rectification thereof.

If the CONCESSIONAIRE fails to rectify the objections within said term, the GRANTOR may proceed in accordance with the dispute settlement mechanism regulated in Chapter XVI, without prejudice to the application of the relevant penalties.

- b) The penalties prevent the normal provision of the Service: the GRANTOR shall proceed to reject the Works of Component. Consequently, the GRANTOR shall proceed in accordance with the provisions established in Chapter XVII, demanding compensation for the direct damages and losses caused to the GRANTOR as a result of the failure of the CONCESSIONAIRE to uphold its obligations and duties, without prejudice any penalties it may have applied, collected, or that have previously accrued.

- 6.60. On the same date as the GRANTOR issues the Start-Up Certificate, the Operating Start-Up Certificate shall be executed. The Start-Up Certificate may only be issued, and thus, the Operating Start-Up Certificate may only be executed, if there are no Functional Milestones pending transfer by the CONCESSIONAIRE to the PSS.

- 6.61. If, for reasons attributable to the CONCESSIONAIRE, a delay is caused in the start of the Operation, the penalties established in Annex 15 shall apply.

- 6.62. If, for reasons attributable to the GRANTOR, a delay is caused in the start of the Operation of Component 2, the CONCESSIONAIRE may request the suspension of the Concession term, in accordance with Clause 4.5, for a period not to exceed the duration of said delay.

- 6.63. If, for reasons not attributable to the CONCESSIONAIRE or the GRANTOR, a delay is caused in the start of the Operation, the CONCESSIONAIRE may request that the GRANTOR suspend the term, provided the delay affects the Critical Path or the normal provision of the Service, in accordance with Clause 4.5.

Delivery of Information

6.64. The CONCESSIONAIRE is obligated to provide, at the request of the GRANTOR, the reports on the development of the Works for each Technical File.

The frequency of the reports and the format to be used shall be established by the GRANTOR. The cost of preparing these reports shall be assumed by the CONCESSIONAIRE.

Without prejudice to the foregoing, the CONCESSIONAIRE shall submit to the GRANTOR on an annual basis, with a copy to the Specialized Supervisor, the quarterly programming of all the expenditures pending for each Component, and on a quarterly basis, a detailed report on the physical and financial progress of the expenditures executed for each Technical File.

Conditions for Project Expansion

6.65. Any of the Parties to the Concession Contract may request the start of the contractual amendment process, in accordance with the provisions established in the Applicable Laws and Provisions, in the event that it is verified that the monthly average flow volume (MAFV) or the monthly average organic load (MAOL) have exceeded the conditions established in the following table:

Capacity of the Wastewater Treatment Systems

INITIAL DESIGN CONDITIONS OF THE TREATMENT SYSTEMS		CONDITIONS FOR EVALUATION OF THE EXPANSION OF TREATMENT SYSTEMS	
Monthly average flow volume, expressed in liters per second (MAFV) (l/sec)	Monthly average organic load, expressed in Kilograms of Biochemical Oxygen Demand at day 5 per day (MAOL) (kg BOD ₅ /day)	Monthly average flow volume, expressed in liters per second (MAFV) (l/sec)	Monthly average organic load, expressed in Kilograms of Biochemical Oxygen Demand at day 5 per day (MAOL) (kg BOD ₅ /day)
400	13,824	380	13,133

The monthly average flow volume (MAFV) of the treatment system shall be calculated based on the months with the lowest rainfall influence (dry months), June and July, which are representative of the wastewater flow volume without the influence of rainfall contribution, as per the following formula:

$$MAFV = \frac{(Vm_{June} + Vm_{July})}{d \times 86.4}$$

Where:

MAFV Monthly average flow volume of wastewater reported during the months of June and July, in L/sec.

J_{une} Monthly volume registered during the month of June at the Data Logging Point of the influent of the treatment system, in m³/month. Determined according to the difference in readings recorded between

May 31 and June 30, at the same time of day.

Ju_{ly} Monthly volume registered during the month of July at the Data Logging Point of the influent of the treatment system, in m³/month. Determined according to the difference in readings recorded between May 31 and June 30, at the same time of day.

d Total number of days between monthly volume logging dates for June and July, in Calendar Days, equivalent to sixty-one (61) Calendar Days.

The monthly average organic load (MAOL) of the treatment system shall be calculated using the following formula:

$$MAOL = \frac{\sum_{f=1}^g (C_{f,n} \times Vd_{f,n})}{g \times 1000}$$

Where:

MAOL_n Monthly average organic load for month “n,” in kg BOD₅/day.

C_{f,n} Concentration of BOD₅, in mg/L or g/m³, obtained per compound sample at the Sampling Point of the influent of the treatment system, corresponding to sample “f” of month “n,” in accordance with sampling frequency established in this Concession Contract.

Vd_{f,n} Cumulative daily volume of raw wastewater, in m³/day, measured at the Data Logging Point of the influent of the treatment system, corresponding to sample “f” of month “n,” in accordance with sampling frequency established in this Concession Contract. The volume shall be determined in accordance with the provisions established in Clause 8.3.

f Sequential BOD₅ sample number assigned, corresponding to month “n.”

g Total number of BOD₅ samples, corresponding to month “n.”

d Total number of days of the corresponding month, in Calendar Days.

n Month corresponding to the sample taken, expressed as month-year.

The Parties to the Concession Contract may agree, by virtue of an addendum, in accordance with the Applicable Laws and Provisions, to the terms and conditions under which the CONCESSIONAIRE shall prepare, at the cost of the GRANTOR, the Technical File for the expansion works for the Project treatment system.

- 6.66. If the Parties to the Concession Contract choose to execute the addendum, they shall establish any additional expenditures that may be required, as well as the payment mechanism.

These additional expenditures shall be directly related to the Service Levels to be provided by the CONCESSIONAIRE by virtue of the Concession Contract and in accordance with the Applicable Laws and Provisions.

Record of Works

- 6.67. The GRANTOR is responsible for registering and updating the progress of all of the Works on the INFOBRAS Portal of the Controller General's Office of the Republic, as modified or substituted. For such purpose, the CONCESSIONAIRE, on its own account and at its own cost and risk, shall submit the information under the conditions established by the GRANTOR.

Chapter VII. PERMITTED SECURED DEBT AND FINANCIAL CLOSE

Permitted Secured Debt

- 7.1. The CONCESSIONAIRE shall submit to PROINVERSIÓN, in writing, for the purpose of the Financial Closing, the request for approval thereof, attaching the following:
- a) Executive summary of the amount of the amounts committed in each one of the loan agreements and/or indenture agreement.
 - b) Copy of the draft loan agreement and bonds.
 - c) Affidavit by the CONCESSIONAIRE containing the information detailed in Annex 7.
 - d) The representation of the Permitted Creditor containing the requirements established in Annex 8.

With regard to the aforementioned documents, they shall be understood to meet the minimum requirements if the final draft of the agreements set forth that the rights established in favor of the Permitted Creditors do not exceed those granted by the Concession Contract, and that any covenant to the contrary shall be unenforceable upon the GRANTOR.

Given that the risk management and obtainment of financing are the responsibility of the CONCESSIONAIRE, the minimum requirements shall be understood to be met if the aforementioned documents are submitted in accordance with the terms and conditions established in the Concession Contract.

- 7.2. PROINVERSIÓN shall review the Affidavit submitted by the Permitted Creditor to ensure that the wording and terms are those contained in Annex 8. PROINVERSIÓN shall have a term of fifteen (15) Days to response, with a copy to the GRANTOR, counted as from the day after the receipt of the representation referred to in Item d) above. If this term expires without a pronouncement, the request shall be understood as denied. In such case, the Permitted Creditor may resubmit its request. If, in this latter case, no pronouncement is issued within five (5) Days, this request shall be understood as accepted.

The evaluation to be performed by PROINVERSIÓN shall consist of ensuring that the Permitted Secured Debt documents have been issued in accordance with the conditions established in the table contained in Annex 8, the provisions established in Clauses 7.16 through 7.31, as applicable, and that the pledge agreements granted by the CONCESSIONAIRE do not alter this Concession Contract or create any risks or any additional responsibilities for the GRANTOR not regulated in this Concession Contract. PROINVERSIÓN shall have a term of thirty (30) Days, counted as from the day after the receipt of the complete request for the approval of the Permitted Secured Debt to issue its decision.

The obligation of PROINVERSIÓN established in this Chapter with regard to the Permitted

Secured Debt shall remain in force until the start of the Operating Period.

- 7.3. For the review of the documents, PROINVERSIÓN may request additional information within ten (10) Days after receiving the request submitted by the CONCESSIONAIRE. Once the requested information has been submitted, completely and without defects, by the CONCESSIONAIRE, the term for the issuing of a decision by PROINVERSIÓN shall restart, counted as from the day following the receipt of the information.
- 7.4. If the deadline mentioned in the preceding paragraphs expires and PROINVERSIÓN has not issued a pronouncement, the Permitted Secured Debt shall be understood as accepted.

Financial Closing

- 7.5. The obligation of the CONCESSIONAIRE to achieve the Financial Closing shall be understood to be met when the CONCESSIONAIRE proves that it has sufficient financial commitments for the Expenditure on Works. Without prejudice to accrediting the Financial Closing, the CONCESSIONAIRE is obligated to obtain the entirety of the funds necessary to finance the obligations under its responsibility in accordance with the Concession Contract. In the event that all or part of the aforementioned commitments are accredited in Dollars, the Exchange Rate in force as of the Financial Closing Date shall be applied to verify compliance with this condition.

At the exclusive criteria of the CONCESSIONAIRE, it may decide whether or not to use the Permitted Secured Debt to accredit the Financial Closing.

- 7.6. Within a maximum term of eighteen (18) months, counted as from the Closing Date, the CONCESSIONAIRE shall obtain the approval of the Financial Closing according to the terms and conditions established in this Chapter. Additionally, when the Financial Closing is accredited using Permitted Secured Debt, the CONCESSIONAIRE shall previously obtain the approval of the Permitted Secured Debt in the terms and conditions established in this Chapter.
- 7.7. No debt transaction by the CONCESSIONAIRE can release it, whether directly or indirectly, from its obligation to comply with each and every one of the provisions of this Concession Contract and the Applicable Laws and Provisions.

The Parties agree that, within a maximum term of thirty (30) Calendar Days from the date on which the Financial Closing is approved, the CONCESSIONAIRE shall deposit, in United States Dollars, to the Inter-American Development Bank (IDB), the repayable amount of the Bank Contribution totaling US\$ 800,000.00 (Eight Hundred Thousand United States Dollars), as established in point 4 of the agreement referred to in Clause 1.16.

If the account of the Inter-American Development Bank (IDB) is changed, PROINVERSIÓN shall inform the CONCESSIONAIRE of such change within no more than five (5) Calendar Days after the Financial Closing is approved.

The CONCESSIONAIRE shall not be obligated to make this deposit to the Inter-American Development Bank (IDB) in the event that the Financial Closing has been accredited with a financial institution that forms part of the IDB Group.

- 7.8. PROINVERSIÓN is the entity responsible for verifying compliance with the obligation

established in the preceding Clause.

If the CONCESSIONAIRE fails to make the deposit for the abovementioned amount by the established deadline, such failure shall be understood to be a serious breach and shall thus be subject to the provisions set forth in Chapter XVII of this Concession Contract.

Financial Closing Accreditation Procedure

- 7.9. To accredit the Financial Closing, the CONCESSIONAIRE shall ask PROINVERSIÓN to approve the Financial Closing, submitting the following documents, as applicable:
- a) Executive summary of the amount of the amounts committed in each one of the loan agreements, financing agreements, and/or indenture agreement.
 - b) Notarized copy of the loan agreement and/or indenture agreement, as applicable and pledge agreements (mortgage on the Concession right, on the shares of the CONCESSIONAIRE, etc.), duly signed by the CONCESSIONAIRE and the respective Permitted Creditors (or any other entity acting on behalf of said creditors as an agent). In the event that said agreements are written in a foreign language, an official Spanish translation shall be included.
 - c) Affidavit of the CONCESSIONAIRE, with the minimum contents established in Annex 7.
 - d) Document proving the payment in cash of one hundred percent (100%) of the subscribed capital stock.
 - e) Notarized copy of the financing agreements, bonds, trusts, and in general, any relevant contractual text, that the CONCESSIONAIRE has agreed to with its Related Companies.
 - f) Documents proving the subscription and full payment in cash of any capital stock increase in excess of the minimum amount indicated in Clause 3.3.
- 7.10. Upon receipt of the request from the CONCESSIONAIRE, PROINVERSIÓN shall have a maximum term of five (5) Days to make sure that all of the documents mentioned in Clause 7.9 have been submitted. If PROINVERSIÓN believes that the documentation submitted by the CONCESSIONAIRE is incomplete, it may object to the request, providing the CONCESSIONAIRE a maximum term of at least five (5) Days to complete the requested documentation.
- Once the request has been completed with all of the documentation required as per Clause 7.9, PROINVERSIÓN shall proceed to review the contents of the documentation submitted.
- 7.11. PROINVERSIÓN shall grant its approval or raise objections to the content of the information within a maximum term of fifteen (15) Days, counted as from the day after the complete request is submitted by the CONCESSIONAIRE. PROINVERSIÓN shall simultaneously notify the GRANTOR and the CONCESSIONAIRE of its decision.
- 7.12. If any objections are raised, the CONCESSIONAIRE shall have five (5) Days to rectify them and submit the corresponding documentation to PROINVERSIÓN. Once this term expires, or after receiving the documentation, PROINVERSIÓN will have five (5) Days to inform the GRANTOR of the results of its evaluation of the Financial Closing accreditation by the CONCESSIONAIRE.
- 7.13. Failure to rectify the objections notified upon the CONCESSIONAIRE by the deadlines established in Clauses 7.10 and 7.12 of this Chapter shall be considered a failure to accredit the Financial Closing.

- 7.14. PROINVERSIÓN shall ensure that: (i) the documents submitted in accordance with Clause 7.9 hereinabove are duly executed; if the accreditation is being performed through a Permitted Secured Debt, it shall be confirmed that the documents have been issued in accordance with the approval granted, for which purpose the conditions set forth in the table in Annex 8 shall be taken into account; (ii) the financing agreement amount is equal to or greater than that required to prove the Financial Closing in accordance with Clause 7.5; and, (iii) the financing agreement is irrevocable, which shall be understood to mean that all of the conditions have been met for the execution of the contract, and that it has been executed by persons with sufficient power to do so.
- 7.15. Once PROINVERSIÓN has reached a decision regarding the request for accreditation of the Financial Closing, it shall notify the GRANTOR within a maximum term of two (2) Days. The GRANTOR shall have a maximum term of two (2) Days to inform the CONCESSIONAIRE of said decision, at which moment the Financial Closing be understood as accredited or not accredited.

Guarantees in Favor of the Permitted Creditors

- 7.16. To obtain the financing to execute the Expenditure in the terms required under the Contract, the CONCESSIONAIRE may—provided the Applicable Laws and Provisions so allow, and following the procedure established therein—grant guarantees in favor of the Permitted Creditors to secure the Permitted Secured Debt, on the following:
- a) The mortgage on the Concession right.
 - b) Trust or assignment of revenues, collection rights, and cash flows derived from this Concession Contract and the Service Contract; and
 - c) Security interest on the shares or ownership interests representing one hundred percent (100%) of the capital stock of the CONCESSIONAIRE.
- 7.17. The CONCESSIONAIRE agrees and acknowledges that the granting and execution of such guarantees mentioned in the preceding clause shall not release it from its obligations in compliance with the provisions established in this Concession Contract and the Service Contract.

Mortgage on the Concession Right

- 7.18. The CONCESSIONAIRE has the right to grant its Concession right in mortgage to Permitted Creditors in accordance with the provisions established in Legislative Order 1362 and the Applicable Laws and Provisions, as a guarantee of the Permitted Secured Debt.
- 7.19. The establishment of the mortgage on the Concession right and the text of the respective agreement may only be requested by the Permitted Creditors. The GRANTOR hereby grants its approval for the establishment of said mortgage. Thus, it shall not be required for the GRANTOR to issue and/or execute any other document in addition to this Concession Contract. PROINVERSIÓN shall be the entity responsible for reviewing the mortgage agreement and granting its approval, in accordance with Clause 7.1, *et seq.*
- 7.20. The execution of the mortgage shall be carried out via out-of-court execution, in

accordance with the procedure set forth in the mortgage agreement, after obtaining the prior opinion of the GRANTOR. In case of discrepancy between the provisions contained in this Contract and the text of the respective agreement, the provisions of this Contract shall prevail.

- 7.21. The decision of the Permitted Creditors to exercise their right to execute the mortgage established in their favor shall be notified in writing to the GRANTOR and the CONCESSIONAIRE at least five (5) Days in advance. For a period of six (6) months, counted as from said notice, the GRANTOR shall be prohibited from declaring the advance Termination.
- 7.22. Within a term not to exceed ten (10) Days, counted as from the day after the receipt of the notice referred to in the preceding clause, the Permitted Creditors shall propose to the GRANTOR a list of firms as candidates for Temporary Intervenor, taking into account the requirements established in the Terms and Conditions.

Within a maximum term of ten (10) Days after receipt of the list of possible Temporary Intervenor, the GRANTOR shall inform the Permitted Creditors of the firm it has selected to assume the role of Temporary Intervenor, so that, within a maximum term of three (3) Days, said entity may be formally hired by the Permitted Creditors and notice given to the GRANTOR. If the GRANTOR does not issue its decision by the established deadlines, the Permitted Creditors may select the Temporary Intervenor, following which they shall notify the GRANTOR of this act. The payment of the Temporary Intervenor's professional fees will not be assumed by the GRANTOR, and is the responsibility of the Permitted Creditors.

The GRANTOR shall notify the CONCESSIONAIRE of hiring of the Temporary Intervenor within two (2) days, counted as from the day following the date the Temporary Intervenor is hired. Following the receipt of said notice, the CONCESSIONAIRE shall make arrangements with the Temporary Intervenor for all of the actions to be carried out to ensure that the Project is transferred as efficiently possible. Said transfer shall be finalized within a maximum term of forty (40) Days, counted as from the Day following the receipt of the notice in question.

The CONCESSIONAIRE shall be responsible for all actions or omissions that prevent, delay, or obstruct the transfer of the Project to the Temporary Intervenor, as well as any losses that this may cause to the GRANTOR, the Permitted Creditors, the users, and/or third parties.

- 7.23. The Permitted Creditors who notify their decision to execute the mortgage on the Concession shall propose—within a maximum term of one hundred twenty (120) Calendar Days after the notice from the GRANTOR provided for in Clause 7.21—a new concessionaire for approval by the GRANTOR. Said term may be extended at the decision of the GRANTOR. The GRANTOR shall have fifteen (15) Days to issue its approval or rejection of the new concessionaire proposed.
- 7.24. The GRANTOR may only refuse to approve the new concessionaire presented if any of the following circumstances are found to be true regarding the new concessionaire, its shareholders, partners, or capital holders:
- a) The new concessionaire presented does not meet the qualification requirements established in the Terms and Conditions, unless the decision to execute the mortgage

has materialized during the Operating Period, in which case the qualification requirements shall not be necessary to prove the new concessionaire's construction; or

- b) It was part of the Successful Bidder or belongs to the same family of companies as the Successful Bidder; or
- c) It is a firm or individual who has been found guilty by the competent authority in Peru, by virtue of a final and binding judgment, of the perpetration of crimes of money laundering, terrorism, or corruption of public officials, as defined in the Peruvian Penal Code (or the equivalent body of law applicable abroad); or
- d) It is a firm or individual included, as of the date of the transfer request, on the lists of sanctioned entities published by the World Bank Group (*World Bank Listing of Ineligible Firms & Individuals*) or the Inter-American Development Bank (*IDB List of Sanctioned Firms and Individuals*).

Once the new concessionaire has been selected, this act shall be notified in writing to the Temporary Intervenor, who shall be obligated to begin making the necessary arrangements with the new CONCESSIONAIRE so that the transition of the operation of the Project is performed as efficiently as possible. The definitive substitution by the new concessionaire shall be formalized within a term not to exceed forty (40) Calendar Days, counted as from the Day following that on which the new concessionaire was selected. Said definitive substitution shall be proven by the respective certificates or notarially recorded instruments evidencing the transfer of the applicable shares and/or rights. A copy of said documents shall be delivered to the Permitted Creditors and the Entity, and the corresponding registrations shall be performed with the Public Records Offices.

Security Interest on the Minimum Stake

- 7.25. The decision of the Permitted Creditors to exercise their right to execute the security interest on the Minimum Stake established in their favor shall be notified in writing to the GRANTOR and the CONCESSIONAIRE at least five (5) Days in advance. This notification requirement is only applicable to the execution of the security interest on the Minimum Stake, given that all of the other shares of the CONCESSIONAIRE are freely available. As from said notice, the GRANTOR shall be prohibited from declaring the advance Termination of this Contract for a term of six (6) months.
- 7.26. Within a term not to exceed ten (10) Days, counted as from the day after the receipt of the notice referred to in the preceding clause, the Permitted Creditors shall propose to the GRANTOR a list of firms to act as Temporary Intervenor, taking into account the requirements established in the Terms and Conditions.

Within a maximum term of ten (10) Days after receipt of the list of possible Temporary Intervenors, the GRANTOR shall inform the Permitted Creditors of the firm it has selected to assume the role of Temporary Intervenor, so that, within a maximum term of three (3) Days, said firm may be formally hired by the Permitted Creditors. If the GRANTOR does not issue its decision by the established deadlines, the Permitted Creditors may select the Temporary Intervenor, in which case the Permitted Creditors shall assume the costs for hiring the Temporary Intervenor and inform the GRANTOR of this fact.

The GRANTOR shall notify the CONCESSIONAIRE of hiring of the Temporary Intervenor within two (2) days, counted as from the day following the date the Temporary Intervenor is hired. Following the receipt of said notice, the CONCESSIONAIRE shall make arrangements with the Temporary Intervenor for all of the actions to be carried out to ensure that the Project is transferred as efficiently possible. Said transfer shall be finalized within a maximum term of forty (40) Days, counted as from the Day following the receipt of the notice in question.

The CONCESSIONAIRE shall be responsible for all actions or omissions that prevent, delay, or obstruct the transfer of the Project to the Temporary Intervenor, as well as any losses that this may cause to the GRANTOR, the Permitted Creditors, the Users, and/or third parties.

- 7.27. The Permitted Creditors who notify their decision to execute the security interest on the Minimum Stake shall propose—within a maximum term of one hundred twenty (120) Calendar Days after the notice from the GRANTOR provided for in Clause 7.25—a new strategic partner for approval by the GRANTOR. Said term may be extended at the decision of the GRANTOR, with the agreement of the creditors. The GRANTOR shall have ten (10) Days to issue its approval or rejection of the new Strategic Partner proposed.
- 7.28. The GRANTOR may only refuse to approve the new Strategic Partner presented if any of the following circumstances are found to be true regarding the Strategic Partner, its shareholders (direct or indirect), or their respective Related Companies:
- a) The new Strategic Partner presented does not meet the qualification requirements established in the Terms and Conditions; or
 - b) It was a member of a Bidder in the Tender Process, or it belongs to the same group of families as a Bidder in the Tender Process; or
 - c) It is a firm or individual who has been found guilty by the competent authority in Peru, by virtue of a final and binding judgment, of the perpetration of crimes of money laundering, terrorism, or corruption of public officials, as defined in the Peruvian Penal Code (or the equivalent body of law applicable abroad); or
 - d) It is a firm or individual included, as of the date of the transfer request, on the lists of sanctioned entities published by the World Bank Group (*World Bank Listing of Ineligible Firms & Individuals*) or the Inter-American Development Bank (*IDB List of Sanctioned Firms and Individuals*).

Once the new Strategic Partner has been selected, this act shall be notified in writing to the Temporary Intervenor, who shall be obligated to begin making the necessary arrangements with the new CONCESSIONAIRE so that the transition of the operation of the Project is performed as efficiently as possible. The definitive substitution by the new Strategic Partner shall be formalized within a term not to exceed forty (40) Calendar Days, counted as from the Day following the receipt of notice of the approval of the Strategic Partner by the Temporary Intervenor. Said definitive substitution shall be proven by the respective certificates or notarially recorded instruments evidencing the transfer of the applicable shares and/or rights. A copy of said documents shall be delivered to the Permitted Creditors and the GRANTOR, and the corresponding registrations shall be performed with the Public Records Offices, in accordance with Applicable Laws and Provisions.

Right of the Permitted Creditors

- 7.29. The Parties agree that the GRANTOR shall only have the power to terminate the Concession Contract or declare the Termination provided the necessary procedures have been previously verified and the deadlines for rectification by the Permitted Creditors provided for in the following clause have expired.
- 7.30. Those Permitted Creditors who have granted Permitted Secured Debt shall be entitled to rectify any breach of this Contract by the CONCESSIONAIRE, as follows.
- a) The GRANTOR shall notify the Permitted Creditors of the occurrence of any grounds that entitles the GRANTOR to implement the advance Termination hereof, in accordance with Chapter XVII, simultaneously to the notice sent to the CONCESSIONAIRE. In said notice, the GRANTOR shall expressly indicate the grounds for advance Termination that have occurred.
 - b) The Permitted Creditors shall have a term of ninety (90) Calendar Days, counted as from the notice referred to in Item a) above, to rectify any grounds for advance Termination tied to an obligation whose default has been corrected in accordance with Chapter XVII. If said deadline expires and the Permitted Creditors have not managed to rectify the grounds for advance Termination that have occurred, or if the Permitted Creditors have informed the GRANTOR of their intention not to exercise their right of rectification, the GRANTOR may use its right to terminate the Concession Contract in accordance with Chapter XVII.
 - c) Should the Permitted Creditors choose not to exercise their power of rectification, this does not and shall not in any way affect the benefits and/or rights established in favor of the Permitted Creditors in this Concession Contract.

During the aforementioned period of ninety (90) Calendar Days, the Permitted Creditors shall have the power to exercise any other right to which they are entitled by virtue of this Concession Contract, including the execution of any of the guarantees described in Clause 7.16.
 - d) The intention to rectify or the rectification of any grounds for advance Termination that may have arisen by the Permitted Creditors shall not be understood, under any circumstances, as the assumption by the Permitted Creditors of any of the covenants, agreements, or obligations of the CONCESSIONAIRE under this Concession Contract.
 - e) The Permitted Creditors shall have the right to rectify breaches with regard to the renewal of the Performance Bond indicated in Clause 9.5, provided that said bond remains in force with a minimum of thirty (30) Calendar Days before its expiration. To the contrary, the GRANTOR shall proceed to execute the Performance Bond prior to its execution, despite the fact that there is still time for it to be rectified by the Permitted Creditors.
- 7.31. The Parties warrant that the rights established in favor of the Permitted Creditors under this Concession Contract are non-waivable and irrevocable, except with the prior, express consent of the Permitted Creditors. For such effects, by the mere communication of the Permitted Creditors (directly or through any other entity acting on behalf of said Permitted

Creditors as an agent) addressed to the GRANTOR and the CONCESSIONAIRE, informing them of the acceptance of the stipulation in their favor, the acceptance of the respective Permitted Creditors shall be understood to have been obtained, as per Section 1458 of the Peruvian Civil Code.

Chapter VIII. ECONOMIC-FINANCIAL REGIMEN

Procedure for Calculating the Settlement of the PPD

- 8.1. The CONCESSIONAIRE shall be entitled to receive the payment of the PPD quarterly via the Trust PPD Account as from the execution of the Operating Start-Up Certificate, provided the terms and conditions established in this Concession Contract are complied with.

The PPD is subject to deductions for failure to meet the Service Levels, as regulated herein.

- 8.2. The PPD in favor of the CONCESSIONAIRE shall be paid quarterly as follows:

$$PPD_T = \sum_{n=1}^3 PPD_n - DINS_T$$

Where:

n Number of the month in the quarter

PPD_T Quarterly PPD payable to the CONCESSIONAIRE for the Service, not including VAT, in period Q.

PPD_n Monthly PPD for the Service provided in month "n."

$DINS_T$ The deduction for quarter T, calculated in accordance with the provisions established in Clause 8.18.

During the Operating Period, the PPD_n shall be calculated as follows:

- a) Between quarter 1 and quarter 60 of the Operating Period:

$$PPD_n = \left(\frac{PPD_{aof} \times A}{12} \right) + (PPD_{aof} \times (1 - A) \times FA) \times \left(\left(\frac{B \times d}{12} \right) + \left((1 - B) \times \frac{CORM_n}{CORR} \right) \right)$$

- b) Starting from quarter 61 of the Operating Period onward

$$PPD_n = (PPD_{aof} \times (1 - A) \times FA) \times \left(\left(\frac{B \times d}{12} \right) + \left((1 - B) \times \frac{CORM_n}{CORR} \right) \right)$$

Where:

PPD_n Monthly PPD for the Service provided in month "n."

PPD_{aof} Annual PPD offered by the bidder in its Financial Bid.

A Fixed %, defined in the Terms and Conditions, that determines the portion of the PPD that is not adjustable for inflation.

- FA* Adjustment factor for WPI. The value is adjusted the quarter after a cumulative variation of 3% has occurred in the WPI since the last update.
- B* Fixed %, defined in the Terms and Conditions, which is not affected by the variation in the organic load removed.
- d* The proportion of Calendar Days of operation in a month. This factor is only applicable for partial periods of monthly operation. For full months, “d” will always be equal to one (1). For partial months, it shall be equivalent to:

$$d = \frac{1}{30.4} \times \text{number of Calendar Days operated in the month}$$

- CORM_n* Is the monthly removed organic load for month “n,” in kg/BOD₅ per month, of the wastewater collected and treated in the wastewater treatment system of the Infrastructure under the responsibility of the CONCESSIONAIRE, measured based on the results obtained at the corresponding wastewater Data Logging Points and Sampling Points, in accordance with the provisions established in the respective Service Contract. It is calculated using the following formula:

$$CORM_n = \frac{\sum_{f=1}^g \Delta C_f \times Vd_f}{g \times 1000} \times d'$$

Where:

- ΔC_f* Variation in the concentration of BOD₅, in mg/L or g/m³, obtained through compound sampling, based on the difference in the results obtained at the influent Sampling Point compared to the effluent Sampling Point of the treatment system, corresponding to sample “f” of the influent and effluent of month “n,” in accordance with the sampling frequency established in the Service Contract.
- Vd_f* Cumulative daily volume of wastewater, in m³/d, logged at the effluent Data Logging Point of the treatment system, corresponding to sample “f” of month “n,” in accordance with the sampling frequency established in the Service Contract, according to the procedure established in Clause 8.3.
- f* Sequential BOD₅ sample number assigned, corresponding to month “n.”
- g* Total number of compound BOD₅ samples, corresponding to “n.”
- d'* Total number of days in operation in the corresponding

month "n."

n Month to which the performed sample corresponds, expressed in month-year.

CORR The annual referential removed organic load equivalent to 4,099,680 kg/BOD₅ per year, making for a referential BOD₅ removal efficiency of 81.25% (Eighty-One Point Twenty-Five Percent).

- 8.3. The volumes used in the settlement procedure shall be determined based on the volumes recorded in the data loggers installed at the influent Data Logging Points, determined as the difference between the readings recorded at the start (L_{start}) and the end (L_{end}) of the compound sampling period of twenty-four (24) hours. This calculation is performed according to the following formula:

$$Vd = L_{end} - L_{start}$$

Where:

L_{start} Reading recorded at the start of the compound sampling period.

L_{end} Reading recorded at the end of the compound sampling period.

The initial reading (L_{start}) shall be that recorded one (1) hour before taking the first aliquot of the compound sample (hour 0), while the final reading (L_{end}) shall be that recorded upon taking the final aliquot of the final sample (hour 24).

- 8.4. In the event that the CONCESSIONAIRE replaces a data logger, the calculation of the volume recorded in the corresponding period shall be as follows:

$$\Delta V = \Delta V_{RMD} + \Delta V_{RMN}$$

Where:

ΔV Cumulative volume in cubic meters (m³) of the corresponding period, recorded at the Data Logging Point, according to the Concession Contract.

ΔV_{RMD} Cumulative volume in cubic meters (m³), recorded at the data logger replaced by CONCESSIONAIRE, counted as from the initial reading (L_{START}) until the point at which the data logger was removed (L_{END}).

ΔV_{RMN} Cumulative volume in cubic meters (m³), recorded at the new data logger by the CONCESSIONAIRE, counted as from the point at which the new data logger was installed (L_{START}) until the corresponding final reading (L_{END}).

- 8.5. The PPD calculated in accordance with this Chapter shall be paid to the CONCESSIONAIRE, with the prior approval of the GRANTOR in accordance with the procedure established in Clause 8.21, through the Management Trust, during the Operating Period.
- 8.6. If the PPD has not been paid, in accordance with the procedure established in Annex 13, for more than ninety (90) consecutive Calendar Days, counted as from the time said obligation comes due, the CONCESSIONAIRE may request the Termination, in accordance with the provisions established in Chapter XVII.

PPD Component Coming from Co-financing Revenue

- 8.7. The Co-financing consists of the contributions of the GRANTOR for the payment of the PPD. The resources necessary for the Co-financing are charged to the budget of the GRANTOR, as established in Annex 13.
- 8.8. The GRANTOR shall make quarterly Co-financing payments (Cof_{Qtrly}) through the Co-financing Resources Sub-Account of the Management Trust, as follows:
- a) Between quarter 1 and quarter 60 of the Operating Period, to cover the amounts equivalent to:

$$Cof_{Qtrly} = \left(\frac{PPD_{aof} \times A}{4} \right)$$

Cof_{Qtrly} Component of the PPD settlement formula to be paid out of the GRANTOR's budget.

Where the formula concepts are those established in Clause 8.2.

PPD_{aof} Annual PPD offered by the bidder in its Financial Bid

PPD Component Coming from Business Income

- 8.9. Throughout the entire Operating Period, the PSS shall make monthly contributions to the Management Trust consisting of the amounts previously approved by the GRANTOR in the preliminary payment calculation, as per Clause 8.21, which represent the component of the PPD settlement formula to be paid from the Business Income. This amount is equivalent to:

$$COMP_{PSS} = (PPD_{aof} \times (1 - A) \times FA) \times \left(\frac{(B \times d)}{12} + \left((1 - B) \times \frac{CORM_n}{CORR} \right) \right)$$

Where:

$COMP_{PSS}$ Component of the PPD settlement formula to be paid from the Business Income.

PPD_{aof} Annual PPD offered by the bidder in its Financial Bid

The other formula concepts are the same as those established in Clause 8.2.

In the event that the PSS does not cover the PPD amount as established hereinabove, the GRANTOR shall make the payment through the Management Trust to pay the corresponding PPD on the corresponding date, as established in this Chapter and in point 6 of Annex 13.

Business Income Prior to Operation

The Specialized Supervisor shall inform the SUNASS and the PSS, within five (5) Days after the close of each month, of any new connections executed by the CONCESSIONAIRE for

each month, during the period between the start of the Design and Building Period and the start of the Operating Period, so that the PSS can make the corresponding deposits in the Trust reserve account, in accordance with the Service Contract.

PPD Adjustment

- 8.10. The value of the PPD may be adjusted only with regard to any of the following concepts: (i) adjustment of the Wholesale Price Index (WPI); and, (ii) adjustment due to sorting of hazardous solid waste, in accordance with the provisions established in the following clauses.

Adjustment of the Wholesale Price Index (WPI)

- 8.11. The value of the PPD_n shall be adjusted each time there is a variation in the Wholesale Price Index (WPI) published by the Peruvian National Institute of Statistics and Information (INEI) greater than or equal to three percent (3%), cumulative, since the last adjustment. The adjustment of the PPD shall be performed in accordance with the procedure established for the monthly preliminary payment calculations.

For such purposes, the Concessionaire shall apply the following quotient:

$$FA = WPI_i / WPI_{BASE}$$

Where:

WPI_i: WPI in the month in which the accumulated variation in the index is greater than or equal to three percent (3%), as from the moment and occasion on which the last adjustment became applicable.

FA: The adjustment factor shall be expressed up to five (5) decimal places.

WPI_{BASE}: WPI as of the month in which the Financial Bid was submitted.

The adjustment defined above shall apply to the following quarter when $WPI_i / WPI_j \geq 1.03$

Where:

WPI_j: WPI verified in the month in which the previous FA adjustment occurred.

At the start of operations, the first update of the FA shall consider the WPI_j as the WPI_{BASE}.

Adjustment due to Sorting of Hazardous Solid Waste

- 8.12. In case of the event regulated by Clauses 11.19 and 11.20 of this Concession Contract, the CONCESSIONAIRE shall be entitled to request an additional payment per ton disposed of from the GRANTOR. The purpose of this additional payment shall be to cover the additional costs incurred by the CONCESSIONAIRE due to the new obligations tied to the sorting of hazardous solid waste.

- 8.13. The payment of this additional cost shall cease once the Competent Governmental Authority reports a variation in the classification of hazardousness of the waste or sludge. For such purpose, the CONCESSIONAIRE shall comply with the provisions established in Chapter XI.

- 8.14. To request the payment of the additional cost, the CONCESSIONAIRE shall submit to the SUNASS the supporting documentation for the additional costs for the sorting of hazardous solid waste. The SUNASS shall have thirty (30) Days to review this documentation, counted as from the receipt thereof, and send its non-binding opinion to the GRANTOR. The SUNASS, within a term not to exceed five (5) Days, may ask the CONCESSIONAIRE for additional information, granting it, in the same request, a term to respond to this request. In such case, the term shall be suspended, recommencing only once the CONCESSIONAIRE submits the corresponding information. The GRANTOR shall have a term not to exceed twenty (20) Days to provide its approval.

The additional cost shall be added to the following **PPD_T**.

- 8.15. If there are any disagreements regarding the costs, the Parties to the Concession Contract may resort to the dispute settlement mechanism established in Chapter XVI, without such action leading to a halt in the provision of the Service.
- 8.16. In the event that, by virtue of the adjustment subject matter of the preceding points, the GRANTOR decides that a rate increase is necessary so that the PSS can cover the additional cost in the PPD_O, the GRANTOR shall inform the PSS so that it may carry out the formalities with the SUNASS for the corresponding rate increase, in accordance with Applicable Laws and Provisions.

Discount for Sludge Reclamation

- 8.17. The costs saved by the CONCESSIONAIRE due to the non-Final Disposal of the reclaimed sludge shall result in the following discount to the PPD:

$$DRAL_n = PUDL \times FA \times TOC_n$$

Where:

<i>DRAL_n</i>	Discount for the reclamation of sludge in month “n”
<i>FA</i>	Adjustment factor for WPI. Adjusted and calculated as established in Clause 8.11.
<i>TOC_n</i>	Tons of sludge sold in month “n”
<i>PUDL</i>	Unit price for final disposal of sludge. If the Monofill is executed, the PUDL value shall be 32.30 Soles/ton, not including VAT. If the Monofill is not executed and the service is outsourced, the PUDL value shall be 74.55 Soles/ton, not including VAT.

This discount, expressed in Soles, shall be calculated for the three months corresponding to each payment and shall be deducted from the PPD_n component corresponding to the Business Income of the PSS.

Deductions due to Failure to Meet the Service Levels

- 8.18. Every time there is a failure to meet the Service Levels that is not due to force majeure events or acts of God, deductions shall be made to the PPD, as follows:

$$DINS_T = \text{Min} \left[\left(\sum_{n=1}^3 DINS_{n,T} \right) + DINS_{balance\ T-1}, DINS_{max} \right]$$

$DINS_T$ Deduction due to failure to meet the Service Levels, for quarter T, expressed in Soles.

$DINS_{n,T}$ Monthly deduction due to failure to meet the Service Levels expressed in month “n” in quarter T, expressed in Soles, which corresponds to:

$$DINS_{n,T} = \frac{PPD_{aof}}{VART} \times \sum_{f=1}^g \Delta V_{f,n} \sum_{i=1}^j (W_i \times \Delta NS_{i-f,n})$$

Where:

PPD_{aof} Annual PPD offered by the bidder in its Financial Bid, in Soles on [date required in the Terms and Conditions].

$VART$ Referential annual volume of wastewater treated, equivalent to 12,614,400 m³, corresponding to the design hydraulic capacity, in accordance with the Minimum Requirements of the Project.

$\Delta NS_{i-f,n}$: The Service Level differential, calculated as the difference between the value obtained in excess in sample “f” compared to the Service Level established for parameter “i” as per the corresponding Service Contract, for the treatment system in month “n.”

W_i : The deduction percentage for each unit in excess applied to the corresponding parameter “i,” as indicated below:

PARAMETERS		
i	DESCRIPTION	Wi
TREATED WASTEWATER QUALITY		
1	Biochemical Oxygen Demand (BOD ₅) *	0.1%/ (1 mg/l)
2	Chemical Oxygen Demand (COD)*	0.1%/ (1 mg/l)
3	Total Suspended Solids (TSS)	0.1%/ (1 mg/l)
4	Thermotolerant Coliforms (Ct)	0.4%/ (1 Log ¹⁰)
5	Fats, Oil and Grease (FOG)	0.1%/ (1 mg/l)
SURFACE WATER QUALITY OF THE RECEIVING BODY		
6	Biochemical Oxygen Demand (BOD ₅) *	0.1%/ (1 mg/l)
7	Total Suspended Solids (TSS)	0.1%/ (1 mg/l)
8	Thermotolerant Coliforms (Ct)	0.4%/ (1 Log ¹⁰)
10	Fats, Oil and Grease (FOG)	0.1%/ (1 mg/l)
SLUDGE QUALITY		
11	Moisture	0.5%/ (1 percentage unit)
12	Stability	1%/ (1 percentage unit)
ORGANOLEPTIC QUALITY		
13	H ₂ S(aq)	0.1%/ (1 mg/l)

* Soluble in case of oxidation ponds

- $\Delta V_{f,n}$: Cumulative volume of treated wastewater (in cubic meters "m³") recorded at the effluent Data Logging Point, as applicable, from the previous sampling date "f-1" to the sampling date "f" in month "n."
- i: The number or code assigned to a given data logging parameter to verify compliance with the Service Levels of each treatment system.
- \dot{i} : The total number of data logging parameters, to verify compliance with the Service Levels in a treatment system.
- f: The number of the sample taken in month "n" for parameter "i."
- g: The total number of samples taken in month "n" for parameter "i," in accordance with the sampling frequency established in Appendix 4 of the Service Contract.
- n: The month under evaluation for purposes of determining the deductions due to failure to meet the Service Levels.

$DINS_{balance\ T-1}$ The balance of the deduction for period T-1, to be deducted in period T or in the following periods, as detailed below:

If $(\sum_{n=1}^3 DINS_{n,T}) + DINS_{balance\ T-1} \geq DINS_{max}$, then:

$$DINS_{balance\ T} = \left(\sum_{n=1}^3 DINS_{n,T} \right) + DINS_{balance\ T-1} - DINS_{max}$$

If $(\sum_{n=1}^3 DINS_{n,T}) + DINS_{balance\ T-1} < DINS_{max}$, then:

$$DINS_{balance\ T} = 0$$

$DINS_{max}$ The maximum quarterly deduction due to failure to meet the Service Levels, expressed in Soles, calculated as follows:

a) Only for the first quarter

$$DINS_{max} = (1 - A) \times \frac{PPD_{aof}}{4}$$

b) From quarter 2 to quarter 60 of the Operating Period:

$$DINS_{max} = (1 - A) \times PPD_{t-1}$$

Where:

PPDt-1 is the PPD in the previous quarter without deductions.

c) From quarter 61 of the Operating Period onwards:

$DINS_{max}$ = That resulting in a quarterly settlement equal to "0"

- 8.19. The determination of the volumes used in the procedure for the application of deductions due to failure to meet the Service Levels (DINS), in accordance with the provisions established in Clause 8.18, shall be performed based on the volumes of wastewater treated, recorded at the data loggers installed at the effluent Data Logging Points between sampling periods, as per the following procedure:

$$\Delta V_f = L_{end} - L_{start}$$

Where:

ΔV_f Variation in the cumulative volume of treated wastewater (in m³) recorded at the effluent Data Logging Point, as applicable, from the date of the previous sample “f-1” to the date of sample “f” in month “n.”

L_{start} Reading recorded at the start of the sampling period.

L_{end} Reading recorded at the end of the sampling period.

For volumes recorded in single samples: The initial reading (L_{start}) shall be that recorded upon taking the previous single sample “f-1,” while the final reading (L_{end}) shall be that recorded upon taking sample “f.”

For volumes recorded in compound samples: The initial reading (L_{start}) shall be that recorded upon taking the last aliquot of the previous compound sample “f-1,” while the final reading (L_{end}) shall be that recorded upon taking last aliquot of compound sample “f.”

- 8.20. When the data logger is found to have a precision error involving underreporting, as a result of the checkup referred to in Clause 8.9.20 of the Service Contract, an adjustment shall be made to the deduction for the month in which the underreporting was identified, using the following formula:

$$DINS_{REA} = DINS_n + \sum DINS \times E \times 0,5$$

Where:

$DINS_{REA}$: Adjusted monthly deduction for the Service provided in month “n.”

$DINS_n$: Monthly deduction for the Service provided in month “n.”

$\sum DINS$: Sum of the monthly deductions for the Service provided during the period between the most recent checkup that verified the correct functioning of the data logger and that which identified the data logging error.

E : Measurement error in absolute value. Calculated as the quotient between the underreported volume and the real volume determined in the checkup.

Repeated failure to meet the Service Levels may be grounds for Termination, in accordance with the provisions established in Points x) or y) of Clause 17.1.3 of the Concession Contract.

Procedure for the Approval of the PPD Payment

8.21. Once the Operating Start-Up Certificate has been executed, the CONCESSIONAIRE, within fifteen (15) Days following the end of each calendar month, shall send the SUNASS, with a copy to the GRANTOR, a monthly preliminary payment calculation for the Service provided, in accordance with the PPD payment calculation procedure described in Clauses 8.1 to 8.20. Each preliminary payment calculation submitted shall clearly state the corresponding month and quarter number, using the following nomenclature, e.g., Month 3-Quarter 6. Each preliminary payment calculation shall identify the monthly amounts corresponding to Co-financing, Business Income, deductions (DINSn), and/or discounts (DRALn)

Additionally, the CONCESSIONAIRE shall attach the technical data logging and sampling report referred to in Clause 9.22 of the Service Contract.

The SUNASS shall have up to ten (10) Days, counted as from the day after the preliminary payment calculation is delivered by the CONCESSIONAIRE, to send a written notice to the GRANTOR with its approval, whether in whole or in part, attaching the corresponding supporting documentation.

The GRANTOR shall have up to ten (10) Days, counted as from the following its receipt of the SUNASS's pronouncement on the preliminary payment calculation, to notify the CONCESSIONAIRE in writing of its approval, whether in whole or in part.

The objection to any preliminary payment calculation shall be notified in writing (letter, fax, or email) by the GRANTOR to the CONCESSIONAIRE within the term established in the preceding paragraph, explaining the reasons for the objection and attaching the corresponding supporting information.

The CONCESSIONAIRE shall inform the GRANTOR, within five (5) Days following the receipt of the notice from the GRANTOR, of the accepted amount and whether or not there is any amount subject to objection. If there are any objections, the CONCESSIONAIRE may initiate the dispute settlement mechanism for the amount objected to, as per Chapter XVI, at any time the CONCESSIONAIRE deems advisable.

With regard to the amount accepted by the Parties, the GRANTOR shall have a term of up to five (5) Days, counted as from the notification, to inform the Trustee of the accepted amount of the monthly preliminary payment calculation of the Business Income, so that the Trustee may in turn inform the PSS of the amount to be deposited in the Business Income Sub-Account. The amounts to be deposited shall be calculated without including any deduction (DINS) or discount for the reclamation of sludge (DRAL). The Trustee shall verify the balance in the Discounts and Deductions Sub-Account, and, if there is a balance in said account, it shall inform the PSS of said amount so that it can deduct it from the amount of business income to be deposited in the Business Income Sub-Account. The Trustee shall have up to five (5) Days, counted as from the notice from the GRANTOR, to inform the PSS of the amount to be deposited in the Business Income Sub-Account.

From the time the Trustee notifies the PSS, the PSS shall have a term of five (5) Days to deposit the amount indicated as per the preceding paragraph in the corresponding sub-account of the Trust. The Trustee shall verify the deposit by the PSS in the Business Income Sub-Account and transfer the amount corresponding to deductions (DINSn) and/or discounts for the reclamation of sludge (DRALn) to the Reserve Account. In the event that

the amount of the Reserve Account exceeds S/ 1,600,000.00 (One Million Six Hundred Thousand Peruvian Soles), the amounts corresponding to deductions and discounts for the period that exceed the Reserve Account capacity shall be deposited in the Discounts and Deductions Sub-Account.

Following the expiration of the term indicated in the preceding paragraph, the Trustee, within a maximum term of five (5) Days, shall inform the GRANTOR of whether the PSS made the abovementioned deposit, attaching the balance and statement for the Trust accounts.

Once three monthly preliminary payment calculations have accrued, the Trustee shall proceed to process the respective quarterly payment of the PPD, in accordance with this Concession Contract.

In case of any disputes between the Parties to the Concession Contract with regard to the contents of the preliminary payment calculations, they shall proceed in accordance with Chapter XVI regarding those concepts and amounts to which objections have been raised.

Procedure for Payment of the Co-financing Amount

8.22. Regarding the amount accepted by the Parties, the GRANTOR shall have up to five (5) Days, counted as from the CONCESSIONAIRE's acceptance of the third preliminary payment calculation for the corresponding quarter, to inform the CONCESSIONAIRE of the amount and concepts of the quarterly payment, to be detailed in the payment vouchers to be issued to the name of the GRANTOR.

The CONCESSIONAIRE, within five (5) Days after the receipt of the aforementioned notice, shall issue the corresponding payment voucher.

The GRANTOR, within five (5) Days after receipt of the payment voucher for the Co-financing amount by the CONCESSIONAIRE, shall verify the amount and make the payment through the Trust, depositing the money in the Co-financing Resources Sub-Account.

The Trust, within two (2) business days after receipt of the deposit by the GRANTOR, shall transfer the deposited amount to the CONCESSIONAIRE

Procedure for Payment of the Business Income Amount

8.23. The Trustee shall have forty (40) Days following the establishment of the quarterly payment to notify the CONCESSIONAIRE, with a copy to the GRANTOR, of the amounts and concepts of the quarterly payment to be detailed in the payment voucher(s) it shall issue to the name of the PSS and the GRANTOR, in the event that the contingent commitment of the GRANTOR is required for the payment of the PPD for business income.

The CONCESSIONAIRE, within five (5) Days following receipt of the preceding notice, shall issue the corresponding payment voucher(s).

The Trustee and/or the GRANTOR, within fifteen (15) Days following the receipt of the corresponding payment voucher from the CONCESSIONAIRE, shall verify that the approved payment amounts match the respective payment voucher and shall proceed to pay them through the Trust. Payment vouchers may only be rejected by the Trustee and/or

the GRANTOR if they differ from the approved amount.

Payment for Household Sewer Connections

- 8.24. Within fifteen (15) days following the execution of the Operating Start-Up Certificate, the Specialized Supervisor shall send the GRANTOR the total number of sewer connections performed by the CONCESSIONAIRE within the Concession Area during the Design and Building Period and recognized as part of each Functional Milestone, so that the payment for connections (PPC) can be calculated, as follows:

$$PPC = CPC \times N_{connections}$$

Where:

PPC	Payment for connections made prior to the start of operations.
$N_{connections}$	Number of connections performed by the Concessionaire during the Design and Building Period, with a maximum of 12,170 sewer connections, as established in Annex 5.
CPC	Cost per connection performed prior to the operating period, S/ 558.70 (Five Hundred Fifty-Eight and 70/100 Peruvian Soles) per unit. This amount does not include VAT.

- 8.25. The GRANTOR shall pay the PPC directly to the Concessionaire within ninety (90) days after the execution of the Operating Start-Up Certificate.

Economic/Financial Balance

- 8.26. The Parties to the Concession Contract declare that, as of the Closing Date, the Concession Contract is at a point of economic and financial balance in terms of rights, responsibilities, and risks assigned to the Parties to the Concession Contract.

The Parties to the Concession Contract declare their commitment to maintain the economic/financial balance of the Concession Contract so long as it remains in force.

- 8.27. The Concession Contract provides a mechanism for the reestablishment of the economic/financial balance to which the CONCESSIONAIRE and the GRANTOR shall be entitled to resort, in the event that, exclusively and explicitly due to changes in the Applicable Laws and Provisions, such changes have a direct impact on economic or financial aspects tied to a change in income or capital costs and/or operating and maintenance costs assumed by the CONCESSIONAIRE, in accordance with Applicable Laws and Provisions.

- 8.28. Either of the Parties to the Concession Contract who believe the economic/financial balance of the Concession Contract has been affected to their detriment may send a written request for the reestablishment thereof to the SUNASS, with a copy to the other Party to the Concession Contract, attaching a report with technical, economic, financial, and legal support regarding such effects, as well as a proposal for the reestablishment of balance. The existence of an imbalance shall not result in a suspension of term nor the Termination of the Concession Contract.

- 8.29. The SUNASS shall be responsible for evaluating and determining the disrupting of the

economic/financial balance, and establishing the amount of the consideration allowing for the restoration of said balance.

- 8.30. It shall be determined whether or not the economic/financial balance has been affected based on the results statement for the last audited fiscal year of the CONCESSIONAIRE, according to the information provided by the Parties to the Concession Contract, which shall provide support for any variations in income or costs in question. Without prejudice to the foregoing, the GRANTOR or the CONCESSIONAIRE may request information that backs up said variations.
- 8.31. The SUNASS shall determine the magnitude of the imbalance based on the difference between:
- a) Earnings before taxes for the fiscal year, specifically tied to the provision of the Service; and,
 - b) The recalculation of the earnings before taxes for the same fiscal year, tied to the provision of the Service, applying the corresponding income or costs at the moment prior to the modification that occurred as a consequence of the changes referred to in Clause 8.27.

For such purpose, the SUNASS may ask the CONCESSIONAIRE or the GRANTOR to provide the necessary information on the income and costs that have been affected by the changes in the Applicable Laws and Provisions.

If the imbalance is proven to have occurred during several periods, and the economic/financial balance has not been restored, the cumulative different in earnings shall be calculated using the same procedure.

- 8.32. Immediately thereafter, the imbalance factor shall be discovered using the following expression:

$$\text{Imbalance Factor} = \left[\frac{\text{Amount obtained in (a)} - \text{Amount obtained in (b)}}{\text{Amount obtained in (b)}} \right] \times 100\%$$

If the imbalance percentage, in absolute value, is more than ten percent (10%), it shall be reestablished.

If the imbalance affects the CONCESSIONAIRE (b>a), the GRANTOR shall offer a consideration equivalent to the difference in the amount obtained in Item b) of Clause 8.31 less the amount obtained in Item a) of said clause.

If the imbalance affects the GRANTOR (b<a), the CONCESSIONAIRE shall offer a consideration to the GRANTOR equivalent to the difference of the amount obtained in Item a) of Clause 8.31 less the amount obtained in Item b) of said clause.

In both cases, said consideration may be added or deducted, respectively, to or from the compensation payable to the CONCESSIONAIRE for the resulting amount, not including interest.

8.33. In the event that either of the Parties to the Concession Contract call for the reestablishment of the economic/financial balance, the SUNASS shall be responsible for determining the applicability thereof within the following thirty (30) Days, in accordance with the provisions set forth in the preceding paragraphs.

If necessary, the SUNASS shall establish—within a term not to exceed thirty (30) Days after the procedure has been deemed admissible—the amount payable to the Party to the Concession Contract who called for the reestablishment, applying for such purpose the valuation criteria established in this chapter. The results shall be reported to the Parties to the Concession Contract so that they can each take the corresponding measures.

8.34. In case of any delay, an effective annual rate in soles shall be paid, equivalent to the LIBOR face value plus 2%, for each day of delay on the unpaid balance.

8.35. If the Parties to the Concession Contract are unable to reach an agreement regarding the results issued by the SUNASS within ten (10) Days after receipt of the respective notice, either of them may deem a Non-Technical Dispute to have arisen, which shall be resolved in accordance with the dispute settlement mechanisms set forth in Chapter XVI.

8.36. The provisions set forth in Clauses 8.28 through 8.35 shall not apply to those changes occurred as a result of the provisions issued by the Competent Governmental Authority that determine offenses or sanctions, or the application of penalties that are defined in the Concession Contract, or that were the consequence of acts or events attributable to or the result of the performance of the CONCESSIONAIRE.

8.37. The GRANTOR shall manage, either directly or through the PSS, the payment to the CONCESSIONAIRE of the determined amount of consideration within a period not to exceed one (1) year. If it is not possible to pay said amount in full within the aforementioned period, the GRANTOR may reach an agreement with the CONCESSIONAIRE on a payment schedule for the amount remaining as of the expiration of the previous deadline. For any delay in the initial period of one (1) year, in the event that no schedule has been agreed to by the parties, or any delay in the schedule if an agreement has been reached between the CONCESSIONAIRE and the GRANTOR, the GRANTOR shall pay default interest at an effective annual rate in sole equivalent to the LIBOR face value plus 2% for each day of delay on the unpaid balance for each day of delay [sic], after the agreed maximum payment period, to compensate the imbalance that has already been caused.

In view of the agreements between the parties regarding the imbalance compensation amount and mechanism established by virtue of the preceding points, in the event that a rate increase is required, the PSS shall be responsible for providing the SUNASS with supporting information in the form of reports by the GRANTOR, as well as conducting any formalities with said entity for the increase in question.

Tax Regimen of the Concession

8.38. The CONCESSIONAIRE shall be subject to the applicable national, regional, and municipal tax legislation, and shall comply with all tax obligations that correspond to the exercise of its activities.

8.39. The CONCESSIONAIRE shall be obligated, in the terms set forth in the Applicable Laws and

Provisions, to pay all of the taxes, contributions, and fees that may apply, among others, to the Concession Assets or those that are built or incorporated into the Concession, whether said taxes are administrated by the National, Regional, or Municipal Government, as from the time possession is taken, provided said taxes, contributions, and fees are directly tied to the exercise of the activities inherent to the Concession Contract.

- 8.40. The CONCESSIONAIRE may execute a legal stability agreement with the GRANTOR, which, in accordance with Applicable Laws and Provisions, shall be considered an agreement with the force of law, as per Legislative Order 662, Legislative Order 757, and Section 19 of the Consolidated Text (TUO) approved by Executive Order 059-96-PCM, after first meeting the conditions and requirements established in said laws, as amended or substituted.
- 8.41. The CONCESSIONAIRE may also avail itself of the corresponding tax benefits, provided it complies with the procedures, requirements, and substantial and formal conditions set forth in the Applicable Laws and Provisions.

Other Income of the Concession

- 8.42. The treated wastewater, solid waste, mud, and other byproducts generated by the performance of the Project during the term of the Concession are subject to exploitation, and the PSS is the only one with the power to commercialize them, thus benefiting from the income generated, in accordance with the Applicable Laws and Provisions.
- 8.43. Any additional income or savings that may be generated in favor of the PSS from the exploitation of said elements shall be necessarily used to pay or reduce the obligations for the PPD, in accordance with the Service Contract.

The payments made by third parties as a result of this commercialization shall be deposited in the Business Income Sub-Account of the Management Trust for use in the payment of the component of the PPD corresponding to the PSS, which shall be clearly established in the respective commercialization agreements, which shall be subject to the favorable opinion of the GRANTOR.

- 8.44. In those cases where it is necessary, in order to make the exploitation and commercialization feasible, for the CONCESSIONAIRE to incur additional costs or expenditures, the Parties to the Concession Contract shall establish a written agreement as to whether or not the expenditure shall be made and what the compensation mechanism will be. This agreement shall first obtain the non-binding opinion of the SUNASS and follow the procedure established in Chapter XV.

For the reclamation of sludges, where the CONCESSIONAIRE gains savings due to non-Final Disposal, an adjustment shall be made to the PPD in accordance with Clause 8.17.

Chapter IX. GUARANTEES

Guarantee of the GRANTOR to the CONCESSIONAIRE

- 9.1. In accordance with Clause 3.2, Item n), the GRANTOR provides to the CONCESSIONAIRE the assurances and guarantees of the Government of the Republic of Peru in backing of the obligations, representations, and warranties under the responsibility of the GRANTOR, as established in the Concession Contract. The Parties to the Concession Contract recognize

that under no circumstances shall said guarantee constitute a financial guarantee.

Guarantees of the CONCESSIONAIRE to the GRANTOR

9.2. The Performance Bond guarantees, during the validity thereof, the correct and timely performance of each and every one of the obligations of the CONCESSIONAIRE regulated under the Concession Contract, including, (i) the payment of any applicable penalties; (ii) the sums it is ordered to pay, via a ruling with the force of res judicata, a final and binding judgment, or enforceable arbitration award; and, (iii) other representations and provisions set forth in the Concession Contract.

9.3. The Performance Bond shall be issued as follows:

- i. Performance Bond for the Design and Building Period: Shall be issued by the CONCESSIONAIRE for the amount of S/ 18,045,148.00 (Eighteen Million Forty-Five Thousand One Hundred Forty-Eight Soles), and shall remain in force as from Closing Date up to two (2) years following the execution date of the Operating Start-Up Certificate. The established amount shall vary as applicable according to the abnormal bid mitigation mechanisms set forth in the Terms and Conditions of the Tender Process.

This guarantees the obligations of the CONCESSIONAIRE in relation to the Design and Building Period.

In case the settlement of disputes related to the Design and Building Period, submitted to the dispute settlement mechanisms established in Chapter XVI, run on in excess of the aforementioned length of time, the Performance Bond for the Design and Building Period shall remain force until the settlement of the disputes, for the amount corresponding to said disputes, and may not exceed the amount established in this item.

- ii. Performance Bond for the Operating Period: Shall be issued by the CONCESSIONAIRE for the amount of S/ 9,022,574 (Nine Million Twenty-Two Thousand Five Hundred Seventy-Four Soles), and shall remain in force as from the execution date of the Operating Start-Up Certificate for up to two (2) years following the expiration of the Concession.

This guarantees the obligations of the CONCESSIONAIRE during the Operating Period.

In case the settlement of disputes related to the Operating Period, submitted to the dispute settlement mechanisms established in Chapter XVI, run on in excess of the aforementioned length of time, the Performance Bond for the Performance Bond del Operating Period shall remain force until the settlement of the disputes, for the amount corresponding to said disputes, and may not exceed the amount established in this item.

Renewal

9.4. The corresponding Performance Bond shall be renewed annually, such that the amounts and terms established in the preceding Clause remain in force, and it is issued by Financial

Entities, in accordance with the provisions established in Annex 12. If the term of the Concession is extended, the Performance Bond for the Operating Period shall be renewed annually, such that it remains in force until two (2) years after the extension period.

- 9.5. If the corresponding Performance Bond is not renewed by the CONCESSIONAIRE at least thirty (30) Calendar Days prior to its expiration, the GRANTOR shall proceed to execute it in full, which constitutes the notice referred to in Clause 17.1.3.

In the event of this failure to renew the Performance Bond and its subsequent execution, the bond amount shall be retained in an account of the Management Trust by the GRANTOR as a guarantee until the CONCESSIONAIRE renews the corresponding Performance Bond, or for up to the maximum term established in Clause 17.3 for the rectification of the bond renewal obligation. Once the renewal has been performed, the GRANTOR shall return the bond amount to the CONCESSIONAIRE, without interest, after deducting any expenses it may have incurred, where applicable. If the bond is not renewed, the withheld resources shall be placed at the disposal of the GRANTOR.

Additionally, the relevant penalties shall apply as per Annex 15.

- 9.6. In the event that the GRANTOR proceeds in accordance with Clause 17.1.3, the CONCESSIONAIRE shall still have the obligation to renew the corresponding Performance Bond for up to the term established in Clause 9.3. If the CONCESSIONAIRE fails to comply with said obligation, the GRANTOR shall proceed in accordance with Chapter XVII.

- 9.7. The renewed Performance Bond shall be issued in the terms set forth in the preceding clauses, in accordance with the model established in Annex 10.

Execution of the Performance Bond

- 9.8. In case of the execution of the corresponding Performance Bond, the CONCESSIONAIRE shall replenish it to the established amount in a term not to exceed ten (10) Days from the execution date. Failure by the CONCESSIONAIRE to meet this deadline shall be deemed the default referred to in Clause 17.1.3, Item h).

Once the Performance Bond has been executed in full, the GRANTOR shall have at its disposal the amount to which it is entitled as a result of the default by the CONCESSIONAIRE, with the remaining balance being deposited by the GRANTOR in an account of the Management Trust as a guarantee until the CONCESSIONAIRE complies with replenishing the full amount of the respective Performance Bond, or until the maximum deadline established in Clause 17.3 for the performance of the obligation to renew the bond.

Upon compliance with the replenishment, the GRANTOR undertakes to instruct the Trustee to return to the CONCESSIONAIRE the balance of the bond amount, without interest, after first deducting any expenses incurred, where applicable. If the bond is not replenished, the withheld resources shall be placed at the disposal of the GRANTOR.

Additionally, the relevant penalties shall apply as per Annex 15.

The bond may also be executed in the event that the penalties accrued in accordance with the Concession Contract are not paid directly and promptly by the CONCESSIONAIRE; or

the CONCESSIONAIRE has not paid the amount for which it is responsible due to any breach of the Concession Contract, even when such amount is lower than the total amount of the bond.

In the event that the corresponding Performance Bond are required to be executed, the cost for the reissuance of said bond, or the amount of any other economic rights in favor of the GRANTOR, shall be covered by the CONCESSIONAIRE.

Chapter X. INSURANCE REGIMEN

Insurance Policy Types

10.1 During the term of the Concession Contract, the CONCESSIONAIRE shall take out and maintain in force the insurance policies detailed in this chapter to cover the Works of the Project, its employees, contractors, and subcontractors, as well as third parties, among others, establishing the GRANTOR, or the party designated thereby, as an additional assured under the respective policies taken out, so that it shall have the right to receive the indemnity paid out by the insurance in the restoration, replacement, or repair of the damaged assets.

The assured under the policies shall be the CONCESSIONAIRE, who undertakes to allocate one hundred percent (100%) of the amounts resulting from the indemnification of any loss to the repair of the damages caused by such loss, replacement of damaged assets, and reconstruction of the Works, as applicable. These amounts shall be deposited in the Management Trust for their subsequent use.

The CONCESSIONAIRE shall take out, on its own account and at its own cost and risk, all of the policies required by virtue of the Concession Contract with insurance and reinsurance companies with a rating of A or higher at the time the insurance policy is taken out or renewed, according to information provided by the National Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS), or a credit rating agency operating in Peru or abroad.

The international reinsurers who cover the risks of the insurer hired by the CONCESSIONAIRE shall have a minimum rating of A-, given out by an international credit rating agency, at the time the insurance policy is taken out and successively renewed.

The CONCESSIONAIRE's failure to comply with this responsibility shall be considered grounds for Termination.

The CONCESSIONAIRE shall send the GRANTOR a copy of the insurance agreements executed to cover the risks associated with the Works and the Operation.

The GRANTOR shall not assume any type of payment obligation or responsibility with any insurance or reinsurance company regarding the insurance policies required by virtue hereof.

10.2 Only in the event that it is materially impossible to restore, replace, or repair the damaged assets, the indemnity shall be delivered to the GRANTOR within thirty (30) Days after the date on which the formalities are completed with the insurer (which shall be initiated by the maximum deadline following the occurrence of the loss, as established in the respective

policy), or the party established thereby as an additional assured. The GRANTOR or the party designated thereby shall have no obligation to repay any amount whatsoever to the CONCESSIONAIRE.

10.3 The list of coverages indicated in this chapter is for reference purposes only and shall be understood solely as a set of minimum requirements.

10.4 **Individual Insurance for Workers**

The CONCESSIONAIRE shall comply with taking out, submitting, and verifying that its subcontractors comply with all the policies required by the Applicable Laws and Provisions for workers in Peru, covering and protecting the life and health of all workers related directly or indirectly to the Concession, such as Mandatory Life Insurance (Legislative Order 688) and Supplementary High-Risk Work Insurance (Health and Pensions), among others. These insurance policies shall be taken out with the minimum coverage and requirements set forth in the Applicable Laws and Provisions.

10.5 **All Risk Construction and Installation Insurance**

The CONCESSIONAIRE shall take out the aforementioned policy, covering the risk for the construction and installation of civil and electromechanical works and all assets that may suffer material damages of any kind or description, as well as the equipment and machinery for construction, where-is, as-is, including its own and third-party premises, permanent or temporary camps, outdoors or underground, or in aquatic areas.

The risks covered by this policy shall include the following: Basic Coverage (A); Cover (B), covering damages due to earthquake, temblor, seaquake; Cover (C), which covers rain, flooding, and landslides; Cover (D), which covers material damages up until the end of the Functional Testing or the Start-Up, as applicable; and, Cover (G), for rubble removal.

Other risks to be included are political risks, such as strikes, civil disturbances, malicious damage, vandalism, and terrorism. The policies shall also cover broad maintenance; other adjacent properties; weakening of foundations, masses, and subsoils; and design errors in the Technical Files and associated hidden defects.

These covers shall remain in force from the execution of the Certificate for the Start of Construction, with the exception of Cover (D), which begins with the execution of the Works Completion Certificate for the Milestones or the Certificate of Start of Start-Up for Component 2, and remains in force until the issuance of the Functional Testing Certificate or the Start-Up Certificate, as applicable.

Additionally, a "Liability E and F" cover shall be included, which shall include all direct, indirect, and ulterior damages, from the execution of the Certificate for the Start of Construction until the issuance of the Functional Testing Certificate or the Start-Up Certificate, as applicable.

The insured value shall be not less than the probable maximum loss resulting from the risks analysis indicated in Clause 10.11. In the event that any loss exceeds the sum insured, the CONCESSIONAIRE shall be responsible for the balance not covered by the insurance taken out, thus relieving the GRANTOR from liability, with the exception set forth in Clause 10.19.

10.6 All Risk Insurance for Completed Civil Works or All Risk Property Insurance

This policy shall cover all of the Infrastructure under the responsibility of the CONCESSIONAIRE (civil works, equipment, including all facilities, equipment, and stocks of any kind or description, whether aboveground, underground, or in the water), for all of the material damages that may suffered by any assets of any kind or description, which shall be consistent with the budget actually executed, with the exception of the preliminary or preparatory works, which shall not form part of the insured value, such as expenses for building demolition, pavement removal, dredging, and rubble cleanup and elimination, among others.

The risks covered by this policy shall include risks related to the physical or structural integrity of the infrastructure; political risks such as strikes, civil disturbances, malicious damage, vandalism, and terrorism; and risks of natural catastrophe, such as earthquakes, seaquakes, floods, landslides, rainfall, and risks of environmental damage; as well as risks of machinery breakdown, electronic equipment, contractors all risk, adversity, mobile or portable equipment, automatic coverage for new acquisitions, own or third-party vehicles at the insured premises, sinkholes, shifting and movement of the earth. Coverage shall also include design errors and hidden defects that may arise in the infrastructure.

This coverage shall also include risks of direct loss due to any type of casualty, including expenses for demolition, cleanup, rubble removal, extra expenses, and extraordinary expenses.

The CONCESSIONAIRE shall take out the aforementioned policy, covering any damages that may be suffered by the equipment and all of the aboveground, underground, and aquatic facilities; as well as covering the property risk of the finished Works and those in Operation against all risk. This policy shall enter into force as from the execution of the Operating Start-Up Certificate and remain in force until the expiration of the Concession Contract.

The CONCESSIONAIRE shall declare to the insurance company the total replacement value of the Infrastructure under the responsibility of the CONCESSIONAIRE as referred to in this clause, including all of its facilities, equipment, and stocks, as the total value of exposure to the risk. However, the insured sums shall be, at a minimum, the maximum probable loss for each risk. In the event that any loss exceeds the sum insured, the CONCESSIONAIRE shall liable for the balance not covered by the insurance taken out, relieving the GRANTOR and the PSS from any liability, with the exception established in Clause 10.19.

The insured value shall include, at all times, the new replacement value clause. This sum insured shall be, at a minimum, the maximum probable loss determined by the risk analysis indicated in Clause 10.11.

The GRANTOR, with the prior, non-binding opinion of the SUNASS or the Specialized Supervisor, as applicable, shall suspend the CONCESSIONAIRE's obligation to take out this policy and keep it in force solely with regard to acts of terrorism if this type of insurance ceases to be offered in the national and international market. To prove this, the CONCESSIONAIRE shall submit a report prepared by a specialized international firm other than the insurance broker, agent, or advisor of the CONCESSIONAIRE.

The suspension of this obligation shall begin as from the time the alternative treatment enters into force, as agreed to in writing by the Parties to the Concession Contract, with the

prior opinion of the SUNASS or the Specialized Supervisor, as applicable, to regulate cases in which the Infrastructure under the responsibility of the CONCESSIONAIRE suffers damages due to acts of terrorism. The prior opinion of the SUNASS shall be binding if the alternative treatment affects the continuity of provision of the Service.

If, during the suspension referred to in the preceding paragraph, the national or international market once again offers policies to cover damages caused by acts of terrorism, the CONCESSIONAIRE shall report this situation (within a term not to exceed ten (10) Days after receiving the relevant information) to the GRANTOR and the SUNASS or the Specialized Supervisor, as applicable, at which time the obligation of the CONCESSIONAIRE to take out and keep in force the policy covering this type of damages shall once again become active.

The CONCESSIONAIRE shall take out said policy within twenty (20) Days after being required to do so in writing by the GRANTOR. This obligation shall once again come into force at the time the CONCESSIONAIRE takes out the policy to cover damages to the Infrastructure under the responsibility of the CONCESSIONAIRE for acts of terrorism, or once the aforementioned deadline of twenty (20) Days expires, whichever happens first.

Simultaneously to the entry into force of this obligation, the alternative treatment agreed to by the Parties to the Concession Contract shall be rendered null and void, and there shall once again be a possibility of suspending said obligation in the same terms established in this clause if the case in question occurs again.

In case of the occurrence of a loss tied to acts of terrorism, if the CONCESSIONAIRE has not taken out the policy and it is verified that said policy does in fact exist in the national or international market, the CONCESSIONAIRE shall assume the costs, expenses, and taxes derived from the loss.

10.7 General and Gross, Contractual, Non-Contractual, and Employer Liability Insurance

The CONCESSIONAIRE shall comply with taken out liability insurance that will cover any damages, losses, or injuries that may occur to third-party assets or third parties as a result of any action on the part of the CONCESSIONAIRE, its contractors, subcontractors, their officers or dependents, in relation to the Concession. This insurance shall contain, at a minimum, the following clauses, for the entire duration of the Concession:

- a) General Noncontractual Liability.
- b) Employers Liability.
- c) Contractual Liability.
- d) Cross-liability among the CONCESSIONAIRE, contractors, and subcontractors.
- e) Contamination and Pollution Liability.

Although the risk under the liability coverage is different during the Design and Construction and the Operation periods, the characteristics of this coverage are similar and shall meet the following particular conditions:

- For all effects, the Government entities, with the exception of the GRANTOR or the party appointed thereby, shall be considered third parties in relation to any claim they may file for direct damages or other economic harm they may suffer as a consequence of the construction of the Works and subsequent Operation of the Infrastructure under the responsibility of the CONCESSIONAIRE. As such, any Government entity shall be entitled to bring its legal claim, as third parties, for any direct damages to the Works or Operation subject matter of the Concession that are legally attributable to the CONCESSIONAIRE, its contractors, subcontractors, or any other company tied to, related to, or designated by the CONCESSIONAIRE.
- The sum insured for the liability coverage for personal, material, and environmental damages, during both the Design and Construction Period and the Operating Period, shall be determined by the CONCESSIONAIRE at a sufficient level to cover these damages. Said sum insured shall be, at a minimum, the maximum probable loss resulting from the risk analysis indicated in Clause 10.11.

In the event that any loss exceeds the sum insured, the CONCESSIONAIRE shall be responsible for the balance not covered by the insurance taken out, relieving the GRANTOR and the PSS from liability, with the exception established in Clause 10.19.

10.8 Other Policies

Without prejudice to the obligatory policies indicated in Clauses 10.4 to 10.7, the CONCESSIONAIRE may, in accordance with its strategic vision for the management and distribution of the risks inherent to the Project, to comply with the Applicable Laws and Provisions, or for any other duly justified reason, take out any other insurance policy in addition to those established hereinabove, informing the GRANTOR and the PSS once it has taken them out.

Approval of the Insurance

- 10.9 For the purposes of the Concession, the CONCESSIONAIRE shall take out the insurance policies required as per this chapter, which are provided by way of example only and are not exhaustive. In any event, said required insurance policies shall be considered minimum requirements that may be expanded and improved upon by the CONCESSIONAIRE, whose final proposal has been duly approved by the GRANTOR.
- 10.10 The CONCESSIONAIRE shall send the GRANTOR, with a copy to the SUNASS and the Specialized Supervisor, as applicable, the request for the approval of the policy proposals referred to in Clause 3.3, Item g), in the following terms:
- a) For the Works: The following policy proposals shall be submitted on the date of submission of the Technical Files to the GRANTOR:
- Individual Insurance for Workers.
 - All Risk Construction and Installation Insurance.
 - General and Gross, Contractual, Noncontractual, and Employer Liability Insurance.
 - Other policies.

b) For Operation: No later than thirty (30) Calendar Days after the Certificate of Start of Start-Up execution date, the following policy proposals:

- Individual Insurance for Workers.
- All Risk Completed Civil Works Insurance or All Risk Property Insurance.
- General and Gross, Contractual, Noncontractual, and Employers Liability Insurance.
- Other policies.

The Specialized Supervisor or the SUNASS, as applicable, shall issue a binding opinion within a maximum term of fifteen (15) Days after receiving the request from the CONCESSIONAIRE. The GRANTOR shall have a term of thirty (30) Days after receiving the opinion of Specialized Supervisor or the SUNASS, as applicable, to issue a pronouncement or approval for both the policy proposals and those cases in which the CONCESSIONAIRE is required to submit the renewals in accordance with the provisions established in Clause 10.13. The individual insurance policies for workers shall be submitted in the aforementioned request. However, this shall be for informational purposes only, rather than for approval.

If the deadline indicated in the preceding paragraph expires and the GRANTOR has not issued a pronouncement, the policies shall be understood to be approved.

If the GRANTOR raises any objections to the proposed policies submitted, the CONCESSIONAIRE shall have a term of fifteen (15) Days to rectify them. Once the CONCESSIONAIRE has submitted the rectifications, the GRANTOR shall have a term of ten (10) Calendar Days to issue its pronouncement. If this deadline expires and the GRANTOR has not issued a pronouncement, the policies shall be understood to be approved.

In case of automatic approval, if it is determined during the policy term that any of the conditions required for such purpose has not been met, the CONCESSIONAIRE shall adapt the policy as indicated by the GRANTOR within a maximum term of thirty (30) Calendar Days after receipt of the request for adaptation, without prejudice to the application of the relevant penalties.

10.11 With regard to the policies indicated in Clauses 10.5 and 10.6, the CONCESSIONAIRE—after previously receiving the binding opinion of the GRANTOR—shall hire the services of a reputable specialized firm, different from the insurance broker, agent, or advisor of the CONCESSIONAIRE, to perform the risk analysis necessary to determine, as an insured sum, the maximum probable loss in relation to the risks of all the assets to be insured, that may be caused by casualties or events that may occur and will be covered by the policies mentioned in Clauses 10.5 and 10.6, as well as the analysis of all other risks required in this chapter. In the case of the policy mentioned in Clause 10.7, the risk analysis shall validate the amount of said policy, and if the insured sum is found to be insufficient, the CONCESSIONAIRE shall expand the coverage up to the figure indicated in the risk analysis. The analysis hired by the CONCESSIONAIRE shall determine an individual sum for the policies in Clauses 10.5 and 10.6 and the validation of the policy in Clause 10.7.

This analysis shall be submitted to the GRANTOR, in a report, at least sixty (60) Days before the start date of each one of the policies referred to in Clauses 10.5 and 10.6. The maximum probably loss shall be the minimum amount of the sum insured for each policy required. When this reference is used as an insured sum, the policy shall expressly state that the

proportional rule corresponding to cases of underinsurance shall not apply.

The firm that will perform the risk analysis mentioned in this clause shall be proposed together with the policy proposals, as per Clause 10.10.

10.12 The copies of the policies taken out shall be written in Spanish, and shall be delivered to the GRANTOR, with a copy to the SUNASS or the Specialized Supervisor, as applicable, in accordance with the following deadlines and terms:

- a) The policies in Clause 10.4: within a term not to exceed fifteen (15) Calendar Days after the policy proposals are approved.
- b) The policies in Clauses 10.5 and 10.7: within a term not to exceed fifteen (15) Calendar Days before the start of construction of the Works from the Technical Files.
- c) The policy in 10.6: within a term not to exceed fifteen (15) Calendar Days before the start of the Operating Period.

In all cases, the Works may not begin until the corresponding policies are underwritten and delivered to the GRANTOR.

Insurance Regimen

10.13 Communications

The policies taken out in accordance with the provisions established in the Concession Contract shall contain a stipulation obligating the respective insurance company to send written notice to the GRANTOR, with a copy to the SUNASS or the Specialized Supervisor, as applicable, of any default by the CONCESSIONAIRE on the payment of the premiums, no less than twenty-five (25) Calendar Days before the date on which said default may result in the suspension of coverage or the partial or total cancellation of the policy.

The obligation to notify established in this clause shall also be required in case of the cancellation of or failure to renew any insurance, in which case the prior notice shall be sent at least thirty (30) Calendar Days beforehand. The respective policy shall establish, at the same time, that it shall only expire if the insurance company has complied with the obligation established in the first part of this clause.

The CONCESSIONAIRE shall notify the GRANTOR, with a copy to the SUNASS or the Specialized Supervisor, as applicable, at least sixty (60) Calendar Days before the expiration of the corresponding policies, of the dates and conditions in which the policy renewals will be performed.

If the renewal of the policy does not involve any change in the coverage or the exclusions, the approval of the policy renewal shall be automatic, once said notice has been sent.

If the policy renewal includes changes to the changes or the exclusions, once the aforementioned notice has been sent, the GRANTOR—with the prior binding opinion of the SUNASS or the Specialized Supervisor, as applicable—shall issue a pronouncement within a maximum term of forty (40) Calendar Days. For such purpose, the SUNASS or the Specialized Supervisor, as applicable, shall have a term of twenty (20) Calendar Days.

If the GRANTOR does not issue an opinion by this deadline, it shall be understood to be in agreement with the terms of the policy renewal, unless the CONCESSIONAIRE has not sent notice to the GRANTOR, with a copy to the SUNASS or the Specialized Supervisor, as applicable, by the established deadline, in which case the GRANTOR shall have the remaining part of the allotted time to issue a pronouncement. Said approval does not release the CONCESSIONAIRE from its responsibility to keep all of the insurable subject matter covered.

When the insurance policy renewals do not involve any changes to the terms and conditions thereof, it shall only be necessary to report such fact to the GRANTOR and the SUNASS or the Specialized Supervisor, as applicable, without the need to ask for an opinion.

10.14 Obligations Not Affected

Taking out the insurance policies does not reduce or limit or alter, in any way, the other obligations and responsibilities assumed by the CONCESSIONAIRE within the framework of the Concession Contract.

10.15 Compliance with Policies

The CONCESSIONAIRE undertakes before the GRANTOR to comply with the terms and conditions of all the insurance policies taken out in accordance with the provisions established in the Concession Contract, in relation to the Concession.

One hundred percent (100%) of the amount resulting from the execution of the insurance shall be allocated for the purpose for which the policy was taken out.

If, as a result of the execution of the policies taken out in favor of the GRANTOR, there is a balance that may arise from the execution thereof, said balance shall be deposited in the Reserve Account.

In case of loss, the CONCESSIONAIRE shall report it to the insurance company no later than the Day following the start thereof, and, at the same time, send notice to the GRANTOR, with a copy to the Specialized Supervisor or the SUNASS, as applicable. The CONCESSIONAIRE shall start, continue, and complete the claim execution process necessary or required, as per the terms of the insurance policy pertaining to said loss, and shall incur all of the expenses related to said claims process on its own account and at its own cost and risk. If the insurance coverage is canceled due to failure to provide timely notice of a loss, the CONCESSIONAIRE shall assume responsibility, on its own account and at its own cost and risk, for reestablishing the conditions prior to the loss and performing the corresponding indemnities, releasing the GRANTOR and the PSS from all liability.

The CONCESSIONAIRE shall assume the costs for each and every one of the deductibles or coinsurances that it may have taken out in the required insurance policies.

10.16 Coverage Report

Within the first sixty (60) Calendar Days of each Concession Year (including the first year in which the Closing Date occurs) and throughout the term thereof, the CONCESSIONAIRE

shall submit to the GRANTOR, with a copy to the SUNASS and the Specialized Supervisor, as applicable, the following:

- a) A list of the insurance policies to be taken out by the CONCESSIONAIRE during the year in question, indicating, at a minimum, the coverage, the insurance company, the claims filed during the previous year and their current status; and,
- b) As from the second Concession Year, a certificate issued by the authorized representative of the insurance company indicating the policies and coverages that the CONCESSIONAIRE has taken out during the previous year, in order to demonstrate its compliance with the terms established in this chapter.

10.17 Without prejudice to the foregoing, during the term of the Concession, and anytime so requested by the GRANTOR or the SUNASS, the CONCESSIONAIRE shall provide reliable proof that all of the insurance policies remain in force and up-to-date in their payments.

The GRANTOR may, at any time, ask the CONCESSIONAIRE to provide the original copies of the insurance policies it has taken out, or notarized copies thereof, as well as receipts or documents proving that all of the corresponding premium payments are up-to-date.

10.18 In case any breach of the obligation to keep the policies in force is found to exist, the GRANTOR may execute the corresponding Performance Bond, after first sending notice to the CONCESSIONAIRE, without prejudice to the penalties that may arise from said breach or the Termination, in accordance with Clause 17.1.3, Item h).

If the GRANTOR executes the corresponding Performance Bond in part or in whole, the CONCESSIONAIRE shall be obligated to replenish it, in accordance with Chapter IX

10.19 Events Not Covered

The CONCESSIONAIRE shall be responsible to the GRANTOR or third parties for the losses, damages, and liabilities not covered by the aforementioned insurance policies, except in case of force majeure events or acts of God involving uninsurable events or those that are partially uninsurable in the national or international market, as verified by an insurance Expert selected by mutual agreement of the Parties.

For such purpose, the Expert shall be hired on the account and at the cost and risk of the CONCESSIONAIRE, in accordance with the procedure established in Clause 5.32 and 5.33, after first receiving the non-binding opinion of the SUNASS regarding the terms of reference for the hiring of the Expert, which shall be issued within a maximum term of five (5) Days.

10.20 Policies Taken Out by the GRANTOR

If the CONCESSIONAIRE does not have any policies in force, as required of it in accordance with this chapter, the GRANTOR may take out the policies the CONCESSIONAIRE has failed to keep in force. In such case, the GRANTOR shall notify the CONCESSIONAIRE that is taking out the policies and the payment of the premiums at the cost, account, and risk of the CONCESSIONAIRE. The amounts of such premiums, plus interest, as from the payment thereof by the GRANTOR until the reimbursement of the GRANTOR, at an annual interest rate (based on a three hundred sixty Calendar Day year) equal to an effective annual

interest rate equivalent to the LIBOR face value plus two percent (2%), shall be reimbursed by the CONCESSIONAIRE to the GRANTOR within a maximum term of five (5) Days, counted as from the time the notice is sent by the GRANTOR.

The provisions of the preceding paragraph are applicable without prejudice to the execution of the corresponding Performance Bond and the application of the corresponding penalties, in accordance with the Concession Contract. The resources resulting from the execution of the Performance Bond may be allocated for taking out the insurance policies referred to in this clause.

Liability of the CONCESSIONAIRE

10.21 By taking out the insurance policies, the CONCESSIONAIRE does not diminish its liability for causes attributable to it. Accordingly, the CONCESSIONAIRE shall be directly responsible for all of its obligations, above and beyond any insured responsibility, except for causes not attributable to it. In accordance with such terms, the CONCESSIONAIRE undertakes to hold the GRANTOR and the PSS harmless against any lawsuit, delay, or claim tied to the Operation, being subrogated, furthermore, in place of the GRANTOR or the PSS, if there is any third-party claim on such grounds, via any channel.

10.22 Regardless of the provisions established in this chapter and the established obligations, the CONCESSIONAIRE shall pay all of the sums owed to any person in accordance with the Applicable Laws and Provisions. This means that, in case of a loss caused by willful misconduct or negligence on its part that is not covered by the insurance policies in question, the CONCESSIONAIRE shall be the only one liable for any possible damages that may be caused.

Under no circumstances shall CONCESSIONAIRE be responsible for the acts committed by the GRANTOR, the PSS, or third parties—unless such third parties have been hired by the CONCESSIONAIRE—who shall be liable for the damages and losses attributable to them. This exemption from liability encompasses all of the provisions pertaining to Environmental Liabilities referred to in Clause 11.9.

Chapter XI. ENVIRONMENTAL CONSIDERATIONS

Environmental liability

11.1. The CONCESSIONAIRE declares to be familiar with the Applicable Laws and Provisions, including the international regulations referred to in the Second Transitory, Complementary and Final Provision of the General Environmental Law, or regulation amending or replacing it, and the obligations of environmental nature set forth by this Concession Contract. The CONCESSIONAIRE undertakes to comply with such regulations as an essential component of its environmental management, by implementing the necessary measures that ensure an appropriate Service, and the mechanisms that allow for the adequate participation and communication with citizens.

11.2. In order to reduce the negative environmental impacts that may be caused by the activities of the Concession, the CONCESSIONAIRE, as the holder of the investment project, is the responsible entity, and undertakes to comply, during the execution of the Project, with the Applicable Laws and Provisions, and the terms assumed in the EMI.

Likewise, the CONCESSIONAIRE, as the holder of the investment project, is the responsible entity, and undertakes to comply, during the execution of the Project, with the Applicable Laws and Provisions, and the terms that may be assumed by the modifications to the Project's Environmental Management Instrument(s), even when this modification considers the approval of an Environmental Management Instrument of a higher level, in conformity with the Applicable Laws and Provisions.

Notwithstanding the foregoing, the CONCESSIONAIRE shall assume the sole responsibility towards third parties for the negative environmental impacts not identified in the Environmental Management Instrument(s) that are attributable to it, taken into consideration the provisions of Clause 11.8.

- 11.3. The CONCESSIONAIRE shall not divert waters which, through the Reception Points, enter the Infrastructure the CONCESSIONAIRE is in Charge of, except as established in the Concession Contract and in the Applicable Laws and Provisions.

Discharges or dumping caused by the overflow of wastewater shall only be allowed when the flows or volumes received exceed the design capacities or in emergency situations, in accordance with the Applicable Laws and Provisions.

- 11.4. The CONCESSIONAIRE shall be solely responsible for the implementation and the cost of the conditions or measures established in the Project's Environmental Management Instrument(s), provided they establish activities the CONCESSIONAIRE is responsible for.

- 11.5. The CONCESSIONAIRE shall be jointly and severally liable with the subcontractors for any environmental damage or social impact caused by the activities of the Concession, provided such environmental damage or social impact are directly attributable to any of them. Contracting insurance policies does not relieve the CONCESSIONAIRE of responsibility.

- 11.6. The CONCESSIONAIRE shall be responsible for ensuring compliance with all the environmental obligations, including those of abandonment or closure, if applicable, provided the ownership is not transferred, in which case, the acquirer of the ownership shall assume the pending obligations.

- 11.7. In order to comply with the Second Complementary Final Provision of Supreme Decree No. 010-2017-VIVIENDA, or regulation amending or replacing it, within twenty (20) Calendar Days from the Closure Date, the CONCESSIONAIRE shall send the GRANTOR a copy of the request submitted to the PSS so that it may update the information recorded in the Single Register for the Progressive Alignment Process (Registro Único para el Proceso de Adecuación Progresiva - RUPAP), before the Competent Government Authority.

The request submitted to the PSS shall include all the necessary information that allows for such update. Once the copy of such request is received, the GRANTOR shall coordinate with PSS the compliance with such update, according to the Applicable Laws and Provisions.

- 11.8. The CONCESSIONAIRE shall inform the GRANTOR on the results of the technical assistance it provides to PSS, in relation to the compliance with the obligations of RUPAP, in accordance with the Services Agreement. Likewise, any information that the CONCESSIONAIRE delivers to the PSS, for the compliance with the obligations of RUPAP, shall be submitted with a copy to the GRANTOR. The GRANTOR shall verify that PSS has complied with its obligations related to RUPAP, according to the Applicable Laws and

Provisions.

Environmental Liabilities

11.9. In no case shall the CONCESSIONAIRE be responsible for the Environmental Liabilities that may have been generated before the signing date of the Certificate of Delivery (Initial or Definitive) of the Concession Assets, even when the impacts occur after such date. Notwithstanding the foregoing, in order to avoid affecting the normal course of the execution of the Works, the CONCESSIONAIRE shall remedy at its own risk and expense:

- (i) Soils located under the existing infrastructure, which may be negatively impacted, as well as other environmental elements that may have been affected by the negative impact on the quality of such soils.
- (ii) The areas where all the existing dumping devices are located, including marginal strips, river courses and surrounding areas that may have been impacted by the presence of these devices and their dumping.

If, from the date of signing of such certificate, negative environmental impacts are generated in the Area of Influence of the Concession, the CONCESSIONAIRE shall be responsible only for those cases where it can be proven that the cause of the impact is attributable to it, as determined by the Competent Government Authority.

11.10. The CONCESSIONAIRE shall prepare an identification and assessment study of the Environmental Liabilities and the Contaminated Sites, in accordance with the Applicable Laws and Provisions, located in the Concession Area and shall submit it to the GRANTOR. Such study shall be prepared during the baseline survey phase of the Environmental Management Instrument(s).

In all cases where it is not possible to identify those responsible for the Environmental Liabilities on the date of the Certificate of Definitive Delivery of the Concession Assets, the GRANTOR shall manage the remediation with the Competent Government Authority in accordance with the Applicable Laws and Provisions, except for the cases where the CONCESSIONAIRE is responsible for the remediation as set forth in Clause 11.9.

11.11. In case of identification of Environmental Liabilities not attributable to the CONCESSIONAIRE that due to their nature could not be detected during the Identification and assessment study of the Environmental Liabilities, the CONCESSIONAIRE shall communicate the GRANTOR about this finding no later than ten (10) Days from the date of the discovery, informing on the implications for the Project. Such communication shall include a detailed report on the characteristics of the Environmental Liability, its location and the conditions by which it could not be detected during the preparation of the Identification and assessment study of the Environmental Liabilities.

The GRANTOR shall manage the remediation with the Competent Government Authority in accordance with the Applicable Laws and Provisions, except for the cases where the CONCESSIONAIRE is responsible for the remediation as set forth in Clause 11.9.

Environmental Management Instrument (EMI)

11.12. Prior to the start of the construction of the Works, the CONCESSIONAIRE shall have the

Environmental Management Instrument(s) approved by the Competent Government Authority, in accordance with the Works planned in the corresponding Technical Files. In case the Technical Files are modified or updated, the CONCESSIONAIRE shall: i) modify the Environmental Management Instrument(s), or ii) issue the technical reports proving that their modification is not required, in accordance with the Applicable Laws and Provisions.

The CONCESSIONAIRE, during the update or modification of the Environmental Management Instrument(s), shall foresee the synergy and complementarity of the scope with the Technical Files and the management for obtaining the licenses and permits issued by the corresponding Competent Government Authorities.

- 11.13. The modification of the plans and programs included in the corresponding Environmental Management Instrument(s), shall follow the administrative procedure established by the Competent Government Authority.

The management of the modification or update of the Environmental Management Instrument(s), where applicable, shall be under the responsibility of the CONCESSIONAIRE, who shall bear the costs and risks associated with the preparation of the required files and the procedure.

Socio-environmental management

- 11.14. The CONCESSIONAIRE shall comply, during the Concession period, and as part of its socio-environmental management, with the Environmental Management Instrument(s), the Concession Contract and the Applicable Laws and Provisions, in relation to:

- a) The prevention and minimization of negative impacts on the population or communities settled in the Area of Influence of the Concession.
- b) The Management and Final Disposal of solid waste, slurries, wastewater and other subproducts generated during the execution of the Project.
- c) Odor and noise control, water, air and soil quality, hydrocarbon consumption, zoning, protection and conservation of natural resources in the Area of Influence of the Concession, among other environmental aspects regulated by the Applicable Laws and Provisions.
- d) The management of the waste rock generated by excavation or earthworks activities during the execution of the Project, as well as its elimination or Final Disposal at the facilities authorized by the Competent Government Authority, in accordance with the Applicable Laws and Provisions.
- e) The conservation of the ecosystem existing in the Area of Influence of the Concession.
- f) Carry out citizen participation actions according to the Applicable Laws and Provisions.
- g) Carry out timely and early actions to socialize and communicate the Project in the Area of Influence of the Concession.

Cultural Heritage

11.15. The CONCESSIONAIRE declares to be familiar with the Applicable Laws and Provisions associated with the protection of the Cultural Heritage of the Nation, and undertakes to comply strictly with them, without prejudice to which it shall meet the following provisions:

- a) Any new construction work, expansion, demolition, restoration, refurbishment or another work that involves immovable property belonging to the Cultural Heritage of the Nation requires, for its execution, the prior authorization of the Ministry of Culture, in accordance with the Applicable Laws and Provisions.
- b) If, during the execution of the Project, any archaeological or historical remains were found, the CONCESSIONAIRE shall be responsible for suspending all activities in the area of the finding and for immediately informing the Ministry of Culture, the GRANTOR, SUNASS, the Specialized Supervisor and the corresponding PSS. In these cases, the CONCESSIONAIRE, at its own risk and expense shall establish protective barriers around the archaeological remains found in the Concession Area and proceed in accordance with the Regulations on Archaeological Interventions, or regulation amending or replacing it.

If the archaeological or historical remains are not an isolated element, the GRANTOR shall be in charge of the corresponding coordination with the Ministry of Culture for their subsequent archaeological rescue. The CONCESSIONAIRE shall relocate or reconsider the Works that may be affected by the finding inside the available property at its own risk and expense. If the relocation or reconsideration of the works requires the procurement of additional lands, the additional costs of lands, relocations or reconsiderations shall be assumed by the GRANTOR, following agreement of the Parties of the Concession Contract, as set forth in Chapter XV.

- c) In no case, the CONCESSIONAIRE may acquire any ownership titles or rights over the archaeological or historical materials or remains found.

Compliance with the obligations described in this clause may be invoked by the CONCESSIONAIRE as grounds for the suspension or extension of the Works' execution period, in accordance with Clauses 4.10 and 6.336.35 to complete the execution of Works, provided the circumstances described are duly demonstrated by the CONCESSIONAIRE.

Socio-environmental reports

11.16. During the execution of the Project, within the first fifteen (15) Calendar Days from the end of each quarter, the CONCESSIONAIRE shall send the GRANTOR, with a copy to the Specialized Supervisor, a socio-environmental report informing about the status of the compliance with the commitments undertaken in the Environmental Management Instrument(s).

In these reports, the CONCESSIONAIRE shall: (i) deliver information about the activities carried out; (ii) inform about the application of the socio-environmental specifications referred to in the plans and programs contained in the approved EMI; (iii) point out the environmental issues encountered; (iv) propose the necessary additional measures to solve and correct them; (iv) indicate the effectiveness of the implementation of each one of the measures taken; and (v) evaluate the quality parameters of the slurries that impact on their dangerousness, as established in the corresponding EMI.

- 11.17. Notwithstanding the previous paragraphs, the CONCESSIONAIRE deliver a copy to the GRANTOR and SUNASS of: (i) each one of the environmental information, reports or controls required by the Competent Government Authorities in regard to environmental matters, within the period and in the conditions established by them; and, (ii) any communication, notice, resolution, information or similar that the CONCESSIONAIRE receives from the Competent Government Authorities.
- 11.18. The preparation of the socio-environmental reports, and their submittal, in accordance with the provisions of Clauses 11.16 and 11.17 of this Concession Contract shall be made by the CONCESSIONAIRE at its own risk and expense.

Sludge Management

- 11.19. Prior to the start of the Operation Period, the CONCESSIONAIRE, through the corresponding Environmental Management Instrument(s), where appropriate, shall support before the Competent Government Authority the characteristics of the slurries it plans to generate in the wastewater treatment plant.
- 11.20. If, as a result of the previous paragraph, or during the Operation Period, the Competent Government Authority determines, based on the socio-environmental reports referred to in Clause 11.16 or based on the supervision and fiscalization activities it carries out, that all or part of the slurries generated in the Infrastructure the CONCESSIONAIRE is in charge of is classified as hazardous waste, the CONCESSIONAIRE shall carry out the management and disposal of such waste, as set forth in Legislative Decree No. 1278, or regulation amending or replacing it, and the Applicable Laws and Provisions.

The CONCESSIONAIRE shall include, in the Environmental Management Instrument(s), Solid Waste Management Plan or document amending or replacing it, if applicable, management measures for slurries, both in their condition of hazardous waste or non-hazardous waste. The CONCESSIONAIRE undertakes to apply the corresponding measures in case a variation in the quality of such slurries is detected.

Chapter XII. RELATIONS WITH THE STRATEGIC PARTNER, THIRD PARTIES AND PERSONNEL

Relations with the Strategic Partner

- 12.1. The Strategic Partner shall own and maintain a Minimum Share of thirty five percent (35%) of the share capital.

The Strategic Partner shall oppose any capital increase proposal of the CONCESSIONAIRE if it is unable to participate in it, in order to maintain at least its Minimum Share, enforcing the statutory provision that establishes that the capital increase of the CONCESSIONAIRE necessarily requires the favorable vote of the Strategic Partner.

The Strategic Partner may be replaced by another one, after a period of at least five (5) years from the signing of the Operating Start-Up Certificate, provided it has been accepted by the GRANTOR, following approval by SUNASS, which shall make a decision within a maximum period of fifteen (15) Calendar Days from the date the request from the CONCESSIONAIRE has been received. The GRANTOR shall make a decision within fifteen

(15) Calendar Days from the date the opinion from SUNASS has been received, or if the period expires and no opinion has been delivered. If such period expires and the GRANTOR has not provided an answer, the request shall be deemed as rejected.

The new Strategic Partner shall meet the same requirements established in the Bidding Terms and Conditions and this Concession Contract.

- 12.2. Any acts, businesses, contracts and agreements that may affect the percentage of the Minimum Share, without prejudice to the restrictions set forth in Clause 3.3, such as issue of shares, mergers, capital increase and others by the CONCESSIONAIRE, shall be informed to both the GRANTOR and SUNASS, within ten (10) Days from the completion of any of the mentioned acts, in order to verify that the percentage indicated in the preceding clause is always maintained.

Assignment of the contractual position

- 12.3. Except for the provisions in Chapter VII, the CONCESSIONAIRE may not transfer its right over the Concession or assign its contractual position if at least five (5) years have not elapsed from the signing of the Operating Start-Up Certificate and provided it has the authorization by the GRANTOR, after the non-binding opinion by SUNASS.

For authorization purposes, the CONCESSIONAIRE shall inform the GRANTOR about its intention to transfer its rights derived from the Concession Contract or assign its contractual position, attaching the following documents:

- a) Draft Contract or letter of intention of transfer or assignment, duly signed by the CONCESSIONAIRE and the acquirer and assignee.
- b) Documents demonstrating the required legal capacity of the acquirer or assignee.
- c) Documents demonstrating that the Draft Contract meets the shortlisting requirements indicated in the Terms and Conditions for the qualification of Bidders.
- d) Agreement by which the Draft Contract agrees to be responsible for any damage and pay any other amount owed and payable by the CONCESSIONAIRE.

The CONCESSIONAIRE shall submit its request to the GRANTOR, and a copy to SUNASS. The latter shall make a decision about it within fifteen (15) Calendar Days from the date the request was received and inform about its opinion to the GRANTOR, which shall make a decision within fifteen (15) Calendar Days from the date the request was received. If such period expires and the GRANTOR has not provided an answer, the request shall be deemed as rejected.

The GRANTOR's conformity does not relieve of responsibility to the assignor that transfers its right over the Concession or assigns its contractual position up to a maximum period of one (1) year from the date of approval of the assignment.

This implies that, during this period, the assignor shall be jointly and severally liable with the assignee for the acts carried out before the transfer or assignment. The negative answer or failing to answer imply the rejection of the request.

The GRANTOR shall not deny the request of transfer or assignment of contractual position, provided the CONCESSIONAIRE demonstrates compliance with the minimum requirements provided for in the Terms and Conditions, as appropriate.

Relations with third parties

- 12.4. All the contracts signed by the CONCESSIONAIRE with its partners, the Constructor, third parties and personnel, as well as all of them which by their nature affect the Concession object, the GRANTOR, the PSS, or the Concession Assets, shall include clauses considering the following:
- a) Include a section indicating that the Termination shall imply the cancellation of the corresponding agreements, since they are accessory to the first one; unless the GRANTOR decides to keep them by assuming the contractual position of the CONCESSIONAIRE, without prejudice to the capacity of the GRANTOR to renegotiate the terms of such agreements, including the right to cancel them.
 - b) Limit their validity, so that in no case they exceed the Concession period. The minimum period of the construction Contract, from the start of the Design and Construction Period, shall include the period for the construction of the corresponding Works, including, if applicable, the period for the closure of the existing structure, plus two (2) additional years.
 - c) Waiver to lodge, directly or through its shareholders, criminal complaints or civil liability actions against the GRANTOR, the PSS, SUNASS, or the officers of each one of them; or against the Specialized Supervisor or the personnel of the latter.
 - d) The CONCESSIONAIRE shall comply with the signing of the construction Contract within the terms and conditions set forth in the Bidding Terms and Conditions, before starting the Design and Construction Period.

The inclusion of the provisions contained in Paragraphs a) and b) above shall not be applicable to the financing agreements, public service contracts in favor of the CONCESSIONAIRE or the insurance policy contracts entered into by the CONCESSIONAIRE, without prejudice to the capacity of the GRANTOR to renegotiate the terms of such agreements, including the right to cancel them.

In no case the CONCESSIONAIRE shall be exempted from all responsibility before GRANTOR, for all acts derived from the execution of the contracts signed with third parties, that may have some incidence over the Concession.

Relations with the personnel

- 12.5. In their relations with the personnel, the CONCESSIONAIRE shall adhere to the Applicable Laws and Provisions on labor matters.
- 12.6. Employment contracts for domestic personnel or foreign staff from the CONCESSIONAIRE, the execution of such contracts and their cancellation shall comply with the regulations on labor relations for workers from the private sector. Also, where appropriate, special labor regimes shall be applicable.

The CONCESSIONAIRE shall strictly meet the Applicable Laws and Provisions on labor matters in relation to the formal obligations of the employer (payroll books, payment slips and others), the payment and retention of the social security contributions, as well as the contractual and legal obligations related to the occupational safety and hygiene. Particularly, the CONCESSIONAIRE shall observe the provisions of the Law on Occupational Safety and Health, its regulation and amending and complementary regulations, or regulations replacing them.

- 12.7. In case of Termination, the CONCESSIONAIRE shall be solely responsible for the payment of all work benefits such as salaries, work conditions and other benefits, conventional or unilateral, owed to its workers up to the date of the Termination. As set forth in Chapter XVII, neither the GRANTOR nor PSS shall be responsible, in no case, for such debts.

In the event that the GRANTOR or any PSS is judicially ordered to pay some work debt in favor of one or more workers of the CONCESSIONAIRE, which has been generated during the validity of the Concession, they may take action for recovery against the CONCESSIONAIRE.

Chapter XIII. ADMINISTRATIVE COMPETENCE

Common provisions

- 13.1. The GRANTOR, SUNASS and PSS shall perform functions related to the execution of the Concession, in strict compliance with the Applicable Laws and Provisions, and within their corresponding areas of competence.
- 13.2. The exercise of such functions shall be in no case subject to authorizations, permits or any other manifestation of will by the CONCESSIONAIRE. The CONCESSIONAIRE shall cooperate to facilitate compliance with such functions.

Prior opinions

- 13.3. If the GRANTOR requires the prior opinion from SUNASS, and no procedure has been expressly established in the corresponding clauses, the following default rules shall be applied:
- a) In the requests from the CONCESSIONAIRE where the GRANTOR requires the prior opinion from SUNASS to make a decision, the CONCESSIONAIRE shall:
 - i. Submit, simultaneously, a copy of its request to SUNASS.
 - ii. Deliver the information, reports and, in general, any other similar document required for the procedure, to the GRANTOR and SUNASS, on the same date.
 - b) If applicable, the period for SUNASS to make a decision shall be a maximum of five (5) Days less than the maximum period for the GRANTOR.
- 13.4. If no periods have been expressly established, the following rules shall be observed:
- a) The maximum period for SUNASS or the GRANTOR to make a decision is thirty (30) Days.

- b) Periods shall be counted from the Day following the date the request was submitted, with the complete information, to SUNASS or the GRANTOR.
- c) Once the period for SUNASS or the GRANTOR has expired, failing to make an express decision shall imply the issuance of an unfavorable opinion.
- d) In case more information is needed to make a decision, both SUNASS and the GRANTOR may suspend the applicable period, while the CONCESSIONAIRE submits the requested information. The request for additional information shall be made once within the first ten (10) Days from the date the request to make a decision was received; and the request may be reiterated in case the CONCESSIONAIRE has failed to deliver the complete information requested. This provision applies without prejudice to the corresponding penalties.

13.5. The CONCESSIONAIRE shall meet all the information requirements and the procedures established in the Concession Contract or those that may be established by the GRANTOR or SUNASS, in matters within their competence, in conformity with the Applicable Laws and Provisions.

The CONCESSIONAIRE shall submit the periodical reports, statistics and any other information related to its activities and operations, in the forms and periods set forth in the Concession Contract and the Applicable Laws and Provisions. If no periods have been foreseen, the GRANTOR and SUNASS shall request the reports based on a criterion of reasonableness.

The CONCESSIONAIRE shall facilitate the examination of its documents, files and other information required by the GRANTOR or SUNASS, in a timely manner, in order to observe and enforce the terms of the Concession Contract, in accordance with this and the Applicable Laws and Provisions.

If the CONCESSIONAIRE fails to comply with the delivery of information, is shall be subject to the penalty administrative provisions of the Applicable Laws and Provisions.

13.6. If an opinion or decision is required from PSS, the provisions established in this chapter for the GRANTOR shall be applicable.

Competences and power of SUNASS

13.7. SUNASS is entitled to exercise all powers and functions granted by the Applicable Laws and Provisions.

13.8. Regulatory provisions and regulations issued by SUNASS shall be obligatorily observed and complied with by the.

13.9. Supervision function

- a) SUNASS is competent to supervise the CONCESSIONAIRE in the compliance with the contractual, legal, technical obligations and in those contained in administrative regulations issued by SUNASS, in accordance with the Applicable Laws and Provisions, including the supervision of compliance with Service Levels. The

CONCESSIONAIRE shall comply with the provisions issued by SUNASS in the exercise of its competences and those assigned in this Contract, in accordance with the Applicable Laws and Provisions.

Costs derived from the supervision activities shall be borne by the CONCESSIONAIRE, which shall pay SUNASS the amounts indicated in Clause 13.11.

If the CONCESSIONAIRE fails to pay the amounts indicated in such clause, SUNASS may ask the GRANTOR for the execution of the performance Bond of the Operation Period, up to the indicated amount.

- b) In regard to the supervision function for contractual obligations, the CONCESSIONAIRE shall submit to SUNASS, within the first ten (10) Calendar Days of the corresponding month, reports with the following information:
- i. Quarterly and yearly financial statements of the corporation, with notes individualizing each of the items that make up all the income, costs and expenses, as well as penalties, deductions and sanctions. Yearly financial statements shall be submitted duly audited by a company specialized in financial auditing, with a copy to the GRANTOR. Quarterly information shall include the presentation of the Statement of Financial Position, Profit and Loss Statement, Cash Flow, Trial Balance and any other accounting or financial information reasonably required by SUNASS. Likewise, the CONCESSIONAIRE shall provide SUNASS with the chart of accounts according to the regulatory accounting of SUNASS and the amendments made to it. Additionally, SUNASS may request the CONCESSIONAIRE to add divisions or subdivisions to the chart of accounts.
 - ii. Monthly information of all the income received by CONCESSIONAIRE, identifying income type. Each income item shall be submitted duly broken down.
 - iii. Monthly information supporting the liquidation and compliance with the Service Levels, in accordance with the provisions of the Concession Contract and SUNASS.
 - iv. Information sent by the Competent Government Authority that determines the variation of the hazardousness qualification for the waste or slurries produced by the Infrastructure the CONCESSIONAIRE is in Charge of.
 - v. Any other additional information required by SUNASS to supervised the execution of the Concession, in the matters of its competence.

The information submitted by the CONCESSIONAIRE shall be treated as confidential, provided the CONCESSIONAIRE declares such condition, and the Applicable Laws and Provisions so allow.

In case noncompliance with the obligations of the CONCESSIONAIRE is detected, SUNASS may require the necessary corrections, without prejudice to the application of the corresponding sanctions, deductions or penalties.

13.10. Sanctioning function

SUNASS is competent to impose sanctions and measures, within the sanctioning administrative procedure, to the CONCESSIONAIRE if the latter is found responsible for the noncompliance with its obligations established in this Concession Contract and the Applicable Laws and Provisions. The CONCESSIONAIRE shall comply with the sanctions and measures imposed by SUNASS.

The CONCESSIONAIRE shall not be exempted from responsibility, even when noncompliance is a consequence of contracts signed with third parties on its behalf. The application of sanctions shall not relieve the CONCESSIONAIRE of the effective compliance of its obligations.

Regulation contribution

13.11. The CONCESSIONAIRE is obliged to pay directly to SUNASS the Regulation Contribution referred to in article 10 of Law No. 27332 and Supreme Decree No. 105-2003-PCM, or regulations amending or replacing them, within the terms and amounts referred to in such legal provisions and the regulations issued by SUNASS on the matter, which shall be calculated and charged over the total amount of the income invoiced by the CONCESSIONAIRE, less the IGV and the Municipal Promotion Tax.

This contribution to SUNASS shall be made by the CONCESSIONAIRE in the form and time established in the Applicable Laws and Provisions; and the payment obligation of the CONCESSIONAIRE may not be challenged by arbitral or judicial proceedings.

13.12. As provided for in paragraph 7 of article 79 of Legislative Decree No. 1280, or regulation amending or replacing it, SUNASS is entitled to supervise the execution of contracts of public-private partnerships associated to public infrastructure or the performance of one or more processes included in the sanitation service systems referred to in article 2 of that regulation. It also indicates that each contract expressly establishes the matters subject to such supervision.

13.13. In this Concession Contract, SUNASS exercises the functions set forth in Law No. 27332, Framework Law of Bodies Regulating Private Investment in Public Services, or regulation amending or replacing it, in accordance with the provisions of the Applicable Laws and Provisions.

Chapter XIV. FORCE MAJEURE OR ACTS OF GOD

14.1. Neither the GRANTOR, PSS or the CONCESSIONAIRE shall be imputable for the noncompliance of an obligation or for its partial, delayed or defective compliance, if it is caused by force majeure or act of God, as provided for in this chapter.

14.2. For the purposes of the Concession Contract, an event of act of God or force majeure shall exist provided that:

- (i) An event, condition or circumstance not imputable to the GRANTOR, PSS or the CONCESSIONAIRE, of extraordinary, unforeseeable and irresistible nature occurs, that prevents them to comply with their obligations or causes their partial, delayed or defective compliance;

- (ii) The corresponding event, condition or circumstance shall be out of the reasonable control of the party invoking the cause, which, despite the exercise of duly diligence and despite all the reasonable efforts and measures to prevent the event, condition or circumstance, avoid or mitigate its impacts, is unable to avoid the noncompliance situation to occur;
- (iii) Such event, condition or circumstance is not the direct or indirect result of noncompliance by the Party arguing to be unable to comply with any of its obligations provided for in this Concession Contract; and,
- (iv) Such circumstance, event or condition is notified to the other party in conformity with the period and terms provided for in Clause 14.7.

The event of force majeure or act of God, according to its corresponding nature and scope, in accordance with the Applicable Laws and Provisions, include, among others:

- a) Any act of external, internal or civil war (declared or undeclared), invasion, armed conflict, blockade, revolution, riot, insurrection, civil commotion or terrorist acts and any approval, occupation or siege of any essential part of the Concession Area, that prevents the CONCESSIONAIRE from completing, within the contractual period, the execution of the Works or providing normally the Service, or which prevents the GRANTOR or PSS from complying with their obligations.
- b) Any strike, claim or protest by workers or third parties who do not have work or commercial relations with the CONCESSIONAIRE or with the natural persons or legal persons hired by the latter, that prevents it from completing, within the contractual period, the execution of the Works or providing normally the Service, or which prevents the GRANTOR or PSS from complying with their obligations.
- c) Any discovery of archaeological remains of such a magnitude that prevents the CONCESSIONAIRE from completing, within the contractual period, the execution of the Works or providing normally the Service, or which prevents the GRANTOR or PSS from complying with their obligations.
- d) Any earthquake, flooding, fire, explosion or any meteorological phenomenon, provided it affects directly, in whole or in part the Concession Assets or the Works or their elements and which, in turn, prevents the CONCESSIONAIRE from completing, within the contractual period, the execution of the Works or providing normally the Service, or which prevents the GRANTOR or PSS from complying with their obligations.
- e) Any epidemic, contamination, plague or any similar event, as well as any hydrological event that causes the total absence or substantial decrease of surface water, provided that such event prevents or limits the CONCESSIONAIRE from providing normally the Service, or which prevents the GRANTOR or PSS from complying with their obligations.
- f) The eventual destruction of the Works or their elements, in whole or in part, which prevents it from completing, within the contractual period, the execution of the Works or damage to the Concession Assets that cause their total destruction or their impossibility of recovery and that prevent the normal provision of the Service.

14.3. The CONCESSIONAIRE may not invoke the following assumptions as an event of force

majeure or act of God in relation to the compliance with its obligations established in the Concession Contract:

- a) The approval, application or effects of the Applicable Laws and Provisions, unless they prevent it from performing its activities;
- b) Any fault attributable to the CONCESSIONAIRE or of the natural persons or legal persons hired by the latter to obtain or maintain any approval or permit required under the Concession Contract;
- c) Any fault attributable to the CONCESSIONAIRE or of the natural persons or legal persons hired by the latter in the Design and Construction Period or in the Operation Period regarding the Concession Assets;
- d) Mechanical faults or faults of the equipment, machinery or technology implemented or used by the CONCESSIONAIRE or by the natural persons or legal persons hired by the latter;
- e) The assumptions resulting from the studies provided for in Annex 5.

14.4. In case the CONCESSIONAIRE invokes force majeure or act of God, it shall make the best efforts inherent to a diligent CONCESSIONAIRE to ensure the restart of the corresponding activity or provision in the shortest time possible after the occurrence of such events. Likewise, if the GRANTOR requests it to be considered an event of force majeure or act of God, it shall make its best efforts to overcome such situation in the shortest time possible.

14.5. The event of force majeure or act of God shall not release the party affected by such event from the compliance with the obligations that are not suspended by the same.

14.6. In the case that the affected party or the other involved parties do not agree with the qualification of the event as force majeure or act of God or its consequences, it may resort to the dispute settlement procedure in Chapter XVI.

14.7. The party affected by an event of force majeure or act of God shall inform the other involved parties as soon as reasonably possible, and in any case, within seventy-two (72) hours from the time of occurrence of or the time it was aware of, as applicable, the facts that constitute such event of force majeure or act of God. Additionally, it shall keep the other involved parties informed about the development of such events. This communication shall occur without prejudice to the compliance with the Applicable Laws and Provisions related to immediate communication in case of unforeseen interruption of the Service.

After sending the communication, the affected party, in a maximum period of seven (7) additional Days, shall submit its request for suspension to the other involved parties and to SUNASS or the Specialized Supervisor, attaching a technical, legal and financial report, which shall include as a minimum:

- a) Description of the occurrence of the event.
- b) Date of occurrence of the event or date when it became aware of the event.

- c) Date when the stoppage of activities or obligations took place.
- d) The time of stoppage elapsed or the estimated time of the total or partial stoppage of the activities or obligations.
- e) The foreseen degree of impact, details of the such event, the affected obligation or condition.
- f) The mitigation measures taken.
- g) Other actions resulting from these events.
- h) Proposal of insurance regime, contractual guarantees and other obligations whose compliance is not directly affected by the event.

Within ten (10) Days from the reception of the suspension request, SUNASS or the Specialized Supervisor, as appropriate, shall send its technical opinion to the affected party and the other involved parties; and in case no decision is informed, it shall be deemed as favorable.

In case the affected party does not submit the suspension request within ten (10) Days from the date of occurrence of the event, it shall be understood that such event is not an impediment for the compliance with its obligations.

- 14.8. The affected party and the other involved parties shall make their best efforts to ensure the restart of the compliance with its obligations in the shortest time possible after the occurrence of such events.

The declaration of suspension due to an event of force majeure or act of God shall not generate right to compensation, from the GRANTOR or the corresponding PSS, in favor of the CONCESSIONAIRE.

- 14.9. In case of termination of the Concession Contract due to an event of force majeure or act of God, the settlement of the Concession Contract shall be governed by the rules set forth in Chapter XVII.

Chapter XV. MODIFICATIONS TO THE CONTRACT

- 15.1. Modifications or clarifications to the Concession Contract shall be valid only when they are agreed in writing, through an addendum, by a cause duly supported, maintaining the competence conditions of the promotion process and the economical and financing balance of the provisions by the GRANTOR, PSS or the CONCESSIONAIRE, trying not to alter the risk assignment and the nature of the Project, and are signed by the representatives of the Parties of the Concession Contract, with sufficient power, and meet the relevant requirements of the Applicable Laws and Provisions.

In no case the Parties shall consider that a certificate, agreement or any other document different to an addendum, has modified or may modify the Concession Contract.

- 15.2. If any stipulation or provision of the Concession Contract is determined void, invalid or unenforceable by arbitration award, such decision shall be interpreted strictly for such

stipulation or provision and shall not affect the validity of the other stipulations of the Concession Contract.

- 15.3. Any request for an amendment, addition or modification of the Concession Contract by any of the Parties of the Concession Contract shall be submitted to the other Party of the Concession Contract, with a copy to SUNASS, with the corresponding technical, legal, economic and financial support.
- 15.4. The modification of any of the terms established in the Concession Contract shall have the opinion of the Competent Government Authorities, in accordance with the Applicable Laws and Provisions. Likewise, the CONCESSIONAIRE shall have the prior favorable opinion of the Permitted Creditors.

Chapter XVI. DISPUTE SETTLEMENT

Applicable Laws and Provisions

- 16.1. The Contract shall be governed and construed in accordance with the Applicable Laws and Provisions. Therefore, the Parties of the Concession Contract express that the content, execution, disputes and other consequences originating from the same, shall be governed by such legislation, which the CONCESSIONAIRE declares to be familiar with.

Scope of application

- 16.2. This chapter regulates the settlement of all disputes arisen between the Parties of the Concession Contract, during the Concession, and those related to the termination of the Concession Contract.

As provided for in clause 4.1 of the Service Agreement that forms part of this Concession Contract as Annex 3, PSS has delegated to the GRANTOR the power to represent it in any controversy that may arise from the rights and obligations included in that Service Agreement, expressly establishing that (i) the terms and conditions regulated in Chapter XVI of the Concession Contract shall be applied; and, (ii) in the case of the obligations detailed in clause 6.1 del Service Agreement, PSS shall participate, together with the GRANTOR, in the defense of its interests that may arise from the disputes related to the same.

- 16.3. The decisions of SUNASS or other Competent Government Authorities rendered in the execution of its administrative competences granted by explicit regulation, whose claim route is the administrative route, shall not be subject to direct negotiation or arbitration.

Interpretation criteria

- 16.4. The Concession Contract shall be interpreted as a unit and in no case each of its clauses shall be interpreted separately.
- 16.5. In case of divergence in the interpretation of this Concession Contract, the following order of precedence shall be followed to solve such situation:
 - a) The Concession Contract and its modifications;

- b) The Circulars referred to in the Bidding Terms and Conditions; and
 - c) The Bidding Terms and Conditions.
- 16.6. The Concession Contract is signed in Spanish language only. In case of difference between the translation of the Concession Contract and this document, the text in Spanish shall prevail. Translations of this Concession Contract shall not be considered for interpretation purposes.
- The terms “Annex”, “Appendix” “Clause”, “Chapter”, “Paragraph” and “Subparagraph” are understood as related to the Concession Contract, unless it can be deduced from the context, unmistakably and without doubt, that they refer to another document.
- 16.7. The periods established shall be counted in Days, Calendar Days, months or years, as applicable.
- 16.8. The headings contained in the Concession Contract are only for identification purposes and shall not be considered as part of it to limit or extend its content or to determine right and obligations of the GRANTOR, PSS or the CONCESSIONAIRE.
- 16.9. Terms in the singular shall include the same terms in the plural and vice versa. Terms in the masculine gender include the feminine gender and vice versa.
- 16.10. The use of the word “or” on a list shall be understood as including one or several elements of such list.
- 16.11. The use of the word “and” on a list shall be understood as including all of the elements of such list.
- 16.12. In all cases in which the Concession Contract, including the Service Agreement, foresee obligations of or by the CONCESSIONAIRE shall be understood as be at its own risk and expense, except for those expressly provided for at the GRANTOR’s risk and expense.

Waiver of diplomatic claims

- 16.13. The CONCESSIONAIRE and its partners, shareholders or participation members expressly, unconditionally and irrevocably waive any diplomatic claim for any controversies or disputes that may arise from the Concession Contract.

Direct negotiation

- 16.14. The Parties of the Concession Contract declare that it is their will that all disputes or uncertainties of an arbitrable nature, with legal relevance, that may arise with respect to the interpretation, execution, compliance and any aspects related to the existence, validity or effectiveness of the Contract or Termination shall be solved by direct negotiation between the Parties of the Concession Contract, except for the decisions made by SUNASS in the exercise of its administrative functions, whose claim route is the administrative route.

In case of national arbitration, the period of direct negotiation shall be no shorter than six (6) months from the date on which one Party of the Concession Contract notifies the other

one in writing of the existence of a dispute or an uncertainty with legal relevance, unless the Parties of the Concession Contract have submitted the controversy to the procedure and other provisions applicable in case of amiable compositeur, provided for in Supreme Decree No. 240-2018-EF, Regulations on Legislative Decree No. 1362, or regulation amending or replacing it.

Any of the Parties of the Concession Contract in resolution or in disagreement may terminate in advance or may even indicate that it waives the use of direct negotiation.

The request for start of direct negotiation shall include a comprehensive description of the controversy and its duly technical, legal, contractual, financial or other supporting information, and be attached by all the corresponding means of proof.

On the other hand, in case of international arbitration, the period of negotiation or direct negotiation shall be no shorter than six (6) months from the date on which one Party of the Concession Contract notifies the other one in writing of the existence of a dispute or an uncertainty with legal relevance.

The periods referred to in the preceding paragraphs may be extended by a joint decision of the Parties of the Concession Contract. This decision shall be in writing, provided there are real possibilities that, in case of having this additional period, the dispute shall be solved through the direct negotiation.

In case the Parties of the Concession Contract do not settle the dispute or uncertainty raised within the direct negotiation period, it shall be defined as a dispute or uncertainty of technical or non-technical nature, as the case may be. If the Parties of the Concession Contract do not agree on the nature of the controversy, both Parties shall support their position in a written communication that shall deliver to their counterpart, explaining the reasons by which they consider the controversy is of a technical or non-technical nature.

Technical disputes or uncertainties shall be settled according to the procedure set forth in Subparagraph a) of Clause 16.16. Disputes or uncertainties that are not of a technical nature shall be settled in accordance with the procedure set forth in Subparagraph b) of Clause 16.16. In case the Parties of the Concession Contract do not agree within the direct negotiation period on whether the dispute or controversy raised is a technical controversy or a non-technical controversy, or in case the dispute has components of both technical controversy and non-technical controversy, then such dispute or uncertainty shall be considered as a non-technical controversy and shall be settled according to the corresponding procedure, set forth in Subparagraph b) of Clause 16.16.

16.15. The result of the entire direct negotiation procedure shall be recorded in the minutes, which shall be informed to SUNASS.

Arbitration

16.16. Modalities of arbitration proceedings:

- a) Ex Aqueo et Bono Arbitration.- Any and all Technical Controversies that cannot be directly settled by the Parties of the Concession Contract within the Direct Negotiation period shall be submitted to ex aequo et bono arbitration, in accordance with subparagraph 3 of article 57 of Legislative Decree No. 1071, or regulation amending or

replacing it, which the arbitrators will resolve according to their knowledge and faithful judgment and understanding. The arbitrators may be national or foreign experts, but in all cases, they shall have extensive experience regarding the corresponding Controversy Dispute and no conflict of interest with any of the Parties of the Concession Contract at the time and after their designation as such.

The Arbitral Tribunal may request from the Parties of the Concession Contract the information it deems necessary to solve the Technical Controversy it is aware of, and as a consequence may submit to the Parties of the Concession Contract a conciliation proposal, which may or may not be accepted by these.

The Arbitral Tribunal may provide all means of proof and request the Parties of the Concession Contract or third parties to submit the evidence it deems necessary to solve the claims raised.

The Arbitral Tribunal shall prepare a preliminary decision, which will notify to the Parties of the Concession Contract within thirty (30) Days following its installation, and the Parties of the Concession Contract shall have a period of five (5) Days to prepare and submit to the Tribunal their comments regarding such preliminary decision. The Arbitral Tribunal shall issue its final decision on the Technical Controversy arisen within ten (10) Days following the receipt of comments from the Parties of the Concession Contract, its preliminary decision or the expiration of the deadline for submitting said comments, whichever occurs first.

The procedure for the settlement of a Technical Controversy shall be carried out in the city of Lima, Peru. Exceptionally, and by the nature of the specific case, the Arbitral Tribunal will move to another location only for the purpose of presenting means of proof such as an expert opinion, an ocular inspection or any other means of proof necessary to be presented in another location, for a period not greater than ten (10) Days.

The members of the Tribunal shall keep absolute reserve and maintain confidentiality on all information they know by their participation in the settlement of a Technical Controversy.

The controversy shall be settled through national arbitration and shall be administered by the Dispute Analysis and Resolution Center – PUCP, in all that is not foreseen in the Concession Contract.

- b) Arbitration at Law. - Non-Technical Controversies shall be settled by means of arbitration at law, in accordance with subparagraphs 1 and 2 of article 57 of Legislative Decree No. 1071, or regulation amending or replacing it, a procedure in which the arbitrators shall settle in accordance with the applicable Peruvian law.

The arbitration at law may be national or international, according to the following:

- (i) When Non-Technical Controversies have an involved amount greater than 30'000,000 (Thirty Million) American Dollars or its equivalent in national currency, at the official Exchange rate published by SUNAT, valid at the start of the Direct Negotiation, the Parties of the Concession Contract shall try to settle the controversies through direct negotiation within the period established in

Clause 16.14 in the case of international arbitration. This period may be extended by joint decision by the Parties of the Concession Contract in the established terms.

In case the Parties of the Concession Contract do not reach an agreement within the direct negotiation period referred to in the preceding paragraph, the arisen controversies shall be settled through international arbitration at law, through a procedure conducted in conformity with the rules of the Arbitration Center of the International Chamber of Commerce - CCI, which rules the Parties of the Concession Contract unconditionally submit to.

In case controversies are settled through international arbitration at law, it is stated that the period set forth in article 5 of the Regulations on Arbitration of the International Chamber of Commerce for the reply to the request for arbitration shall be of sixty (60) days from the date the corresponding Defending party receives the request for arbitration sent by the International Chamber of Commerce Secretariat.

Likewise, the provisions about the Emergency Arbitrator shall not be applicable, so none of the parties of this Contract may choose to apply the provisions set forth in article 29 and in Appendix V (Emergency arbitration Rules) of the Regulations on Arbitration of the International Chamber of Commerce.

Additionally, the provisions on the Abbreviated Proceeding shall not be applicable, so none of the parties of this Contract may choose to apply the provisions set forth in article 30 and in Appendix VI (Abbreviated Proceeding Rules) of the Regulations on Arbitration of the International Chamber of Commerce.

Arbitration shall take place in the city of Lima, Peru, and shall be conducted in Spanish language, and the Peruvian legislation applicable to the arbitration shall be applied.

- (ii) Non-Technical Controversies in which the involved amount is equal to or less than 30'000,000 (Thirty Million) American Dollars or its equivalent in national currency, at the official exchange rate published by SUNAT, valid at the start of the Direct Negotiation, and those controversies of pure law that are not quantifiable in money shall be settled through national arbitration at law and administered by the Dispute Analysis and Resolution Center – PUCP.

Arbitration shall take place in the city of Lima, Peru, and shall be conducted in Spanish language.

Common procedural rules

16.17. The following general provisions shall be applied both for Ex Aqueo et Bono Arbitration referred to in Subparagraph a) of Clause 16.16 and Arbitration at Law referred to in Subparagraph b) of the same Clause, whether in its international or national modality:

- a) The Arbitral Tribunal shall be made up of three (3) members. They shall preferably appoint one (1) professional with a minimum experience of five (5) years in the matter

of the controversy or a lawyer with experience in regulation or concession matters, depending on the nature of the controversy. The complaining Party shall appoint its arbitrator together with its request for arbitration and the other Party shall appoint one arbitrator within sixty (60) Days from the date it was required and the third one shall be appointed by agreement of the Parties of the Concession Contract, within thirty (30) days, who shall in turn, act as the president of the Arbitral Tribunal.

If one of the Parties of the Concession Contract fails to appoint its Arbitrator or if the Parties do not reach an agreement on the appointment of the third arbitrator within the established period, the arbitrators not appointed by that date shall be appointed, at the request of any of the Parties of the Concession Contract by the Dispute Analysis and Resolution Center – PUCP, in the national Arbitration at Law or by the International Arbitration Tribunal of the International Chamber of Commerce, in the case of the Arbitration promoted by the Arbitration Rules of the International Chamber of Commerce.

- b) The Arbitral Tribunal shall have the obligation to allow for the participation of SUNASS in those national arbitration proceedings in which decisions or matters related to its competence are discussed. In that case, SUNASS may use the defense procedural mechanisms it deems appropriate for such purpose, without prejudice to adhere its actions to the Autonomy Principle set forth in the Framework Law of Regulatory Bodies.
- c) Without prejudice to the administrative actions referred to in Clause 16.3, which are exempt from this chapter, arbitrators may supply, at its discretion, any difference or gap existing in the legislation or in the Concession Contract, through the application of the general principles of law and Pacts, Conventions or Treaties the State of the Republic of Peru is a signatory of.
- d) The award rendered shall be integrated to the contractual rules set forth in the Concession Contract.
- e) The Parties agree that the award issued by the Arbitral Tribunal shall be final and unappealable. In this sense, the Parties of the Concession Contract shall consider it as a final judgment, with authority or *res judicata*. Accordingly, the Parties of the Concession Contract waive to the remedies of reconsideration, appeal, annulment, cassation or any other appeal against the arbitration award, declaring it shall be obligatory, of definitive compliance and immediate execution, except for the causes strictly provided for in articles 62 and 63 of Legislative Decree No. 1071 or in the regulations on the subject, as the case may be.
- f) During the course of the arbitration, the Parties of the Concession Contract shall continue to perform their contractual obligations, as far as possible, including those subject to arbitration. If the subject matter of arbitration were the fulfillment of the obligations guaranteed with the Performance Bond, if applicable, the respective period shall be suspended and such guarantees may be executed for the reason that raised the arbitration and should remain in force during the arbitration procedure.
- g) All expenses arising from the settlement of a Technical or Non-Technical Controversy, including the fees of the arbitrators involved in the settlement of a controversy, shall be covered by the losing Party of the Concession Contract. The same rules apply in

case the defending or counterclaiming Party of the Concession Contract acquiesces or acknowledges the plaintiff's or the counterclaimant's claim. The plaintiff or the counterclaimant who desists for the claim shall also bear the expenses.

In the event that the procedure ends without a ruling on the merits of the claims by reason of transaction or conciliation, such agreement shall establish the responsibility of assuming said expenses. In case the transaction or conciliation does not establish it, each party shall bear its own expenses.

Likewise, if the award partially favors the positions of the Parties of the Concession Contract, the Arbitral Tribunal will decide the distribution of such expenses.

Costs and expenses such as fees from consultants, internal costs and other costs attributable to one of the Parties of the Concession Contract individually are excluded from the provisions set forth in this chapter.

Chapter XVII. TERMINATION OF AGREEMENT

Grounds for Termination

17.1. The Concession Contract shall only be declared as terminated by the occurrence of one or some of the following causes:

17.1.1. Term expiration

The Concession shall end at the expiration of the term established in Chapter IV, Chapter VI or any other extended term granted in conformity with such chapter.

In that case, the Termination shall not include any compensation to the CONCESSIONAIRE, or any indemnification amount for the eventual damage that the Termination may generate for any of the Parties of the Concession Contract.

Once the period of the Concession has expired, the possession of the Concession Assets shall revert in favor of the GRANTOR, or the one appointed by the latter, in accordance with the procedure established for that purpose.

17.1.2. By mutual agreement

The Concession Contract shall terminate and, therefore, also the Concession, at any time by written agreement between the CONCESSIONAIRE and the GRANTOR, following favorable opinion of SUNASS, in accordance with the Applicable Laws and Provisions, for which the procedure regulated in this chapter shall be applicable. This procedure shall contain the settlement rules and mechanism of the Concession, as well as the reversion of the Concession Assets, to ensure the continuity of the Service.

Additionally, provisions in Clauses 17.11 et seq. shall be considered.

17.1.3. Breach by the CONCESSIONAIRE

The Concession Contract is terminated early in case the CONCESSIONAIRE incurs in

serious breach of its contractual obligations that affects or prevents the normal course or continuity of the Concession, if after a written request, the CONCESSIONAIRE fails to remedy, to the GRANTOR's satisfaction, in accordance with the provisions in clause 17.3.

If the deadline granted by the GRANTOR has expired and no remediation of the noncompliance has occurred, the GRANTOR may invoke the Termination by a notification sent to the CONCESSIONAIRE, proceeding to execute the corresponding Performance Bond, without prejudice to the application of the penalties, sanctions or deductions that may be applied as grounds for serious breach of the obligations of the CONCESSIONAIRE.

As grounds for serious breach of the obligations of the CONCESSIONAIRE shall be those expressly indicated in the Concession Contract as such. Some of them are the following:

- a) Breach by the CONCESSIONAIRE of its obligation to subscribe its social capital fully in the period and as set forth in Subparagraph b) of Clause 3.3.
- b) Failing to sign the Certificate of Definitive Delivery of the Concession Assets in the period and form foreseen for such effect, for causes imputable to the CONCESSIONAIRE.
- c) Bankruptcy judicial declaration, as established in the Applicable Laws and Provisions.
- d) The commencement, upon request of the CONCESSIONAIRE, of a societal, administrative or judicial proceeding for its dissolution or liquidation.
- e) The commencement, upon request of the CONCESSIONAIRE, of a procedure for society merger, division or transformation or other society reorganization, without the corresponding authorization by the GRANTOR.
- f) The declaration made by the Competent Government Authority through final resolution (approved or executory), in judicial or administrative proceedings, that determines the serious alteration of the environment, the historic or cultural heritage of the Nation, or of natural resources, by the CONCESSIONAIRE.
- g) Transfer of rights of the CONCESSIONAIRE derived from the Concession Contract or the assignment of its contractual position, without the prior written authorization of the GRANTOR and without observing the Applicable Laws and Provisions.
- h) If the CONCESSIONAIRE fails to grant, restore or renew the Performance Bonds of the contract in favor of the GRANTOR or the insurance policies required in the Concession Contract; or if any of them was issued in terms and conditions different to those agreed in the Concession Contract, in spite of the previous remediation requirement.
- i) The arrangement of the Concession Assets differently to as established in the

Concession Contract, by the CONCESSIONAIRE, without the prior written authorization by the GRANTOR.

- j) Performing any act or omission that constitute intentional breach by the CONCESSIONAIRE resulting in the commission of a public crime to the detriment of the user, the GRANTOR, PSS or SUNASS, when ordered by a court decision against which no action should be brought.
- k) The issuance of an approved or executory judicial order or a final administrative decision that prevents the CONCESSIONAIRE from providing the Service as set forth in the Concession Contract or that imposes it a seizure, lien or sequestration that affects in whole or in part the Concession Assets, provided any of these measures is valid during more than sixty (60) Calendar Days or within the longest period established by the GRANTOR, which shall be granted when reasonable causes exist.
- l) The declaration, through a final resolution or when the administrative proceeding is ended, of the commission by the CONCESSIONAIRE of six (6) or more infractions, sanctioned with a fine, within thirty-six (36) months, related to the Concession Contract in conformity with the Applicable Laws and Provisions approved by SUNASS.
- m) Failure to comply with the conditions for the participation of the Strategic Partner, set forth in the Concession Contract.
- n) Noncompliance generating cumulatively the payment of penalties exceeding nine hundred (900) UIT, which may be applied by virtue of the execution of the Concession Contract.
- o) Noncompliance with the Financial Closure, in accordance with the provisions of Chapter VII.
- p) Falsehood in the declarations formulated in Clauses 3.1 or 3.3.
- q) Failure to observe the provisions of article 33 of the Regulations of Legislative Decree No. 1362, or regulation amending or replacing it, related to the contracting of natural or legal persons of the private sector, for the preparation of studies and consultancy for the Project, that have provided, directly or indirectly, their services to PROINVERSIÓN during the promotion process of the latter.
- r) Failure to correct the observations to a Technical File, related to the noncompliance with some Minimum Project Requirement according to Clause 6.13, unless the observation is subject to an expert assessment or the result of the same is in favor of the CONCESSIONAIRE.
- s) Rejection of the GRANTOR to the Works of a Component, in accordance with Clauses 6.39 and 6.59, regardless of the amount of the applicable penalties or sanctions.
- t) Failure to sign the Certificate of Construction Start, for causes attributable to

the CONCESSIONAIRE, within the periods established in the Concession Contract.

- u) Stop operating the Project, without just cause in the Applicable Laws and Provisions.
- v) Failure to comply with the period for the execution of Works for cause attributable to the CONCESSIONAIRE generating cumulatively a delay greater than six (6) months in the execution of the corresponding Component, from the date of expiration of the total period for the execution of the corresponding Component or the period of the extension approved by the GRANTOR, as appropriate.
- w) Repeated noncompliance with the obligations subject to penalties or sanctions. For this purpose, repeated noncompliance refers to the imposition by the GRANTOR, SUNASS or the Competent Government Authority of penalties or sanctions for a cumulative amount greater than four hundred and fifty (450) UIT per Calendar Year, during the validity of the Concession.
- x) Repeated noncompliance with the Service Levels generating, cumulatively, the application of deductions for an amount higher than twenty percent (20%), during a Calendar Year, of the total amount of the corresponding Performance Bond, during the Operation Period.
- y) The accumulation of deductions not applied to the quarterly PPDs exceeding an amount equivalent to twenty percent (20%) of the total amount of the Performance Bond from the corresponding Calendar Year.
- z) The CONCESSIONAIRE is administratively sanctioned by SUNASS, for the same administrative infraction derived from acts committed three (3) times up to three (3) consecutive Calendar Years, for noncompliance with its obligations of providing Service and the provisions imposed by SUNASS for such effect, according to the quality standards established in the Concession Contract and in the Applicable Laws and Provisions, provided such sanctions were final in the administrative proceeding; or agreed in the judicial proceeding, in case the corresponding administrative adversarial process has been lodged.
- aa) Failure to comply with the orders of the arbitration awards agreed or decisions of the Expert within the established period, issued against it and related to the Concession.
- bb) Grant the mortgage on the Concession in favor of third parties different to the Permitted Creditors.
- cc) Failure to comply with the deposit in favor of the Inter-American Development Bank– IADB for the amount and within the period established in Clause 7.7.
- dd) Failure to comply with any obligation set forth in the Concession Contract, different to those detailed in the preceding subparagraphs, which are expressly established as grounds for Termination.
- ee) The commencement, upon request of the Executive Power, of a dissolution

process, in accordance with the provisions of article 410 of Law No. 26887, General Corporations Law or regulation amending or replacing it.

For the purpose of the provisions of this clause, noncompliance with the obligations of the CONCESSIONAIRE shall be due to causes not included within the assumptions of force majeure or act of God.

Termination for noncompliance by the CONCESSIONAIRE does not generate any right to compensation in favor of the CONCESSIONAIRE for damage.

Termination for noncompliance by the CONCESSIONAIRE shall take effect regardless of whether such Termination was subject to arbitration proceeding. Notwithstanding the application of the corresponding penalties, the GRANTOR may request compensation for the damage that may exist.

17.1.4. Breach by the GRANTOR

The CONCESSIONAIRE may terminate the Concession Contract early in case the GRANTOR incurs in serious noncompliance with its obligations set forth in the same, among which are the following, in case it does not correct the noncompliance in accordance with clause 17.3.

- a) Unjustified noncompliance with the payment of the compensation in favor of the CONCESSIONAIRE, for the economic and financial rebalancing declared by SUNASS, in accordance with the proceeding foreseen in Chapter VIII.
- b) Failure to comply with the physical and legal land tenure of the lands, in the conditions and periods set forth in the Concession Contract, providing it affects the Critical Path for the development of the Concession and is due to causes attributable to the GRANTOR.
- c) Noncompliance with the payments of the PPD. The CONCESSIONAIRE may terminate the Concession Contract if the GRANTOR incurs in delay in the payment of the PPD, for more than ninety (90) consecutive Calendar Days, from the date such obligation is enforceable, according to the procedure foreseen in Chapter VII. In this case, the Trustee shall inform the GRANTOR, CONCESSIONAIRE and the funders about such event.

In assumptions a) and c) above, the CONCESSIONAIRE shall request the GRANTOR, by notarial letter, to rectify such noncompliance, without prejudice to the possibility that the Parties of the Concession Contract resort to the controversy solution mechanism provided for in Chapter XVI.

If the deadline granted by the CONCESSIONAIRE has expired and the noncompliance has not been rectified, the CONCESSIONAIRE may invoke the Termination through a written notification submitted to the GRANTOR, to the Permitted Creditors and SUNASS or Specialized Supervisor, as applicable.

For the purpose of the provisions of this clause, noncompliance with the obligations of the GRANTOR indicated in the preceding subparagraphs shall be due to causes directly attributable to the GRANTOR and that are not included within the

assumptions of force majeure or act of God.

Termination for noncompliance by the GRANTOR shall take effect regardless of whether such Termination was subject to arbitration proceeding or not.

17.1.5. Unilateral decision of the GRANTOR

For duly justified reasons of public interest, the GRANTOR is entitled to Terminate the Concession Contract, by previously notifying the CONCESSIONAIRE and the Permitted Creditors in writing, at least six (6) months prior to the planned Termination.

Along those six (6) months, the CONCESSIONAIRE shall not be obliged to meet those obligations set forth in the Concession Contract involving additional investments, except those of Operation and Maintenance and the scheduled replacement of assets.

The exercise of this power by the GRANTOR shall be without prejudice to the provisions in Clause 17.15.

17.1.6. By force majeure or act of God

The GRANTOR or the CONCESSIONAIRE shall have the option to terminate the Concession Contract for events of force majeure or act of God, provided it can be proven that it is one of the events in the same and the maximum Suspension period has expired.

Additionally, for the event of force majeure or act of God to be grounds for Termination, it shall prevent one of the Parties of the Concession Contract, or PSS, from complying with its obligations or cause its partial, delayed or defective compliance, affecting the Critical Path or the normal provision of the Service during a period longer than six (6) continued or accumulated months within the period of one Concession Year.

In case of disagreement regarding the appropriateness to terminate the Concession Contract formulated by any of the Parties, such disagreement shall be subject to the procedure established in Chapter XVI.

17.1.7. Application of Anticorruption Clause

CONCESSIONAIRE states that neither itself, nor its shareholders, partners or related companies, nor any of its relevant directors, officers, employees, nor any of its advisors, representatives or agents, have paid, offered, or attempted to pay or offer, and will not attempt to pay or offer in the future any illegal payment or commission to any authority related to the Contract Awarding, the Concession or the execution of this Concession Contract.

It is expressly established herein that if it is verified that any of the aforementioned natural or legal persons had been convicted with a consent or final judgment, or had admitted or recognized the commission of any of the offenses established in the Code of Criminal Procedures, Title XVIII, Chapter II, Section IV, or equivalent

offenses in case they have been committed in other countries, to any competent national or foreign authority, in connection with the execution of this Concession Contract, the Concession or Contract Awarding, the Contract shall be fully terminated and CONCESSIONAIRE will pay GRANTOR a penalty equal to ten percent (10%) of the amount resulting from the application of the liquidation mechanism or procedure of the Concession Contract established in this chapter, without detriment to the execution of the Performance Bond.

In order to determine the economic connection referred to in the first paragraph, the provisions of SMV Resolution No. 019-2015-SMV/01 or regulation amending of replacing it shall apply.

Termination by application of these grounds does not generate any right to compensation for damages in favor of the CONCESSIONAIRE.

To terminate the Concession Contract in this case, the procedure below shall be followed:

- i. The GRANTOR shall notify the CONCESSIONAIRE in writing, through a notarial letter, its intention to enforce the Anticorruption Clause to terminate the Contract, due to breach by the CONCESSIONAIRE. When this notification becomes effective, the Termination occurs with full rights.
- ii. Once the Termination has been declared with full rights as set forth in the paragraph above, Clauses 17.14 et seq. shall apply.

17.2. Whatever the grounds for Termination, the GRANTOR shall appropriately notify such circumstance to PSS, the Permitted Creditors and SUNASS.

Procedure for correction

17.3. Serious noncompliance by cause attributable to any of the Parties of the Concession Contract shall give right to the affected Party of the Concession Contract to terminate the Concession Contract and request the compensation in accordance with the liquidation procedure described in this Chapter.

The Party of the Concession Contract that failed to comply with its obligations shall have thirty (30) Calendar Days, extendable for thirty (30) additional Calendar Days, for the date of receipt of the notarial request to correct such noncompliance situation, unless the Concession Contract establishes a different period, or longer period granted once, expressly and in writing by the Party of the Concession Contract enforcing its right for termination.

In case the CONCESSIONAIRE is the defaulting Party of the Concession Contract and fails to correct the noncompliance within the foreseen period, with the conformity of the GRANTOR, as the affected Party of the Concession Contract, and according to the provisions in the Concession Contract, the latter may invoke the Termination and execute the Performance Bond.

The correction procedure established in this clause shall not be applicable for the cases foreseen in subparagraphs c), f), j), k), l), n), x), y) and z) of Clause 17.1.3, in Subparagraph

b) of Clause 17.1.4 and Clause 17.1.7. The correction procedure shall only be applicable in case the CONCESSIONAIRE, in conformity with the Applicable Laws and Provisions, is entitled to lodge a legal challenge through a judicial or administrative procedure against the decision that attributes noncompliance.

Procedures for the Termination of the Concession Contract

The procedure for the Termination shall be as follows, except for the cases of Termination by application of the Anticorruption Clause.

- 17.4. The Parties of the Concession Contract, as applicable in each case, shall immediately comply with all the obligations and procedures provided for in the Concession Contract for the purposes of its Termination, and the Concession Contract shall be cancelled and the Concession shall be terminated with full rights.
- 17.5. The decision for Termination submitted by the Parties of the Concession Contract shall be simultaneously notified to SUNASS or the Specialized Supervisor, as applicable. This notification shall be delivered prior to the Termination, and the anticipated Termination shall be effective from sixty (60) Days after such notification, except for the case provided for in Clause 17.1.5. Such period may be extended upon the request of the GRANTOR, up to a period of sixty (60) additional Days, provided it does not appoint someone to exploit the Infrastructure the CONCESSIONAIRE is in charge of, as established in Clause 17.10.
- 17.6. The Parties shall prepare the Final Inventory, with participation of SUNASS or the Specialized Supervisor, as applicable, which shall be completed ten (10) Days before the date on which the Termination becomes effective.

Effects of the Termination of the Concession Contract

- 17.7. This implies the simultaneous termination of the Service Agreement, which forms part of this agreement as an Annex.
- 17.8. The Termination obliges the CONCESSIONAIRE to return to the GRANTOR all the areas included in the Concession Area, as well as to deliver the Concession Assets to the same, as established in Clauses 5.59 to 5.65, except for Clause 10.2 for the events of force majeure or act of God, or other grounds not attributable to the Parties of the Concession Contract.
- 17.9. Upon the Termination:
 - a) The activity of the CONCESSIONAIRE ceases and its right to exploit the Infrastructure the CONCESSIONAIRE is in Charge of ends. This right is reassumed by the GRANTOR through the one it appoints.
 - b) All the agreements referred to in Chapter XII are automatically terminated of pure law, except those that the GRANTOR has expressly decided to keep valid and in relation to which it has assumed the contractual position of the CONCESSIONAIRE, and the relation of such agreements has been previously informed by the GRANTOR to the CONCESSIONAIRE in the notification of Termination referred to in Clause 17.5. This assumption does not apply to the agreements referred to in Subparagraph a) of Clause 12.3.
 - c) The liquidation shall follow the rules set forth in Clause 17.11.

- 17.10. While the GRANTOR does not appoint the one who will operate the Concession, it may determine the CONCESSIONAIRE to provide the Service on a continuous basis, for a maximum period of six (6) months from the notification that makes effective the termination of the Concession Contract, in which case the effects set forth in Clauses a) and b) of Clause 17.9 shall operate once such period has expired.

In this assumption, the CONCESSIONAIRE accepts to continue providing the Service, under the following conditions:

- i. Receive a payment equivalent to the PPD established in subparagraph b) of Clause 8.2 of Chapter VIII.
- ii. During this period, Deductions shall be applied under the terms of Chapter VIII.

Liquidation of the Concession Contract

17.11. General rules

- 17.11.1. The general rules shall be applicable in any of the liquidation assumptions provided for in the following clauses.

If the Termination occurs between the Closure date of the Contract and the date of signing of the Operating Start-Up Certificate, the liquidation amount to be calculated shall be equivalent to the Accounting Value of the Assets effectively executed during such period by the CONCESSIONAIRE, without applying any update to such values from the moment in which the Works were executed up to the moment the liquidation becomes effective.

In this sense, the following shall be taken into account:

- i. Costs incurred by the CONCESSIONAIRE in the preparation of the Technical File, according to the report of the Specialized Supervisor are recognized.
- ii. Payments made to the Specialized Supervisor by the CONCESSIONAIRE are recognized.
- iii. Other investments made by the CONCESSIONAIRE in intangible assets as a consequence of the compliance with the obligations of the Concession Contract, duly credited according to the international financial reporting standards (IFRS), are recognized.
- iv. Expenses paid in advance for insurance that have not been amortized yet in the current year are recognized.
- v. The balance existing in the Supervision Account of the Management Trust shall be reverted in favor of the GRANTOR.

Such liquidation shall be made by an expert appointed by the GRANTOR out of a list of three candidates proposed by the CONCESSIONAIRE within fifteen (15) Days from the date the Termination request is notified. The expert shall be selected according to the procedure set forth in Clause 5.32 and 5.33. The CONCESSIONAIRE shall bear the costs required for hiring the expert.

For this purpose, the opinion of the Specialized Supervisor shall be required, to

give his opinion to the expert within two (2) months from the date of Termination.

The liquidation shall be notified by the expert to the Parties within thirty (30) Days as from the date the contracted Specialized Supervisor issued his opinion. If a Party disagrees with said liquidation, may resort to the controversy solution mechanism provided for in Chapter XVI.

- 17.11.2. If the Termination occurs during the period between the date of signing of the Operating Start-Up Certificate and the date of Expiration of the Concession Contract, the liquidation amount calculated shall not be greater than the Accounting Value of the Assets.

The liquidation shall be made by an expert appointed by the GRANTOR out of a list of three candidates proposed by the CONCESSIONAIRE within fifteen (15) Days from the date the Termination request is notified. The expert shall be selected according to the procedure set forth in Clause 5.32 and 5.33. The CONCESSIONAIRE shall bear the costs required for hiring the expert. This liquidation shall include the amount corresponding to those outstanding liquidations according to Clause 8.20.

For this purpose, the opinion of SUNASS shall be required, which shall give its opinion to the expert within fifteen (15) Days as from the date of Termination. The liquidation shall be notified by the expert to the Parties within thirty (30) Days from the date SUNASS issued its opinion. If a Party disagrees with said liquidation, it may resort to the controversy solution mechanism provided for in Chapter XVI.

In the assumption of the preceding paragraph, both the Management trust and the provision of the Concession Contract and its applicable Annexes shall be kept valid in order to ensure the payment.

17.12. Liquidation by expiration of the Concession period

- 17.12.1. In case of Termination for expiration of the agreed period, the liquidation shall not include payment for investments, Works or facilities in the land areas included in the Concession Area, as well as for Concession Assets, or any amount of compensation for eventual damage that the Termination may generate for any of the Parties of the Concession Contract.
- 17.12.2. In this case, the GRANTOR shall return the corresponding Performance Bond to the CONCESSIONAIRE.

17.13. Liquidation by mutual agreement

- 17.13.1. If the termination of the Agreement occurs by mutual agreement between the Parties of the Concession Contract, this agreement shall contain the Concession liquidation mechanism. To this end, the provisions of Clause 17.11 shall be considered, giving as a result the unique amount to be compensated.

No amount of compensation shall be considered for the Parties for the damage caused by the Termination.

- 17.13.2. For this procedure, the opinion of the Specialized Supervisor or SUNASS shall be required, as applicable. The opinion by SUNASS is binding in the aspects related to the provision of the Service.

17.14. Liquidation by breach by the CONCESSIONAIRE

- 17.14.1. If the Termination occurs by breach by the CONCESSIONAIRE, the procedure to calculate the liquidation shall be made as provided for in Clause 17.11, as appropriate.
- 17.14.2. Expenses detailed in Clause 17.11 shall be duly supported by the CONCESSIONAIRE. Concepts to be recognized and the resulting amount shall have the favorable opinion of the Specialized Supervisor or SUNASS, as applicable.
- 17.14.3. Under these grounds for Termination, the GRANTOR shall execute the corresponding Performance Bond valid on the date the Termination occurred, it being understood that the GRANTOR is expressly authorized to execute and access the amount of the guarantee, without the right to any reimbursement for the CONCESSIONAIRE, and without prejudice to the penalties, sanctions or deductions that may be applicable on the date for noncompliance with the obligations of the CONCESSIONAIRE, as established in Chapter VIII and Chapter XVIII.
- 17.14.4. The final amount to pay to the CONCESSIONAIRE shall be calculated as a result of the subtraction of the liquidation amount and the amounts identified as a consequence of the application of the preceding Clause. The GRANTOR shall only pay [*] % of the liquidation value calculated.
- 17.14.5. The amounts referred to in Clause 17.14.4 shall be duly scheduled by the GRANTOR in the annual budget of the following fiscal year, as corresponding on the date of Termination, without generating the obligation of the payment of interests by the GRANTOR, or any other cost or expenses and shall be paid at the end of the first semester of such fiscal year at the latest.
- 17.14.6. Alternatively, the GRANTOR may call for tender to choose a new CONCESSIONAIRE, according to the procedures determined by the GRANTOR and the Applicable Laws and Provisions, which shall observe the following rules:
- a) The GRANTOR may organize, call and execute a public tender for the transfer of the Concession and delivery of the Concession Assets to the new CONCESSIONAIRE, within twelve (12) months from the date on which the termination of the Agreement is declared.
 - b) The bidders shall meet the shortlisting criteria set forth in the Bidding Terms and Conditions. In case of termination of the Agreement by breach by the CONCESSIONAIRE or by application of the Anticorruption Clause, the CONCESSIONAIRE, its main partners and the Related Companies of both may not participate as bidders.

- c) The successful bidder shall be the one submitting the best economic bid for the Concession, within the terms of the corresponding Bidding Terms and Conditions.
- d) The successful bidder shall make a payment in cash, in Peruvian soles and within the term established in the Bidding Terms and Conditions of the bidding process and shall be deposited in the account established in the Bidding Terms and Conditions and be disbursed to the CONCESSIONAIRE within five (5) Days from the award date. Once such period has expired, interests shall be payable for the period elapsed. Such interests shall be calculated at an effective annual interest rate in soles, equivalent to the LIBOR nominal value plus two percent (2 %) for each day of delay in the payment.
- e) The new CONCESSIONAIRE shall sign the corresponding Concession Contract with the GRANTOR, in conformity with the Applicable Laws and Provisions valid at that moment.
- f) The GRANTOR shall pay as established in Clause 17.14.4, even if the tender has been declared void or the corresponding agreement is not entered into.

17.15. Liquidation by breach or unilateral decision by the GRANTOR

- 17.15.1. If the Termination occurs as a consequence of the responsibility or unilateral decision of the GRANTOR, the liquidation procedure shall be made considering the provisions of 17.11, as appropriate.

Additionally, it shall be taken into account that, if the Termination occurs as a consequence of the responsibility or unilateral decision of the GRANTOR, an amount to be paid to the CONCESSIONAIRE shall be calculated, resulting from the addition of the calculated liquidation amount plus a compensation as indemnity for damages that the Termination may have caused to the CONCESSIONAIRE, that shall be equal to the amount of the Performance Bond valid at that moment.

- 17.15.2. Expenses detailed in Clause 17.11 shall be duly supported by the CONCESSIONAIRE. Concepts to be recognized and the resulting amount shall have the favorable opinion of the Specialized Supervisor or SUNASS, as applicable.

- 17.15.3. The amounts referred to in 17.15 shall be duly scheduled by the GRANTOR in the annual budget of the following fiscal year, based on the date of Termination, without generating the obligation of the payment of interests by the GRANTOR, or any other cost or expense.

The resulting amount shall be paid at the latest at the end of the first quarter of the following fiscal year of the GRANTOR, once such amount has been approved and the corresponding deductions or penalties have been applied.

If after fifteen (15) Days from the foreseen due date the GRANTOR fails to make the corresponding payment, an effective annual interest rate in soles shall be generated, equivalent to the LIBOR nominal value plus two percent (2 %) for each day of delay until the GRANTOR pays the entire amount owed to the

CONCESSIONAIRE.

It is expressly established that the CONCESSIONAIRE shall not have right to demand economic compensation, indemnity or any other concept that involves more reimbursement than the amounts obtained after the liquidation mechanism referred to in Clause 17.15 have been applied.

17.16. Liquidation by force majeure or act of God

- 17.16.1. If the Termination occurs by force majeure or act of God, the liquidation procedure shall be made considering the provisions of Clause 17.11, as appropriate.
- 17.16.2. Expenses detailed in Clause 17.11 shall be duly supported by the CONCESSIONAIRE. Concepts to be recognized and the resulting amount shall have the favorable opinion of the Specialized Supervisor or SUNASS, as applicable.
- 17.16.3. The amounts referred to in Clause 17.16 shall be duly scheduled by the GRANTOR in the annual budget of the following fiscal year, based on the date of Termination, without generating the obligation of the payment of interests by the GRANTOR, or any other cost or expense.

The resulting amount shall be paid at the latest during the first quarter of the following fiscal year of the GRANTOR, once such amount has been approved and the corresponding deductions or penalties have been applied.

If after fifteen (15) Days from the foreseen due date the GRANTOR fails to make the corresponding payment, an effective annual interest rate in soles shall be generated, equivalent to the LIBOR nominal value plus two percent (2%) for each day of delay until the GRANTOR pays the entire amount owed to the CONCESSIONAIRE.

It is expressly established that the CONCESSIONAIRE shall not have right to demand economic compensation, indemnity or any other concept that involves more reimbursement than the amounts obtained after the liquidation mechanism referred to in Clause 17.16 have been applied.

Return of the Performance Bond

- 17.17. If the Termination occurs by breach by the GRANTOR, by unilateral decision of the GRANTOR, by mutual agreement or by force majeure or act of God, the GRANTOR shall return the CONCESSIONAIRE the corresponding Performance Bond, within six (6) months from the date of Termination, provided the corresponding deductions or penalties have been applied.

Chapter XVIII. PENALTIES AND SANCTIONS

Penalties

- 18.1 The GRANTOR is entitled to apply the penalties set forth in the Concession Contract. The CONCESSIONAIRE shall not be exempted from responsibility, even in the cases in which

noncompliance is consequence of contracts entered into with the Constructor, the Operator, suppliers or other contractors or subcontractors.

18.2 Noncompliance assumptions generate the obligation to pay the corresponding penalty, without the need of a notice of default, and its payment does not imply the release of the CONCESSIONAIRE of complying with the corresponding obligation.

18.3 In case of noncompliance by the CONCESSIONAIRE with any of the obligations indicated in the Concession Contract, the GRANTOR, with the previous non-binding report from the Specialized Supervisor or SUNASS, as appropriate, shall notify the CONCESSIONAIRE about the detected noncompliance, indicating:

- a) The reasons for the penalty to be imposed;
- b) The mechanism and period for the correction of the noncompliance;
- c) The determination of the penalty that corresponds, according to the chart of penalties of Annex 15; and,
- d) The payment request, indicating the Management Trust account where the corresponding amount shall be deposited, which shall occur within ten (10) Days following the request has been received.

18.4 Within the ten (10)-Day period, the CONCESSIONAIRE may express its disagreement in writing to GRANTOR, with a copy to the SUNASS or the Specialized Supervisor, as appropriate, in relation to the applied penalty, for which a legal, technical and financial report supporting its position shall be attached.

To this end, SUNASS or the Specialized Supervisor, as appropriate, shall have ten (10) Days, from the receipt of the report from the CONCESSIONAIRE, to issue its non-binding opinion to the GRANTOR, which shall have a maximum period of ten (10) Days, from the receipt of the non-binding opinion from SUNASS or the Specialized Supervisor, as appropriate, or after the period has expired and no opinion has been issued, to issue its decision, and may ratify the penalty or render it ineffective.

In case the CONCESSIONAIRE does not express its disagreement with the penalty or the GRANTOR ratifies it, the CONCESSIONAIRE shall pay the amount of the penalty, which shall occur within ten (10) Days following the receipt of the request or ratification by the GRANTOR.

18.5 The CONCESSIONAIRE may contradict the penalty imposed, in which case a controversy will have arisen that will be settled as provided for in Chapter XVI.

In such case, before the presentation of the contradiction of the appropriateness of the penalty application by the CONCESSIONAIRE, it shall have paid the penalty, as a requirement for the submittal of the controversy solution request.

In case the CONCESSIONAIRE does not agree with the result of the direct negotiation, it has a maximum period of thirty (30) Days from the completion of the direct negotiation to start the arbitration proceeding. If such period has elapsed and the arbitration proceeding referred to in Chapter XVI has not started, the penalty is granted.

18.6 In case of direct negotiation, the GRANTOR shall have a maximum period of fifteen (15)

Days to issue a duly supported opinion. If such period expires and the GRANTOR does not issue an opinion, the submitted questioning shall be deemed as denied.

- 18.7 If the controversy is solved through arbitration award in favor of the GRANTOR, the CONCESSIONAIRE shall additionally pay ten percent (10%) of the amount of the confirmed penalty, three (3) Days from the notification of the arbitration award to the CONCESSIONAIRE.

If the controversy is solved in favor of the CONCESSIONAIRE, the GRANTOR shall return the amount received for the imposed penalty, as determined in the direct negotiation or in the arbitration award.

- 18.8 In the event the CONCESSIONAIRE fails to comply with the penalties within the period established in Clauses 18.3 or 18.4, or fails to pay the ten percent (10%) referred to in the preceding Clause, the GRANTOR shall execute the corresponding Performance Bond for an amount equivalent to the imposed penalty plus the interests generated from the notification up to the effective payment date, and the CONCESSIONAIRE shall repay such guarantee, in accordance with the provision in Chapter IX For any delay, an effective annual interest rate in soles shall be considered, equivalent to the LIBOR nominal value plus two percent (2%) for each day of delay on the owed balance for each day of delay, after the maximum agreed payment period.

- 18.9 The payment of applicable penalties shall not be considered as grounds for invoking the rupture of the economic and financial balance.

- 18.10 The correction of the notified noncompliance does not annul the application of the corresponding penalties derived from the noncompliance, except for express provision to the contrary set forth in the Concession Contract.

- 18.11 If noncompliance by the CONCESSIONAIRE generates cumulatively the application of penalties amounting to nine hundred (900) UIT, the GRANTOR shall terminate the Concession Contract for serious noncompliance by the CONCESSIONAIRE.

In such a case, the CONCESSIONAIRE shall pay the amount corresponding to the penalties applicable at the time that may be outstanding for any reason, plus the accrued interest, without prejudice to which the GRANTOR shall proceed to execute the Performance Bond, in accordance with the procedure referred to in Chapter IX.

- 18.12 The GRANTOR is obliged to keep accounts and a registry of the penalties and UIT it has imposed, in order to determine the application of Chapter XVII and the other assumptions foreseen in this Concession Contract. This Concession Contract, including the Service Agreement, will consider the value of the valid UIT at the time of application of the corresponding penalty or deduction, as appropriate.

Sanctions

- 18.13 Administrative sanctions imposed by the Competent Government Authorities such as SUNASS, the National Superintendence of Customs and Tax Administration or the Ministry of Labor and Promotion of Employment, among others, originating from the execution of the Concession Contract shall be applied to the CONCESSIONAIRE regardless of the contractual penalties established in the same and without prejudice to the obligation to

respond for the damages resulting from the noncompliance.

18.14 Noncompliance of the regulatory provisions referred to in Clause 18.13, administrative sanctioned by SUNASS, in accordance with the Applicable Laws and Provisions, does not exclude the application of the corresponding deductions, if the case may be.

18.15 In case it is verified that a contractual noncompliance is considered as a punishable offense to the CONCESSIONAIRE for any Competent Government Authority, only the corresponding administrative sanction shall be applied, and a penalty for the same concept shall not be applied to the CONCESSIONAIRE. The sanctioning procedure shall be regulated by the Applicable Laws and Provisions. This condition is not applicable to the deductions for noncompliance with the Service Levels.

18.16 In order to comply with the provisions of this chapter, the CONCESSIONAIRE is obliged to submit to the GRANTOR and the Specialized Supervisor or SUNASS, as the case may be, a copy of the administrative sanctions that may have received as a consequence of the execution of its obligations related to the Concession Contract.

In case the auditing referred to in Subparagraph b) of Clause 13.9 determines that the information on the imposition of sanctions is not consistent with the information provided by the CONCESSIONAIRE, in accordance with the preceding paragraph, the GRANTOR shall apply the corresponding penalty.

18.17 The GRANTOR is obliged to keep a registry of the UITs imposed for the sanctions applied by the Competent Government Authorities, in order to determine the application of Chapter XVII.

Chapter XIX. DOMICILE

Establishment

19.1. Unless otherwise agreed in the Concession Contract, all notifications, citations, requests, demands and other communications related to the Concession shall be in writing and shall be considered as validly notified when having the corresponding acknowledgement of receipt from the recipient, in the following addresses:

If submitted to the GRANTOR:

Name: Ministry of Housing, Construction and Sanitation
Address: Av. República de Panamá Nro. 3650, San Isidro – Lima 27. Lima – Peru
Attention: President of the Construction and Sanitation Investment committee

If submitted to the CONCESSIONAIRE:

Name:
Address:
Attention:

If submitted to SUNASS:

Name: National Superintendency of Sanitation Services
Address: Av. Bernardo Monteagudo Nro. 210-216 – Lima 17. Lima - Peru
Attention: General Manager

If submitted to PSS:

Name:

Address:

Attention: General Manager

Change of domicile

19.2. Any change of domicile shall be notified in writing to the other Party of the Concession Contract, to SUNASS and to PSS, at least fifteen (15) Calendar Days in advance. Any new domicile shall be in Lima or Callao and be established in compliance with the requirements of the preceding Clause.

In witness thereof, this Concession Contract is duly signed in two (2) counterparts of the same force an effect, in the city of Lima on the _____ day of _____ 20__.

THE GRANTOR

THE CONCESSIONAIRE

Annex 1 DEFINITIONS

In the Concession Contract, the following terms shall have the meanings established herein below:

1. **Permitted Creditor(s)**

The concept of Permitted Creditor(s) is only applicable in the case of Permitted Secured Debt. The Permitted Creditors shall be authorized by PROINVERSIÓN as proof of their capacity, after previously submitting Annex 8 of this Contract. For such effects, the Permitted Creditor may be:

- a) If the Permitted Secured Debt is structured through credits, loans for consumption, or cash loans of any kind, whether syndicated or not:
 - i. Any multilateral credit institution of which the Government of the Republic of Peru is a member and any fund or estate managed by a multilateral credit agency of which the Government of the Republic of Peru is a member;
 - ii. Any Export Credit Agency or any government institution or agency of any country with which the Government of the Republic of Peru has diplomatic relations and any fund or estate managed by an Export Credit Agency or any government institution or agency of any country with which the Government of the Republic of Peru has diplomatic relations;
 - iii. Any international financial institution designated as a top-tier foreign bank in the circular issued by the Peruvian Central Reserve Bank in force on the rating date of the Permitted Creditor. Any change, modification, or substitution of said circular does not affect the previously granted rating;
 - iv. Any other international financial institution that has a credit rating of not less than the Peruvian sovereign debt rating for long-term debts in foreign currency, assigned by an international credit rating agency that classifies the Republic of Peru;
 - v. Any domestic financial institution with a local credit rating of no less than "A," assigned by a domestic credit rating agency duly authorized by the Peruvian Securities and Exchange Commission (SMV);

In these cases, the Permitted Creditors may be represented by an administrative agent or guarantee agent, who shall be any of the subjects indicated in points (i) through (v) of Item a) above. For such purpose, the following definitions shall apply:

- 1.1 **Administrative agent**, whose duty shall be to manage and monitor the performance of the obligations and commitments established in the Permitted Secured Debt agreement, and to represent the Permitted Creditors.
- 1.2 **Guarantee agent**, in favor of whom the guarantees shall be granted to the benefit of Permitted Creditors, and whose duty shall be to manage the pledge agreements that the CONCESSIONAIRE has granted in backing of the Permitted Secured Debt; execute the guarantees at the orders and on the account of the Permitted Creditors; and recover the execution amounts to be distributed among the Permitted Creditors.

It should be noted that the status of the administrative agent or guarantee agent is administrative in nature for the exercise of rights on behalf of the Permitted Creditors.

If, following the authorization of a Permitted Secured Debt of syndicated or bilateral loans, a Permitted Creditor wishes to assign its loan to a third party, whether for whole or for part of said Permitted Secured Debt, the third party shall first be deemed a Permitted Creditor by the GRANTOR, for which purpose it shall submit the representation contained in Annex 8 of this Contract.

- b) If the Permitted Secured Debt is structured via issues in the stock or capital market, either domestic or international:
 - i. All institutional investors considered as such in accordance with the laws in force (such as Private Pension Fund Management Companies (AFPs, for their acronym in Spanish), insurance companies, domestic or international) who directly or indirectly acquire any type of financial assets issued by the Concessionaire, the trustee, debt securitization firm, special purpose firm, incorporated in Peru or abroad, who acquire rights and/or derivative assets of the Concession Contract;
 - ii. All trust estates, investment funds or debt securitization firms or special purpose firms incorporated in Peru or abroad who represent or directly or indirectly acquire rights and/or derivative assets of the Concession Contract;
- c) Ineligibility regimen:

The Permitted Creditor(s) shall not, under any circumstances, be: (i) any entity, fund, or individual with economic ties to the Concessionaire, in accordance with the SMV Resolution 019-2015-SMV/01, as substituted; (ii) any entity, fund, or individual declared ineligible by the Inter-American Development Bank or on the list of parties sanctioned by the World Bank or other multilateral organism with which the Government has entered into loan agreements; (iii) any individual found guilty by a competent authority by virtue of a final and binding judgment, or entity that has been punished due to criminal or administrative liability for the commission of crimes of corruption (in connection with tenders, public works, Public-Private Partnerships, and Projects in Assets), month laundering, or terrorism, to the detriment of the Peruvian Government, committed in Peru or abroad; and, (iv) any entity or fund through which its attorneys-in-fact, legal representatives, directors, officers, and/or employees, or individual, who has admitted to the competent authority the commission of crimes of corruption (in connection with tenders, public works, Public-Private Partnerships, and Projects in Assets), month laundering, or terrorism, to the detriment of the Peruvian Government, committed in Peru or abroad, provided said admission has been officially reported by a competent authority to the Government or the GRANTOR.

In the case of the financial transactions indicated in items a) and b) above, PROINVERSIÓN shall verify that the Permitted Creditor does not fall within the scope of the first paragraph of item c) when evaluating the qualifications of the Permitted Creditor as part of the Permitted Secured Debt.

In the case of the financial transactions indicated in item a) above, if one or more of the Permitted Creditors is known, based on widely-circulated and/or public information, falls under any of the cases set forth in the first paragraph of this item, and this affects the availability of financial resources tied to said Permitted Creditor such that there is a risk that the CONCESSIONAIRE will be unable to comply with the performance of the

project, the CONCESSIONAIRE shall, within one hundred twenty (120) Days after said situation is reported by the GRANTOR: (aa) provide proof to the GRANTOR of the substitution of the Permitted Creditor by another that meets the established requirements, in accordance with the Concession Contract; (bb) prove to the GRANTOR that it has the necessary resources to complete the execution of the project, in which case the CONCESSIONAIRE may submit a resolution by its Shareholders' Meeting committing to the performance of the capital stock increases necessary to substitute the payment schedule currently in force for the creditor that has lost the status of Permitted Creditor; (cc) submit to the GRANTOR a new loan agreement executed with a new Permitted Creditor, a third party, or an entity related to the CONCESSIONAIRE; (dd) provide the GRANTOR with documents proving the extension of any of the financing agreements in force that will allow for the completion of the project's execution, where applicable; or, in any case, (ee) prove to the GRANTOR that it has the necessary resources through a combination of two (2) or more of the aforementioned means or methods of proof set forth hereinabove; to the contrary, once the abovementioned period of one hundred twenty (120) Days has expired, a penalty of US\$ 5,000.00 per day of delay shall apply.

2. ***Certificate of Handover of the Concession Assets***

This is the document executed by the Parties to the Concession Contract, placing on record that the CONCESSIONAIRE has received the Concession Assets, in accordance with the provisions of the Concession Contract, for which purpose as many certificates as necessary shall be executed. For such purpose, the following certificates shall be drawn up:

- ***Certificate of Initial Handover of the Concession Assets***

The document executed before the Closing Date by the Parties to the Concession Contract, the effects of which are conditional upon the realization of the Closing Date.

By virtue of this certificate, the GRANTOR delivers to the CONCESSIONAIRE: (i) the immovable assets that meet the conditions of Availability; and, (ii) the movable assets indicated in the shareholders' meeting minutes of the PSS authorizing the execution of the Concession Contract; as well as the possession of the Concession Assets that are not being operated by the PSS, regarding which the CONCESSIONAIRE shall be tasked with the duty of Custody.

This certificate includes the Initial Inventory of each Component.

Additionally, this certificate shall contain the email address and cell phone number to be contacted by the CONCESSIONAIRE in case of any emergency involving the Concession Assets. The email address and the cell phone number may be changed the GRANTOR after first sending notice electronically to the CONCESSIONAIRE.

- ***Certificate of Definitive Handover of the Concession Assets***

The document executed by the Parties to the Concession Contract, by virtue of which the GRANTOR hands over to the CONCESSIONAIRE the possession of the Concession Assets:

- (i) The lands to be delivered in possession are those that have completed the Legal Clearance of Property, transferring the duty of Custody and the exercise of the defense of possession, as applicable; and,

(ii) The other Concession Assets shall be delivered in possession as-is.

This handover shall be executed on the date established in accordance with the Asset Handover Schedule approved in the respective Technical File and/or on the Closing Date, as applicable. This certificate includes the respective Intermediate Inventory of each Component. The GRANTOR shall send a copy of each Certificate of Definitive Handover of the Concession Assets to the SUNASS after the execution thereof.

3. ***Certificate for the Start of Construction***

The document executed by the Parties to the Concession Contract, by virtue of which they place on record the start of the performance of the Works, for which purpose a certificate shall be executed for the start of the construction of the Works of each Technical File.

4. ***Certificate of Start of Start-Up***

The document executed by the Parties to the Concession Contract, placing on record that the CONCESSIONAIRE has completed the performance of the Works of Component 2, and is authorized to proceed with the Start-Up. The execution of this certificate shall occur simultaneously with the execution of the Works Completion Certificate.

5. ***Operating Start-Up Certificate***

The document executed by the Parties to the Concession Contract, placing on record that the CONCESSIONAIRE is commencing the Operation of Component 2.

The execution of this certificate shall occur simultaneously with the Start-Up Certificate.

6. ***Certificate of Return of the Concession Assets***

The document executed by the Parties to the Concession Contract, with the participation of the PSS, where applicable, placing on record that the CONCESSIONAIRE has delivered the Concession Assets to the GRANTOR or the PSS, in accordance with the provisions of the Concession Contract. A Certificate of Return of the Concession Assets shall be signed for each Functional Milestone for Component 1, and a single act shall be signed in case of Termination. The Certificate of Return shall be executed on the same day the Functional Testing Certificate is issued.

7. ***Works Completion Certificate***

The document executed by the Parties to the Concession Contract for each one of the Components, placing on record that the CONCESSIONAIRE has completed the performance of the Works in accordance with each Technical File. A certificate shall be executed for each Functional Milestone of Component 1.

8. ***Successful Bidder***

The Qualified Bidder to whom the Contract has been Awarded in the Tender Process.

9. ***Private Investment Promotion Agency (PROINVERSIÓN)***

The specialized technical body that reports to the Ministry of Economy and Finance, with its own legal standing, technical, functional, administrative, economic, and financial autonomy, responsible for designing, running, and concluding the private investment promotion process for projects carried out in the form of Public-Private Partnerships and Projects in Assets, under the scope of its competence, unifying the decision-making process in accordance with the Applicable Laws and Provisions.

10. **Calendar Year**
The period of twelve (12) months running from January 1 to December 31, inclusive, of each year.
11. **Concession Year**
Each period of twelve (12) months counted from, and including the Closing Date, until the end of the Concession term.
12. **Concession Area**
The areas to be handed over to the CONCESSIONAIRE for purposes of the Concession, in order to perform the Works and provide the Service to the city of Puerto Maldonado consisting of the district of Tambopata and populated center of El Triunfo in the district of Las Piedras, in the province of Tambopata.
13. **Area of Influence of the Concession**
The areas that will be affected by the environmental impacts, both direct and indirect, from the activities performed as part of the Project. The bounds shall be defined in the Environmental Management Instrument(s) (EMI).
14. **External Auditors**
Means any firm recognized by the Peruvian Securities and Exchange Commission.
15. **Competent Governmental Authority**
The national, regional, departmental, provincial, or district body or institution, or any of its branches or agencies, whether regulatory or administrative, or any Peruvian entity or body that exercised executive, legislative, or judicial powers according to law, or that belongs to any of the abovementioned governments, authorities, or institutions, with jurisdiction over the persons or matters in question.
16. **Terms and Conditions**
The document, including all forms, annexes, appendixes, and the circulars issued by PROINVERSIÓN, setting the terms under which the Tender Process was performed.
17. **Concession Assets**
The Assets of the GRANTOR and the Assets of the CONCESSIONAIRE subject matter of the Concession, allocated for the performance of the Concession, for which reason they constitute assets indivisible from the purpose thereof.

The movable assets of the Concession shall include all those rights which, under any title, permit or authorize the use or exploitation of other assets or technologies. The Concession Assets are considered to include all the rights over operating systems, software, know-how, and their respective licenses and permits used by the CONCESSIONAIRE in the exploitation of the Concession Assets.

They are:

- i) The Concession Area;
- ii) The Works; and,
- iii) Any other asset included in the Final Inventory that has been integrated into the

Concession by the CONCESSIONAIRE, and which cannot be removed, or whose removal may affect the purpose of the Concession or the assets thereof.

18. Assets of GRANTOR

Are:

- i) The immovable properties, easements, infrastructure works, and equipment delivered by the GRANTOR, including the Concession Area;
- ii) The assets resulting from the Works, buildings, or equipment installed in the Concession Area that may have been built or supplied by the CONCESSIONAIRE during the term of the Concession; and,
- iii) Any other asset that may have been integrated into the Concession by the CONCESSIONAIRE, which cannot be removed, or whose removal may affect the purpose of the Concession or the assets thereof, included in the Final Inventory. Said assets shall be returned to the GRANTOR in accordance with the provisions of the Concession Contract, with any and all titles cleared and free of charges, encumbrances, or liens.

Said assets shall be returned, handed over, or transferred by the CONCESSIONAIRE, in accordance with the provisions of this Concession Contract, without the right to any reimbursement whatsoever.

19. Assets of the CONCESSIONAIRE

All of the assets allocated for the performance of the Contract, other than the Assets of the GRANTOR, divided into the following categories:

Assets of the CONCESSIONAIRE included in the Concession:

Those movable or immovable assets that are integrated into the Concession and are subject to the Service, for which purpose they shall be considered assets indivisible from the purpose thereof. Said assets are essential for the provision of the Service and shall be returned to the GRANTOR by the CONCESSIONAIRE at the end of the Concession, without the right to any reimbursement whatsoever.

Assets of CONCESSIONAIRE not included in the Concession:

Those assets that are not classified as Assets of the CONCESSIONAIRE included in the Concession and which will remain the property of CONCESSIONAIRE at the end of the Concession.

20. Start-Up Certificate

The document issued by the GRANTOR proving that the CONCESSIONAIRE has satisfactorily carried out the Start-Up of Component 2, in accordance with the Technical File 2.

Upon issuing this certificate, the Start-Up shall be understood to have been accepted, and thus, at the same time, the Operating Start-Up Certificate shall be executed, providing there are no Functional Milestones pending transfer to the PSS.

The GRANTOR shall deliver this certificate to the CONCESSIONAIRE on the same day it is issued, with a copy to the SUNASS and the PSS.

21. Functional Testing Certificate

The document issued by the GRANTOR as proof that the CONCESSIONAIRE has satisfactorily completed the Functional Testing for a Milestone, in accordance with the Technical File.

By virtue of this issuing of this certificate, the Functional Milestone is transferred to the PSS for its operation and maintenance.

The GRANTOR shall deliver this certificate to the CONCESSIONAIRE on the same day it is issued, with a copy to the SUNASS and the PSS.

22. Infrastructure Closure

The activities aimed at returning the area used or disturbed by the Project to its original conditions, where technically possible, or to tolerable levels that make it possible to achieve ecosystem characteristics compatible with a healthy environment appropriate for life and the preservation of the landscape, to be performed in accordance with the Applicable Laws and Provisions.

23. Financial Closing

The reliable, documented proof provided by the CONCESSIONAIRE to demonstrate that it has the necessary financial resources for the performance of the Project.

24. Co-financing

The GRANTOR's resources provided as a contribution to the payment of the PPD for the Expenditure, as per Chapter VIII.

25. Component

Consists of a part of the Project, whose building, Operation, or Maintenance is the responsibility of the CONCESSIONAIRE, as follows:

Component 1

The group of Secondary Works included in Technical Files 1 and 2 that will be performed by the CONCESSIONAIRE in accordance with its Technical Proposal, the Minimum Requirements of the Project, and each Technical File. Includes as well as the Closure of existing Infrastructure, if it is put out of service.

These Works, after being completed by the CONCESSIONAIRE, shall be transferred to the PSS via Functional Milestones, in accordance with the terms of this Concession Contract.

Component 2

The group of Primary Works included in Technical Files 1 and 2 that will be performed by the CONCESSIONAIRE in accordance with its Technical Proposal, the Minimum Requirements of the Project, and each Technical File. Includes the corresponding urban renewal works on the Concession Assets, as well as the Closure of existing Infrastructure, if it is put out of service, in accordance with the Concession Contract.

After the issuing of the Start-Up Certificate and the simultaneous execution of the Operating Start-Up Certificate, these Works shall be operated and maintained by the CONCESSIONAIRE until the expiration of the Concession term, in accordance with the terms of the Concession Contract.

- 26. GRANTOR**
The Government of the Republic of Peru, acting by and through the Ministry of Housing, Construction, and Sanitation, in accordance with the competencies delegated by the provincial municipality of Tambopata, in accordance with the documents listed in Annex 2.
- 27. Concession**
The public-law juridical relationship established between the GRANTOR and the CONCESSIONAIRE as from the Closing Date, by virtue of which the GRANTOR grants to the CONCESSIONAIRE the right to design, finance, build the Works that form part of the Project, and the right of economic exploitation via the Operation and Maintenance of the Infrastructure under the responsibility of the CONCESSIONAIRE.
- 28. CONCESSIONAIRE**
The Special Purpose Entity, established as legal entity in Peru, that will execute this Concession Contract.
- 29. Tender**
The selection process mechanism regulated by these Terms and Conditions for the delivery of the Project in concession to the private sector, via a comprehensive project bidding competition.
- 30. Builder**
The CONCESSIONAIRE or the construction companies hired by the CONCESSIONAIRE, on its own account and at its own cost and risk, that proved their compliance with the technical requirements for construction, in accordance with the provisions established in the Terms and Conditions, and who will perform the Works that form part of the Concession.
- 31. Concession Contract**
This document, including its Annexes and Appendixes, entered into by and between the GRANTOR and the CONCESSIONAIRE, which governs the relationship between them for as long as it remains in force, including the Service Contract entered into with the PSS, which forms an integral part hereof.
- 32. Service Contract**
The document entered into by and between the PSS, in which the scope of provision of services is tied to the purpose of the Concession Contract; and the CONCESSIONAIRE, with the intervention of the GRANTOR, in accordance with the terms defined therein, which is accessory in nature to the Concession Contract and which regulates the rights and obligations for the provision of the Service.
- 33. Control**
An individual or legal entity has Control of a legal entity or is subject to the common control thereof when:
- a) It holds more than fifty percent (50%) of the voting power in the shareholders' or partners' meeting, through the direct ownership of capital stock, or indirectly, through an agreement of usufruct, pledge, trust, syndication, or the like, or any other legal act; or,
 - b) It directly or indirectly has the power to appoint or remove the majority of the members of the board of directors or equivalent body, which enables it to control or

exercise the majority of the votes in the meetings of the board of directors or equivalent body, or to govern the operating or financial policies under an arrangement or agreement, regardless of the type thereof; or,

- c) Through any other mechanism or circumstance (contractual or not), it effectively controls the decision-making power in the other company.
- d) Additionally, where applicable, the provisions of SMV Resolution 019-2015-SMV/01 shall be taken into account, as amended or substituted.

34. *Technical Dispute*

A dispute over a concrete event or act whose resolution depends upon the exclusive application of standards, rules, criteria, concepts, or parameters of a strictly technical nature, Environmental Management Instrument(s) or occupational health and safety plans.

35. *Non-Technical Dispute*

Any dispute not considered a Technical Dispute.

36. *Works Performance Schedule*

The document containing the schedule for performance of the Works of each Component, in accordance with the deadlines established in the Technical Proposal, which shall form an integral part of each Technical File and shall be submitted in accordance with the Concession Contract. This timeline shall identify the Critical Path and may be updated, with the prior approval of the GRANTOR, with the favorable opinion of the Specialized Supervisor.

37. *Replacement Schedule*

The document containing the list of the Concession Assets that the CONCESSIONAIRE wishes to replace, which shall be submitted to the GRANTOR during the first quarter of each Calendar Year.

38. *Design and Works Log*

The document used to note down all events that occur during the development of each Technical File, the performance of the Works, the Functional Testing, and the Start-Up.

39. *Custody*

Comprises those actions necessary for the diligent protection, custody, and conservation required of the CONCESSIONAIRE to guarantee the integrity of the Concession Assets handed over to it as from the execution of the Certificate of Initial Handover of the Concession Assets, or the Certificate of Definitive Handover of the Concession Assets, as applicable.

40. *Days*

Business days, i.e., those days other than Saturday, Sunday, or non-working holidays in the province of Lima or in Puerto Maldonado. Holidays shall also include those days that are not workdays for the public sector. The deadlines established in this Concession Contract shall be counted as from the day after receipt of notice.

41. *Calendar Days*

Business days, non-business days, and holidays. The deadlines established in this Concession Contract shall be counted as from the day after receipt of notice.

42. Design

Consists of the preparation of the Technical File on the account, at the cost and risk of the CONCESSIONAIRE, in accordance with Annex 5: Minimum Requirements of the Project.

43. Availability

The condition of availability of the land, premises, or real property that form part of the Concession Assets, in accordance with Annex 4, so that the CONCESSIONAIRE can perform the Project.

44. Final Disposal

The process or operation for the treatment and disposal in one place of waste and sludge as the final process in the permanent, sanitary, and environmentally safe management thereof. For the specific case of sludge, this is the process or operation to confine it as the final process in its permanent, sanitary, and environmentally safe management.

The CONCESSIONAIRE shall be responsible for ensuring that the final disposal is performed in an environmentally appropriate way, for which purpose it may hire an EO-RS for the transportation and final disposal, or build, operate, and maintain disposal infrastructure, in compliance with the Applicable Laws and Provisions.

45. Related Company

A company shall be considered to be related to another company when the Control of said companies is possessed by a single Parent Company.

46. Parent Company

The company that holds Control of one or more companies. This definition also includes those companies that hold Control of a Parent Company, as this term has been defined, and so on successively.

47. Subsidiary Company

The company that does not have Control.

48. Related Companies

The Related Company, Parent Company, or Subsidiary Company. Unless proven otherwise, the existence of a relationship shall be presumed in the following cases:

- a) When they form part of the same group of companies.
- b) When the same guarantee backs both of their obligations; or when more than fifty percent (50%) of the obligations of one of them is secured by the other, and this other company is not a financial entity.
- c) When more than fifty percent (50%) of the obligations of a legal entity are debts to the other, and this other company is not a financial entity.
- d) When a legal entity directly or indirectly holds a stake in the capital stock of another legal entity that provides it with a presence on the board of directors.
- e) When one third or more of the board members or the managers of one of them are directors, managers, or workers of the other.

49. Permitted Secured Debt

Consists of the debt taken on through financing or loan transactions, the issuing of securities and/or cash loans, all of the foregoing granted by any Permitted Creditor in any form, the funds of which shall be allocated for the performance of the obligations of this Contract, including any renewal, rescheduling, or refinancing of such debt that is secured by the Permitted Creditor(s); whose principal financial terms, including the amounts of principal, interest rate(s), provisions on amortizations, or other similar terms, have been approved by PROINVERSIÓN, in accordance with Chapter VII of this Contract.

Permitted Secured Debt shall not be considered to include those financing or loan transactions, issuing of securities or debt instruments and/or cash loans, whose funds are allocated to finance Assets of the CONCESSIONAIRE.

50. Financial Entities

Are:

- a) The banking and insurance companies defined as per Law 26702—the General Act on the Financial and Insurance Systems and the Organization of the Superintendency of Banking and Insurance, as amended or substituted;
- b) First-class foreign banks; and,
- c) The international financial entities referred to in Annex 12.

51. Technical File

The document containing the necessary and sufficient information to allow for the performance and supervision of the Works. This document is prepared by the CONCESSIONAIRE for approval by the GRANTOR, after first receiving the favorable opinion of the Specialized Supervisor. It shall contain the definitive version of the Project, in accordance with Annex 5.

• **Technical File 1**

The Technical File comprising all of the Works necessary to equip the sanitary sewer system for the northern sector of the city, in particular drainage areas AD-06, AD-07, and AD-ZN. Includes the Works of Component 1 and Component 2 that are necessary to achieve this purpose.

• **Technical File 2**

The Technical File for the performance of the Works not included in Technical File 1, necessary to fulfill the purpose of the Concession, in accordance with the Minimum Requirements of the Project. Includes the Works of Component 1 and Component 2 necessary to achieve this purpose.

52. Closing Date

The Day on which the Concession Contract is executed by and between the GRANTOR and the CONCESSIONAIRE, at the time and place established for such purpose.

53. Management Trust

The trust estate established by the CONCESSIONAIRE that shall consist, among other resources, of those gained through the Co-financing, which shall be intended for the

management thereof to guarantee the adequate and timely performance of the obligations arising from this Concession Contract.

All costs tied to the Management Trust, such as commissions, fees, and taxes, including the Financial Transaction Tax (ITF, for its acronym in Spanish), shall be assumed on the account and at the cost and risk of the CONCESSIONAIRE.

The trust agreement shall be entered into by and between the Parties to the Concession Contract and a company authorized to act as trustee, in accordance with the provisions established in Chapter VIII, Annex 13, and the Applicable Laws and Provisions.

54. *Trustee*

The entity in charge of administrating the Management Trust.

55. *Functionality*

Comprises the set of activities that shall be performed by the CONCESSIONAIRE to guarantee continuity in the provision of the sanitation service, from the execution of the respective Certificate of Definitive Handover of the Concession Assets until the execution of the Certificate of Return of the Concession Assets for each Functional Milestone of Component 1 or until the execution of the Operating Start-Up Certificate of Component 2, as applicable.

56. *Performance Bond*

The letter of guarantee or stand-by letter of credit confirmed by a Financial Entity, in accordance with Annex 12, which shall be submitted by the CONCESSIONAIRE to the GRANTOR, as a guarantee of the provisions set forth in Clause 9.2 of this Concession Contract.

The Performance Bond may consist of more than one letter of guarantee, or, alternatively, standby letter of credit confirmed by a Financial Entity, on the condition that they are equal to the total amount required for the corresponding bond.

These bonds shall be joint and several, unconditional, irrevocable, with express waiver of the benefit of excussion and division, and automatically executable.

- Performance Bond for the Design and Building Period: This is the letter of guarantee or stand-by letter of credit confirmed by a Financial Entity, in accordance with Annex 10, to be submitted by the CONCESSIONAIRE to the GRANTOR to guarantee the correct and timely performance of each and every one of the obligations under the responsibility of the CONCESSIONAIRE during the Design and Building Period, and for up to two (2) years after the execution of the Operating Start-Up Certificate.
- Performance Bond for the Operating Period: This is the letter of guarantee or stand-by letter of credit confirmed by a Financial Entity, in accordance with Annex 11, to be submitted by the CONCESSIONAIRE to the GRANTOR, to guarantee the correct and timely performance of each and every one of the obligations under the responsibility of the CONCESSIONAIRE during the Operating Period, and for up to two (2) years after the Termination.

57. *Group of Companies*

The group of legal entities, regardless of their activity or corporate purpose, that are subject

to the control of a single individual or group of individuals, in accordance with the definitions contained in SMV Resolution 00019-2015-SMV/01, as amended or substituted.

58. Milestone

The Works of Component 1 located in a single drainage area inside the Concession Area, which collectively comprise Component 1.

59. Functional Milestone

The Milestones that satisfactorily passed the Functional Testing under the supervision of the Specialized Supervisor and with the approval of the PSS, obtained the Certificate of Functionality, and are ready to be transferred to the PSS for their operation and maintenance.

60. VAT

The Value Added Tax (VAT) (*Impuesto General a las Ventas*, or *IGV*, in Spanish) referred to in the Consolidated Text (TUO) of the Value Added Tax and Excise Tax Act, approved by virtue of Executive Order 055-99-EF, as amended or substituted, as well as the Municipal Promotion Tax referred to in the Consolidated Text (TUO) of the Municipal Taxation Act, approved by virtue of Executive Order 156-2004-EF, as amended or substituted.

61. Infrastructure under the responsibility of the CONCESSIONAIRE

The Concession Assets whose design, financing, building, expansion, and rehabilitation, Operation and Maintenance are under the responsibility of the CONCESSIONAIRE, in connection with Component 2.

62. Environmental Management Instrument (EMI)

The instrument(s) intended to prevent, control, and mitigate significant negative environmental impacts that may be caused to the environment by investment projects or activities, ensuring the protection and sustainable use of natural resources. These include, among others, environmental studies and the supplementary instruments of the National Environmental Impact Assessment System.

63. Business Income

The income of the PSS from the collection of tariffs paid by users and other income from the sale of the byproducts generated by the performance of the Project, in accordance with the provisions established in the Concession Contract.

64. Temporary Intervenor

The private- or public-law legal entity hired by the Permitted Creditors, on their own account and at their own cost and risk, with the prior approval of the GRANTOR, which shall be responsible, on a temporary and extraordinary basis, for the activities inherent to the construction of the Works, Functional Testing, Functionality, Start-Up, or Operation and Maintenance of the Infrastructure under the responsibility of the CONCESSIONAIRE, which acts as a physical support for the provision of the Service, as from the moment the Permitted Creditors announce their decision to execute the guarantees granted in their favor until the selection of a new concessionaire.

65. Inventories

The Inventories drawn up for each Component and submitted in accordance with the following terms:

- **Initial Inventory**
The list of Concession Assets to be delivered by the GRANTOR to the CONCESSIONAIRE, with a copy to the Specialized Supervisor or the SUNASS, as applicable, as of the Closing Date, and which shall form part of the Certificate of Initial Handover of the Concession Assets. An Initial Inventory shall be drawn up for each Component.

This list shall be prepared based on the list of Concession Assets in Annex 4, and shall include the movable or immovable assets to be retired or demolished, for the correct performance of the Works. This inventory shall be prepared by the GRANTOR prior to the execution of the Certificate of Initial Handover of the Concession Assets.

- **Intermediate Inventory**
The list of Concession Assets to be delivered by the GRANTOR to the CONCESSIONAIRE, with a copy to the Specialized Supervisor or the SUNASS, as applicable, and which shall form part of the Certificates of Definitive Handover of the Concession Assets executed during the Concession. An Intermediate Inventory shall be drawn up for each Component.

This list shall also indicate the movable or immovable assets to be retired, demolished, or whose closure is provided for in the obligations of the Concession Contract for the correct performance of the Works. This inventory shall be drawn up by the GRANTOR.

- **Annual Inventory**
The list of the Concession Assets that the CONCESSIONAIRE shall submit to the GRANTOR, with a copy to the Specialized Supervisor or the SUNASS, as applicable, within the first fifteen (15) Calendar Days of the month of April of each Calendar Year until the Termination. This list shall include the Concession Assets existing as of the date on which said inventory is signed. An Annual Inventory shall be drawn up for each Component.

- **Works Inventory**
The list of assets corresponding to the Works performed during the Concession, which shall be submitted by the CONCESSIONAIRE to the GRANTOR, with a copy to the Specialized Supervisor or the SUNASS, as applicable, at the time they are completed, with the request for approval of the Work referred to in Clause 6.39, et seq. A Works Inventory shall be drawn up for each Component

- **Final Inventory**
The list of Concession Assets to be submitted by the CONCESSIONAIRE to the GRANTOR, with a copy to the Specialized Supervisor or the SUNASS, as applicable, when the Concession Assets are Returned for any reason when. A Final Inventory shall be drawn up for each Component. This inventory shall determine and expressly identify those Concession Assets which, due to their nature, are necessary and indispensable for the purpose of the Concession and the provision of the Service, as applicable.

66. Expenditure

Comprises the necessary resources for the design, financing, and building of the Project, including, but not limited to:

- (i) The preparation of the Technical Files;

- (ii) The preparation, approval, and implementation of the environmental management instruments, the obtaining of the CIRA and other authorizations, certifications, easements, permits, permission for urban improvements, and licenses necessary in accordance with the Applicable Laws and Provisions for the performance of the project;
- (iii) The performance of the Works, including the Closure of existing Infrastructure;
- (iv) The Functionality of the Works of Component 1 until the transfer of the Functional Milestone and Component 2 until the start of Start-Up;
- (v) The Start-Up of Component 2;
- (vi) Overhead and profit;
- (vii) The supervision of the design and works;
- (viii) Financing;
- (ix) The abatement of any interferences; and,
- (x) The reimbursement of expenses for the process.

67. *Expenditure on Works*

Comprises the resources necessary for:

- (i) The preparation of the Technical Files;
- (ii) The preparation, approval, and implementation of the Environmental Management Instrument(s), the obtaining of the CIRA, and other authorizations, certifications, easements, permits, permission for urban improvements, and licenses;
- (iii) The performance of the Works, including the Closure of the existing Infrastructure;
- (iv) The Functionality of the Works;
- (v) The Start-Up;
- (vi) Overhead and profit;
- (vii) The abatement of any interferences.

The Expenditure on Works shall be indicated in the Technical Files.

68. *Applicable Laws and Provisions*

The set of normative provisions in force, such as the Peruvian Constitution, norms with the rank of law, executive orders, regulations, regulatory standards, directives, resolutions, and any other provisions that are applicable, in accordance with the legal system of the Republic of Peru, which shall be mandatory for the Parties, the PSS, and the SUNASS, or

those issued in the course of the Concession by any Competent Governmental Authority.

69. LIBOR

The London Interbank Offered Rate at six (6) months reported by Reuters as of closing time in London in United States dollars.

70. Maintenance

The series of activities performed for the purpose of preservation (preventive or scheduled maintenance) or recovery (corrective or emergency maintenance) of the structural and operating conditions with which Infrastructure under the responsibility of the CONCESSIONAIRE was designed or built.

This includes any activities that the CONCESSIONAIRE may perform for the purpose of improving the Infrastructure under the responsibility of the CONCESSIONAIRE, for the performance of the Concession Contract obligations.

71. Operating and Maintenance Manual

The document prepared by the CONCESSIONAIRE that contains instructions for the operation and maintenance of the Works, as per the conditions established in Annex 6.

72. Service Levels

The minimum quality indicators of the Service that the CONCESSIONAIRE shall achieve and maintain during Operation, in accordance with the provisions established in Appendix 2 of Annex 3.

73. Financial Bid

The bid contained in Annex 17, the content of which is binding for the CONCESSIONAIRE.

74. Works

The structures, equipment, facilities, and other assets related to the Project that shall be performed during the term of the Concession, related to Components 1 and 2.

- **Secondary Works**
The activities for the building, rehabilitation, and closure of structures, equipment, facilities, and other assets that form part of the household hookups and secondary collectors of the sanitary sewer system included in Component 1 of the Project. Includes the abatement of any interferences related to said activities.
- **Primary Works**
The activities for the building, rehabilitation, and closure of structures, equipment, facilities, and other assets that form part of the primary collectors, pumping stations, impulse lines, treatment system, and final disposal of wastewater and its byproducts (sludge and gases), included in Component 2 of the Project. Includes the abatement of any interferences related to said activities.

75. Operation

Comprises the management and operation of the Infrastructure under the responsibility of the CONCESSIONAIRE, exclusively for the purposes established in the Concession Contract, including the Service Contract.

76. Operator

The CONCESSIONAIRE or the Strategic Partner.

77. *Payment for Availability (PPD, by its initials in Spanish)*

The payment mechanism established in the Concession Contract, to be paid in Soles by the GRANTOR to the CONCESSIONAIRE, subject to deductions, with its own resources and the resources of the PSS, through the Management Trust.

78. *Party*

For the purposes of the Concession Contract, the Party is, depending on the case, the GRANTOR or the CONCESSIONAIRE.

For the purposes of the Service Contract, the Party is, depending on the case, the PSS or the CONCESSIONAIRE.

79. *Parties*

For the purposes of the Concession Contract, the Parties are, collectively, the GRANTOR and the CONCESSIONAIRE.

For the purposes of the Service Contract, the Parties are, collectively, the PSS and the CONCESSIONAIRE.

80. *Minimum Stake*

The minimum shareholding stake, which shall not in any case be less than thirty-five percent (35%) of the subscribed and paid-in capital stock of the CONCESSIONAIRE, which the Strategic Partner shall hold and maintain throughout the entire term of the Concession.

81. *Environmental Liability*

Environmental liabilities are those facilities, effluents, emissions, contaminated sites, and waste remains or deposits, located within Peruvian territory, including the continental shelf, caused by the performance of abandoned productive, extractive, or service activities, that actually, potentially, or permanently affect the health of individuals, environmental quality, and/or the functionality of the ecosystem, with the exception of the following:

(iii) The soils located beneath the existing infrastructures, which may be negatively impacted by the activities of the PSS, as well as other elements in the environment that may have been affected by the negative impact of the quality of the aforementioned soils.

(iv) The area where the discharge device is located, which includes the strip of land to each side, the course of the river and its neighboring areas that may have been affected by the presence of this device and the wastewater contained and discharged thereby.

82. *Design and Building Period*

The period running from the Closing Date to the execution of the Start-Up Certificate.

During this period, the CONCESSIONAIRE shall perform the design tasks, performance of Works, the procurement and implementation of equipment; where applicable, the Functionality of said Works, Functional Testing, and the Start-Up, complying with the requirements established in the Concession Contract.

83. *Operating Period*

The period running from the execution date of the Operating Start-Up Certificate until the date of Termination. During this period, the CONCESSIONAIRE shall carry out the activities for the Operation and Maintenance of the Infrastructure under the responsibility of the CONCESSIONAIRE, and provide the Service as established in the Concession Contract.

84. Sanitation Service Provider or PSS

“Empresa Municipal de Agua Potable y Alcantarillado de Tambopata Sociedad Anónima” (Municipal Drinking Water and Sewage Corporation) - (EPS EMAPAT S.A.).

85. Asset Handover Schedule

The schedule established by the CONCESSIONAIRE for the handover of the Concession Assets, which shall ensure the compliance with the Works Performance Schedule established in each Technical File. This schedule is approved together with the respective Technical File 1 or 2.

86. Technical Proposal

The proposal contained in Annex 16, the content of which is binding for the CONCESSIONAIRE.

87. Project

The project denominated “Improvement of the Sewerage and Wastewater Treatment System of the City of Puerto Maldonado, Tambopata District, Tambopata Province, Department of Madre de Dios,” performed under the form of Public-Private Partnership (APP), in accordance with the provisions established in the Concession Contract.

88. Functional Testing

The tests to be performed by the Specialized Supervisor with regard to the Milestones of the Works of Component 1, in order to guarantee compliance with the Minimum Requirements of the Project established in Annex 5.

Only the Milestones that pass the Functional Testing shall be considered Functional Milestones and may thus be handed over to the PSS for operation and maintenance, by virtue of the execution of the corresponding Certificate of Return of Assets.

These procedures shall be proposed by the CONCESSIONAIRE in each Technical File.

89. Start-Up

The verification of the correct functioning, as a whole or comprehensively, of the Works of Component 2, in order to guarantee compliance with the Service Levels.

These procedures shall be proposed by the CONCESSIONAIRE in Technical File 2.

90. Data Logging Point

The physical location where measurements will be taken for the flows and volumes of wastewater, weight of waste and sludge, as established in Appendix 5 of Annex 3.

91. Sampling Point

The physical location where samples will be taken of wastewater, surface water, and sludge, in accordance with the provisions established in Appendix 3 of Annex 3.

92. Reception Point

The physical location where the CONCESSIONAIRE shall receive the wastewater discharge. These points shall be the manholes that form part of the primary collectors, sized in accordance with the provisions established in Annex 5 of the Concession Contract.

93. Reclamation

The process through which benefits are once again obtained from the sludge, allowing for its reutilization for other purposes, in accordance with the Applicable Laws and Provisions.

Any opportunity for Reclamation may only be carried out with the authorization of the GRANTOR, under the terms and conditions provided for in this Concession Contract.

94. Minimum Requirements of the Project

Constitute the description of the Components, technical specifications and scope, which, at a minimum, shall be taken into account by the CONCESSIONAIRE for the preparation of the Technical File, the performance of the Works, and the Start-Up, as established in Annex 5.

95. Reuse

The reutilization of treated wastewater resulting from anthropogenic activities, which shall be performed in accordance with the Applicable Laws and Provisions.

96. Critical Path

The sequence of activities that determine the maximum term for the performance of the Works of the Components.

This shall be submitted as part of the Works Performance Schedule for Components 1 and 2, and refers to those activities that must be completed sequentially in the performance of the Works of each Component and are indispensable for the finalization by the scheduled deadline, as established in the Technical Files.

97. Legal Clearance of Property

Includes all those actions to be performed regarding a given piece of land, premises, or real property of the Concession, in order to regularize and formalize the right of ownership and the in rem rights tied to said property, resulting in the registration of the land, premises, or real property of the Concession in the corresponding records, which are free of charges or encumbrances that may impede the performance of the Project.

98. Service

Comprises the operation and maintenance of the systems for primary collection, treatment, and final disposal of the municipal wastewater in the city of Puerto Maldonado, in accordance with the provisions established in the Concession Contract, as well as the Applicable Laws and Provisions.

The normal provision of the service entails compliance with the Service Levels and the minimum requirements of the Project contained in Annex 5.

99. Easements

The rights established on parts of land property of third parties that take on the condition of servient properties, which are required for the implementation of the Project. The easements shall be established in accordance with Chapter V of the Concession Contract, and the costs thereof shall be assumed by the CONCESSIONAIRE.

100. Strategic Partner

The shareholder or owner of interest in the CONCESSIONAIRE that has proven, directly or through its Related Companies, as applicable, its compliance with the technical capacity requirements for the Operation established in the Terms and Conditions, and which holds the Minimum Stake in the CONCESSIONAIRE.

101. Soles

The currency of legal tender in the Government of the Republic of Peru.

102. SUNASS

The Peruvian National Superintendency of Sanitation Services (SUNASS), who supervises the obligations assumed by the CONCESSIONAIRE in the Concession Contract with regard to the Functionality and the provision of the Service, in accordance with the provisions established in the Applicable Laws and Provisions.

The regulatory provisions and certificates it issues are of mandatory observance and compliance for the CONCESSIONAIRE.

103. Specialized Supervisor

The company hired by the GRANTOR, at the cost of the CONCESSIONAIRE, that will perform the supervisory tasks tied to the preparation of the Technical Files and Environmental Management Instrument(s), the performance of the Works, Functional Testing, and the Start-Up, among others, in accordance with the Concession Contract.

104. Termination

Consists of the extinction of the Concession for the grounds established in the Concession Contract or the Applicable Laws and Provisions.

105. Exchange Rate

The average of the average weighted sell exchange rate and average weighted buy exchange rate for Dollars in the financial system, periodically published by the Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS) in the official gazette "El Peruano" for the conversion of Soles to Dollars and vice versa.

106. Tax Unit or UIT

The Tax Unit (*Unidad Impositiva Tributaria*, in Spanish) according to Norm XV of the Preliminary Title of the Consolidated Text (TUO) of the Tax Code, approved by Executive Order 133-2013-EF, as substituted.

107. Book Value of the Assets

Regardless of the value established for tax purposes or any other purpose, for the Contract, "book value" is the net book value of the Concession Assets or the financial asset reflecting the Concession Assets, Expressed in Soles (according to audited Financial Statements prepared in accordance with generally accepted standards and principles in Peru), deducting amortizations and depreciation, as applicable.

It should be noted that the value of the assets that form part of the Contract shall include, in addition to the costs and expenses associated with the expenditures, Works, and facilities executed, the financial expenses (interest and fees) that the CONCESSIONAIRE has

incurred as part of the financing of the Works during the Design and Building Period. Likewise, under no circumstances may the same expense, expenditure amount, interest, etc., be counted two or more times for the calculation of the book value of the Concession Assets.

108. Discharge

The discharge of treated municipal wastewater into the receiving body, which shall be performed in accordance with the Applicable Laws and Provisions.

109. MAVs

The Maximum Admissible Values, in accordance with the provisions established in the Applicable Laws and Provisions.

Annex 2 AGREEMENT FOR DELEGATION OF POWERS



CONVENIO DE DELEGACIÓN DE FUNCIONES Y COMPETENCIAS DE LA MUNICIPALIDAD PROVINCIAL DE TAMBOPATA A FAVOR DEL MINISTERIO DE VIVIENDA, CONSTRUCCIÓN Y SANEAMIENTO

N° 716 -2017-VIVIENDA

Conste por el presente documento, el Convenio de Delegación de Funciones y Competencias que celebran de una parte, la **MUNICIPALIDAD PROVINCIAL DE TAMBOPATA**, a quien en adelante se le denominará, **LA MUNICIPALIDAD**, con R.U.C. N° 20162298659, con domicilio legal en la avenida León Velarde N° 230, distrito y provincia de Tambopata y departamento Madre de Dios, representada por su Alcalde, señor **ALAIN GALLEGOS MORENO**, identificado con D.N.I. N° 09464007, y autorizado por Acuerdo de Concejo Municipal N° 053-2017-CMPT-S.O.; y de la otra parte el **MINISTERIO DE VIVIENDA, CONSTRUCCIÓN Y SANEAMIENTO**, que en lo sucesivo se le denominará **EL MINISTERIO**, con R.U.C. N° 20504743307 y domicilio legal en la Avenida Paseo de la República N° 3361, distrito de San Isidro, provincia y departamento de Lima; debidamente representado por el Viceministro de Construcción y Saneamiento, señor **FERNANDO JULIO LACA BARRERA**, identificado con D.N.I. N° 06045461 y designado por Resolución Suprema N° 009-2017-VIVIENDA; en los términos y condiciones siguientes:

CLÁUSULA PRIMERA: BASE LEGAL

- 1.1 Constitución Política del Perú.
- 1.2 Ley N° 27444, Ley del Procedimiento Administrativo General y su Texto Único Ordenado aprobado por Decreto Supremo N° 006-2017-JUS.
- 1.3 Ley N° 27783, Ley de Bases de la Descentralización.
- 1.4 Ley N° 27972, Ley Orgánica de Municipalidades.
- 1.5 Ley N° 30156, Ley de Organización y Funciones del Ministerio de Vivienda, Construcción y Saneamiento.
- 1.6 Decreto Legislativo N° 1224, Decreto Legislativo del Marco de Promoción de la Inversión Privada mediante Asociaciones Público Privadas y Proyectos en Activos, y sus modificatorias.
- 1.7 Decreto Legislativo N° 1280, Decreto Legislativo que aprueba la Ley Marco de la Gestión y Prestación de los Servicios de Saneamiento.
- 1.8 Decreto Supremo N° 015-2013-VIVIENDA, Reglamento de la Ley N° 30045, Ley de Modernización de los Servicios de Saneamiento.
- 1.9 Decreto Supremo N° 010-2014-VIVIENDA, Reglamento de Organización y Funciones del Ministerio de Vivienda, Construcción y Saneamiento, modificado por Decreto Supremo N° 006-2015-VIVIENDA.
- 1.10 Decreto Supremo N° 410-2015-EF, Reglamento del Decreto Legislativo N° 1224, y sus modificatorias.
- 1.11 Decreto Supremo N° 019-2017-VIVIENDA, Decreto Supremo que aprueba el Reglamento del Decreto Legislativo N° 1280, Decreto Legislativo que aprueba la Ley Marco de la Gestión y Prestación de los Servicios de Saneamiento.
- 1.12 Acuerdo de Concejo Municipal N° 053-2017-CMPT-S.O., aprobado en Sesión del 31 de julio de 2017.





CLÁUSULA SEGUNDA: DE LAS ENTIDADES

LA MUNICIPALIDAD es una persona jurídica de Derecho Público con autonomía política, administrativa y económica conferida por la Constitución Política del Perú, cuya finalidad es promover el desarrollo y la economía local, y la prestación de los servicios públicos de su responsabilidad, en armonía con las políticas y planes nacionales y regionales de desarrollo.

Conforme a lo dispuesto por el Decreto Legislativo N° 1280, Decreto Legislativo que aprueba la Ley Marco de la Gestión y Prestación de los Servicios de Saneamiento, **LA MUNICIPALIDAD** en el ámbito de su jurisdicción, está facultada para otorgar al sector privado la explotación de los servicios de saneamiento, mediante cualquiera de las modalidades de asociación público privada la realización de uno o más procesos comprendidos en los sistemas establecidos en el artículo 2 de la presente Ley, conforme lo establezcan las normas aplicables en materia de promoción de la inversión privada y supletoriamente la presente Ley y su Reglamento y, así también, conforme a lo dispuesto por el párrafo 13.1 del artículo 13 del referido Decreto Legislativo, excepcionalmente, en los casos de delegación expresa de las Municipalidades Provinciales, corresponde al Ente Rector otorgar la explotación de la prestación de los servicios de saneamiento, en concordancia con el párrafo 49.2 del artículo 49 del Reglamento del citado Decreto Legislativo.

Asimismo, de conformidad con el párrafo 237.1 del artículo 237 del Decreto Supremo N° 019-2017-VIVIENDA, Decreto Supremo que aprueba el Reglamento del Decreto Legislativo N° 1280, Decreto Legislativo que aprueba la Ley Marco de la Gestión y Prestación de los Servicios de Saneamiento, establece que en el ámbito urbano, las municipalidades provinciales pueden delegar al Ente Rector la facultad de otorgar al sector privado la explotación de uno o más servicios de saneamiento, mediante cualquiera de las modalidades de Asociación Público Privada para la realización de uno o más sistemas y procesos que conforman los servicios de saneamiento establecidos en el artículo 2 de la Ley Marco.



EL MINISTERIO de conformidad con lo establecido en la Ley N° 30156, Ley de Organización y Funciones del Ministerio de Vivienda, Construcción y Saneamiento - MVCS, es una Entidad del Gobierno Nacional que tiene por finalidad facilitar el acceso de la población a una vivienda digna y a los servicios de saneamiento de calidad y sostenibles, en especial de aquella rural o de menores recursos; promueve el desarrollo del mercado inmobiliario, la inversión en infraestructura y equipamiento en los centros poblados; tiene competencia en materia de saneamiento y ejerce competencias compartidas con los gobiernos regionales y locales en dicha materia; y, en el marco de sus competencias tiene como función establecer mecanismos destinados a promover la participación de las asociaciones público - privadas en la implementación de las políticas nacionales y sectoriales de su responsabilidad.



Asimismo, con los artículos 5 y 6 de la Ley N° 30156, Ley de Organización y Funciones del Ministerio de Vivienda, Construcción y Saneamiento, establece que éste Ministerio es el ente rector en materia de saneamiento y como tal, le corresponde planificar, diseñar, normar y ejecutar las políticas nacionales y sectoriales dentro de su ámbito de competencia que son de obligatorio cumplimiento por los tres niveles de gobierno, en el marco del proceso de descentralización, y en todo el territorio nacional.



CLÁUSULA TERCERA: OBJETO DEL CONVENIO

LA MUNICIPALIDAD conviene en delegar las funciones específicas compartidas y competencias municipales en temas de saneamiento en **EL MINISTERIO**, para que éste otorgue en concesión al sector privado, el proyecto de inversión para el Tratamiento de Aguas Residuales, incluyendo el desarrollo de las inversiones complementarias y su operación y mantenimiento cuando corresponda, en el ámbito de su jurisdicción, bajo el mecanismo de asociación público privada.

Para tal efecto, otorga facultades en **EL MINISTERIO** para que, en su nombre y representación, ejerza todas las potestades, derechos y obligaciones que le corresponda de acuerdo a la normativa vigente, incluyendo, sin ser limitativo, entre otras, las siguientes facultades:

- 3.1 El rol de concedente, en representación de **LA MUNICIPALIDAD**.
- 3.2 El diseño, aprobación e implementación del proyecto de inversión pública, en los casos que corresponda.
- 3.3 El diseño, convocatoria, promoción, otorgamiento y ejecución de la modalidad de asociación público privada, encargando la ejecución del proceso de promoción de la inversión privada a PROINVERSIÓN.
- 3.4 La suscripción de contratos y sus modificatorias, que resulten de los mencionados procesos, así como la renegociación de los mismos.
- 3.5 Las funciones establecidas en el párrafo 7.1 del artículo 7 del Decreto Legislativo N° 1224, a excepción de inciso a) del referido párrafo.
- 3.6 La ejecución de los actos de administración, adquisición y disposición de los bienes vinculados a la prestación de los servicios de saneamiento, a cargo de **LA MUNICIPALIDAD**, según la normativa vigente.



CLÁUSULA CUARTA: OBLIGACIONES Y ATRIBUCIONES DEL MINISTERIO

Son obligaciones y atribuciones de **EL MINISTERIO**:

- 4.1 Ejecutar las facultades otorgadas en la Cláusula Tercera del presente Convenio de manera responsable, eficiente, oportuna y transparente, a fin de cumplir con el objeto del Convenio.
- 4.2 Suscribir los contratos y sus modificatorias, así como su renegociación, en representación de **LA MUNICIPALIDAD**, que deriven del ejercicio de las facultades conferidas.
- 4.3 Informar trimestralmente a **LA MUNICIPALIDAD** sobre los resultados del ejercicio de las facultades conferidas.
- 4.4 Otorgar el cofinanciamiento o garantías que se requiera para el cumplimiento del objeto del Convenio, de corresponder.
- 4.5 Promover la asistencia técnica, capacitación, investigación científica y



transferencia tecnológica en materia de saneamiento, para el fortalecimiento de capacidades en el ámbito de la jurisdicción de **LA MUNICIPALIDAD**.

CLÁUSULA QUINTA: OBLIGACIONES Y ATRIBUCIONES DE LA MUNICIPALIDAD

Son obligaciones y atribuciones de **LA MUNICIPALIDAD**:

- 5.1 Entregar a **EL MINISTERIO** todos los documentos técnicos, normativos, financieros entre otros, que se encuentren bajo su administración, en su calidad de entidad responsable de la prestación de los servicios de saneamiento en el ámbito de su jurisdicción.
- 5.2 Realizar las actividades que sean necesarias para el saneamiento físico legal de los terrenos donde se ubica la infraestructura existente.
- 5.3 Coadyuvar con el cumplimiento de las obligaciones que **EL MINISTERIO** en su calidad de delegado deba realizar durante la ejecución del presente Convenio, en lo que fuera necesario y cuando **EL MINISTERIO** así lo requiera.
- 5.4 Designar a un funcionario(s) apoderado(s) de **LA MUNICIPALIDAD** para que conformen un Comité de Vigilancia, con el propósito de solicitar a **EL MINISTERIO** información sobre el estado de ejecución de las facultades conferidas, cautelar el adecuado ejercicio de las facultades y contribuir con la supervisión de la concesión.
- 5.5 Participar en los programas de capacitación en materia de saneamiento que realice **EL MINISTERIO** en el ámbito de su jurisdicción para el fortalecimiento de sus capacidades.

CLÁUSULA SEXTA: PLAZO DE VIGENCIA DEL CONVENIO

El presente Convenio surte sus efectos desde la fecha de su suscripción hasta la caducidad del Contrato de Concesión que se suscriba.

CLÁUSULA SÉTIMA: RESOLUCIÓN DEL CONVENIO

El presente Convenio podrá resolverse por cualquiera de las siguientes causales:

- 7.1 Por mutuo acuerdo entre las partes, el mismo que deberá ser expresado por escrito.
- 7.2 Por incumplimiento de cualquiera de las obligaciones asumidas por las partes en el presente Convenio. En este caso, cualquiera de las partes deberá requerir por escrito el cumplimiento de la obligación en un plazo no mayor de quince (15) días hábiles, bajo apercibimiento de resolver automáticamente el Convenio, de mantenerse el incumplimiento.

La resolución del presente Convenio conlleva al término de las obligaciones asumidas por las partes. En consecuencia, en el supuesto que **EL MINISTERIO** hubiera otorgado cofinanciamientos o garantías para el otorgamiento de la concesión de la prestación de uno o más servicios de saneamiento, estos quedarán sin efecto, procediéndose a la liquidación respectiva, debiendo **LA MUNICIPALIDAD** asumir





dichas obligaciones frente al Concesionario.

CLÁUSULA OCTAVA: FINANCIAMIENTO

Los gastos que se irroguen por la ejecución de los compromisos asumidos por **EL MINISTERIO** en mérito al presente Convenio, son financiados con cargo a los recursos presupuestales aprobados en el año fiscal correspondiente.

CLÁUSULA NOVENA: MODIFICACIONES AL CONVENIO

Cualquier modificación al presente Convenio se hará mediante Adenda, debidamente suscrita por las partes, durante la vigencia del mismo.

CLÁUSULA DÉCIMA: DE LA CESIÓN DE LA POSICIÓN EN EL CONVENIO

- 10.1 Las partes están totalmente impedidas de realizar cesión de su posición en el presente Convenio.
- 10.2 El incumplimiento de lo antes establecido, por cualquiera de las partes faculta a la otra a resolver el Convenio en forma inmediata, siendo suficiente para ello la remisión de una Carta Notarial en el domicilio señalado en la parte introductoria del presente Convenio.



CLÁUSULA DÉCIMO PRIMERA: SOLUCIÓN DE CONTROVERSIAS

Cualquier divergencia, conflicto, o controversia derivada de la interpretación o ejecución del presente Convenio, será solucionado o aclarado mediante trato directo entre las partes, siguiendo las reglas de la buena fe y común intención de las partes, comprometiéndose a brindar sus mejores esfuerzos para lograr una solución armoniosa y amistosa, en atención al espíritu de cooperación mutua que anima a las partes en la celebración del presente Convenio.



En caso que la divergencia, conflicto o controversia no sea superada por las partes dentro de los diez (10) días calendario de iniciado el trato directo; deberá ser resuelta por medio del arbitraje de derecho, a cargo de un colegiado conformado por tres (03) árbitros, para lo cual las partes se someten a la jurisdicción arbitral del Centro de Análisis y Resolución de Conflictos de la Pontificia Universidad Católica del Perú, en la ciudad de Lima.



CLÁUSULA DÉCIMO SEGUNDA: DOMICILIO Y NOTIFICACIONES

Para los efectos que se deriven del presente Convenio, las partes fijan como sus domicilios los señalados en la parte introductoria, donde se cursarán las comunicaciones que correspondan.

Cualquier variación domiciliaria, durante la vigencia del presente Convenio, producirá sus efectos después de los cinco (05) días hábiles de notificada a la otra parte; caso contrario, toda comunicación o notificación realizada a los domicilios indicados en la introducción del presente documento se entenderá válidamente efectuada.

Ambas partes se ratifican en todos los términos del presente Convenio, declarando que en su declaración no ha mediado vicio de voluntad alguna que pueda invalidarlo,



obligándose a su estricto cumplimiento.

Estando conformes las partes con el contenido y alcances del presente Convenio, firman en dos (02) ejemplares igualmente válidos a los.....08.....días del mes de.....SET.....del año 2017.

Por EL MINISTERIO

Por LA MUNICIPALIDAD



FERNANDO JULIO LACA BARRERA
VICEMINISTRO DE CONSTRUCCIÓN Y SANEAMIENTO
MINISTERIO DE VIVIENDA, CONSTRUCCIÓN
Y SANEAMIENTO



ALAIN GALLEGOS MORENO
ALCALDE
MUNICIPALIDAD PROVINCIAL DE TAMBOPATA



Annex 3 SERVICE PROVISION AGREEMENT

Witnesseth hereby the Service Contract entered into by and between:

- _____ (hereinafter, CONCESSIONAIRE), with usual place of business at _____, Peru, acting by and through _____, identified with _____, with legal address for the purposes hereof at _____, Peru, as per powers registered in Card _____ of the Registry of Companies of the Lima Public Records Office of the National Superintendency of Public Records Offices;
- _____ (hereinafter, PSS), with usual place of business at _____ Peru, acting by and through _____, identified with _____, with legal address for the purposes hereof at _____ Peru, as per powers registered in Card _____ of the Registry of Companies of the _____ Public Records Office of the National Superintendency of Public Records Offices, and authorized granted by virtue of _____, dated _____;
- With the intervention of the Ministry of Housing, Construction, and Sanitation, with powers delegated by the Provincial Municipality of Tambopata, acting by and through the Vice Minister of Construction and Sanitation, _____, identified with National Identity Card (DNI) _____, as per powers established in Ministerial Resolution _____, with legal address at Av. República de Panamá 3650, San Isidro, Department of Lima, Peru;

As per the following terms and conditions:

ONE: DEFINITIONS

1.1. In the Service Contract:

- a) The terms that begin with a capital letter, whether used in the singular or plural, have the meanings indicated in Annex 1 of the Concession Contract.
- b) The terms that begin with a capital letter, whether used in the singular or plural, that are not defined in Annex 1 or other sections of this agreement shall have the meanings attributed to them in the Terms and Conditions or the Applicable Laws and Provisions, or the meaning given to them by reason of their function and use in the normal course of operations in Peru.
- c) All references made in this Service Contract to "Annexes," "Appendixes," "Chapters," "Clauses," "Numbers," or "Points," shall be understood as made to the "Annexes," "Appendixes," "Chapters," "Clauses," "Numbers," or "Points" of this Service Contract, respectively, except where otherwise indicated.
- d) All Appendixes to the Service Contract form an integral part hereof.
- e) The titles have been included solely for purposes of systematizing the presentation and shall not be considered a part hereof that limits or expands its content, or to

determine the rights and obligations of the Parties.

- f) Terms in the singular shall include the same terms in the plural and vice versa. Male-gendered terms include female-gendered terms and vice versa.
- g) The use of the disjunction “or” in an enumeration shall be understood to include one or more of the elements of such enumeration.
- h) The use of the conjunction “and” in an enumeration shall be understood to include all of the elements of said enumeration or list.

TWO: PURPOSE

- 2.1. By virtue hereof, the CONCESSIONAIRE undertakes to provide the Service to the PSS, as per the conditions established herein.
- 2.2. This Service Contract shall be accessory in nature to the Concession Contract.

THREE: TERM AND EXTENSION

- 3.1. This agreement shall be valid for the same term as the Concession Contract, even if said Concession Contract is terminated early, for any reason, or is extended in accordance with the provisions established in the Concession Contract.

The Parties acknowledge the provisions set forth in the preceding paragraph and represent that the term of this agreement is tied to the term of the Concession Contract, without prejudice to the provisions established in Chapter XVII of the Concession Contract.

FOUR: POWERS OF REPRESENTATION

- 4.1. The PSS, in this act and by the sole virtue of this clause, delegates powers to the GRANTOR, so that, in the name and on behalf of the PSS, the GRANTOR can exercise its powers and rights to:

“Represent the PSS in any dispute that may arise with regard to the rights and obligations indicated in this Service Contract, expressly placing on record that (i) the terms and conditions set forth in Chapter XVI of the Concession Contract shall apply; and, (ii) in the case of the obligations detailed in Point 6.1 of Clause Six, the PSS shall participate, together with the GRANTOR, in any defense of its interests that may arise as a result of dispute tied thereto.”

- 4.2. In accordance with Section 153 of the Peruvian Civil Code, all delegations of powers by the PSS to the GRANTOR by virtue of this agreement shall be automatically renewed annually, without the need to execute any additional document or a new expression of the Parties’ agreement, during the term of the Concession Contract.

FIVE: REPRESENTATIONS

- 5.1. The PSS warrants, on the Closing Date, the truthfulness of the following representations:
 - a) This agreement is an integral part of the Concession Contract entered into by and

between the GRANTOR and the CONCESSIONAIRE.

- b) For the implementation of the terms of the Concession Contract under the jurisdiction of the PSS, this agreement must be executed.
- c) Its representative is authorized to execute this agreement.
- d) In accordance with the Applicable Laws and Provisions, it has sufficient powers to perform all of the acts foreseen in this agreement.
- e) It is not subject to any legal or contractual impediment from carrying out all the obligations under its responsibility as contained herein.
- f) The validity and scope of the provisions in this agreement have been formulated based on the Applicable Laws and Provisions.
- g) The penalties applicable for default on the obligations of the CONCESSIONAIRE, as provided for in this agreement, are those established in Annex 15 of the Concession Contract and shall be applied by the GRANTOR, in favor of the GRANTOR, in accordance with the provisions established in Chapter XVIII of the Concession Contract.
- h) The deductions applicable due to noncompliance with the Service Levels indicated in Appendix 2, by the CONCESSIONAIRE, are those established in Chapter VIII of the Concession Contract and shall be applied by the GRANTOR, in favor of the GRANTOR.
- i) The regulation and application of force majeure events and acts of God tied to the compliance with the obligations of the CONCESSIONAIRE, as set forth in this agreement, shall be conducted in accordance with the Chapter XIV of the Concession Contract, which shall be evaluated and, where applicable, approved by the GRANTOR.
- j) The Concession Contract shall regulate the terms and conditions of the payments made to the CONCESSIONAIRE for the PPD component, tied to the obligations established in this agreement, charged to the Business Income (hereinafter, Consideration).
- k) The regulation of the application of the guarantees and insurance tie to the compliance with the CONCESSIONAIRE's obligations, as established herein, shall be conducted in accordance with the Concession Contract. In the event that it becomes necessary to execute any of said guarantees or insurance, such act shall be undertaken by the GRANTOR, in its own favor.
- l) If the PSS has the easements necessary for the implementation of the Project, in due time, it shall assign them to the CONCESSIONAIRE in accordance with the provisions established in the Technical File.
- m) It shall not engage in any acts that may impede or hamper the performance of the provisions by the CONCESSIONAIRE, as contained in the Concession Contract, including this agreement.
- n) It is currently registered and in good standing with the RUPAP.

5.2. The CONCESSIONAIRE warrants, on the Closing Date, the truthfulness of the following representations:

- a) It is a legal entity duly established in accordance with the Applicable Laws and Provisions.
- b) It has entered into the Concession Contract with the GRANTOR, of which this agreement is an integral part.
- c) Its representative is authorized to execute this agreement.
- d) It has the capacity to assume the obligations corresponding to it as a result of the execution of this agreement, having met all of the necessary requirements for the formalization hereof and to comply with the commitments contained herein.
- e) It agrees that the penalties to be applied in case of default on its obligations contained in this agreement are those established in Annex 15 of the Concession Contract and shall be applied the GRANTOR, in favor of the GRANTOR, in accordance with Chapter XVIII of the Concession Contract.
- f) The deductions applicable due to noncompliance with the Service Levels indicated in Appendix 2 are those indicated in Chapter VIII of the Concession Contract and shall be applied by the GRANTOR, in favor of the GRANTOR.
- g) The regulation and application of force majeure events and acts of God tied to compliance with its obligations as per this agreement are those established in Chapter XIV of the Concession Contract, and shall be evaluated and, where applicable, approved by the GRANTOR.
- h) It is in agreement with the provisions established in Item j) of Clause 5.1 of this agreement, regarding the terms and conditions for the payment of the PPD component tied to the obligations set forth herein, to be charged to the Business Income (Consideration).
- i) The regulation of the application of the guarantees and insurance tie to the compliance with the CONCESSIONAIRE's obligations, as established herein, shall be conducted in accordance with the Concession Contract. In the event that it becomes necessary to execute any of said guarantees or insurance, such act shall be undertaken by the GRANTOR, in its own favor.

5.3. The GRANTOR warrants, on the Closing Date, the truthfulness of the following representations:

- a) With the CONCESSIONAIRE, it has entered into the Concession Contract, of which this agreement is an integral part.
- b) The Concession Contract establishes that the CONCESSIONAIRE shall have the right to receive and the GRANTOR shall have the obligation to pay the Co-financing. In the event that the PSS lacks sufficient Business Income to pay the Consideration, the GRANTOR shall temporarily assume the obligation for the part not covered by the PSS,

as established in this agreement.

- c) Its representative is authorized to execute this agreement.
- d) It has sufficient powers to perform all of the acts foreseen in this agreement.
- e) The validity and scope of the provisions in this agreement have been formulated based on the Applicable Laws and Provisions.

SIX: OBLIGATIONS

6.1. The PSS shall have the obligation to:

- a) Enter into the Management Trust agreement, in the terms and conditions established in Annex 14 of the Concession Contract,
- b) Transfer the Business Income collected from the users in exchange for the provision of the Service for the payment of the Consideration.
- c) Operate and maintain all of the sanitation service infrastructure located upstream from the Reception Points within the scope of its responsibility.
- d) Demand that users who discharge non-domestic wastewater in the sanitary sewer systems comply with the MAVs, in its capacity as the party responsible for the monitoring and control of the MAVs, in accordance with the Applicable Laws and Provisions.
- e) Deliver to the CONCESSIONAIRE the wastewater collected by the sewer system under its management, at the Reception Points.
- f) Implement the activities under its responsibility as established in MAV Monitoring and Control Plan within the scope of the provision of its services, as regulated in this agreement.
- g) The exercise of its rights and compliance with its obligations regulated herein.
- h) Comply with submitting to the Competent Governmental Authority, within a term of ten (10) Days counted as from the receipt of the technical information provided by the CONCESSIONAIRE, the information required to comply with the obligations established in the RUPAP.
- i) Send the CONCESSIONAIRE, with a copy to the GRANTOR, the proof of submission or documents proving compliance with the obligations in place for registration of the PSS in the RUPAP.
- j) The Concession Assets required so that the CONCESSIONAIRE can comply with its obligations under the Concession Contract, which are the property or in the possession of the PSS, shall be handed over in due time to the GRANTOR, so that the GRANTOR can comply in due time with the obligations established in Chapter V of the Concession Contract. The PSS's commitment is attached in Appendix 1.

- k) Accompany the supervision activities of the Specialized Supervisor for the Functional Testing of the Milestones and execute the Functionality Certificate in witness of its conformity.
- l) Receive, operate, and maintain the Works included in the Functional Milestones transferred in accordance with the provisions established in Chapter VI of the Concession Contract.
- m) Obtain the resolution of the Competent Governmental Authority to achieve the suspension or extension of the RUPAP deadlines, where applicable.
- n) Deposit seventy-five percent (75%) of the amount billed for the sewer service of the new hookups executed by the CONCESSIONAIRE and reported by the Specialized Supervisor during the Design and Works Period in the Reserve Sub-Account of the Management Trust, within twenty (20) Days following the end of the billing cycle, until paying in full the amount of S/ 601,000 (Six Hundred One Thousand Soles). This amount shall be considered by the PSS to be the cost for the estimation of the tariff increase referred to in Item k) of Clause 6.24 of the Concession Contract.

6.2. Obligations of the CONCESSIONAIRE:

- i. Operate and maintain the Infrastructure under the responsibility of the CONCESSIONAIRE, in order to comply with the Concession Contract.
- ii. Provide technical support to the PSS for the performance of its obligation established in Item d) of Point 6.1, in accordance with the MAV Monitoring and Control Plan within the scope of the provision of services of the PSS, as regulated in this agreement.
- iii. Pay, on its own account and at its own cost and risk, directly to the Competent Governmental Authority, the economic compensation referred to in Section 92 of Law 29338 – the Water Resources Act, as amended or substituted.
- iv. Provide technical support to the PSS for the performance of its obligations assumed thereby by virtue of its registration in the RUPAP. The performance of the obligations established in Legislative Order 1285, Executive Order 10-2017-VIVIENDA, as amended, supplemented, or substituted, shall include, but is not limited to, the performance of the following activities:
 - Prepare the technical supporting information required for the submission to the Competent Governmental Authority of the compliance progress reports related to the Infrastructure under the responsibility of the CONCESSIONAIRE within the jurisdiction of the PSS.
 - Prepare the technical supporting information required to send notices to the Competent Governmental Authority informing it of any changed to the schedule declared by the PSS in the gradual adaptation process.
 - Prepare the technical supporting information required to submit the request for the extension of deadlines of the RUPAP adaptation process to the Competent Governmental Authority, if so required.

- Prepare the technical supporting information required to submit the request for the suspension of deadlines in the stages of the progressive adaptation process to the Competent Governmental Authority, in case of verification of the circumstances indicated in Section 14 of Executive Order 10-2017-VIVIENDA, as amended or substituted, in accordance with the Applicable Laws and Provisions.
 - Prepare the technical supporting information required to submit the notice informing the Competent Governmental Authority of the disappearance or rectification of the occurrences that led to the suspension of the deadline referred to in the preceding point.
- v. Send the GRANTOR the information generated as part of the technical support activities indicated in the preceding point within five (5) business days after it is delivered to the PSS.
 - vi. Implement the activities for the closure of the existing infrastructure, in accordance with the corresponding Technical File.
 - vii. Remedy any hidden defects in the Works transferred to the PSS corresponding to the Functional Milestones of Component 1, in accordance with Applicable Laws and Provisions.
 - viii. All other obligations established in this agreement.

SEVEN: POWERS OF THE SUNASS

- 7.1. The SUNASS is entitled to exercise all of the powers and duties vested in it by the Applicable Laws and Provisions in relation to this agreement.

EIGHT: CONSIDERATION

The Consideration is the Business Income to be deposited by the PSS in the Management Trust to cover the component corresponding to the PPD in favor of the CONCESSIONAIRE, as compensation for the provision of the Service, in accordance with Chapter VIII of the Concession Contract.

NINE: PROVISION OF THE SERVICE

MAINTENANCE

- 9.1. The Maintenance of the Infrastructure under the responsibility of the CONCESSIONAIRE within the jurisdiction of the PSS shall be performed by the CONCESSIONAIRE, on its own account and at its own cost and risk, from the execution of the Operating Start-Up Certificate until the Termination date, in accordance with the provisions established in the Operating and Maintenance Manual.
- 9.2. The Maintenance includes preventive or scheduled maintenance, as well as corrective or emergency maintenance.

Preventive or scheduled maintenance is the series of periodic and permanent activities that

the CONCESSIONAIRE shall perform in order to predict, beforehand, the deterioration or wear and tear of the Infrastructure under the responsibility of the CONCESSIONAIRE, and permit its conservation, recovery, or restoration.

Corrective or emergency maintenance is the series of activities that the CONCESSIONAIRE shall perform when a defect or damage occurs in the Infrastructure under the responsibility of the CONCESSIONAIRE, so that it can be operated as normal. For such purpose, the CONCESSIONAIRE shall have the resources, tools, and spare parts necessary to reverse the event that has occurred.

OPERATION

- 9.3. The CONCESSIONAIRE shall carry out the exclusive Operation of the Infrastructure under the responsibility of the CONCESSIONAIRE. For such purpose, the CONCESSIONAIRE shall comply, at a minimum, with: (i) the Service Levels indicated in Appendix 2; (ii) the obligations established in the wastewater discharge authorizations; (iii) the obligations established in the Environmental Management Instrument(s); (iv) the provision of technical support so that the PSS can meet its obligations with regard to the MAVs; (v) the conditions established in the corresponding Operating and Maintenance Manuals; (vi) the provision of technical support to the PSS so that it can meet the obligations regulated in the RUPAP; and all other obligations established in the Concession Contract.
- 9.4. The Operation of the Infrastructure under the responsibility of the CONCESSIONAIRE within the jurisdiction of the PSS is a right of the CONCESSIONAIRE, in that it allows the CONCESSIONAIRE to exploit it; and a duty, in that it is obligated to keep this Infrastructure in operating order and provide the Service, in accordance with this agreement.
- 9.5. Once the Operating Start-Up Certificate has been issued within the jurisdiction of the PSS, until the end of the Concession, the CONCESSIONAIRE shall provide the Service in accordance with Applicable Laws and Provisions and this agreement.
- 9.6. The CONCESSIONAIRE shall assume, on its own account and at its own cost and risk, all the costs inherent to the provision of the Service, as well as the costs necessary to achieve and maintain the validity of the authorizations and licenses, certificates, taxes, insurance, and other expenses for which it is responsible, in accordance with the Applicable Laws and Provisions.

Regarding the quality of the treatment system effluent

- 9.7. As from the execution of the Operating Start-Up Certificate, the CONCESSIONAIRE, via the wastewater treatment system, shall guarantee compliance with the Service Levels established in Appendix 2.
- 9.8. All of the samples taken in the treatment system effluents shall meet the Service Levels indicated in Appendix 2. Failure to meet this Service Levels shall result in the application of deductions to the PPD, in accordance with Chapter VII of the Concession Contract, without prejudice to administrative sanctions that may be imposed by the Competent Governmental Authority.

Regarding the quality of water in the receiving body

- 9.9. As from the execution of the Operating Start-Up Certificate within the jurisdiction of the PSS, the CONCESSIONAIRE, via the wastewater treatment system, shall guarantee compliance with the Service Levels established in Appendix 2.

All of the samples taken at the Sampling Points of the receiving body shall meet the Service Levels established in Appendix 2, without prejudice to the provisions issued by the Competent Governmental Authority.

Failure to meet the Service Levels indicated in Appendix 2 shall result in deductions to the PPD, without prejudice to the administrative sanctions that may be imposed by the Competent Governmental Authority.

- 9.10. If, as a result of the environmental baseline, it is found that the parameters of the receiving body involve concentrations in excess of the assigned category of Environmental Quality Standards for Water, and said excess persists even after the current discharge of municipal wastewater stops, such condition shall be indicated in the respective Environmental Management Instrument. In such case, so long as this circumstance persists, the Service Levels established in Appendix 2 for the receiving body shall not be enforceable for those parameters that have been exceeded, and thus, no deductions shall be applied to the PPD for such parameters.
- 9.11. For purposes of the preceding Clause, the CONCESSIONAIRE, during the Start-Up period, shall validate or update the parameters of the receiving body collected while establishing the environmental baseline in order to evaluate whether they have been maintained. The results shall be reported to the SUNASS, the PSS, the GRANTOR, and the Competent Governmental Authority, with the request that the Competent Governmental Authority evaluate the persistent exceedance of the Environmental Quality Standards for Water, if applicable.
- 9.12. During the Operation period, the CONCESSIONAIRE shall monitor the permanence of the situation identified in the Environmental Management Instrument(s) and submit a six-month report to the SUNASS, the PSS, the GRANTOR, and the Competent Governmental Authority, with the request that the Competent Governmental Authority evaluate the persistent exceedance of the Environmental Quality Standards for Water, if applicable.
- 9.13. The restriction established in Clause 9.10 shall culminate at the time when the Competent Governmental Authority notifies the GRANTOR, the CONCESSIONAIRE, and the SUNASS that the situation of exceedance has been resolved.

Regarding the quality of sludge

- 9.14. As from the execution of the Operating Start-Up Certificate within the jurisdiction of the PSS, the CONCESSIONAIRE, via the wastewater treatment system and its sludge treatment processes, shall guarantee compliance with the Service Levels established in Appendix 2, or those established in the Technical Proposal if they are more rigorous.
- 9.15. All samples taken in the sludge shall meet the Service Levels established in Appendix 2. The failure to meet these Service Levels shall result in deductions to the PPD, in accordance with the provisions established in Chapter VIII of the Concession Contract.

Regarding the Infrastructure under the responsibility of the CONCESSIONAIRE

9.16. The CONCESSIONAIRE shall comply with performing the management of the treated wastewater, sludge, and other waste generated in the Operation of the Infrastructure under the responsibility of the CONCESSIONAIRE, in accordance with the Applicable Laws and Provisions. This management includes, but is not limited to, the Discharge, Reuse, Reclamation, and/or Final Disposal, as applicable, in accordance with the applicable Laws and Provisions.

9.17. The solid waste, sludge, and wastewater generated during the Concession term is subject to exploitation as per the Applicable Laws and Provisions, based on a prior agreement that shall be placed on record in a certificate executed by the GRANTOR and the CONCESSIONAIRE, with the previous opinion of the SUNASS, establishing, at a minimum, the mechanism for the distribution of income and savings generated.

Any additional income or savings that may be generated in favor of the PSS from the exploitation of said elements shall necessarily be used to pay or reduce the obligations for the PPD.

9.18. In the event that the Competent Governmental Authority modifies the Applicable Laws and Provisions during the term of this agreement, increasing the requirements for the Service Levels indicated in Appendix 2, the CONCESSIONAIRE shall comply with the new requirements.

In this case, the CONCESSIONAIRE may invoke the application of the economic-financial balance mechanism, in accordance with Chapter VIII of the Concession Contract.

If it is necessary, in order to comply with the new service levels, to make investments in addition to those foreseen in the Concession Contract, the CONCESSIONAIRE and the GRANTOR shall proceed in accordance with contractual amendment mechanism established in this agreement.

9.19. The CONCESSIONAIRE may not partially treat the flow volume that enters the treatment system under its responsibility, i.e., there can be no circumstance in which part of the incoming flow volume does not receive any treatment.

Without prejudice to the foregoing, the excess flow volumes caused by rainfall (that surpass the hydraulic capacity of the treatment system) shall be diverted before entering the treatment system under the responsibility of the CONCESSIONAIRE (via relief infrastructure) and discharged directly into the receiving body, in accordance with the Applicable Laws and Provisions.

Likewise, the quality of the treated wastewater, before Discharge, may not be achieved through mixture with water from a source such as a lake, river, creek, spring, well, or the like, before the Sampling Point in the effluent.

9.20. The CONCESSIONAIRE shall log the volumes of influent and effluent of the treatment system under its responsibility at the Data Logging Points, and comply with the frequency of the analyses for the evaluation of the quality control parameters for the influent and effluent of the treatment system, surface water of the receiving body, and the sludge generated by said infrastructure, in accordance with the provisions established in Appendix

3, Appendix 4, and Appendix 5.

Likewise, the CONCESSIONAIRE, as from the execution of the Operating Start-Up Certificate within the jurisdiction of the PSS, shall be obligated to check all of the wastewater treatment plant data loggers in accordance with the procedures established in the metrology standards, to be applied in the following order of priority: (i) national; (ii) international; or (iii) in the absence thereof, the range of error shall be within +/- 5.0% of the value read, in accordance with the conditions established in Appendix 5. This procedure shall be used each time it is necessary to install or replace the data loggers.

For such purpose, the SUNASS shall hire a firm that specializes in checking data loggers, preferably one accredited for the type and size of the data loggers used in the Concession, as per the Applicable Laws and Provisions. The CONCESSIONAIRE shall assume all of the costs and expenses required to hire said firm, and any applicable taxes.

The SUNASS shall hire the independent laboratory to take and analyze water samples, accredited by the National Quality Institute (INACAL), in accordance with the Applicable Laws and Provisions. The CONCESSIONAIRE shall assume all of the costs and expenses required to hire said laboratory, and any applicable taxes.

In both cases, both the checkup firm and the independent laboratory shall provide the results of the checkup and analyses performed, as established in the preceding paragraphs, simultaneously to the Concessionaire and the SUNASS.

To make the payments established in the preceding paragraphs, the SUNASS shall send the CONCESSIONAIRE, within five (5) Days after receipt thereof, the invoices issued by the checkup firm and the laboratory to the name of the CONCESSIONAIRE. Once said invoices have been received, the CONCESSIONAIRE shall have a term of five (5) Days to make the payment to the checkup firm and the laboratory for taking and analyzing the water samples, sending the SUNASS a copy of the payment transfer made.

If the CONCESSIONAIRE fails to make the payments by the established deadline, the respective penalty shall apply, without prejudice to its compliance with the payment obligation.

If, as a result of the SUNASS's supervision of the volume measurements, the CONCESSIONAIRE is found not to have met the parameters established in Appendix 5, the SUNASS shall proceed in accordance with said appendix and apply the corresponding penalties. For the supervision of compliance with Service Levels, the applicable process shall be that set forth in Chapter VIII of the Concession Contract.

- 9.21. The CONCESSIONAIRE shall provide the necessary facilities so that the SUNASS, the Competent Governmental Authority, or the party appointed thereby, may perform the corresponding samples at the Sampling Points and Data Logging Points located in the treatment systems and the receiving body. The aforementioned facilities include, as applicable, access or transportation to the Sampling Points and Data Logging Points for sample-taking. The CONCESSIONAIRE shall assume the cost of said facilities.

For such purpose, the SUNASS, the Competent Governmental Authority, or the party designated thereby, shall comply with the established access protocols and avoid interfering with the activities of the CONCESSIONAIRE.

- 9.22. The CONCESSIONAIRE shall prepare a monthly technical data logging and sampling report, which shall contain the results of the logging of volumes, organic loads, and compliance with the Service Levels, attaching the respective laboratory results in hardcopy and digital forms, as per the conditions established in Appendix 2 through Appendix 5.
- 9.23. The CONCESSIONAIRE shall be responsible for continuously maintaining the Service. For such purpose, it shall comply with the Operating and Maintenance Manuals of the Infrastructure under the responsibility of the CONCESSIONAIRE. The CONCESSIONAIRE shall likewise be responsible for performing the Maintenance of said infrastructure in the event that it suffers any damages during Operation, without prejudice to the activation of the coverage under the all-risk completed works insurance, among others, as per the provisions of Chapter X of the Concession Contract.
- 9.24. The CONCESSIONAIRE is responsible for any claim filed against the PSS or the GRANTOR for direct damages and losses caused due to the Operation and Maintenance of the Infrastructure under the responsibility of the CONCESSIONAIRE, without prejudice to the penalties accrued.

Regarding the Maximum Admissible Values (MAVs)

- 9.25. The CONCESSIONAIRE, as from the beginning of the Start-Up, shall provide technical support to the PSS, in accordance with the provisions established in this agreement, for the monitoring and control of non-domestic wastewater discharge in the sanitary sewer systems. Without prejudice to the technical support provided by the CONCESSIONAIRE, the party responsible for keeping track of the MAVs and performing actions to enforce compliance therewith by non-domestic users is the PSS, as per the provisions established in the Applicable Laws and Provisions.
- 9.26. The CONCESSIONAIRE shall prepare a MAV Monitoring and Control Plan, which shall include, at a minimum, the actions and deadlines of the CONCESSIONAIRE for: (i) the registration of non-domestic users; (ii) the inspection and control of non-domestic users; and (iii) the monitoring and evaluation of non-domestic discharge, as per the activities and responsibilities detailed in Appendix 7 and the Applicable Laws and Provisions.

The CONCESSIONAIRE shall send the MAV Monitoring and Control Plan to the PSS, for its approval, on the date established for the submission of Technical File 2. The PSS, within a maximum term of twenty (20) Days, counted as from the receipt of said plan, shall express its approval or issue a letter raising objections thereto. If the PSS raises objections to the plan, such objections shall be addressed by the CONCESSIONAIRE within a maximum term of twenty (20) Days. After the document for the rectification of objections has been submitted, the PSS shall grant its approval within a maximum term of five (5) Days.

Once approval has been granted, the CONCESSIONAIRE shall have a term of five (5) Days to present it to the SUNASS, with a copy to the GRANTOR, and request its opinion favorable. The SUNASS shall have a maximum term of twenty (20) Days, as from the date of receipt, to issue its opinion, or, where applicable, to raise the corresponding objections.

If the SUNASS raises objections, it shall attach a report in support of them, so that the CONCESSIONAIRE can address or rectify the objections raised.

- 9.27. If objections are raised by the SUNASS to the MAV Monitoring and Control Plan, such objections shall be notified to the PSS, with a copy to the CONCESSIONAIRE, so that the CONCESSIONAIRE may rectify them within a maximum term of twenty (20) Days, counted as from the date of receipt of said objections. At the request of the CONCESSIONAIRE, the SUNASS may set an additional maximum term of ten (10) Days for the rectification of said objections, depending on the magnitude and the nature of the objections raised.

The SUNASS shall have ten (10) Days to evaluate the rectifications submitted by the CONCESSIONAIRE, counted as from the date of receipt thereof.

If any objections persist, or the rectification of objections is not submitted by the established deadline, depending on the nature thereof, the SUNASS may grant an additional maximum term of ten (10) Days, for one time only, for the rectification, without prejudice to the application of the corresponding penalties.

Following receipt of the rectification, within a maximum term of ten (10) Days, the SUNASS shall send written notice to the PSS, with a copy to the CONCESSIONAIRE and the GRANTOR, with its favorable opinion on the corresponding MAV Monitoring and Control Plan; or, if there are still objections pending mandatory rectification, the SUNASS shall inform the GRANTOR so that it may proceed in accordance with the dispute settlement mechanism established in this agreement.

Once the SUNASS has issued a favorable opinion, the PSS shall proceed to issue its approval of the MAV Monitoring and Control Plan within a maximum term of ten (10) Days. The MAV Monitoring and Control Plan approval procedure is subject to negative administrative silence. Without prejudice to the foregoing, the CONCESSIONAIRE shall be entitled to submit its MAV Monitoring and Control Plan for one additional time. If, on said occasion, the GRANTOR has not issued a pronouncement by the respective deadline, the plan shall be understood as approved.

Under no case shall the favorable opinion of the SUNASS regarding the MAV Monitoring and Control Plan be interpreted as a transfer of responsibility for the design of the plan.

- 9.28. Following the approval of the corresponding MAV Monitoring and Control Plan, the CONCESSIONAIRE shall be obligated to implement it, in accordance with this agreement.

The PSS shall demand compliance with the MAVs from non-domestic users who discharge wastewater in the sanitary sewer system, in accordance with the Applicable Laws and Provisions, with the technical support of the CONCESSIONAIRE, as per the provisions established in the Concession Contract.

The CONCESSIONAIRE shall be liable for assuming the costs associated with the implementation of the activities under its responsibility according to the MAV Monitoring and Control Plan, as per the provisions of Appendix 7, without prejudice to the obligations of the PSS as per the Applicable Laws and Provisions.

- 9.29. The CONCESSIONAIRE shall assume any contingencies that may arise during the implementation of the activities under its responsibility according to the MAV Monitoring and Control Plan, unless these contingencies are expressly attributable to the PSS.

- 9.30. The CONCESSIONAIRE shall promptly carry out all activities under its responsibility with

regard to the monitoring and control of the MAVs. The CONCESSIONAIRE may not be held responsibility for any actions taken by the PSS in compliance with the duties and competencies established in the Applicable Laws and Provisions regarding MAVs, as well as those expressly established herein, including Appendix 7.

- 9.31. If the PSS or the CONCESSIONAIRE determines the need to update the MAV Monitoring and Control Plan, the procedure to be applied is that established in Clauses 9.26 and 9.27.

EMERGENCY OPERATING PLAN IN CASE OF LOSSES

- 9.32. The CONCESSIONAIRE shall draft, update, and implement the Emergency Operating Plan in Case of Losses, in all cases on its own account and at its own cost and risk, as per the terms established in Appendix 6.
- 9.33. The CONCESSIONAIRE shall prepare and submit to the PSS for its approval, with a copy to the SUNASS, the Emergency Operating Plan in Case of Losses, which shall meet the minimum criteria established in Appendix 6.
- 9.34. For such purpose, the CONCESSIONAIRE shall present the Emergency Operating Plan in Case of Losses to the PSS, with a copy to the SUNASS, no later than the execution of the Certificate of Start of Start-Up.

Within a term of thirty (30) Days, counted as from date of submission of the aforementioned plan, the PSS, with the prior opinion of the SUNASS, shall approve or reject said plan.

The prior opinion referred to in the preceding paragraph shall be issued in a maximum term of fifteen (15) Days. If it is not issued, the opinion of the SUNASS shall be understood to be favorable. If the SUNASS issues an unfavorable opinion, the PSS shall reject the Emergency Operating Plan in Case of Losses objected to by the SUNASS.

With the favorable opinion of the SUNASS, the PSS shall have a term of fifteen (15) Days to issue its opinion, and may approve or reject the plan. If this deadline expires and no opinion has been issued, the Emergency Operating Plan in Case of Losses shall be approved.

If the PSS rejects the Emergency Operating Plan in Case of Losses, the PSS shall provide the respective technical support, so that the CONCESSIONAIRE can submit a new version of the plan. For such purpose, the procedure established in this clause shall apply, without prejudice to any relevant penalties.

Updates to the Emergency Operating Plans in Case of Losses shall be made once every two (2) years, between the start of Operation and the Termination, and shall obtain the approval of the PSS, with the favorable opinion of the SUNASS. These updates shall be submitted within twenty (20) Days after the condition precedent has been met. The procedure for the approval of these updates shall be the same used for the approval of the Emergency Operating Plans in Case of Losses.

OPERATION AND MAINTENANCE SUPERVISION

- 9.35. The SUNASS shall be responsible for carrying out the actions for the supervision of the obligations assumed by the CONCESSIONAIRE in this agreement and the Applicable Laws

and Provisions with regard to the Operation and Maintenance of the Infrastructure under the responsibility of the CONCESSIONAIRE.

For such purpose, the CONCESSIONAIRE shall submit to the SUNASS, with a copy to the PSS and the GRANTOR, a quarterly technical report containing the Operation and Maintenance actions performed during said period. This report shall be submitted within no later than the fifteenth (15th) of the month of January, April, July, and October. Likewise, the SUNASS, on a quarterly basis, shall send the GRANTOR, with a copy to the PSS for its information, a report accounting for the supervisory activities.

- 9.36. The supervision of the Service provision consists of verifying the CONCESSIONAIRE's performance of the Operation in accordance with the Service Levels indicated in Appendix 2, as well as compliance with the CONCESSIONAIRE's obligations to provide technical support to the PSS with regard to the MAVs.

The supervision of the Maintenance consists of verifying the compliance with the CONCESSIONAIRE's obligations for the performance, at a minimum, of the Maintenance activities established in the Operating and Maintenance Manuals; compliance with the "Concession Asset Replacement Schedule," as per the provisions of Chapter V of the Concession Contract; prompt response to any operating incidents that may arise; and all other obligations established in the Concession Contract.

- 9.37. During the Operation, the CONCESSIONAIRE shall provide the SUNASS—and, where applicable, the PSS and the GRANTOR—all of the information related to the Operation and Maintenance of the Infrastructure under the responsibility of the CONCESSIONAIRE that may be requested of it, and with access for the performance of the activities and studies that the SUNASS and, where applicable, the PSS and the GRANTOR, shall perform for such reason.

For such purpose, the CONCESSIONAIRE shall submit the requested information within no more than ten (10) Days, counted as from the date on which the corresponding request has been sent to it. This deadline may be extended at the request of the CONCESSIONAIRE, for one time only, for the same amount of time, provided it offers proper justification.

- 9.38. The CONCESSIONAIRE shall provide the PSS, the GRANTOR, and the SUNASS with unhampered access to the Infrastructure under the responsibility of the CONCESSIONAIRE to perform their tasks without obstruction.

TEN: NONCOMPLIANCE

- 10.1. By virtue of the provisions hereof, each time the CONCESSIONAIRE fails to meet the Service Levels, the GRANTOR shall apply the corresponding deductions to the PPD, in accordance with Chapter VIII of the Concession Contract, except when said noncompliance is due to the following reasons:

- a) The monthly average load of the influent in the sampling period, in relation to the parameter not complied with, exceeds the average design load established in Annex 5 of the Concession Contract;
- b) Force majeure events or acts of God.

- 10.2. The grounds for exception shall be duly supported in the corresponding technical data

logging and sampling report referred to in Point 9.20.

- 10.3. Failure to comply with the obligations of the CONCESSIONAIRE established in this agreement shall result in the application of the penalties set forth in the Concession Contract.

ELEVEN: PENALTIES AND SANCTIONS

- 11.1. By virtue hereof, the GRANTOR applies to the CONCESSIONAIRE the contractual penalties arising from the noncompliance with its obligations established herein, as per Chapter XVIII of the Concession Contract.
- 11.2. The CONCESSIONAIRE shall not be exempt from liability, even in those cases where the noncompliance is the result of the agreements entered into with its suppliers or other contractors or subcontractors.
- 11.3. The administrative sanctions imposed by the las Competent Governmental Authorities, such as the SUNASS, the National Superintendency of Customs and Tax Administration, or the Ministry of Labor and Job Promotion, among others, which may simultaneously arise during the performance of the agreement, shall be applied to the CONCESSIONAIRE independently of the contractual penalties established herein, and without prejudice to la obligation to assume liability for the damages and losses resulting from noncompliance.
- 11.4. If a contractual noncompliance is found to be defined as a sanctionable offense against the CONCESSIONAIRE by any Competent Governmental Authority, only the corresponding administrative sanction shall be applied; no penalty shall be applied to the CONCESSIONAIRE for the same concept.
- 11.5. For the purposes of this clause, the provisions of Chapter XVIII of the Concession Contract shall apply.
- 11.6. Under no circumstance shall the CONCESSIONAIRE be sanctioned for failure by the PSS to comply with the duties and obligations set forth for the PSS in this agreement and the Applicable Laws and Provisions.

TWELVE: FORCE MAJEURE EVENTS AND ACTS OF GOD

- 12.1. Neither of the Parties to this agreement shall be held responsible for the failure to perform an obligation or for the partial, late, or defective performance thereof, if it is caused by force majeure events or acts of God.
- 12.2. The provisions regarding the invocation of force majeure events or acts of God applicable to the performance of the obligations established in this agreement are those set forth in the Concession Contract.
- 12.3. If the PSS finds itself subject to force majeure events or acts of God that result in a failure to perform an obligation under its responsibility, such force majeure events or acts of God shall be invoked by the GRANTOR to the CONCESSIONAIRE in accordance with the provisions established in Chapter XIV and all other applicable provisions of the Concession Contract.

THIRTEEN: INSURANCE AND GUARANTEES

- 13.1. The insurance and guarantees linked to this agreement are those established in the Concession Contract, and shall be established, where applicable, in favor of the GRANTOR.
- 13.2. The Concession Contract establishes the terms and conditions under which the CONCESSIONAIRE shall take out the insurance and grant the guarantees tied to the obligations and rights established therein.

FOURTEEN: SETTLEMENT OF DISPUTE

- 14.1. Any disputes that may arise during the performance of this agreement shall be settled by the GRANTOR and the CONCESSIONAIRE in accordance with Chapter XVI of the Concession Contract.
- 14.2. In case the dispute involves any right or obligations of the PSS established in this agreement, the defense thereof shall be conducted by the GRANTOR, without prejudice to the participation of the PSS, along with the GRANTOR, in the defense of its interests.

FIFTEEN: AMENDMENTS TO THE SERVICE AGREEMENT

- 15.1. Any amendments hereto shall be agreed to by the CONCESSIONAIRE and the GRANTOR, in accordance with the Concession Contract and the Applicable Laws and Provisions. In the event that the amendment, addition, or modification request involves a right or obligation of the PSS, the GRANTOR shall act in name and on behalf of the PSS during the entire contractual amendment procedure, in accordance with Chapter XV of the Concession Contract and the Applicable Laws and Provisions.

In witness whereof, this Service Contract is executed in four (4) counterparts, in the city of _____, on this ___ day of _____, 20__.

CONCESSIONAIRE:

PSS:

Legal Representative

Legal Representative

GRANTOR:

Legal Representative

Annex 3

Appendix 1 : Board Contract

[*]

Annex 3
Appendix 2 : Service Levels

The minimum service levels subject to deductions shall be related to the PTAR and the environmental quality of the discharge. These Service Levels are the minimum that shall be met by the CONCESSIONAIRE during the operation of the Project. Failure to meet the Service Levels by the CONCESSIONAIRE shall result in deductions. These Service Levels are:

- **Minimum Service Level for Treated Wastewater Quality:** The CONCESSIONAIRE shall comply with the maximum permissible limits (MPLs) for a domestic or municipal PTAR, as per Executive Order 003-2010-MINAM (Section A).
- **Minimum Service Level for Surface Water Quality:** The CONCESSIONAIRE shall guarantee that the water bodies where the discharge of wastewater will be performed meet the Water Quality Standards (EQS-Water), according to the classification of the receiving body. These parameters shall be aligned with Executive Order 004-2017-MINAM, as amended (Section B)
- **Minimum Service Level for Sludge Quality:** The CONCESSIONAIRE shall manage the sludge from the PTAR in accordance with the minimum conditions established as per Legislative Order 1278, as amended, and Resolution Ministerial 128-2017-VIVIENDA (Section C)
- **Minimum Service Level for Organoleptic Quality:** It is proposed that the CONCESSIONAIRE manage the emissions of the PTAR in such a way that neither service quality nor the environment for the population in the area of influence is affected (Section D).

Below are the details on the service levels.

A. TREATED WASTEWATER QUALITY PARAMETERS

The minimum Service Levels to be met by the CONCESSIONAIRE during the operation of the treatment system are as follows:

The wastewater treated by the Infrastructure under the responsibility of the Concessionaire shall comply with the Maximum Permissible Limits (MPLs) established in Executive Order 003-2010-MINAM, as amended or substituted, as detailed in Table A of this appendix.

Table A: Minimum Service Level for Treated Wastewater Quality

PARAMETERS	UNIT	VALUE*
Biochemical Oxygen Demand (BOD₅) **	mg/l	100
Chemical Oxygen Demand (COD)**	mg/l	200
Total Suspended Solids (TSS)	mg/l	150
Thermotolerant Coliforms (Ct)	NMP/100 ml	10 000
Fats, Oil and Grease (FOG)	mg/l	20
Potential of Hydrogen (pH)		6.5-8.5
Temperature (T)	°C	35

* Values are maximums or range limits.

** Soluble in case of oxidation ponds.

These Service Levels form part of the obligations of the respective Environmental Management Instrument. As such, their compliance is not only contractually enforceable and

subject to deduction for noncompliance, but also administratively enforceable by the Competent Governmental Authority and subject to the applicable administrative sanctions.

In addition to the minimum levels indicated, the proposed technical solution shall meet the Minimum Requirements of the Project, as per the Concession Contract.

B. SURFACE WATER QUALITY PARAMETERS

The waterbody where the wastewater treated by the Infrastructure under the responsibility of the Concessionaire is discharged will be the Tambopata River or the Madre de Dios River, as applicable. This treated wastewater shall comply with the Water Quality Standards (EQS-Water) for the parameters associated with the wastewater generation activity, as per the categorization established by virtue of Resolution of the Head Office 056-2018-ANA, and Executive Order 004-2017-MINAM, as amended or substituted, according to the details contained in Tables B1 and B2 of this appendix.

Table B1: Categorization of the Receiving Body

LOCATION	RECEIVING BODY	CATEGORY
Puerto Maldonado	Tambopata River or Madre de Dios River	4

Table B2: Minimum Service Level for Surface Water Quality

PARAMETERS	UNIT	CATEGORY 4 VALUE*
Biochemical Oxygen Demand (BOD ₅)	mg/l	10
Chemical Oxygen Demand (COD)	mg/l	-
Total Suspended Solids (TSS)	mg/l	≤ 400
Thermotolerant Coliforms (Ct)	NMP/100 ml	2 000
Fats, Oil and Grease (FOG)	mg/l	5
Potential of Hydrogen (pH)		6.5 – 9.0
Temperature (T)	°C	Δ 3

*Values are maximums or range limits.

Compliance with the EQS-Water shall be enforceable at the Sampling Points of each receiving body, taking into account the environmental baseline established in the corresponding Environmental Management Instrument, and the aspects established in the Annex.

These Service Levels shall form part of the obligations of the respective Environmental Management Instrument, for which reason their compliance is enforceable by the Competent Governmental Authority.

C. SLUDGE QUALITY PARAMETERS

For the management of the sludge from the treatment systems of the Infrastructure under the responsibility of the Concessionaire, the CONCESSIONAIRE shall comply with the provisions established in Legislative Order 1278 and its regulations, as amended or substituted; and Ministerial Resolution 128-2017-VIVIENDA, as amended or substituted, which approves the minimum conditions for the management of sludge and the facilities for their Reclamation or Final Disposal, in accordance with the applicable Laws and Provisions.

The sludge produced in the treatment systems of the Infrastructure under the responsibility of the Concessionaire shall comply, at a minimum, with the following Service Levels prior to its Reclamation or Final Disposal:

Table C: Minimum Service Level for Sludge Quality

PARAMETERS	UNIT	VALUE
Moisture (1 – (kg Total Solids/Kg Sludge))	%	≤ 80
Stability (Kg of Volatile Solids/Kg of Total Solids)	%	≤ 60

These Service Levels shall form part of the obligations of the respective Environmental Management Instrument, for which reason their compliance is enforceable by the Competent Governmental Authority.

D. ORGANOLEPTIC QUALITY PARAMETERS

At the critical points of treatment systems involving anaerobic processes, where the wastewater comes into direct contact with the atmosphere and there is a risk of hydrogen sulfide (H₂S) production, odorous gas emissions shall be minimized. There is a risk that the effluent water from anaerobic reactors and the treated effluent may cause odors when they are exposed to the atmosphere. At such sites, the H₂S concentration in the aqueous phase shall be required to be less than 2 mg/L. This service level shall be met in the effluent from anaerobic processes and the final discharge of the treatment process. If the treatment system proposed by the CONCESSIONAIRE includes other possible points where hydrogen sulfide may be emitted into the atmosphere, control points shall be added.

- Additionally, the CONCESSIONAIRE shall maintain a system to receive and address reports on operating issues involving odors. In case of any report, the CONCESSIONAIRE shall address the request in accordance with Applicable Laws and Provisions, guaranteeing that:
 - The report is received and addressed as diligently as possible.
 - The cause is identified.
 - An engineering plan is created to control the cause, with a term to be established by the SUNASS.
 - The plan contains a mechanism to monitor and verify its effectiveness.
 - The control plan is implemented.
 - The plan corrected the problem and no more odors or vectors have occurred due to this cause.
 - The SUNASS is kept informed, according to the established frequency, of this entire process, from the receipt of the report until the final solution.

Annex 3
Appendix 3 : Sample Point Locations

A. LOCATION OF THE WASTEWATER QUALITY SAMPLING POINTS

The CONCESSIONAIRE shall establish the Sampling Points for collected wastewater (influent) and treated wastewater (effluent) in the treatment system at appropriate sample-taking points, as indicated herein below, without prejudice to the provisions established by the Competent Governmental Authority and the laws and standards in force:

- One (1) Sampling Point for collected wastewater or influent of the treatment systems, located in the desander spillway, or after the desander and prior to entry into the following treatment unit.
- One (1) Sampling Point for treated wastewater or effluent of the treatment systems, located in the spillway or discharge pipe of the treatment system used for Discharge. This Sampling Point shall be located at least 5 m before the data logger installed in the discharge pipe or spillway of the treatment system.

The Sampling Points shall be clearly identified and marked, including their WGS 84/UTM coordinates.

B. LOCATION OF THE SURFACE WATER QUALITY SAMPLING POINTS

Without prejudice to the provisions established by the Competent Governmental Authority, the CONCESSIONAIRE shall establish Sampling Points for surface water quality in the corresponding receiving body as follows:

- **One (1) Sampling Point in the receiving body, upstream from the discharge:** At a distance of 50 meters from the discharge.
- **One (1) Sampling Point in the receiving body, downstream from the discharge:** At a distance of 200 meters from the discharge point, based on the criteria of the national protocol for the quality monitoring of surface water resources, approved by virtue of Resolution of the Head Office 010-2016-ANA, as amended or substituted.

The Sampling Points shall be clearly identified and marked, including their WGS 84/UTM coordinates.

C. LOCATION OF THE SLUDGE QUALITY SAMPLING POINTS

The CONCESSIONAIRE shall establish the Sampling Point for sludge in the treatment system as indicated herein below, without prejudice to the provisions established by the Competent Governmental Authority:

- **One (1) Sampling Point at the end of the sludge treatment line:** At the temporary storage area, prior to reclamation or Final Disposal.

The Sampling Points shall be clearly identified and marked, including their WGS 84/UTM coordinates.

D. LOCATION OF THE ORGANOLEPTIC QUALITY SAMPLING POINTS

In order to monitor and prevent the generation of odors in treatment systems that include anaerobic processes, wastewater samples shall be taken to measure hydrosulfuric acid at the following points:

- **One (1) wastewater Sampling Point in the effluent of each anaerobic process:** Located in the effluent of each anaerobic process in chamber or conduit, where the water comes into contact with the environment. If the anaerobic unit has an H₂S removal stage, this point shall be located in the effluent of said stage.
- **One (1) treated wastewater Sampling Point in the effluent of the treatment system:** Located in the spillway or output pipe of the treatment system that is used for discharge. This Sampling Point may be located at the same point selected for treated wastewater in Section A.

Annex 3
Appendix 4 : Sampling Frequency

The CONCESSIONAIRE shall perform the sampling of the parameters in question with the minimum frequency established in this appendix, in order to verify compliance with the Service Levels. This minimum frequency shall be in accordance with the operating requirements of the treatment systems and the respective Operating and Maintenance Manuals. The respective Competent Governmental Authorities may require more frequent sample-taking in keeping with their administrative duties.

Thirty (30) calendar days before executing the Operating Start-Up Certificate, the CONCESSIONAIRE shall send the GRANTOR an Annual Sampling Schedule in accordance with the conditions established in this appendix. The GRANTOR shall have ten (10) Days to raise any objections or approve it. If objections are raised, the CONCESSIONAIRE shall have five (5) Days to rectify them, after which the GRANTOR shall have five (5) Days to issue its approval.

The Annual Sampling Schedule shall establish the taking of samples simultaneously in the influent and final effluent of the treatment. The taking of compound samples can be automatic, using equipment that captures aliquots that are proportional to the flow volume, at an hourly frequency or less.

The abbreviations used in this appendix and their meaning are as follows:

- C:** Compound 24-hour sample, obtained through aliquots proportional to the flow volume with an hourly sampling rate.
- I:** Isolated samples.
- IS:** Integrated sample, consisting of the homogenization of isolated samples taken at different points simultaneously, in order to determine the average water quality conditions in the waterbodies. The isolated samples to be used in the integrated sample shall be those established in the environmental management instrument. This type of sample shall be taken for surface water.

A. WASTEWATER QUALITY

The sampling and analysis frequency at the Sampling Points of the treatment system are presented in Table A.

Table A: Sampling Frequency – Wastewater

PARAMETERS	TYPE	FREQUENCY
Biochemical Oxygen Demand (BOD ₅)	C	1 every four days
Chemical Oxygen Demand (COD)	C	1 every four days
Total Suspended Solids (TSS)	C	1 every four days
Thermotolerant Coliforms (Ct)	P	1 every four days
Fats, Oil and Grease (FOG)	C	1 every four days
Potential of Hydrogen (pH)	P	1 every four days
Temperature (T)	P	1 every four days

B. SURFACE WATER QUALITY

At the Sampling Points in the receiving body for the treated wastewater, the frequency shall be as follows:

Table B: Sampling Frequency – Surface Water

PARAMETERS	TYPE	FREQUENCY
Biochemical Oxygen Demand (BOD ₅)	IS	1 every four days
Chemical Oxygen Demand (COD)	IS	1 every four days
Total Suspended Solids (TSS)	IS	1 every four days
Thermotolerant Coliforms (Ct)	IS	1 every four days
Fats, Oil and Grease (FOG)	IS	1 every four days
Potential of Hydrogen (pH)	IS	1 every four days
Temperature (T)	IS	1 every four days

C. SLUDGE QUALITY

At the sludge Sampling Points, the sample type and frequency shall be as follows:

Table C: Sampling Frequency – Sludge

PARAMETERS	TYPE	FREQUENCY
Moisture	I	1 every four days
Stability (VS/TS)	I	1 every four days

D. ORGANOLEPTIC QUALITY

The frequency of hydrosulfuric acid data logging is shown in the following table. Sample-taking shall be accompanied by simultaneous measurements of pH and temperature “in situ.”

Table C: Sampling Frequency – Hydrosulfuric Acid

PARAMETERS	TYPE	FREQUENCY
Hydrosulfuric acid (H ₂ S)	I	1 every four days
Potential of Hydrogen (pH)	I	1 every four days
Temperature (T)	I	1 every four days

E. SAMPLING AND ANALYSIS CONSIDERATIONS

The following considerations are proposed for the sampling and analysis, in accordance with best international practices:

- i. The taking of isolated samples, taking or collection of compound samples (in case of automation of sampling), and analyses of parameters, at the established frequencies, of wastewater, surface water, and sludge samples shall be performed by an independent laboratory accredited by the National Quality Institute (INACAL), or as established in the

laws in force.

- ii. For the sampling of surface water, an integrated sample (IS) shall be taken simultaneously at different points, in order to determine the average water quality conditions in the receiving body. The integrated samples for an area shall include various isolated samples taken at several points of a given water area (width of a river). The location of the integrated sample-taking site and the isolated samples that comprise the integrated sample shall be that determined in the environmental management instrument.
- iii. The other sampling and analyses performed by the CONCESSIONAIRE may be performed in the laboratories that form part of the Infrastructure under the responsibility of the CONCESSIONAIRE, whose procedures shall be accredited by the National Quality Institute (INACAL).
- iv. The sampling and analysis shall be performed in accordance with the following standardized sampling protocols, except where they run counter to the provisions of the Concession Contract:
 - “Effluent quality monitoring protocol for domestic or municipal wastewater treatment plants,” approved by Ministerial Resolution 273-2013-VIVIENDA
 - “National protocol for the monitoring of surface water resources,” approved by Resolution of the Head Office 010-2016-ANA.
 - “Standardized methods for the analysis of potable water and wastewater,” of APHA-AWWA-WPCF.
 - “Biosolid Monitoring Protocol,” approved by Ministerial Resolution 93-2018-VIVIENDA.

Annex 3

Appendix 5 : Considerations for Data Logging and Recording of Magnitudes

1. DATA LOGGING POINTS AND EQUIPMENT

- 1.1 The Data Logging Points shall be located at appropriate points to record the flow, volume, and weight, as follows:
 - 1.1.1 A data logger in the intake canal or pipe to the treatment system of the Infrastructure under the responsibility of the Concessionaire, which shall necessarily be located after the bar screen chamber. This logger shall add up the total volume and record the flow entering the wastewater treatment system.
 - 1.1.2 A data logger in the spillway or discharge pipe of the treatment system of the Infrastructure under the responsibility of the Concessionaire, before the Discharge of the treated wastewater. This logger shall add up the total volume and record the flow leaving the treatment system.
 - 1.1.3 A floor scale in the temporary sludge storage area of the treatment system of the Infrastructure under the responsibility of the Concessionaire. This scale shall record the quantity of sludge to be transported for Reclamation or Final Disposal. Alternatively, the weight measurement may be subcontracted out, with the corresponding calibration accreditation.
- 1.2 All of the CONCESSIONAIRE's indicated data logging devices shall be automated, with real-time data transmission to the SCADA control center. The Data Logging Points shall be clearly identified and marked.

2. CONSIDERATIONS FOR FLOW DATA LOGGERS

- 2.1 The flow data loggers to be installed shall meet the following minimum characteristics:
 - 2.1.1 Make: Known and respected in the international market.
 - 2.1.2 Technology: Ultrasonic or electromagnetic.
 - 2.1.3 Precision (wastewater): As per manufacturer's specifications.
 - 2.1.4 Fluid temperature: Between 5° and 35° C.
 - 2.1.5 Readings logged: Total volume and instantaneous flow.
 - 2.1.6 LCD panel: Showing the volume and flow data logged.
 - 2.1.7 Useful life: As per manufacturer's specifications.
 - 2.1.8 Data transmission: Via telemetry to transmit data in real time to the respective control center.

The CONCESSIONAIRE shall provide the SUNASS with the volume data logged in real time, whenever so requested.

- 2.2 Before installing any data logging device, the CONCESSIONAIRE shall prove, with the respective certificates, that such devices have been properly calibrated by duly authorized bodies or firms authorized and accepted by the GRANTOR. If the device has calibration

certificates issued by an official metrology body in the country of origin, these certificates shall be officially translated into Spanish and shall be in force as of the installation date.

2.3 Metrology program: The CONCESSIONAIRE shall following the guidelines set forth below for the metrology program:

2.3.1 All data logging devices in the wastewater treatment plant of the CONCESSIONAIRE shall be installed or replaced with the supervision of the Specialized Supervisor, and, in the Operation and Maintenance stage, with the participation of the SUNASS, wherever the SUNASS deems it advisable. Without prejudice to the foregoing, once the data logging devices have been installed, the CONCESSIONAIRE shall submit a report on the installation work together with the set of quality control certificates for the installed data logger.

2.3.2 The CONCESSIONAIRE shall be responsible for the continuous supply of electric energy to the data loggers to guarantee their permanent operation and data transmission to the control center. In case of emergency, the CONCESSIONAIRE shall have an standalone battery-powered system or the like.

2.3.3 The CONCESSIONAIRE, as from the execution of the Operating Start-Up Certificate, shall check the data logging devices in the wastewater treatment plant in accordance with the procedures set forth in the applicable metrology standards or manufacturer's technical specifications.

2.3.4 The first checkup for the data logging devices shall be performed within the last five (5) days of the month immediately following the execution of the Operating Start-Up Certificate. The following data logger checkups shall be performed quarterly, within the last five (5) Days of March, June, September, or December.

2.3.5 The CONCESSIONAIRE shall inform the SUNASS, at least five (5) five days beforehand, of the place, date, and time, at which the data loggers shall be checked. The SUNASS shall evaluate the occasions on which it will participate in these works. Without prejudice to the foregoing, once the data loggers have been replaced, the CONCESSIONAIRE shall submit a report on the replacement work together with the quality control certificates for the data logger installed.

2.3.6 If, after checking a data logger, a precision error is detected in accordance with the conditions set forth in the Contract clauses, the CONCESSIONAIRE shall deem the data logger to be suffering from a malfunction and shall immediately proceed to substitute it with another, which it shall maintain in reserve, within no more than three (3) days. This new data logger shall meet the provisions established in point 2 and have a valid calibration certificate. The CONCESSIONAIRE may reinstall the malfunctioning data logger after first sending it for recalibration by a firm duly authorized by the Competent Governmental Authority.

2.3.7 If the CONCESSIONAIRE determines that a data logging device in the wastewater treatment plant is malfunctioning or has been vandalized or stolen, it shall report this fact within the following 24 hours to the SUNASS through any documentable means (letter or email), attaching the police report. The CONCESSIONAIRE: i) shall substitute or replace the flow data logger within another which it shall maintain in reserve on the same day as checkup, complying with the provisions established in point 2.2 hereinabove; or ii) subcontract out the weight measurement, as applicable.

2.3.8 During the checkup, replacement, or maintenance of a flow data logger, the CONCESSIONAIRE shall install a duly calibrated data logger to continue with the

measurement. The volume logged in this temporary data logger shall be added to the monthly volume.

- 2.3.9 The new flow data loggers installed shall meet the same characteristics as the replaced data logger. The make or technology may only be changed provided the new data logger guarantees greater precision.
- 2.3.10 All of the data logging devices installed shall necessarily be replaced by the CONCESSIONAIRE at the end of their useful life (as indicated by the manufacturer).
- 2.3.11 The data logging devices shall have a protective system that prevents access, tampering, or vandalism by third parties. The CONCESSIONAIRE shall be exclusively responsible for the integrity thereof.

3. MONTHLY VOLUME DETERMINATION PROCEDURE

To determine the monthly volumes of influent wastewater and treated wastewater, the following procedure shall be established:

- 3.1 The monthly volume of a data logger shall be the difference between the value logged in the current month less the value logged the previous month.
- 3.2 The day on which the Operating Start-Up Certificate is executed, the CONCESSIONAIRE shall take the reading of the volumes logged in each logger, and, on the same day of the following months, it shall take the corresponding readings.
- 3.3 The CONCESSIONAIRE shall submit to the GRANTOR, with a copy to the SUNASS, the valued logged at each data logger within ten (10) calendar days following the reading for each month.
- 3.4 When the CONCESSIONAIRE performs the checkup, replacement, or maintenance of a data logger and it becomes necessary to install a temporary data logger, the volume measured by the temporary data logger installed shall be added to the corresponding monthly volume.

Annex 3

Appendix 6 : Guidelines for the Emergency Operating Plan in Case of Losses

Every Emergency Operating Plan in Case of Losses shall include the following, at a minimum:

1. Introduction

1.1. Background

Provide a concise description of the infrastructure that forms part of the Emergency Operating Plan in Case of Losses (hereinafter, the "Emergency Plan").

1.2. Geographic Area

The Emergency Plan shall precisely demarcate the total area of the infrastructure, the Concession's immediate Area of Influence that may be affected by the effects or impact of the loss.

2. Risk Diagnosis

Within the scope of the Emergency Plan, the CONCESSIONAIRE shall assess the risks that may arise during the Concession Contract term, taking into account the following aspects:

- 2.1. Structural risks
- 2.2. Environmental risks
- 2.3. Population risks
- 2.4. Operating risks
- 2.5. Other risks

3. Purpose

The objective shall essentially be to attenuate the impacts caused by failures in the operation of the Infrastructure under the responsibility of the Concessionaire, as a result of natural or manmade phenomena or disasters.

4. Response System

The response system shall set forth the mitigation measures for each one of the risks identified, in accordance with the following phases, and include the measures to be adopted to reestablish operations after the occurrence of each event.

4.1. Phase 1: Preventive Measures

In its procedures, the CONCESSIONAIRE shall include mechanisms for the periodic scheduled inspection of the facilities, equipment, and materials, in accordance with the useful life and replacement criteria of the equipment, wear and tear of materials, and weather considerations that may significantly alter the quality and state of the equipment and materials.

The Emergency Plan shall include the authorized personnel, their actions inside the

facilities, and the operating protocols to prevent operating failures and avoid the presence of other individuals not immediately involved.

It shall also establish the actions necessary to check electromechanical equipment, firefighting equipment, location of flammable or hazardous materials, electrical installations, first aid equipment in good condition, and basic medicines.

The performance of drills and preventive exercises shall be a regular practice.

4.2. Phase 2: Alter Period

Once a natural phenomenon or manmade event has occurred, resulting in an infrastructure disaster, the Emergency Plan shall declare the facilities on alert, asking for reports on damages to the different control points established in the geographical area of the infrastructure.

In case of a fire outbreak, once the likely origin of the fire has been determined, the brigades shall be alerted to determine more precise information on the origin or causes of the fire.

4.3. Phase 3: Control Measures

Establish the respective control measures to address to the emergency, considering the CONCESSIONAIRE's response capacity. In all cases, the relevant authorities shall be informed as soon as possible.

4.4. Phase 4: Remediation Measures

Include the necessary remediation measures, previously designed in the Emergency Plan, for immediate implementation. These measures shall be based on criteria to restore the system's operating conditions as soon as possible, without risk to the facilities and human life, as well as long-term measures for the total recovery of the operating and production conditions, where applicable.

4.5. Phase 5: Evaluation of Emergency Plan Implementation

After the emergency has come to an end, the CONCESSIONAIRE shall evaluate the results of the Emergency Plan's implementation, as well as the performance of the different brigade members to improve the response in the future. The operating conditions of the facilities shall also be inspected.

For such purpose, the CONCESSIONAIRE shall submit a report to the GRANTOR, with a copy to the SUNASS, regarding the damages caused and the control and remediation measures adopted during and after the emergency.

5. Organization for the Implementation of the Emergency Plan

- 5.1. Emergency Plan Chief
- 5.2. Fire Brigade
- 5.3. Disaster Brigade

- 5.4. Institutional Coordinator (PSS)
- 5.5. Internal and External Advisors
- 5.6. External Organizations (fire department, civil defense (INDECI), municipalities, civil society organizations, etc.)

6. Information on Hazardous Materials

The Emergency Plan shall include the list of hazardous materials, specifying the following information on each one of said materials:

- 6.1. General information on the material, detailing their physical and chemical characteristics, appearance, or anything else required by the nature of the material.
- 6.2. Their use and restrictions.
- 6.3. Handling and transportation.
- 6.4. Licenses or authorizations.
- 6.5. Trademarks or patents.
- 6.6. Storage and shipping methods.
- 6.7. Procurement mechanisms.
- 6.8. Environmental impact in case of losses.
- 6.9. Any other important information.

7. Training Plans

The CONCESSIONAIRE shall prepare and implement a training plan aimed at the CONCESSIONAIRE's personnel, the population in the Area of Influence of the Concession, and the personnel of the PSS.

8. Equipment

The CONCESSIONAIRE shall provide details on the following equipment, which shall be made available to the parties responsible for the implementation of the Emergency Plan:

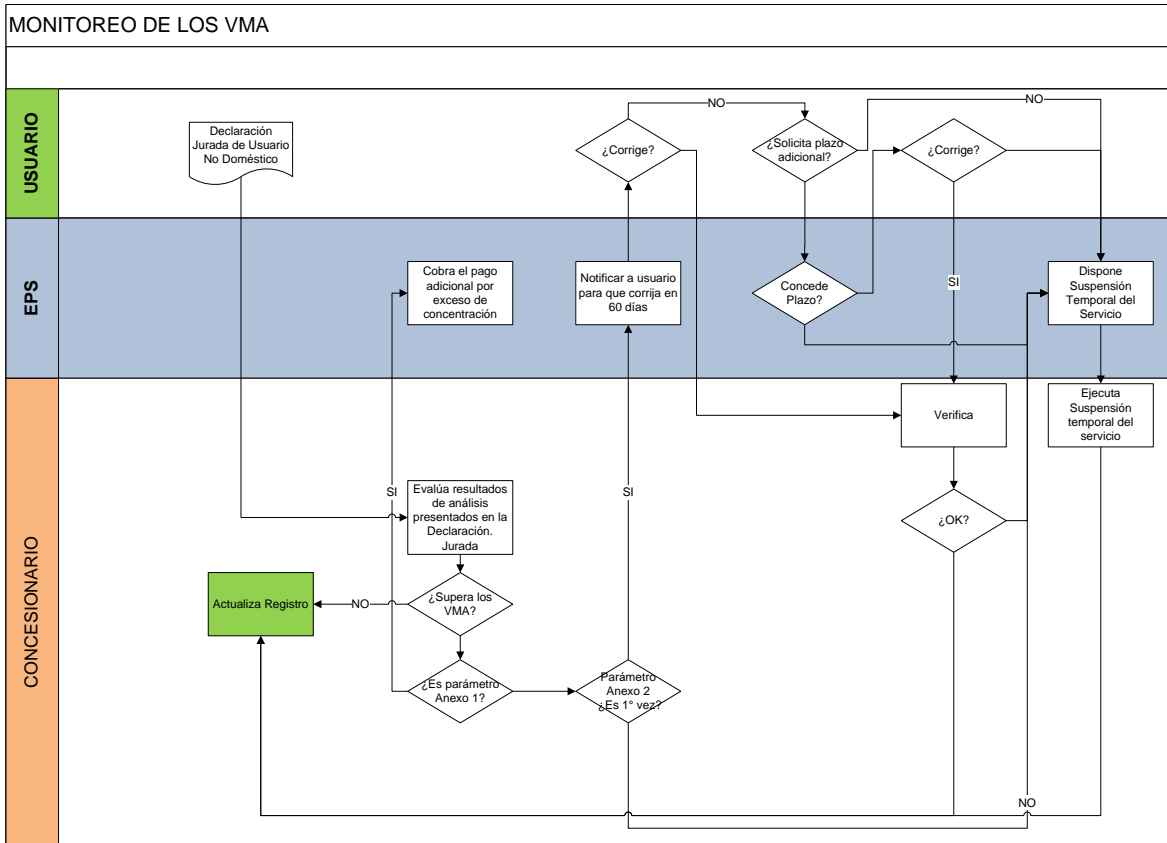
- 8.1. Personal protective equipment.
- 8.2. First aid.
- 8.3. Other equipment for operation and salvage.

9. Communications Protocol

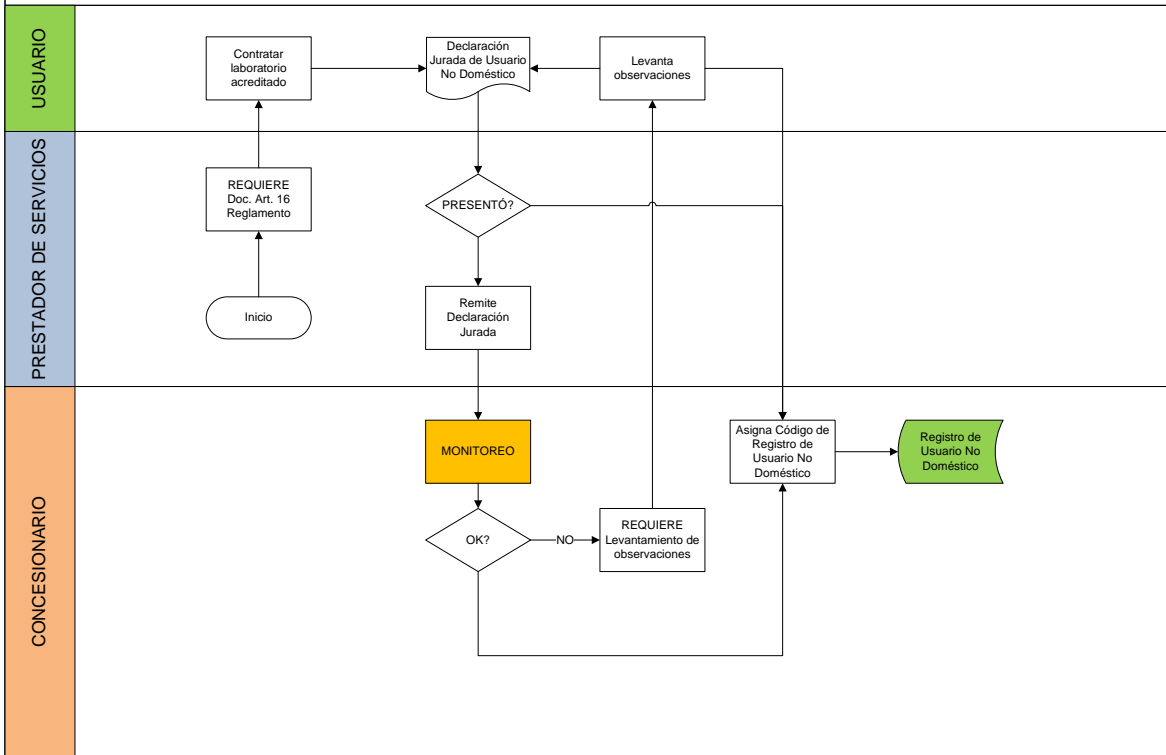
The CONCESSIONAIRE shall propose a protocol for communication with the PSS in case of emergency, which makes it possible to provide alerts in the shortest time possible regarding any contingencies or emergencies, as they occur.

Annex 3

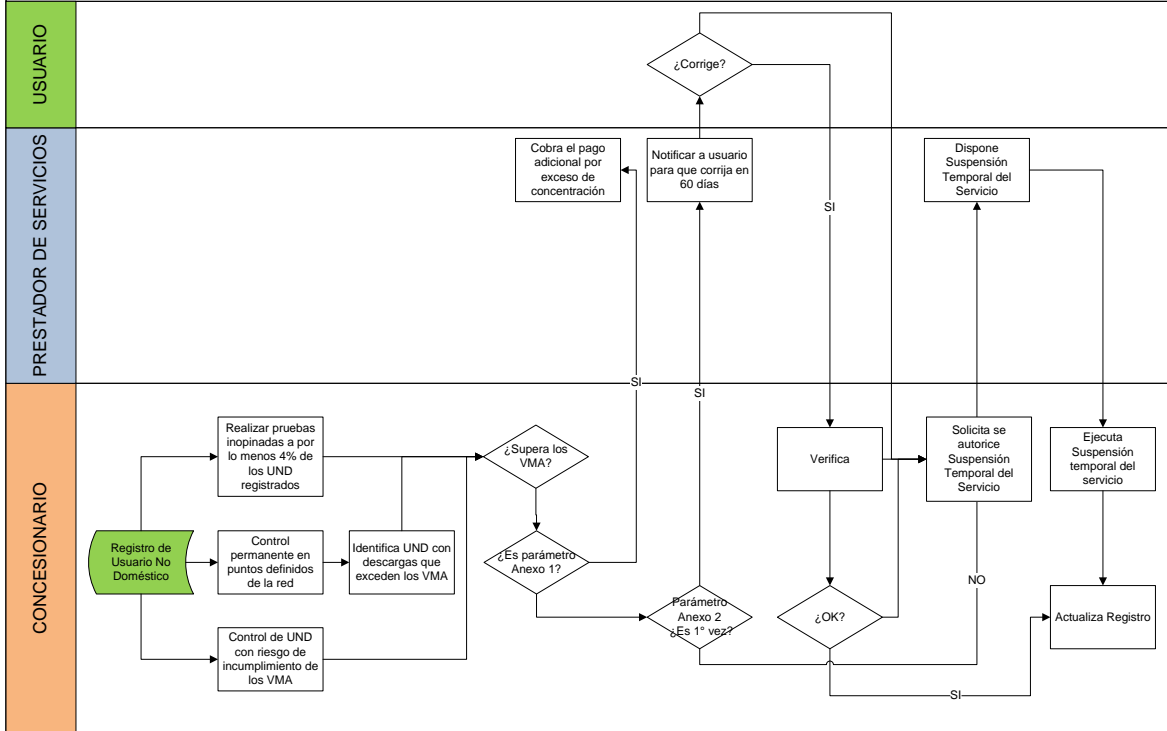
Appendix 7 : Activities and Responsibility for MAV Monitoring and Control



REGISTRO DE USUARIO NO DOMÉSTICO



INSPECCIÓN Y CONTROL



Annex 4 ASSETS TO BE HANDED OVER BY THE GRANTOR FOR THE WORKS

The Concession Assets to be handed over by the GRANTOR on the occasion and under the conditions established in the Concession Contract, for the exercise of the rights and performance of the obligations associated with the Works, shall include, but are not limited to, the following:

Concession Assets of Component 1

1. Existing household hookups (approx. hookups)
2. Existing secondary collectors (approx. km)

Concession Assets of Component 2

3. Existing primary collectors (approx. ... km)
4. Existing sewer pumping stations (approx. ... units)
5. Existing sewer impulse lines (approx. km)
6. Existing supplementary infrastructure.
7. Land made available by the GRANTOR and used by the CONCESSIONAIRE for the performance of the Project, in accordance with Annex 5.

If the CONCESSIONAIRE requires a larger land area, the additional area required shall be acquired by the CONCESSIONAIRE, who shall assume the cost and risk of said acquisitions.

Annex 5 MINIMUM PROJECT REQUIREMENTS

I. MINIMUM TECHNICAL SPECIFICATIONS

The minimum quality criteria for the design and construction of civil works, electrical installations, electromechanical installations, hydromechanics, hydraulic installations, plumbing, and buildings corresponding to the Project, as well as their Operation and Maintenance, shall be in alignment, as relevant, with the Applicable Laws and Provisions and, where applicable, the international standards in force for such effect.

The laws, regulations, and normative provisions, as amended or substituted, which shall compulsorily be complied with are the Applicable Laws and Provisions, which include:

- Law 29338—the Water Resources Act and its Regulations.
- Law 28611—the General Environmental Act.
- Law 26786—the Environmental Impact Assessment Act for Works and Activities.
- Law 27446—the National Environmental Impact Assessment System Act.
- Law 28296—the General Act on Cultural Heritage of the Nation, as amended and supplemented.
- Law 28245—the National Environmental Management Framework Act.
- Legislative Order 1280—the Sanitation Services Management and Provision Framework Act.
- Legislative Order 1285, amending Law 29338.
- Legislative Order 1278—the Comprehensive Solid Waste Management Act.
- Legislative Order 1147—the Decree regulating the strengthening of the Armed Forces in the competencies of the National Maritime Authority—National Coastguard Office.
- Executive Order 004-2017-MINAM, approving Environmental Quality Standards for Water and establishing Supplementary Provisions.
- Executive Order 003-2010-MINAM, approving maximum permissible limits for effluents of Domestic or Municipal Wastewater Treatment Plants.
- Executive Order 019-2009-MINAM, approving the Regulations on the National Environmental Impact Assessment System Act.
- Executive Order 011-2006-VIVIENDA, as amended—Technical Standards of the National Building Code, especially with regard to Sanitation Works.
- Executive Order 010-2017-VIVIENDA, approving the Regulations on Sections 4 and 5 of Legislative Order 1285.
- Executive Order 015-2012-VIVIENDA, approving the Environmental Protection Regulations for Projects Related to Housing, Urban Development, Construction, and Sanitation Activities.
- Executive Order 019-2014-VIVIENDA, amending Executive Order 015-2012-VIVIENDA.
- Ministerial Resolution 128-2017-VIVIENDA, approving the Minimum Conditions for Sludge Management and Facilities for its Final Disposal.
- Ministerial Resolution 024-2017-VIVIENDA, approving the Regulations for the Reclamation of Biosolids Generated in Wastewater Treatment Plants.
- Ministerial Resolution 273-2013-VIVIENDA, approving the Effluent Quality Monitoring Protocol for Domestic or Municipal Wastewater Treatment Plants (PTARs).
- Resolution of the Head Office 10-2016-ANA, approving the National Quality Monitoring Protocol for Surface Water Resources.
- Resolution of the Head Office 224-2013-ANA, approving the Regulations for the

- Granting of Treated Wastewater Discharge and Reuse Authorizations, as amended.
- Resolution of the Head Office 056-2018-ANA, approving the Classification of Inland Surface-Level Waterbodies.
- Resolution of the Head Office 154-2016-ANA, approving the Ecological Flow Volume Determination Methodology.
- National Electrical Code.
- Other laws in force in Peru and applicable to the Project.
- Other amendments or supplements to laws in force in Peru and applicable to the Project, including the occupational health and safety standards.
- International Technical Standards, applicable on a supplemental basis.

For reference purposes, in case of a loophole in national legislation or if National Technical Standards are out-of-date, the following international standards may be used, provided they guarantee an equal or greater rigor:

- Abwassertechnische Vereinigung (ATV)

The standards, regulations, and provisions listed above are for reference purposes only, and shall not be considered an exhaustive list.

II. MINIMUM REQUIREMENTS FOR THE WORKS OF COMPONENTS 1 AND 2

The CONCESSIONAIRE shall design and execute all the Works necessary for the proper functioning of the Project.

2.1 PROJECT DESIGN AND CONSTRUCTION PARAMETERS

2.1.1 The CONCESSIONAIRE shall design the Works of the engineering documents to be included in the technical files in compliance, at a minimum, with the following design conditions:

- For the flow volume of the PTAR, Table 2.1 indicates the contributing water flow volumes from the City of Puerto Maldonado, which encompasses the urban area of the District of Tambopata and the populated center of El Triunfo in the District of Las Piedras, in the Province of Tambopata.
- Table 2.2 and Table 2.3 present the contributing sanitation flow volumes by drainage areas in the District of Tambopata and the Populated Center of El Triunfo, respectively. In the Technical File for the final design, the CONCESSIONAIRE, at its judgment and in compliance with the applicable standards, shall adopt the design criteria and sizing of the sanitary sewer channels, with the approval of the Supervisor.
- Table 2.4 contains the design concentrations of the wastewater treatment system, which have been used to calculate the loads shown in Table 2.5.

Table 5.1: Design Flows – Overall Demand (L/s)

Flows	Unit	Tambopata (Year 2043)	El Triunfo (Year 2043)	Total City of Puerto Maldonado (Year 2043)
Annual average domestic water flow volume (Qm)	L/s	308	49	357
Annual average flow volume of domestic water + seepage (Qp)*	L/s	344	56	400
Max. hourly flow volume, including seepage and mistaken hookups (Qmh)**	L/s	637	103	740

* Includes seepage of water from the subsoil.

** Includes seepage of water from the subsoil and contributions from mistaken or illegal hookups.

Table 5.2: Design Flow Volumes – Demand by Drainage Area (L/s) Tambopata District

Drainage Area	Avg. Flow Vol. (Qm)	Avg. Flow Vol. (Qp)*	Max. Hourly Flow Vol. (Qmh)**
AD-01	15.8	17.6	32.6
AD-01	15.8	17.6	32.6
AD-02	46.9	52.5	97.1
AD-03	36.0	40.3	74.4
AD-04	19.1	21.4	39.5
AD-05	12.6	14.1	26.0
AD-06	18.5	20.7	38.3
AD-07	14.9	16.7	30.9
AD-08A	Outside scope due to Flood Risk (Pueblo Viejo)		
AD-09	15.6	17.4	32.2
AD-10	Outside scope due to Flood Risk (Puerto La Pastora)		
AD-11	7.9	8.8	16.3
AD-12N	38.0	42.5	78.6
AD-12S	13.6	15.2	28.2
AD-ZN	68.9	77.1	142.6
AD-ZS	56.5	63.2	116.9

* Includes seepage of water from the subsoil.

** Includes seepage of water from the subsoil and contributions from mistaken or illegal hookups.

Table 5.3: Design Flow Volumes – Demand by Drainage Area (L/s) CP El Triunfo

Drainage Area	Avg. Flow Vol. (Qp)*	Max. Hourly Flow Vol. (Qmh)**	Seepage Vol. (Qinf)	Mistaken Hookup Flow Vol. (Q mistake)	Design Flow Vol.
AD-01	27.856	50.141	3.68	4,65	58.468
AD-02	10.929	19.673	1.43	1.81	22,92
AD-03	4.81	8.658	0.60	0.75	10.009
AD-04	5.604	10.088	0.70	0.88	11.663

* Includes seepage of water from the subsoil.

** Includes seepage of water from the subsoil and contributions from mistaken or illegal hookups.

Table 2.4: Treatment System Design Parameters

Parameter	Units	Concentrations (C)
BOD ₅	mg/L	400
COD	mg/L	700
TSS	mg/L	220
Total N	mg N/L	70
Total I	mg P/L	12
Fats, Oil and Grease	mg/L	100
Thermotolerant Coliforms	NMP/100 mL	1 x 10 ⁸
Helminth Eggs	Eggs/L	10
Temperature	°C	27.9

Table 2.5: Treatment System Design Loads

Parameter	Units	Loads (Qp x C)
BOD ₅	Kg/day	13.824
COD	Kg/day	24.192
TSS	Kg/day	7.603
Total N	Kg/day	2.419
Total I	Kg/day	415
Fats, Oil and Grease	Kg/day	3.456

2.2 HOUSEHOLD HOOKUPS

2.2.1 The Project comprises the installation, upgrade, and/or bringing up to code—due to age or wear—of household sewer hookups in the drainage areas included in Table 2.2 which form part of the Concession Area, in accordance with the conditions established in the Concession Contract and a maximum number of hookups to be performed, as shown in the following table:

	Tambopata	El Triunfo	Subtotal
New Hookups	9,800	1,138	10,938
Hookups Brought Up to Code	1,086	146	1,232
Maximum Hookups Established			12,170

- 2.2.2 The nominal diameter of the household hookup shall be at least 160 mm. The pipes to be used shall be made of PVC or any other material authorized by the GRANTOR.
- 2.2.3 The jointing of household hookups shall not be permitted in primary collectors, impulse or discharge lines.
- 2.2.4 In all upgraded parts of the sewer network, existing hookups shall be joined to the new stretch.

2.3 PRIMARY AND SECONDARY COLLECTORS

- 2.3.1 The Project includes the installation, change due to capacity, or upgrade due to age/wear/material of collectors in the Concession Area.
- 2.3.2 The collectors shall be designed to collect the sewerage of the drainage areas indicated in Table 2.2 and demarcated in Appendix 1 of this Annex, considering the maximum hourly flow volumes indicated Table 2.2 hereinabove and complying with the Technical Specifications.
- 2.3.3 The route and size of the collectors to be changed, upgraded, and/or expanded shall be defined by the CONCESSIONAIRE in the respective Technical Files. Appendix 1 identifies those blocks where the CONCESSIONAIRE is obligated to change, upgrade, and/or expand collectors.
- 2.3.4 The design shall take into account the expansion, improvement, and/or upgrade projects for sewer networks that were in the process of being formulated or implemented as of the date on which the corresponding Technical Files were submitted, especially that led by the “Big Cities Program” of the Ministry of Housing, Construction, and Sanitation, which shall be supplementary to the Project.

Minimum Diameter

- 2.3.5 The diameters of the pipes to be installed shall be defined by the CONCESSIONAIRE in compliance with the Minimum Technical Specifications.
- 2.3.6 The minimum diameter shall be 200 mm and shall be applicable for all stretches of pipe installed, changed due to capacity, or upgraded due to age/wear/material.
- 2.3.7 For purposes of the Concession Contract, primary collectors shall be considered those with a diameter of 250 mm or more.

Piping Type

- 2.3.8 The pipes to be used shall be made of PVC or any other material authorized by the GRANTOR.

Inspection Chambers (Receptacles)

- 2.3.9 The collectors shall have inspection chambers at:
 - Collector joints
 - Changes in direction
 - Changes of slope

- Changes in diameter
- Changes in material
- Wherever necessary for inspection and cleaning reasons
- Catch basins

Maximum Lengths

2.3.10 The maximum lengths of the stretches between manholes shall be:

- 80 m : For pipes with a 200-mm diameter.
- 100 m : For pipes with a diameter of 250 mm to 300 mm.
- 150 m : For pipes with a diameter in excess of 300 mm.

Upgrade of Collectors/Replacement of Pipes

2.3.11 The stretches of the existing sewer network to be changed or upgraded shall be the following, at a minimum:

- Structural plain concrete pipes, regardless of state and age.
- Pipes made from PVC or any other material that are in poor structural condition or which exhibit solidified sediment over more than 20% of the internal area of the pipe.
- Pipes made from any material, regardless of their state and age, whose capacity is insufficient to meet the demand in accordance with the hydraulic calculations in the Technical Files.

Closure of Existing Collectors

2.3.12 Those collectors which will be taken out of service shall be closed in accordance with the Minimum Technical Specifications and the corresponding Environmental Management Instrument approved by the Competent Governmental Authority. The closure of these collectors shall be done in such a way as to avoid affecting the proper functioning of any service, or the safety of the infrastructure of the GRANTOR, the PSS, or third parties.

2.4 WASTEWATER PUMPING STATIONS OR CHAMBERS

2.4.1 The Project may include the construction of new pumping chambers, as well as the upgrade of existing pumping chambers within the properties indicated in Appendix 2¹ of this annex, or on those acquired by the CONCESSIONAIRE, which shall be handed over on the occasion and in the conditions established in the Contract.

The CONCESSIONAIRE shall perform the design and construction of the necessary pumping chambers so as to guarantee that the wastewater collected through the collectors is conveyed to the treatment system, in compliance with the conditions established in this Contract.

For the new pumping chambers:

2.4.2 All pumping chambers shall consist of the house, wet chamber, and equipment. The pumping chamber shall also have a control panel room and a generator room. The pretreatment system shall have a coarse solids catch system with a minimum

¹ Informe No. 26-2020-Vivienda- VMCSS/DGPPCS-DGCCS

diameter of 25 mm.

- 2.4.3 The design shall include equipment for odor treatment in the wet chamber and the pretreatment system, as well as an air extraction system with a capacity of eight (8) air changes per hour, at a minimum. It shall also include a security guard area with plumbing and a full bath. The maximum concentrations for the emission of deodorized air shall be established in the Environmental Quality Standards for Air (EQS-Air) for parameters associated with the generating source, primarily H₂S.
- 2.4.4 The minimum number of pumps shall be two units for sequential operation. The pumps shall be of the same kind and the same flow volume.
- 2.4.5 Submersible pumps shall be used with a gray G25 cast iron casing and a hardened 60 HRC steel impeller, as a minimum. Hoisting, track, and chain systems shall be included, which shall be made of stainless steel, grade 316 or higher. The hoisting system shall have a hoist installed on a rail or gantry for such purpose.
- 2.4.6 The pumping equipment shall preferably operate at a voltage of 220V or 440V, and a frequency of 60 Hz.
- 2.4.7 The design of the pretreatment system shall include facilities for removal, cleaning, and elimination of solids retained therein. All metal elements or components that come into contact with wastewater or the gases produced by it shall be made of stainless steel, grade 316 or higher. Covers used for access to the areas where they are installed shall be made from a noncorroding material.
- 2.4.8 The design shall include an overflow system with a design flow volume equal to the maximum influent flow volume and a layout that prevents flooding. It shall also include all measures and works necessary so that the stations are not affected by outside floods.
- 2.4.9 All of the pumping chambers shall include the installation of an automated emergency generator with the ability to support the maximum pumping capacity.
- 2.4.10 All pumping chambers shall have a perimeter wall made from brick, concrete, or metal to isolate them from the surrounding lots and prevent the construction of properties adjacent to the walls.
- 2.4.11 All of the systems installed in the wastewater pumping chambers shall be fully automated, with an operating parameter data storage system, and shall be fitted out for remote operation, surveillance, and data transmission.
- 2.4.12 It shall be necessary to install a lightning rod in the pumping stations., as well as a permanent and transient overvoltage protection system.
- 2.4.13 In general, they shall meet the Minimum Technical Specifications.
- 2.4.14 Data loggers shall be installed in the new pumping chambers to record flow and volume in the corresponding impulse lines.
- 2.4.15 The CONCESSIONAIRE shall include the slope stabilization Works necessary to

mitigate the geotechnical risks posed by the gullies or ravines near the new pumping stations that form part of the Infrastructure under the responsibility of the CONCESSIONAIRE. All planned actions shall be supported by the soil, geotechnics, topographic, and specialized studies required, in order to allow for the detailed design and specifications of the Works.

For existing pumping chambers to be improved:

- 2.4.16 These chambers shall be subject to the same requirements established for the new pumping chambers. The use of centrifugal or other appropriate types of pumps shall be permitted, while the use of piston or any other type of positive displacement pumps shall be prohibited. If it is not possible to meet these requirements in any of the existing pumping chambers, the construction of a new pumping chamber shall be included to replace it.
- 2.4.17 Other alternative technologies may also be used with the prior authorization of the GRANTOR, provided they meet the same objective as a pumping chamber.
- 2.4.18 Inside all of the sewer pumping chambers, data loggers shall be installed with records of the flow and volume in the corresponding impulse lines.
- 2.4.19 The CONCESSIONAIRE shall include the slope stabilization Works necessary to mitigate the geotechnical risks posed by the gullies or ravines near the existing pumping stations that form part of the Infrastructure under the responsibility of the CONCESSIONAIRE. All planned actions shall be supported by the soil, geotechnics, topographic, and specialized studies required, in order to allow for the detailed design and specifications of the Works.
- 2.4.20 For purposes of the operation of the PTAR, the CONCESSIONAIRE shall upgrade the José Maria Grain pumping station, which shall be equipped in the same way as the other pumping stations, in terms of pump equipment, instrumentation and communications systems, electrical installations, and generator.
- 2.4.21 The CONCESSIONAIRE shall stabilize the slope of the El Balcón gully adjacent to the José Maria Grain pumping station, implementing the disaster risk mitigation measures necessary.

2.5 IMPULSE LINES

- 2.5.1 The impulse lines shall be made of high-density polyethylene (HDPE) or any other material previously authorized by the GRANTOR. The type of material and type of pipe will depend on the service pressures, taking into account the normal and extraordinary operating conditions of the system.

The CONCESSIONAIRE shall perform the design and construction of the impulse lines necessary, in order to guarantee that the wastewater collected through the pumping chambers is conveyed to the treatment system.

- 2.5.2 The impulse lines to be implemented shall include the following, among other things:
 - Air valve and purge chambers.

- Accessories.
- Anchor points.
- Protective structure for road crossings and bridges, as well as when embedded in an existing infrastructure, including repairs, where applicable.

Pipe Replacement

- 2.5.3 The existing impulse lines will have to be changed or replaced in the following cases, at a minimum:
- Carbon steel pipes for impulse lines.
 - Pipes made from PVC or any other material that are in poor structural condition or which exhibit solidified sediment over more than 20% of the internal area of the pipe.
 - Pipes made from any material, regardless of their state and age, whose capacity is insufficient to meet the demand in accordance with the hydraulic calculations.
 - Pipes made from any material, regardless of their state and age, if they do not meet the Minimum Technical Specifications.

Closure of existing impulse lines

- 2.5.4 Impulse lines that are replaced shall be closed in accordance with the Minimum Technical Specifications and the provisions contained in the corresponding Environmental Management Instrument approved by the Competent Governmental Authority.

2.6 WASTEWATER TREATMENT SYSTEMS

- 2.6.1 The Project consists of the construction of a wastewater treatment system on the properties located in Appendix 2 of this annex or on those acquired by the CONCESSIONAIRE, which shall be handed over on the occasion and in the conditions established in the Concession Contract.
- 2.6.2 The equality of the wastewater treated by the treatment system shall meet the Service Levels established in the Service Contract, at a minimum.
- 2.6.3 The CONCESSIONAIRE shall perform the design and construction of the necessary pumping chambers so as to guarantee that the wastewater collected is treated prior to its final disposal and meets the conditions established in the Minimum Technical Specifications.
- 2.6.4 The minimum components of the planned Wastewater Treatment Plants shall be:
- 2.6.4.1 Overflow dump to alleviate the excess hydraulic load above the design maximum hourly flow volume, caused during rainfall episodes, where the flow volume that exceeds the plant's maximum hydraulic capacity shall be dumped.
 - 2.6.4.2 Pretreatment or preliminary treatment. This component shall be designed for the maximum hourly flow volume. Regardless of the technical option proposed, this component shall include at least the

following:

- Coarse screen or sieve to remove solids greater than 40 mm.
- Medium, mechanically operated screen, with a space of 20 mm between bars.
- Fines screen with clear openings of 4 mm.
- Desander for the removal of settleable solids with a diameter of over 0.20 mm, with a 95% separation efficiency. Must include an agitation system to maintain organic matter suspended, thus fostering the settling of sand.

2.6.4.3 Other treatment processes. Consisting of primary, secondary, or other treatment units, which shall be designed based on the design concentrations and loads, so as to meet the Service Levels.

2.6.4.4 Disinfection system. This system may use chlorine, ultraviolet rays, or other technology, provided it enables the reduction of pathogenic microorganisms to quality levels required for final disposal, in accordance with the laws and standards in force. It shall also include a contact chamber with a sufficient capacity to guarantee the effectiveness of the disinfection.

2.6.4.5 Odor control. Includes an odor control system for treatment systems that cause odors considered offensive to health and the environment, in compliance with the applicable standards and the Service Levels for H₂S (aq). The maximum concentrations for the emission of deodorized air shall be that established in the Environmental Quality Standards for Air (EQS-Air) for parameters associated with the generating source, primarily H₂S.:

2.6.4.6 Intake device: Intake or suction point for transfer of treated wastewater to tank trucks, for purposes of reuse in accordance with the Applicable Laws and Provisions.

2.6.4.7 Automation system: The instrumentation and control of all equipment included in the PTAR shall have the minimum elements for the supervision, operation, and logging of the treatment operations. All of the control and instrumentation elements shall be included to guarantee the adequate, optimal, and safe functioning of the plant. This shall include the instrumentation equipment, control panels, wiring, and other supplementary elements that allow for the operation of the process SCADA and the electrical SCADA. There shall be a remote surveillance and supervision system for the PTAR and the pumping stations.

2.6.4.8 Data logging devices. Includes at least automatic flow sampling loggers at the entry to pretreatment and exit from the disinfection system. The logging of the flow volumes shall be continuous and automated for purposes of supervision using the SCADA system. Flow volume data loggers shall also be installed in the sludge purge and sludge recirculation lines (if they exist). Scales shall be included to weigh the dried sludge sent for final disposal. Other flow volume or process parameter measurements shall be included for operating and control purposes.

2.6.4.9 There shall be a flow data logger check system installed at the input and output of the PTAR. In the case of Parshall flumes or Palmer-Bowlus used as a primary metering element at the entry to the PTAR, the range of precision is de +/- 5%.² The use of flow metering spillways in measuring the flow at the plant entry is not considered appropriate. For such purpose, the guidelines established in ASTM D 5640-95 (Reapproved 2014) "Standard Guide for Selection of Weirs and Flumes for Open-Channel Flow" shall be used.

2.6.4.10 These data loggers shall be made from plastic materials, concrete, or another material apt for contact with wastewater. The materials of the other components of a flow volume data logger, such as sensors or logging equipment, shall be apt for exposure to the installation conditions.

2.6.4.11 For the installation of flow volume data loggers, the manufacturer's instructions and recommendations shall be followed. During installation, the sensors shall be situated in places free from brusque changes in size and direction to avoid hydraulic irregularities that may lead to data logging errors. During installation, there shall be fastening system and mounting elements available to guarantee correct installation. Installation shall be performed in such a way as to guarantee that maintenance is efficiently performed. The sensors shall be able to be cleaned so as to eliminate pathogenic elements, without posing a risk to the equipment or personnel.

2.6.4.12 Likewise, the CONCESSIONAIRE shall have the obligation, starting from the execution of the Operating Start-Up Certificate under the jurisdiction of the PSS, to check all of the data loggers in the wastewater treatment plant in accordance with the procedures set forth in the metrology standards, the application of which shall be carried out in the following order of priority: (i) national; (ii) international; or (iii) in the absence thereof, the range of error shall fall within +/- 5.0% of the logged value, in accordance with the conditions established herein. This procedure shall be used each time it is necessary to install or remove the data loggers.

For such purpose, the SUNASS shall hire a firm to perform checkups, preferably one accredited for the type of data logger and sizes used in the Concession, in accordance with the Applicable Laws and Provisions. The CONCESSIONAIRE shall assume the entirety of the costs and expenses required to hire the aforementioned firm, as well as any taxes levied thereon.

2.6.4.13 Engine control rooms and electric switchboards: Electric switchboards shall have a system for protection against permanent and transient overvoltage.

² ASTM D 5640 - 95 (Reapproved 2014) Standard Guide for Selection of Weirs and Flumes for Open-Channel Flow, p. 4.

- 2.6.4.14 Lightning rod: The installation of a lightning rod shall be required.
- 2.6.4 The pumps supplied shall be variable-frequency pumps.
- 2.6.5 The centrifugal pumps used shall be manufactured, at a minimum, with a ASTM A48 30B gray cast iron casing and ASTM A 536 80 ductile iron impellers or better, or another material with a similar behavior that meets the requirements of durability, strength, functionality, etc., provided that the material to be used is resistant to the aggressiveness of the wastewater, as well as weathering. In general, the electromechanical equipment shall be durable and resistant.
- 2.6.6 Other types of pumps shall be specified in accordance with their particular application for sludge management, polymers, dosing, etc.
- 2.6.7 Preferably, pumping equipment shall operate at a voltage of 220V or 440V and a frequency of 60 Hz, and its motors shall have variable frequency drives that allow for variable speeds and flow volumes in the pumps, except in those cases where this is proven not to be necessary in the respective Technical File, as approved by the GRANTOR.
- 2.6.8 For purposes of the operation of the PTARs, the CONCESSIONAIRE shall guarantee the provision of electricity in such a way as to ensure their functioning. For such purpose, it shall have an engine-generator or portable generator able to cover the electricity demand to maintain a treatment level at 100%.
- 2.6.9 If the CONCESSIONAIRE opts to exploit the biogas generated in the water treatment processes to generate electricity to partially or entirely replace the plant's electricity demand, it shall determine the biogas storage and treatment needs (e.g., removal of H₂S, moisture, and siloxanes, as required).
- 2.6.10 If the wastewater treatment processes adopted generate biogas, the necessary mechanisms shall be implemented to minimize greenhouse gas emissions.
- 2.6.11 The PTAR shall have independent electricity hookups to ensure the differentiated metering of electricity consumption.
- 2.6.12 The corresponding automation shall also be implemented, including, at a minimum, instrumentation for online control of the following parameters at the PTAR input and output: flow volume, pH, and temperature.
- 2.6.13 Sludge shall be stabilized and dried for Final Disposal or economic exploitation, in case of reuse, meeting the Service Levels. The Final Disposal may be performed in accordance with the Minimum Technical Specifications.
- 2.6.14 The treatment system shall include the following supplementary works:
- Provisional and preliminary works required.
 - Electricity supply and substation works.
 - Operational control office.
 - SCADA control center for processes and for the electric system.
 - Dining area and restrooms.
 - Storage areas.

- Perimeter fence made of brick, concrete, or metal to isolate it from the surrounding lots and prevent the construction of properties adjacent to the walls.
- Outdoor lighting.
- Vehicle and pedestrian access routes, both external and internal.
- Maintenance workshop.
- Security guard booth.
- Green areas.
- Infirmary.
- Laboratory.

2.6.15 On a supplementary basis, all planned actions shall be supported by the soil, geotechnics, topographic, and specialized studies required, in order to allow for the detailed design and specifications of the abovementioned works and actions.

2.7 FINAL DISPOSAL OF THE TREATED WASTEWATER

2.7.4 The CONCESSIONAIRE shall perform the design and construction of the final disposal systems for the wastewater based on the maximum hourly flow volume, meeting, at a minimum, the conditions set forth in this Annex.

2.7.5 For such effect, it shall analyze the conditions of the receiving body in terms of flow volume, water levels, quality, and bank stability.

2.7.6 Flood control. The design and performance of the necessary works shall be included to control the erosive and undermining effects that may be caused by the river and to stabilize the riverbank in the area of influence of the PTAR and the discharge.

2.7.7 The disposal structure for discharge into the river shall include rainwater drainage for the area of the PTAR and the rainwater runoff that comes with the wastewater.

2.7.8 For the analysis and design of the river discharge in accordance with the applicable quality standards, specialized software such as CORMIX or the like shall be used.

2.8 Final Disposal of Sludge from the PTAR

2.8.1 The CONCESSIONAIRE shall be responsible, throughout the entire concession period, on its own account and at its own cost and risk, for the final disposal of all solid waste and sludge generated. For such purpose, it may implement a monofill on the land indicated in Appendix 2 of this Annex, or on the land acquired by the CONCESSIONAIRE, which shall be handed over on the occasion and under the conditions established in the Contract.

2.8.2 The sludge shall be weighed and transported from the PTAR to the monofill using the appropriate equipment.

2.8.3 The monofill shall include all of the infrastructure necessary for its operation, such as: enclosure, access routes, reception area, water management structures, access and security booth, preparation of fill areas, utilities, environmental control, etc.

2.8.4 At the monofill, it shall be necessary to adequately control all surface water, rainwater, and leached water that gathers at the bottom of the fill areas.

2.8.5 Steps shall be taken to mitigate the effects of odors, including stratified rows of

- trees or bushes such as a windbreak.
- 2.8.6 Water, communications, and power services required at the monofill shall be arranged for by the CONCESSIONAIRE with service providers specializing therein, and shall be under the responsibility of the CONCESSIONAIRE.
- 2.8.7 The monofill is exclusively to be used for the sludge generated in connection to this Concession Contract. Under no circumstances may said infrastructure be used for other commercial purposes.

3 GENERAL REQUIREMENTS AND SUPPLEMENTARY PROVISIONS FOR THE TECHNICAL FILES

The CONCESSIONAIRE shall prepare the documents with necessary and sufficient information to allow for the performance and supervision of the Works, in accordance with the following works sequence:

- **Technical File 1**
This is the Technical File comprising all of the Works necessary to fit out the sanitary sewer system in the northern part of the city, in particular, drainage areas AD-06, AD-07, and AD-ZN. It comprises the Works of Component 1 and Component 2 that are necessary to achieve said objective.
- **Technical File 2**
This is the Technical File for the performance of the Works not included in Technical File 1 that are necessary to achieve the purpose of the Concession, in accordance with the Minimum Requirements of the Project. It comprises the Works of Component 1 and Component 2 necessary to achieve said objective.

The Technical Files shall be prepared taking into account the design criteria and parameters and the regulations and standards indicated in this Annex, without prejudice to applicable Laws and Provisions.

These files shall be approved prior to starting the construction of the corresponding Works, and shall consist of a set of documents whose minimum content shall include, but is not limited to, the following:

- Descriptive report.
- Calculation logs for hydraulic, electromechanical, and structural calculations, automation system, etc.
- Technical Specifications of the Project, including specifications of the required equipment and materials.
- Works Performance Plans, such as architectural plans, structures, electrical installations, plumbing, automation system, etc.
- Surveys.
- Soil studies for geotechnical design and foundations for structures, including chemical studies.
- Geological study.
- Bathymetric studies and others tied to the morphology of the receiving body.
- Hydrobiological studies.
- Studies for the characterization and/or prediction of the quality of the wastewater to be treated.
- Study for disaster risk assessment and mitigation measures adopted.
- The infrastructure of the outfalls shall be designed, built, and installed in accordance

with the applicable national and international technical standards.

- Material take-off (bill of quantities).
- Unit price analysis for works, equipment, and inputs.
- Quotes for relevant inputs.
- Works budget.
- General Performance Schedule, duly valued.
- Construction process.
- Period and procedure for Functional Testing and the Start-Up Period, as applicable.
- Operating and Maintenance Manual for the Works.
- Annual Operation and Maintenance costs, broke down into fixed and variable costs.
- Replacement plan for electromechanical equipment and installations, indicating their useful life and operating efficiency.
- Approved Environmental Management Instrument(s).
- Legal Clearance of Property and Easements.
- Vehicle traffic detour plan during the performance of works.
- Works safety plan.
- Works Schedule in MAV PERT.
- Any other additional documentation required by the laws and standards in force.

The CONCESSIONAIRE shall bear in mind that the Technical Files may be amended due to any change requested by the Competent Governmental Authority for the granting of the licenses and authorizations required in accordance with Concession Contract.

The Technical Files shall be considered binding in terms of the following aspects:

- Service levels.
- Minimum Requirements of the Project.
- Technical solution proposed by the Successful Bidder (wastewater, waste, sludge, and gas treatment processes).
- Main or general technical specifications, including the equipment and materials required.
- The maximum deadlines established in the Contract for the Design and Building Period.

As a design and quality condition, a minimum useful life of fifty (50) years shall be guaranteed for the case of the civil works, ten (10) years for the electromechanical equipment, fifteen (15) years for the electrical equipment and installations, and twenty-five (25) years for the hydraulic installations.

4 SUPPLEMENTARY PROVISIONS ON THE WORKS PERFORMANCE AND START-UP

4.1 Works Performance

The implementation of the building process shall adhere to the Technical Files approved by the GRANTOR.

Additional aspects to be taken into account in building the Works include, but are not limited to, the following:

- The CONCESSIONAIRE shall be responsible for the construction and maintenance of

roads, paths, or access routes to the Works area. This task includes the restoration of the area of any road, path, or access route until at least the level of safety, stability, and conditions that existed before the CONCESSIONAIRE entered the Works area.

- If the vehicles used for purposes of the Concession dirty public areas with soil, mud, trash, or the like, the CONCESSIONAIRE shall assume responsibility for the damages caused.
- During the construction stage, the CONCESSIONAIRE shall be responsible for ensuring the electricity supply, drinking water supply, treatment and final disposal of the wastewater produced by the construction works themselves, communications system, internet, etc. As from the handing over of each asset to the CONCESSIONAIRE, it shall be responsible for the Functionality until the corresponding Start of Operations.
- The CONCESSIONAIRE shall not cut off or interrupt the existing utilities, without the written agreement of the Competent Governmental Authority, a copy of which shall be provided to the Specialized Supervisor before the start of the corresponding works. This agreement shall establish the minimum protective and safety measures required for the performance of the work.
- The CONCESSIONAIRE shall be responsible to third parties for any damages to or effects on other utilities or damages to public or private property.
- If the drinking water and sewer services, including the disposal of the wastewater, are interrupted for a period in excess of twelve (12) hours, the CONCESSIONAIRE shall implement, at its own cost, a contingency plan to provide these services on a temporary basis.
- If the parties affected by the interruption include health establishments, firefighters' barracks, or jails, the CONCESSIONAIRE shall implement the contingency plan at its own cost as per the preceding paragraph in the event that the interruption exceeds six (6) hours.
- The CONCESSIONAIRE shall take responsibility for obtaining all of the permits and municipal licenses for the construction of the Works, and assume the corresponding costs.
- Any failure to comply with these requirements shall entitle the GRANTOR to apply the applicable penalties.

4.2 Functional Testing

- The Works shall meet the quality offered by the CONCESSIONAIRE and the quality requirements established by the GRANTOR as per this Concession Contract
- For such purpose, the CONCESSIONAIRE shall define in the Technical Files the series of activities necessary for the quality and efficiency tests and evaluations for the group of Works that form part of each Milestone of Component 1.
- The CONCESSIONAIRE is responsible for correcting all of the failures or defects identified during these tests, when so notified by the Specialized Supervisor. All repairs

or replacements are the responsibility of the CONCESSIONAIRE and shall be assumed at no cost whatsoever to the GRANTOR or the PSS.

E.2 Start-Up

- The treated wastewater, solid waste, sludge, and other byproducts generated by the Wastewater Treatment Plant shall meet the quality offered by the CONCESSIONAIRE and the quality requirements demanded by the GRANTOR, as established in this Concession Contract.
- The Start-Up Period is defined as the set of activities required for the quality and efficiency tests and evaluations of each one of the components of the Works of the Project, as established in the Technical Files.
- The CONCESSIONAIRE is responsible for correcting all of the failures or defects in the equipment identified during the Start-Up Period, when so notified by the Specialized Supervisor. All repairs or replacements are the responsibility of the CONCESSIONAIRE and shall be assumed at no cost whatsoever to the GRANTOR.

5 PROVISIONS ON THE COMMUNICATIONS AND SOCIAL INTERVENTION PLAN DURING THE PREPARATION OF THE TECHNICAL FILES, WORKS PERFORMANCE, AND OPERATION

The CONCESSIONAIRE shall include in the Technical Files a communications and social intervention plan in the phases for the building of the Works, Functional Testing, Start-Up and Operation, which shall be implemented by the CONCESSIONAIRE during the Concession term.

Within a maximum term of fifteen (15) Days following the execution of the contract, the CONCESSIONAIRE shall initiate its social intervention in the project performance areas in the form of an early social intervention program, in order to prevent negative impacts on the localities during the performance of the technical studies. Within this period, the CONCESSIONAIRE shall inform the GRANTOR of the action protocol that defines behaviors, guidelines, and deadlines, as well as the contact information of the person responsible for said intervention, so that the necessary arrangements can be made.

The CONCESSIONAIRE shall plan and carry out Social Intervention activities in the Concession Area with the goal of raising awareness, providing information, carrying out promotion, and educating the population during the preparation of the Technical Files and the performance of the Works, with the goal of:

- a) Fostering conditions of understanding and social harmony that aid in the performance of the Concession during its different stages: preparation of the Technical Files and the performance of the Works, Start-Up, and start of operations.
- b) Transferring know-how and skills to the population needed to value and properly use and care for the services, water resources, and the environment, as well as promoting the importance of installing water meters.
- c) Disseminating and raising the population's awareness of the positive effects of the Project.
- d) Promoting habits for the prompt payment of the water and sanitation services provided by the EPS.

- e) Promoting the adoption of healthy hygiene practices for the prevention of waterborne diseases.

For such purpose, the CONCESSIONAIRE, in coordination with the GRANTOR and the PSS, shall carry out activities for:

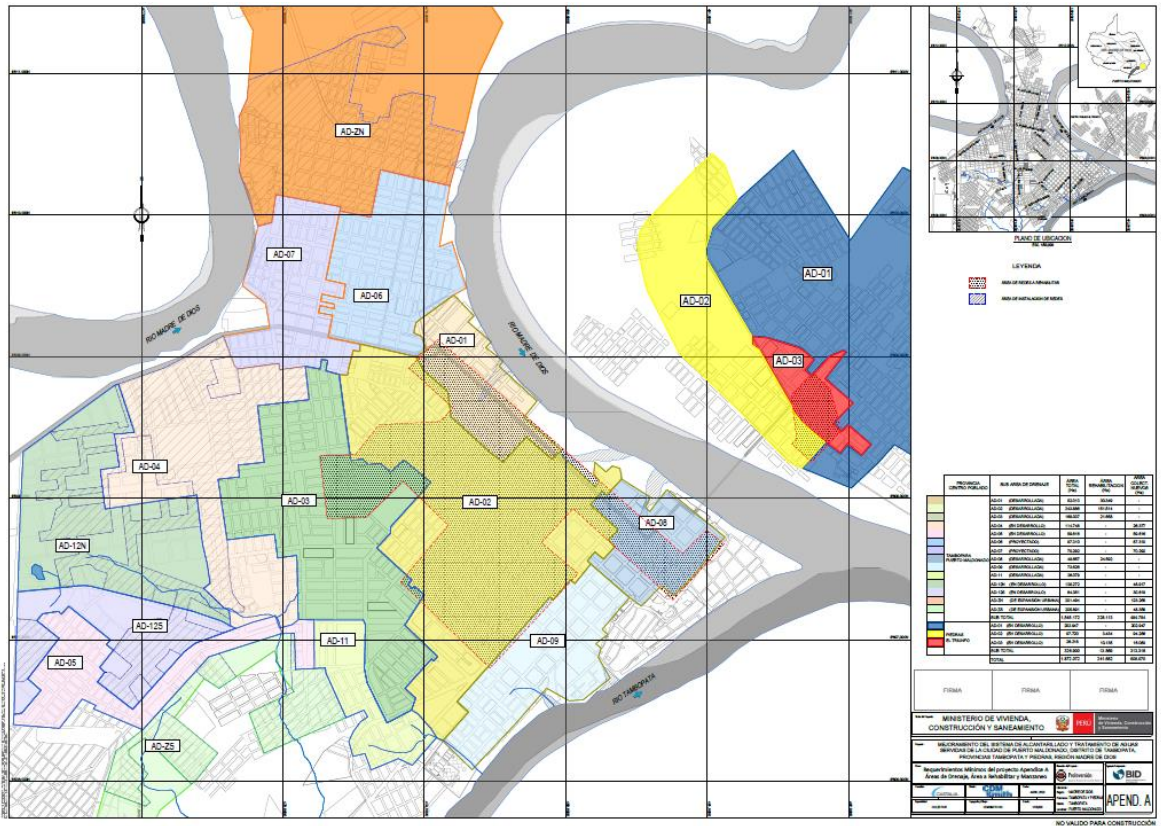
- i. Social diagnosis of the current situation through the application of qualitative, quantitative, and/or other techniques that allow for the following, at a minimum:
 - Identification of demographic, social, and economic characteristics of the population in the project's area of influence.
 - Identify the population's perception and expectations with regard to the project.
 - Identify potential social risks during the performance of each stage of the project.
- ii. The planning of the communication and social intervention, which includes the following as a minimum:
 - Communication objectives for each stage of the project.
 - Intervention strategy and proposed activities (with an information, communication, and education approach).
 - Preparation of materials.
 - Schedule and planning.
 - Monitoring.

To comply with the foregoing, workshops and working meetings shall be held with the population, along with field activities to obtain the information inputs required. Educational and awareness-raising materials shall be prepared or reproduced for the promotion stage (flyers, factsheets, banners, posters, flip charts, etc.), which shall be approved by the GRANTOR and the PSS.

The CONCESSIONAIRE shall submit reports whenever requested by the GRANTOR or the PSS or so warranted by the circumstances, which shall be delivered by the deadline and in the conditions requested for such purpose. For the performance of the social intervention activities during the preparation of the Technical Files and performance of the Works, the CONCESSIONAIRE shall have qualified professional personnel.

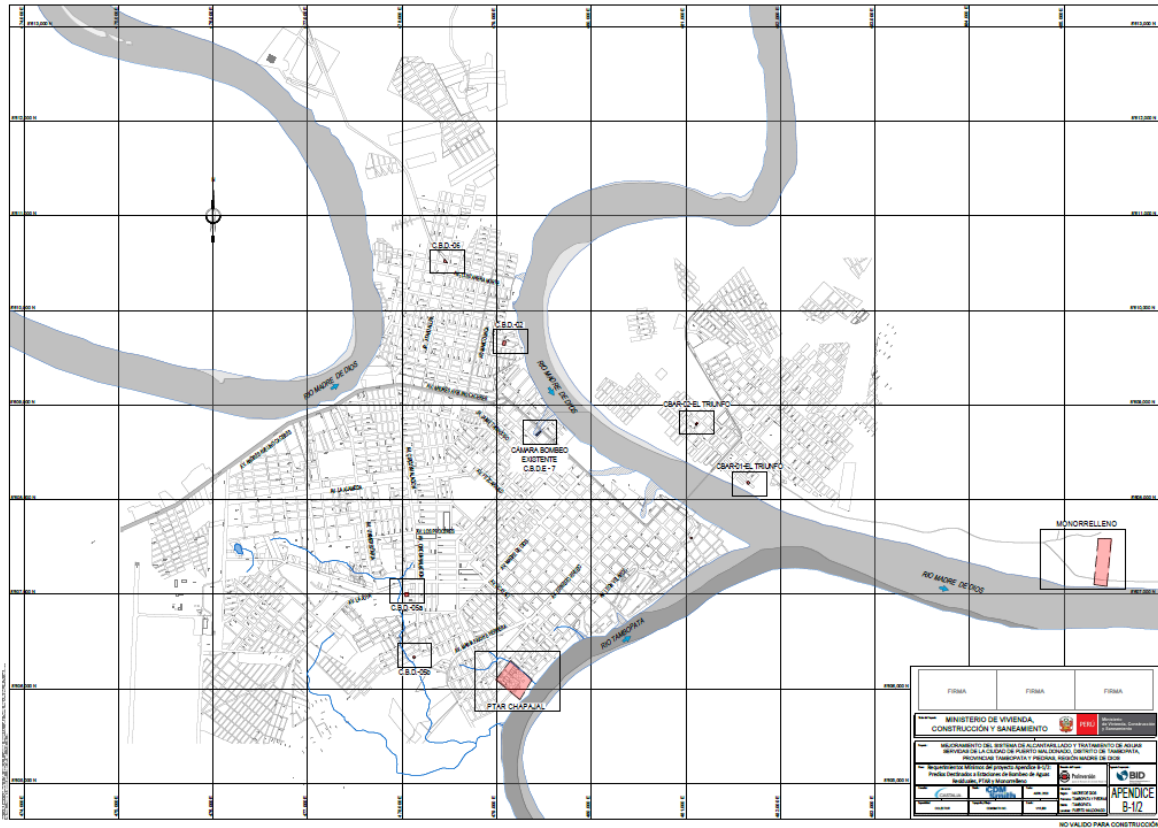
Annex 5

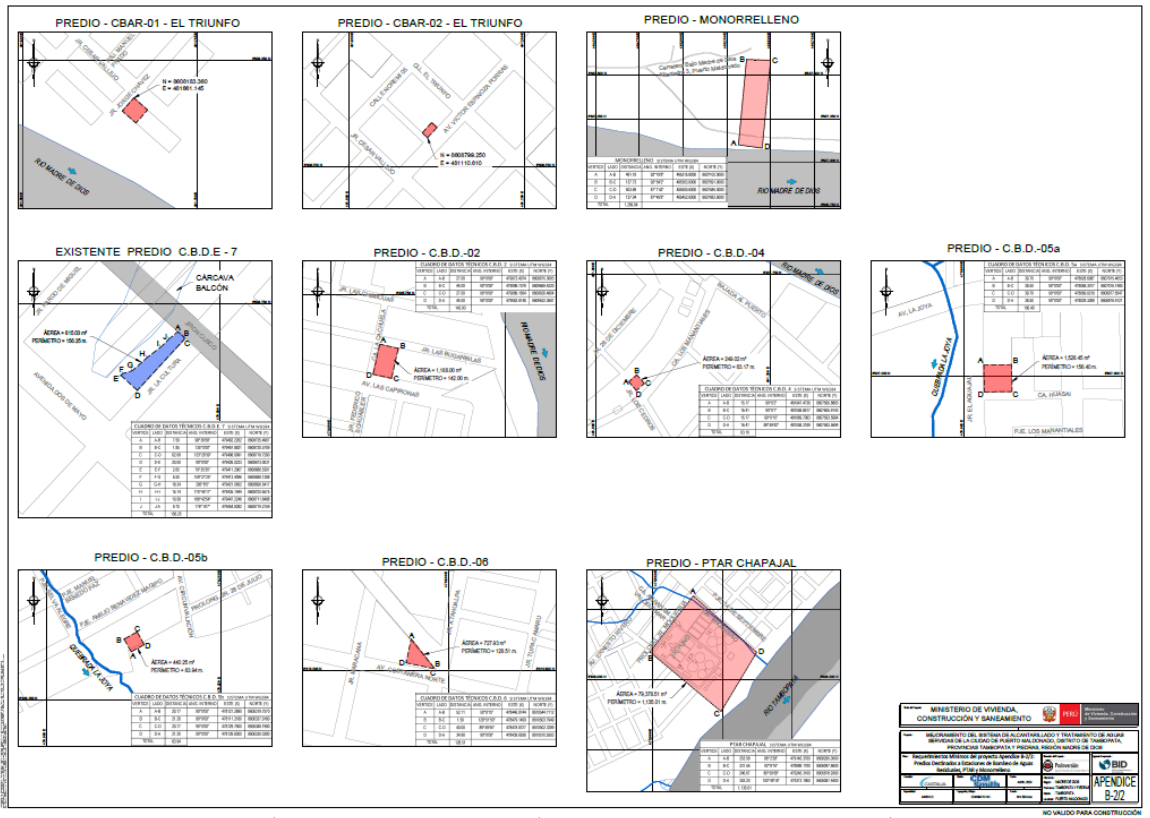
Appendix 1 : Drainage Areas, Areas to Be Remediated, and Division into Blocks



Annex 5

Appendix 2 : Premises Available for Use for Wastewater Pumping Stations, Wastewater Treatment Plant, and Monofill





Annex 6 OPERATION AND MAINTENANCE MANUAL GUIDELINES

1. Number of Operating and Maintenance Manuals

According to the Concession Contract, the CONCESSIONAIRE shall prepare or update the following Operating and Maintenance Manuals:

For Component 1:

- O&M Manual for household sewer hookups.
- O&M Manual for secondary collectors.

Para Component 2:

- O&M Manual for primary collectors.
- O&M Manual for wastewater pumping stations and impulse lines.
- O&M Manual for the wastewater treatment and final disposal system.
- O&M Manual for laboratories.

Each Operating and Maintenance Manual shall also include the activities necessary for the operation and maintenance of supplementary facilities (offices, workshops, laboratories, vehicles, perimeter fences, etc.), specifying the tasks and frequency for each infrastructure component (metal structures, electrical installations, plumbing, civil structures, etc.), in each case.

2. Minimum Contents of the Operating and Maintenance Manuals

Each Operating and Maintenance Manual shall include at least the following:

- Technical characteristics of the equipment and facilities
 - ✓ General inventory, including all technical characteristics
 - ✓ Operating and maintenance requirements
 - ✓ Instructions for Start-Up (startup), operation, and shutdown
- Operating and maintenance manual for supplementary processes and components
 - ✓ Description of each one of the system elements (quantity, location, capacity, size, design characteristics, etc.).
 - ✓ Process description.
 - ✓ Schematic flow diagrams.
 - ✓ Design criteria of the components.
 - ✓ Procedure for operation of the system, broken down into: i) "Start-Up," ii) "Normal operation," iii) "Special or occasional operation," iv) "Emergency operation," and v) "System shutdown."
 - ✓ Personnel requirements, in terms of both quantity and qualifications, for operating and maintenance activities, including a general organizational flow chart, description of duties, and work shifts and schedules.
 - ✓ Annual maintenance plan of the system (include activities and frequency for the maintenance of each one of the elements, pieces of equipment and facilities, as well as the resources to be used).
 - ✓ Annual equipment and facility replacement plan (include activities, replacement frequency and date for each one piece of equipment and facility, and the resources to be used).
 - ✓ System troubleshooting guidelines.
 - ✓ Emergency procedures.

- ✓ Quality analysis procedures.
- ✓ Procedures for measuring and recording flow and volume at the Data Logging Points.
- ✓ Procedure for the management and disposal of raw and treated wastewater, solid waste, sludge, as applicable, and other elements generated.
- ✓ Checkup procedure for quality parameter measuring equipment (potentiometers, etc.).
- ✓ Data logging and report generation procedures.
- ✓ Storage and handling guidelines for chemical inputs used (safety measures).
- ✓ Equipment calibration procedures (meters, dosing devices, etc.).
- ✓ Chemical substance preparation procedures (optimum concentration, optimal dose ranges, optimal dose correlations, calibration curves, as applicable).
- ✓ Process and water quality control procedures.
- ✓ Report formats and forms to be used by personnel responsible for recording information.
- ✓ SCADA supervision and control manual.
- ✓ Road and access route maintenance plan.
- ✓ Safety plan allowing for works under safe conditions.

Each Operating and Maintenance Manual shall include, as an annex, the operating and maintenance manuals or guides provided by the equipment manufacturers.

Additionally, in the case of laboratories, the Concessionaire shall include the documented procedures for each one of the tests to be performed, which shall be made available to all laboratory personnel. It shall also include calibration records and laboratory equipment and instrument checklists, as applicable.

Annex 7 MINIMUM CONTENT OF THE CONCESSIONAIRE'S AFFIDAVIT

1. The CONCESSIONAIRE shall submit an affidavit indicating the following information regarding the loan agreements:
 - a) Parties to the loan agreements;
 - b) The loan amount;
 - c) The interest rate applicable to the loan;
 - d) List of guarantees to be granted by the CONCESSIONAIRE under the loan agreement;
 - e) The loan amortization schedule;
 - f) The conditions precedent for the first disbursement;
 - g) An express statement that the indenture agreement (i) does not violate the Concession Contract and establishes that, in case of discrepancy between said agreement and the Concession Contract, the provisions of the Concession Contract shall prevail; (ii) does not modify the risk matrix of the Concession Contract; and (iii) establishes that the rights set forth in favor of the CONCESSIONAIRE in the indenture agreement and the guarantees do not exceed those granted under the Concession Contract, and that any covenant to the contrary shall be unenforceable on the GRANTOR; and
 - h) Given that the risk for the management and obtainment of the financing is assumed by the CONCESSIONAIRE, it shall be understood that the minimum requirements have been met if the CONCESSIONAIRE's affidavit contains all of the information listed here.

2. In case of issues in the capital market, the CONCESSIONAIRE shall only be required to submit an affidavit indicating:
 - a) The amount of the issue;
 - b) The applicable interest rate;
 - c) List of the guarantees to be granted by the CONCESSIONAIRE;
 - d) The payment term;
 - e) An express statement that the indenture agreement (i) does not violate the Concession Contract and establishes that, in case of discrepancy between said agreement and the Concession Contract, the provisions of the Concession Contract shall prevail; (ii) does not modify the risk matrix of the Concession Contract; and (iii) establishes that the rights set forth in favor of the CONCESSIONAIRE in the indenture agreement and the guarantees do not exceed those granted under the Concession Contract, and that any covenant to the contrary shall be unenforceable on the GRANTOR.

Given that the risk for the management and obtainment of the financing is assumed by the CONCESSIONAIRE, it shall be understood that the minimum requirements have been met if the CONCESSIONAIRE's affidavit contains all of the information listed here.

Annex 8 MODEL PERMITTED CREDITOR'S REPRESENTATIONS

Lima,, 20....

Messrs.

Private Investment Promotion Agency - PROINVERSIÓN

Enrique Canaval y Moreyra 150, Piso 9

San Isidro, Lima, Peru

Permitted Creditor:

Subject: Concession Contract of the Project "Improvement of the Sewerage and Wastewater Treatment System of the City of Puerto Maldonado, Tambopata District, Tambopata Province, Department of Madre de Dios"

In accordance with Clause 7.1 of the Concession Contract of the Project "Improvement of the Sewerage and Wastewater Treatment System of the City of Puerto Maldonado, Tambopata District, Tambopata Province, Department of Madre de Dios," we hereby represent as follows:

- a) That we are not subject to any impediments or restrictions (whether via contractual, judicial, arbitration, administrative, legislative, or other channels) to assume and comply with the commitment to finance (CONCESSIONAIRE) (acting / participating in the capacity of representation of bondholders in the issuing of securities / debentures), for which reason our competent internal bodies have approved [a line of credit / our participation as Representatives of the Bondholders of securities / debentures] for an amount of up to _____, in favor of (CONCESSIONAIRE) [to be received / to be issued], to meet the obligations arising from the Concession Contract.
- b) That [act in name and on behalf of the acquirers of the securities / debentures issued, in the capacity of Issuer, by (CONCESSIONAIRE)], we hereby meet the established requirements to qualify as a Permitted Creditor, in accordance with the terms assigned to this definition by the Concession Contract.
- c) That we represent that the financing indicated in the preceding Item will be performed, among other things, in accordance with the provisions of the contract entitled _____, to be entered into by and between _____ (CONCESSIONAIRE) and _____ (Financial Entity / Bondholder Representative).
- d) *[In case of loan agreements]* Finally, we represent that the loan agreements (i) do not violate the Contract and establish that, in case of discrepancy between the loan agreements, or any other agreements accessory thereto, and the Contract, the provisions of the Contract shall prevail; (ii) do not modify the risk matrix of the Contract; (iii) establish that obligations of *[Concessionaire]* in the financing agreements and the guarantees granted by *[Concessionaire]* do not exceed the guarantees that may possibly be granted in accordance with the Contract and the laws in force, and that any covenant to the contrary shall not be enforceable on the GRANTOR; and (iv) do not create any risks or additionally responsibilities for the GRANTOR not included in the Concession Contract.
- g) *[In case of issues in the capital market]* Finally, we represent that the indenture agreement (i) does not violate the Contract and establishes that, in case of discrepancy between the indenture agreement and the Contract, the provisions

of the Contract, or any other agreement accessory thereto, shall prevail; (ii) does not modify the risk matrix of the Contract; and (iii) the obligations under the responsibility of *[Name of the Concessionaire]* in the indenture agreement and the guarantees granted by *[Concessionaire]* do not exceed the guarantees that may possibly be granted in accordance with the Contract and the laws in force, and that any covenant to the contrary shall not be enforceable on the GRANTOR; and (iv) do not create any risks or additionally responsibilities for the GRANTOR not included in the Concession Contract.

Sincerely,

Signature:

Name:
 Representative of the Permitted Creditor

Entity:
 Permitted Creditor

*With a Copy to the GRANTOR

Table: Financing Conditions of the Permitted Creditor

1	Loan/Issue Amount:	USD or Soles
2	Applicable interest rate:	____%
3	List of guarantees to be granted by <i>[Concessionaire]</i> :	<ul style="list-style-type: none"> • _____ • _____ • _____
4	Grace period and amortization term for the loan / payment term:	_____ () years/months
6	Loan amortization schedule <i>[in case of loan agreements]</i>	Attached to this affidavit
7	Conditions precedent for the first disbursement <i>[in case of loan agreements]</i> and period of availability	
8	Covenants	
9	Applicable law	

Annex 9 MODEL CONCESSIONAIRE’S AFFIDAVIT

Lima, , 20....

Messrs.

[*]

Lima, Peru

Subject: Concession Contract of the Project “Improvement of the Sewerage and Wastewater Treatment System of the City of Puerto Maldonado, Tambopata District, Tambopata Province, Department of Madre de Dios” (hereinafter, el “Project”).

In accordance with Clause 7.9, Item c) of the Concession Contract for the Project for “Improvement of the Sewerage and Wastewater Treatment System of the City of Puerto Maldonado, Tambopata District, Tambopata Province, Department of Madre de Dios,” we do hereby represent as follows:

- a) That we are not subject to any impediments or restrictions (whether via contractual, judicial, arbitration, administrative, legislative, or other channels) to assume and comply with the obligations arising from the financing agreements.
- b) That the conditions precedent for the disbursement of the financing are objectively materializable, given the characteristics of the Project and the state of its progress.
- c) That the conditions and the terms of the financing documents, essentially the guarantees, included in the financing agreement, do not alter the provisions established in the Concession Contract, includes its annexes, nor do they generate any risks or additional responsibility whatsoever for the GRANTOR not included in the Concession Contract, including its annexes.

Sincerely,

Signature:

Annex 10 MODEL PERFORMANCE BOND FOR THE DESIGN AND BUILDING PERIOD

Lima, , 20....

Messrs.
MINISTRY OF HOUSING, CONSTRUCTION, AND SANITATION

Subject: Bank Letter of Guarantee
Expiration Date:.....

Comprehensive Project Tender for the delivery in Concession of the Project “IMPROVEMENT OF THE SEWERAGE AND WASTEWATER TREATMENT SYSTEM OF THE CITY OF PUERTO MALDONADO, TAMBOPATA DISTRICT, TAMBOPATA PROVINCE, DEPARTMENT OF MADRE DE DIOS”

Dear Sirs/Mmes.,

At the request of our clients, Messrs. (name of the legal entity) (hereinafter, “the CONCESSIONAIRE”), we hereby establish this joint and several, irrevocable, unconditional, and automatically realizable bond, without the benefit of excussion, nor division, for the sum of up to in favor of the Ministry of Housing, Construction, and Sanitation to secure the correct and timely performance of each and every one of the obligations under the responsibility of the CONCESSIONAIRE arising from the Concession Contract of the Project “Improvement of the Sewerage and Wastewater Treatment System of the City of Puerto Maldonado, Tambopata District, Tambopata Province, Department of Madre de Dios” (hereinafter, the “Concession Contract”); including, but not limited to:

- The payment of any applicable penalties;
- The sums it is ordered to pay, by virtue of a ruling with the force of res judicata, a final and binding judgment, or enforceable arbitration award;
- The obligations arising from the Design and Building Period;
- Other representations and provisions established in the Concession Contract.

To honor this bond in your favor, it shall suffice to send a notarized request from the Ministry of Housing, Construction, and Sanitation, which shall be signed by the Vice Minister of Construction and Sanitation, or a person authorized by said entity, indicating that our clients, (name of the CONCESSIONAIRE) have failed to uphold the obligations secured hereby.

Any delay on our part in honoring this bond shall accrue equivalent interest at maximum LIBOR rate, plus a spread of 3% annually. The LIBOR rate shall be that established by the daily Reuters Cable Received in Lima at 5 p.m. London time on the date on which the payment request was received via notary channels. Interest shall accrue as from the date on which the performance is requested until the effective payment date.

This bond shall also guarantee the correct and timely performance of the obligations of the CONCESSIONAIRE by virtue of the provisions contained in Legislative Order 1362, its Regulations approved by Executive Order 240-2018-EF, and the Applicable Laws and Provisions that may amend or substitute them.

Our obligations under this bond shall not be affected by any dispute between the Ministry of Housing, Construction, and Sanitation, the PSS, or any other entity of the Government of the

Republic of Peru and our clients.

This bond shall remain in force between, 20.... until, 20...., inclusive.

Sincerely,

Signature
Name
Banking Entity

Annex 11 MODEL PERFORMANCE BOND FOR THE OPERATION PERIOD

Lima,de de 20....

Messrs.
MINISTRY OF HOUSING, CONSTRUCTION, AND SANITATION

Subject: Bank Letter of Guarantee
Expiration Date:.....

Comprehensive Project Tender for the delivery in Concession of the Project “IMPROVEMENT OF THE SEWERAGE AND WASTEWATER TREATMENT SYSTEM OF THE CITY OF PUERTO MALDONADO, TAMBOPATA DISTRICT, TAMBOPATA PROVINCE, DEPARTMENT OF MADRE DE DIOS”

Dear Sirs/Mmes.,

At the request of our clients, Messrs. (name of the legal entity) (hereinafter, “the CONCESSIONAIRE”), we hereby establish this joint and several, irrevocable, unconditional, and automatically realizable bond, without the benefit of excussion, nor division, for the sum of up to in favor of the Ministry of Housing, Construction, and Sanitation to secure the correct and timely performance of each and every one of the obligations under the responsibility of the CONCESSIONAIRE arising from the Concession Contract of the Project “Improvement of the Sewerage and Wastewater Treatment System of the City of Puerto Maldonado, Tambopata District, Tambopata Province, Department of Madre de Dios” (hereinafter, the “Concession Contract”); including, but not limited to:

- The payment of any applicable penalties;
- The sums it is ordered to pay, by virtue of a ruling with the force of res judicata, a final and binding judgment, or enforceable arbitration award;
- The obligations arising from the Operating Period;
- Other representations and provisions established in the Concession Contract.

To honor this bond in your favor, it shall suffice to send a notarized request from the Ministry of Housing, Construction, and Sanitation, which shall be signed by the Vice Minister of Construction and Sanitation, or a person authorized by said entity, indicating that our clients, (name of the CONCESSIONAIRE) have failed to uphold the obligations secured hereby.

Any delay on our part in honoring this bond shall accrue equivalent interest at maximum LIBOR rate, plus a spread of 3% annually. The LIBOR rate shall be that established by the daily Reuters Cable Received in Lima at 5 p.m. London time on the date on which the payment request was received via notary channels. Interest shall accrue as from the date on which the performance is requested until the effective payment date.

This bond shall also guarantee the correct and timely performance of the obligations of the CONCESSIONAIRE by virtue of the provisions contained in Legislative Order 1362, its Regulations approved by Executive Order 240-2018-EF, and the Applicable Laws and Provisions that may amend or substitute them.

Our obligations under this bond shall not be affected by any dispute between the Ministry of Housing, Construction, and Sanitation, the PSS, or any other entity of the Government of the

Republic of Peru and our clients.

This bond shall remain in force between, 20.... until, 20...., inclusive.

Sincerely,

Signature
Name
Banking Entity

Annex 12 FINANCIAL ENTITIES AUTHORIZED TO ISSUE THE CONTRACT PERFORMANCE BONDS

Banking Entities

Those entities defined as such in accordance with Law 26702—the General Act on the Financial and Insurance Systems and the Organization of the Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS), which hold a minimum local rating of CP-1, Category 1, CLA-1, or EQL-1 for short-term obligations; A for financial strength; and, AA for long-term obligations in accordance with the laws and standards in force. These ratings shall be valid at the time the Contract Performance Bonds are submitted and shall be granted by at least two (2) credit rating agencies recognized and accredited in Peru.

Insurance Companies

The companies defined as such in accordance with Law 26702—the General Act on the Financial and Insurance Systems and the Organization of the Superintendency of Banking, Insurance, and Private Pension Fund Management Companies (SBS), and which, as of the issue date of the Contract Performance Bonds, have a minimum rating of A for financial strength issued by at least two (2) credit rating agencies authorized by the Peruvian Securities and Exchange Commission (SMV).

Top-Tier Foreign Banks

Top-tier foreign banks to be considered shall be those included in the list approved by the Peruvian Central Reserve Bank (BCRP) as per Circular 013-2020-BCRP, as amended or substituted.

International Financial Entities

- Any international financial entity with a credit rating not lower than the rating of Peru's long-term sovereign debt in foreign currency, assigned by one of the international credit rating agencies that rate the Government of the Republic of Peru.
- Any multilateral credit institution of which the Government of the Republic of Peru is a member.

It should be noted that bonds issued by Top-Tier Foreign Banks and International Financial Entities shall be confirmed by any of the Banking Entities indicated in this Annex.

Annex 13 MANAGEMENT TRUST AGREEMENT GUIDELINES

The Management Trust shall be entered into in accordance with the Applicable Laws and Provisions, as per the following basic terms and conditions:

1. Purpose of the Management Trust

The Management Trust is established for the management of the resources derived from the payment obligations under the Concession. The main source of resources that will be transferred to the Management Trust shall correspond to the payments by the GRANTOR and the PSS in favor of the CONCESSIONAIRE, the resources of which shall come from the Co-financing and Business Income.

2. Trustors

The trustors shall be:

- The GRANTOR, by virtue of the Co-financing resources for the payment of the PPD;
- The PSS, by virtue of the Business Income for the payment of the PPD; and
- The CONCESSIONAIRE, by virtue of the amounts to be paid to the GRANTOR or the PSS.

The GRANTOR has the power to issue instructions to the Trustee, so that the Trustee may manage the resources of the Management Trust, in accordance with the payment provisions that make up the different accounts of the Management Trust.

3. Trustee

The entity designated by the CONCESSIONAIRE, with the approval of the GRANTOR.

4. Beneficiaries

The CONCESSIONAIRE or the GRANTOR or the PSS, as applicable.

5. Trust Estate

The Trust Estate shall consist of the amount corresponding to the payments to be made by the GRANTOR and the PSS by virtue of the Concession Contract, which shall include the deposits for Co-financing, Business Income, or the interest accrued on each one of the accounts, penalties, etc.

The Trustee shall request the opening of different bank accounts to receive and maintain the cash contributions made to the Management Trust, such that it is possible, at all times, to distinguish the origin of the resources transferred by each one of trustors, and shall manage them in accordance with the terms of the Management Trust agreement.

6. Management Trust Accounts

The Management Trust shall have at least four (4) independent accounts and four (4) sub-accounts, as follows:

- a) PPD Account: Management Trust Account in which the Trustee shall deposit the payment of the PPD_T obligations, taking into consideration the quarterly settlement approved by the GRANTOR in accordance with the Concession Contract.

This account shall be established on the date indicated in Clause 7.6 of the Concession Contract regarding the financial close, and shall consist of the Co-financing Resources Sub-Account and the Business Income Sub-Account destined exclusively for the PPD obligations:

- i. Co-financing Resources Sub-Account: The Management Trust Sub-Account in which the Trustee shall deposit the Co-financing resources to be used to pay the PPD. In case of Termination, the GRANTOR shall be entitled to any balances in this sub-account.
- ii. Business Income Sub-Account: The Management Trust Sub-Account in which the Trustee shall deposit the Business Income resources from the PSS to be used to pay the PPD. In case of Termination, the PSS shall be entitled to any balances in this sub-account.
- iii. Reserve Sub-Account: The Management Trust Sub-Account used to receive deductions from the PPD due to default on the Service Levels, in accordance with the provisions established in Clause 8.21 of the Concession Contract; funds established prior to the start of operations, in accordance Clause 8.9; and other income or savings. In case of Termination, the PSS shall be entitled to any balances in this sub-account.
- iv. Discounts and Deductions Sub-Account: The Management Trust Sub-Account in which the Trustee shall deposit the resources deposited by the PSS for Deductions and Discounts, in the event that the amounts in the Reserve Account exceed the maximum. In case of Termination, the PSS shall be entitled to any balances in this sub-account.

Each month, it shall be verified that the Sub-Accounts of the PPD Account have received, at a minimum, the necessary resources to meet the PPD payment obligation.

Without prejudice to the foregoing, in the event that the Trustee finds that the Sub-Accounts of the PPD Account contain an amount less than the PPD_T established in Clause 8.2, the Trustee shall inform the GRANTOR or the PSS of such fact, as applicable, so that they may proceed to transfer the resources necessary to meet the PPD_T payment obligations.

The Trustee, for the term of forty (40) Days established in 8.22 of the Concession Contract, shall verify the balance in the Business Income Sub-Account to meet the CONCESSIONAIRE's payment obligation for the amount of the respective quarterly settlement. If there is a deficit, the Trustee shall verify whether the balance of the Reserve Account and the Discounts and Deductions Sub-Account is sufficient to cover said deficit. If, despite counting the resources in said accounts, it finds that there is still a deficit in order to meet the quarterly obligations, the Trustee shall proceed to classify said deficit as an amount to be covered by the GRANTOR's contingent commitment to the payment of the PPD from income.

Finally, the Trustee shall proceed to draft the notice to be sent to the CONCESSIONAIRE, with a copy to the GRANTOR, containing details on the amounts and concepts to be billed to the PSS and the GRANTOR, in case the payment of the contingent commitment is required.

- b) Supervision Account: The Management Trust Account in which the CONCESSIONAIRE shall deposit the resources to be used to pay the Specialized Supervisor, in accordance with las Clauses 6.6, 6.7, and 6.8 of the Concession Contract. This is also the account

in which the GRANTOR shall deposit the resources from the application of penalties charged under the supervision agreement to be entered into with the Specialized Supervisor, in the event that such penalties have not been deducted from its corresponding compensation. In case of Termination, the GRANTOR shall be entitled to any balance in this account.

The CONCESSIONAIRE shall deposit the required funds within the first five (5) Days of each month, in accordance with Clause 6.8 of the Concession Contract.

The GRANTOR shall instruct the Trustee to make the corresponding payments to the Specialized Supervisor in accordance with the provisions of the agreement entered into by and between the GRANTOR and the Specialized Supervisor.

- c) Guarantee Account: Management Trust Account in which the resources from the execution of the Contract Performance Bond shall be deposited. In case of Termination, the GRANTOR shall be entitled to any balances in this sub-account.
- d) Penalty Account: Management Trust Account in which the CONCESSIONAIRE shall deposit any penalties imposed by the GRANTOR. In case of Termination, the GRANTOR shall be entitled to any balances in this sub-account.

The Trustee shall charge any of the aforementioned accounts for the amount corresponding to any penalty that the CONCESSIONAIRE is required to pay to the GRANTOR, transferring such amount to the account indicated by the GRANTOR. For such effects, in accordance with the provisions established in Clause 18.3 of the Concession Contract, the GRANTOR shall inform the Trustee, among others, of the number of Tax Units (UITs) to which the applicable penalty to be paid by the CONCESSIONAIRE is equivalent. The Trustee shall perform the corresponding calculation of the penalty, using the UIT value in force at the time the CONCESSIONAIRE makes the payment and shall transfer the corresponding amounts to the GRANTOR, at its own responsibility.

Given that the payments made by the GRANTOR are performed upon receipt of the corresponding invoice issued by the CONCESSIONAIRE, in case of Termination, any balances in the Management Trust accounts shall be returned to the trustor.

7. Release of the Trustee from Liability

Under no circumstance shall the Trustee be held liable by the trustor or the beneficiary for any payment default due to a lack of available resources in each one of the Management Trust accounts.

8. Co-financing Resources

The Trustee shall receive the amounts deposited as co-financing by the GRANTOR in the Co-financing Resources Sub-Account, and shall transfer said resources to the CONCESSIONAIRE within no more than two (2) business days after receipt of the deposit from the GRANTOR.

9. Termination of the Management Trust

The Management Trust shall be terminated two (2) years after the expiration date of the Concession term, in accordance with the provisions established in Clause 4.1 of the Concession Contract; as well as on any other grounds usually contained in similar trust agreements in Peru and the Peruvian Banking Act, as amended or substituted.

In case of the early Termination of the Concession Contract, the Management Trust shall remain in force for a period of six (6) months following the settlement payment.

10. Resignation of the Trustee

In case of resignation of the Trustee, the rules established in the Peruvian Banking Act, as amended or substituted, shall apply.

11. Trustee's Fees

The Trustee's fees shall be paid on the account and at the responsibility of the CONCESSIONAIRE.

12. Applicable Laws and Provisions

The legal framework applicable to the Management Trust shall be that in force in Peru.

13. Management Trust Establishment Deadline

The Management Trust shall be established no later than the date on which the Financial Closing has been proven.

The Management Trust agreement may allow for the inclusion of any provisions required by the funding entities, provided they do not run contrary to the guidelines set forth in this Annex and the Concession Contract.

14. Registry and Communications

The Management Trust may include a registry of the holders of collection rights, in accordance with the procedure and form to be established in the Management Trust agreement.

The Management Trust shall establish a system for those notices to be sent by the parties to the Trustee regarding any relevant events that may affect the holders of the collection rights. Said acts shall be determined in the respective Management Trust agreement.

Annex 14 MANAGEMENT TRUST AGREEMENT

Annex 15 TABLE OF PENALTIES APPLICABLE TO THE CONCESSION CONTRACT

Table 1:
Penalties pertaining to Chapters IV and V of the Concession Contract: Concession Term and Asset Regimen

Contract Clause	Amount (in UITs)	Offense Description	Application Criteria
4.5	10	Request for the suspension of the concession term is declared inadmissible	Every time declared inadmissible
4.9	10	Request for suspension of deadline for compliance with obligations declared inadmissible	Every time declared inadmissible
4.10	As applicable	Failure to comply with obligations not suspended	As established for the obligation
5.39	1	Delay in submitting the Annual Inventory to the GRANTOR or delay in submitting the rectification of the objections to said Inventory	Each Day of delay until submission or rectification
5.39	1	Delay in submitting the Works Inventory the GRANTOR or delay in submitting the rectification of the objections to said Inventory	Each Day of delay until submission or rectification
5.39	1	Delay in submitting the Final Inventory the GRANTOR or delay in submitting the rectification of the objections to said Inventory	Each Day of delay until submission or rectification
5.9	3	Transfer any Concession Asset intended for the performance of the Contract outside the Concession Area, without the GRANTOR's authorization	Each time
5.10	3	Transfer any Concession Asset intended for the execution of the Contract separately from the Concession or mortgage them, without the GRANTOR's authorization	Each Day of delay until replacement or rectification
5.11	2	Failure to register the applicable Concession Assets in the Public Records Office in the name of the GRANTOR by the established deadline	Each Day of delay until obtaining the respective registration
5.11	2	Failure to register the Concession right in the Public Records Office in the name of the CONCESSIONAIRE	Each Day of delay until obtaining the respective registration
5.13	10	Failure to perform the duty of Custody	Each time

Contract Clause	Amount (in UITs)	Offense Description	Application Criteria
5.44	2	Failure to register any Easements that may have been established for the performance of the Contract and have been imposed on assets property of third parties in the Public Records Office in the name of the GRANTOR, as applicable	Each Day of delay until obtaining the respective registration
5.56	5	Extinction of an Easement at the fault of the CONCESSIONAIRE which leads to the name for a new Easement	Each time
5.56	2	Failure to obtain the new Easement required on that which extinguished at the fault of the CONCESSIONAIRE	Each Day of delay until obtaining the new easement
5.57	10	Failure to exercise defense of possession in the event that the Concession is subject to any encumbrance, dispossession, occupation, squatting, etc., as per Clause 5.57, Points a) and b)	Each time
5.57	1	Failure to inform the GRANTOR by the established deadline of any encumbrance, dispossession, occupation, squatting, etc., as per Clause 5.57, Points a) and b)	Each Day of delay until the GRANTOR is informed
5.62	5	Once the Termination has occurred, failure to return the Concession Assets to the GRANTOR by the deadline established in an initial act, provided it is due to causes attributable to the CONCESSIONAIRE	One time only
5.62	1	Once the Termination has occurred, failure to return the rest of the Concession Assets to the GRANTOR in a second act	Each Day of delay until the effective delivery of all the Concession Assets
5.66	1	Failure to submit the Concession Asset Replacement Schedule to the GRANTOR within the first quarter of each Calendar Year	Each Day of delay until the submission of the Schedule
5.66	5	Replacement of any Concession Asset intended for the performance of the Contract without the express or tacit approval of the GRANTOR	Each time
5.68	1	Failure to notify the GRANTOR of the replacement of a Concession Asset, in case of emergency	Each Day of delay until notice of the replacement is given
5.69	2	Failure to maintain custody of a Concession Asset that is going to be demolished or incorporated into the new Asset	Each time
5.42	2	Demolition of a Concession Asset without the GRANTOR's authorization	Each time

**Table 2:
Penalties pertaining to Chapter VI of the Contract: Works Design and Performance**

Contract Clause	Amount (in UITs)	Offense Description	Application Criteria
6.9	1	Delay in delivering monthly advances or additional information requested by the Specialized Supervisor	Each Day of delay
6.8	0.1	Failure to make the payment to the Specialized Supervisor by the established deadline	Each Day of delay
6.11	5	Failure to allow entry by personnel duly accredited by the GRANTOR and Specialized Supervisor to the areas where the works are located and will be built	Each time
6.12, 6.15.b) and 6.15. e)	3	Delay in submitting the complete Technical File 1 for approval by the GRANTOR, or delay in submitting the rectification of any objections	Each Day of delay
6.12, 6.16.b and 6.16.e)	5	Delay in submitting the complete Technical File 1 for approval by the GRANTOR, or delay in submitting the rectification of any objections	Each Day of delay
6.20	1	Failure to keep or update the corresponding Design and Works Logs	Each Day of delay
6.20	0.5	Delay in sending the GRANTOR and the Specialized Supervisor copies of the notes in the Design and Works Logs	Each Day of delay
6.24 and 6.25	1	Delay in complying with any of the CONCESSIONAIRE's obligations for the start of construction on the Works in Technical File 1 by the deadline established in the first paragraph of Clause 6.25.	Each Day of delay
6.24 and 6.25	1	Delay in complying with any of the CONCESSIONAIRE's obligations for the start of construction on the Works in Technical File 2 by the deadline established in the first paragraph of Clause 6.25.	Each Day of delay
6.29 and 6.30	10	Delay in completing the performance of the Works of Technical File 1 by the established deadline	Each Calendar Day of delay
6.29 and 6.30	14	Delay in completing the performance of the Works of Technical File 2 by the established deadline	Each Calendar Day of delay
6.34	1	Delay in submitting the updated Works Performance Schedule to the GRANTOR	Each Day of delay
6.37 and 6.38	3	Delay in rectifying the objections raised by the GRANTOR to the Works of Technical File 1	Each Day of delay
6.37 and 6.38	3	Delay in rectifying the objections raised by the GRANTOR to the Works of Technical File 2	Each Day of delay
6.39	457	Rejection of the Works of Technical File 1 by the GRANTOR	One time only
6.39	685	Rejection of the Works of Technical File 2 by the GRANTOR	One time only
6.51 and 6.52	1	Delay in submitting the Operating and Maintenance Manual or any updates	Each Day of delay
6.51 and 6.52	8	Rejection of the Operating and Maintenance Manual or failure to rectify any objections to said Manual; rejection of updates to the Manual Operation and Maintenance	Each time
6.52	8	Making changes to the Operating and Maintenance Manual without the corresponding approval	Each time

Contract Clause	Amount (in UITs)	Offense Description	Application Criteria
6.64	1	Delay in submitting the request with complete documentation for the Start-Up Certificate or failure to rectify objections within a maximum extended term of thirty (30) Calendar Days	Each Day of delay
6.61 and 6.62	14	Delay in the start of the Operation	Each Day of delay
6.64	1	Delay in submitting progress reports on the performance of a Component to the GRANTOR or the Specialized Supervisor	Each Day of delay
6.8	1	Delay in submitting the draft Management Trust agreement	As established for the obligation
6.9	1	Delay in delivering the working plan with contract activities	As established for the obligation
Annex 5 numeral 5	1	Failure to provide the social action protocol defining behaviors, guidelines, and deadlines within fifteen (15) Days after the execution of the Concession Contract	Each Day of delay

**Table 3:
Penalties pertaining to the Service Contract**

SC Clause	Amount (in UITs)	Offense Description	Application Criteria
2.3.3 and 2.3.8 Appendix 5	1	Replace, reinstall a data logger without previously notifying the SUNASS, in accordance with Appendix 5 of the Service Contract	Each time
1.1.1 Appendix 5	1	Failure to promptly notify the SUNASS of the date and time at which the checkup, replacement, or maintenance of a data logger will be performed, in accordance with Appendix 5 of the Service Contract	Each time
6.2	1	Failure to provide the technical information requested by the PSS for the performance of the obligations established in the RUPAP	Each time
9.12	1	Failure to submit the six-month report on the evaluation of parameters of the receiving body during the Operating Period	Each Day of delay
9.11	1	Failure to submit the results of the evaluation of the parameters of the receiving body, upon completion of the Start-Up period, to update the environmental baseline data	Each Day of delay
2.3.3 Appendix 5	1	Failure to check a data logger within the last five (5) Days of the month immediately prior to the start of the Operating Period, in accordance with Appendix 5 of the Service Contract	Each time
2.3.3 Appendix 5	1	[Failure to check a data logger within the last five (5) Days of the months of March, June, September, or December of each year, in accordance with Appendix 5, Point 2.5 of the Service Contract]	Each time
2.3.6 and 2.3.7 Appendix 5	1	Failure to replace a data logger within three (3) Calendar Days, counted as from the day on which the SUNASS verified its malfunction or the end of its useful life, or from the date on which the corresponding police report is issued placing on record any act of vandalism or theft, as per Points 2.6 and 2.7 of Appendix 5 of the Service Contract	Each time
2.3.7 Appendix 5	1	In case of any malfunction or act of vandalism or theft involving a data logger, the CONCESSIONAIRE fails to report the event via any documented means (letter, email, or fax) to the SUNASS within the following 24 hours, as per Point 2.7 of Appendix 5 of the Service Contract	Each time
9.19	1	Failure to perform sampling and analysis for the evaluation of a quality control parameter of a treatment system with the established frequency, as per Point 9.18 of the Service Contract	Each Calendar Day of delay
Appendix 4	1	Failure to submit the Annual Sampling Schedule to the GRANTOR or failure to rectify the objections raised by the GRANTOR in accordance with Appendix 4 of the Service Contract	Each Calendar Day of delay

SC Clause	Amount (in UITs)	Offense Description	Application Criteria
9.20	0.1	Failure to pay the checkup company by the established deadline	Each Day of delay
Appendix 4	1	Failure to acquire, install, and maintain in operation an automatic sample collector for compound sampling, as per Appendix 4 of the Service Contract	Each Calendar Day of delay
9.21	1	Failure to provide the necessary facilities or assume the respective costs so that the GRANTOR, the SUNASS, the Competent Governmental Authority, or whomever they may designate can collect the corresponding samples at the Sampling Points	Each time
9.22	1	Failure to submit the monthly report containing the results of the volume measurements and evaluation of the quality control parameters, by the established deadline	Each Day of delay
9.23	50	Failure to follow the annual maintenance and replacement plans established in the Maintenance and Operation Manuals	Each time
9.24	50	Cause duly recognized damages and losses to third-party claimants as a result of the operation and maintenance	Each time
9.26	1	Failure to provide technical support to the PSS for the monitoring and control of the MAVs	Each Day of delay until technical support is provided
9.27	1	Failure to rectify objections or failure to submit rectifications by the deadline established for the rectification of objections regarding the MAV Monitoring and Control Plan	Each Day of delay
9.34	1	Delay in providing the PSS with the Emergency Operating Plan in Case of Losses of the Infrastructure under the responsibility of the Concessionaire	Each Day of delay
9.34	1	Delay in providing the SUNASS with a copy of the Emergency Operating Plan in Case of Losses for the Infrastructure under the responsibility of the Concessionaire	Each Day of delay
9.34	1	Delay in rectifying any objections raised by the SUNASS or the PSS regarding the Emergency Operating Plan in Case of Losses for the Infrastructure under the responsibility of the Concessionaire	Each Day of delay
9.34	1	Delay in providing the GRANTOR with any update(s) to the Emergency Operating Plan in Case of Losses for the Infrastructure under the responsibility of the Concessionaire	Each Day of delay
9.35	1	Delay in providing the SUNASS or the GRANTOR with information related to the operation and maintenance of the Infrastructure under the responsibility of the Concessionaire	Each Day of delay
9.38	5	Refusal to allow entry by personnel duly accredited by the GRANTOR, the PSS, or the SUNASS to the Infrastructure under the responsibility of the Concessionaire for the applicable actions in accordance with the Concession Contract	Each time

**Table 4:
Penalties pertaining to Chapter VII and VIII of the Contract: Permitted Secured Debt and
Financial Closing and Economic Regimen**

Contract Clause	Amount (in UITs)	Offense Description	Application Criteria
7.5	3	Failure to prove to the GRANTOR that it has the necessary funds to perform the Works	Each Day of delay
3.3. b)	3	Failure to prove possession 50% of the capital stock amount upon the execution of the Certificate for the Start of Construction of the Works contained in the Technical File 1	Each Day of delay
3.3. b)	3	Failure to prove possession of 100% of the capital stock amount as of the execution date of the Certificate for the Start of Construction of Technical File 1	Each Day of delay

**Table 5:
Penalties pertaining to Chapter IX of the Contract: Guarantees**

Contract Clause	Amount (in UITs)	Offense Description	Application Criteria
9.4, 9.5 and 9.8	3	Delay in the submission, renewal, or replacement of the Contract Performance Bond	Each day of delay

**Table 6:
Penalties pertaining to Chapter X of the Contract: Insurance Regimen**

Contract Clause	Amount (in UITs)	Offense Description	Application Criteria
10.9	18	Failure to comply with any of the conditions required for the approval of the insurance policy	Each time and per policy
10.2	1	Delay in providing the GRANTOR with any of the copies of the final policies	Each Day of delay
10.13	1	Delay in informing the GRANTOR of the dates on which the corresponding policies will be renewed	Each Day of delay
10.9 and 10.13	125	Failure to take out and renew the insurance policies	Each time
10.15	38	Delay in reporting a loss to the insurance company [and/or] the GRANTOR	Each Day of delay
10.16	1	Delay in submitting the coverage report to the GRANTOR	Each Day of delay

**Table 7:
Penalties pertaining to Chapter XI of the Contract: Socioenvironmental Considerations**

Contract Clause	Amount (in UITs)	Offense Description	Application Criteria
11.16	1	During the Construction stage, delay in submitting the quarterly environmental reports	Each Day of delay
11.16	1	During the Operation stage, delay in delivering the environmental reports to the GRANTOR by the established deadline	Each Day of delay

Contract Clause	Amount	Offense Description	Application Criteria
	(in UITs)		
11.3	15	Diversion of wastewater through the Reception Points to prevent them from entering the Infrastructure under the responsibility of the CONCESSIONAIRE, except as established in the Concession Contract	Per day, for each reception point
9.19 CPS	15	Partial treatment of or failure to treat wastewater received in the treatment systems, except for that exceeding the design capacity	Each time or day
9.16 CPS	15	Failure to transport and deposit the waste and sludge at sites authorized by the Competent Governmental Authority	Each time or day
11.6	1	Delay in providing the GRANTOR with a copy of the request submitted to the PSS to update the information registered in the Consolidated Registry for the Adaptation Process	As established for the obligation

**Table 8:
Penalties pertaining to Chapter XIII of the Contract: Administrative Competencies**

Contract Clause	Amount	Offense Description	Application Criteria
	(in UITs)		
13.4	1	Delay in submitting requested information	Each Day of delay

**Table 9:
Penalties pertaining to Chapter XII of the Contract: Relations with the Strategic Partner, Third Parties, and Personnel**

Contract Clause	Amount	Offense Description	Application Criteria
	(in UITs)		
12.2	1	Failure to report, by the established deadline, any act, business dealings, contract, or agreement that may affect the Minimum Stake percentage of the Strategic Partner after at least five (5) years have elapsed since the execution of the Operating Start-Up Certificate	Each Day of delay

**Table 10:
Penalties pertaining to Chapter XVII of the Contract: Termination**

Contract Clause	Amount	Offense Description	Application Criteria
	(in UITs)		
17.1.3	457	Incursion in grounds for serious violation of the obligations of the CONCESSIONAIRE established in Clause 17.1.3, unless a penalty has previously been applied due to said grounds	One time only

**Table 11:
Penalties pertaining to Annex 5 of the Contract: Minimum Requirements of the Project**

Contract	Amount	Offense Description	Application Criteria
----------	--------	---------------------	----------------------

Clause	(in UITs)		
Annex 5 4.1	1	Interruption of existing utility services without a written agreement with the Competent Governmental Authority	Each time
Annex 5 4.1	1	Causing damages to third parties, affecting other utilities, or inflicting damages to public or private property	Each time
Annex 5 4.1	10	Interruption of drinking water and sewer services, including the treatment and disposal of wastewater, for a period in excess of 12 hours without implementing a contingency plan to provide these services on a temporary basis	Each time
Annex 5 4.1	20	Interruption of drinking water and sewer services for a period in excess of 6 hours when the parties affected by this interruption include health establishments, fire stations, and jails, without implementing a contingency plan to provide these services on a temporary basis	Each time
Annex 5 4.1	2	Failure to submit or update the plan for the provision of drinking water and sewer services, including the treatment and disposal of wastewater, in case of interruption	Each Day of delay

Annex 16 TECHNICAL PROPOSAL

Annex 17 ECONOMIC BID

Annex 18 CERTIFIED COPY OF THE NOTARIALY RECORDED INSTRUMENT EVIDENCING THE ARTICLES OF INCORPORATION AND BYLAWS OF THE CONCESSIONAIRE