

**SÃO PAULO MUNICIPAL GOVERNMENT  
AUDIT PROCEDURES MANUAL**

**1. GENERAL TERMS**

The purpose of this AUDIT PROCEDURES MANUAL is to set forth the procedures required for DATA ROOM access and / or TECHNICAL VISITS and MEETINGS WITH THE COMPANY to be complied with by the INTERESTED PARTIES in relation to the Municipality's process of disposal of its equity interest in SPTURIS.

DATA ROOM access and participation in TECHNICAL VISITS and MEETINGS WITH THE COMPANY will be allowed solely and exclusively for the INTERESTED PARTIES' representatives, subject to the provisions of this AUDIT PROCEDURES MANUAL.

All DATA ROOM documentation is in Portuguese and MEETINGS WITH THE COMPANY must be held in this language. If they so wish, the INTERESTED PARTIES may arrange for their own interpreters, who must be added to the list of representatives submitted by the INTERESTED PARTY in question.

Any and all expenses related to the INTERESTED PARTIES, including but not limited to, travel, accommodations, meals, interpreters, and advisors will be entirely borne by the INTERESTED PARTIES.

In addition, all diligence activities will be performed by the INTERESTED PARTIES at their own full risk, regardless of their actual chance of participating in the process of disposal of the equity interest held by the MUNICIPALITY in SPTURIS; all direct or indirect entities of the Public Administration and all those involved in its structuring shall remain absolutely exempt from any liability, arising for whatever reason, which may hinder this process or result from diligence activities.

Overall coordination of the PROCESS of disposal of SPTURIS' shareholder control and the audit mentioned in this AUDIT PROCEDURES MANUAL will be undertaken by the MUNICIPAL SECRETARIAT FOR PRIVATIZATION AND PARTNERSHIPS (local acronym SMDP).

TECHNICAL VISITS and MEETINGS WITH THE COMPANY may be scheduled in a period that will be subsequently posted on the process' website.

## **2. DEFINITIONS**

In addition to the definitions in other PROCESS documents, which should be used when reading this AUDIT PROCEDURES MANUAL, the following definitions are used herein:

AUDIT PROCEDURES MANUAL: this document;

DATA ROOM: the virtual environment containing documents, data, reports, access to systems and any other information about SPTURIS pertaining to the PROCESS, which may be accessed by registered INTERESTED PARTIES that fulfill the requirements established in this AUDIT PROCEDURES MANUAL;

DILIGENCE PROCEDURE: access to the DATA ROOM, TECHNICAL VISITS and MEETINGS WITH THE COMPANY;

INTERESTED PARTY/PARTIES: those wishing to participate in the process of disposal of the equity interest held by the MUNICIPALITY in SPTURIS, and wishing to access the DATA ROOM and / or participate in TECHNICAL VISITS and / or MEETINGS WITH THE COMPANY;

**LEADER:** each INTERESTED PARTY's team leader to be duly designated upon registration of the INTERESTED PARTY, who will be the only person authorized to contact the PRIVATIZATION COORDINATION UNIT;

**MEETINGS WITH THE COMPANY:** jointly and indistinctly means previously scheduled meetings held at the request of an INTERESTED PARTY/PARTIES for their representatives and technicians to meet SPTURIS managers and officers or other persons designated by SPTURIS, whose participation shall depend on the PRIVATIZATION COORDINATION UNIT's analysis of the pertinence of the matters to be addressed, in which there are verbal questions/answers in order to better comprehend the activities of SPTURIS and answer questions on documents and information provided in the DATA ROOM;

**PRIVATIZATION COORDINATION UNIT:** the Secretariat's administrative unit in charge of managing diligence activities and advising and assisting the INTERESTED PARTIES as per this AUDIT PROCEDURES MANUAL;

**TECHNICAL VISIT:** procedure in which the representatives of an INTERESTED PARTY visit SPTURIS to observe the functioning of the facilities of a certain business area of SPTURIS, as previously scheduled and authorized.

### **3. DILIGENCE COORDINATION**

Implementation, access and coordination for all procedures related to the DATA ROOM, TECHNICAL VISITS and MEETINGS WITH THE COMPANY will be coordinated by the SECRETARIAT as per authorization granted by SPTURIS. Acting through the PRIVATIZATION COORDINATION UNIT, the SECRETARIAT will be responsible for responding to requests to access the DATA ROOM and organizing TECHNICAL VISITS and MEETINGS WITH THE COMPANY.

Diligence activities will be coordinated by the SMDP's PRIVATIZATION COORDINATION UNIT, which has the power to determine all measures and any rules needed to supplement this AUDIT PROCEDURES MANUAL, in order to ensure that diligence activities are carried out efficiently on the same conditions for all, with technical support from the SECRETARIAT and CONSULTANTS, who will have free access to SPTURIS and may even participate in MEETINGS WITH THE COMPANY and answer INTERESTED PARTIES' questions.

All contacts with the coordinators of diligence activities must be made by e-mail to this address: [vendaspturis@prefeitura.sp.gov.br](mailto:vendaspturis@prefeitura.sp.gov.br).

#### **4. DATA ROOM ACCESS**

The URL to access the virtual environment of the DATA ROOM will be provided when the INTERESTED PARTIES have processed their accreditation.

DATA ROOM content will in all cases be available to all duly registered INTERESTED PARTIES on the same conditions.

#### **5. DILIGENCE ACCREDITATION REQUIREMENTS**

To be accredited as an INTERESTED PARTY for the PROCESS, the applicant must send an e-mail to [vendaspturis@prefeitura.sp.gov.br](mailto:vendaspturis@prefeitura.sp.gov.br) containing:

- i. DATA ROOM access forms filled out as per FORM 1 and FORM 2 (item 10 of this AUDIT PROCEDURES MANUAL); and
- ii. Confidentiality Agreement signed as per FORM 3 (item 10 of this AUDIT PROCEDURES MANUAL).

Once the above item has been completed, the PRIVATIZATION COORDINATION UNIT, will authorize access to the DATA ROOM within two (2) business days of receiving the forms.

Each INTERESTED PARTY, through its Legal Representative, shall designate one (1) LEADER, who will be the only person authorized to contact the PRIVATIZATION COORDINATION UNIT.

All persons attending MEETINGS WITH THE COMPANY or TECHNICAL VISITS must sign the attendance list.

If an INTERESTED PARTY believes that they must physically verify any of the documents available virtually in the DATA ROOM, their LEADER shall contact the PRIVATIZATION COORDINATION UNIT and submit a request to access the document(s) in question.

The request will be made in an email message in which the INTERESTED PARTY, having provided its descriptive details, must specify all references to the document(s) that they wish to access. The privatization COORDINATION UNIT may accept or reject a request. If a request is accepted, the PRIVATIZATION COORDINATION UNIT will consult SPTURIS, inform all INTERESTED PARTIES that the documents are physically available, and state the date, time, place and time available to verify the document(s). INTERESTED PARTIES wishing to analyze physically available documents should formalize their intention in an e-mail message for a specific time to be scheduled. No more than three (3) persons may access the location informed at the same time and they must carry official identification recognized in Brazil.

During the time they spend at the document verification location, the PRIVATIZATION COORDINATION UNIT and others attending for SPTURIS will not

respond to any requests for clarification and/or questions from the INTERESTED PARTIES, except for questions concerning exclusively the documents' identification details and/or locations.

No device or means of capturing images will be allowed during verification of the document(s). The INTERESTED PARTIES will access the verification location carrying only their own paper, pencil and pen.

At the discretion of SPTURIS and depending on the PRIVATIZATION COORDINATION UNIT's decision, a support room with locker room or storage facilities may be available for use by the INTERESTED PARTIES.

INTERESTED PARTIES accessing the document verification location will not be allowed to enter with food and/or beverages.

Depending on their competences, official control and regulatory entities will be assured access to the DATA ROOM upon specific request

## **6. ORGANIZATION AND PROCEDURES**

The DATA ROOM will contain documents distributed in properly ordered folders. A list of all available documents will be available in the respective DATA ROOM.

Documentation to be made available in the DATA ROOM may be classified in relation to access rules as shown below, to be defined by SPTURIS by the date of opening the DATA ROOM:

- i. documents classified as **confidentiality level "A"** refer to generally accessible information such as financial statements, corporate acts in general, certificates, etc. "Generally accessible information" is any

information that an INTERESTED PARTY could obtain from other sources. This type of information will be provided to the INTERESTED PARTIES in the DATA ROOM and may be printed, saved or copied;

- ii. documents classified as **confidentiality level “B”** refer to restricted access content such as operational and financial agreements, audit reports, equity valuation reports, legal reports, financial data, etc. These documents will not be available for printing, downloading, and/or copying and they must be analyzed on the virtual platform itself.
- iii. any documents classified as **confidentiality level “C”** refer to content that, at the sole discretion of SPTURIS and/or the MUNICIPALITY, includes other information that is not generally accessible and is restricted in relation to external disclosure. The INTERESTED PARTIES may not have access to the entire content of level “C” information. To assess these data, they may use summary amounts or any other way that does not allow them to obtain confidential details, as per usual market practice.

MEETINGS WITH THE COMPANY or TECHNICAL VISITS must not be recorded or filmed/photographed.

After holding MEETINGS WITH THE COMPANY, the INTERESTED PARTIES may send inquiries and requests for additional information to the PRIVATIZATION COORDINATION UNIT, which must be in Portuguese, using the appropriate form, in Word format only, as per FORM 4 (item 10 of this AUDIT PROCEDURES MANUAL), no later than ten (10) days before the date of opening the Public Auction Session.

In order to ensure equal treatment for all INTERESTED PARTIES, the PRIVATIZATION COORDINATION UNIT will ensure that questions formulated through FORM 4, with the respective replies sent as additional information, will be placed in the DATA

ROOM where they will be available to all INTERESTED PARTIES.

Replies will be forwarded to the INTERESTED PARTIES by the PRIVATIZATION COORDINATION UNIT within five (5) business days and added to the DATA ROOM as stated above. The SECRETARIAT and SPTURIS reserve the right not to respond to questions they deem inappropriate, or which have been answered in the documentation available, or those that have been answered previously.

The INTERESTED PARTIES are not allowed to contact any SPTURIS employee, supplier or service provider unless they have been designated for this purpose in the manner required by this AUDIT PROCEDURES MANUAL. If any such contact takes place, the INTERESTED PARTIES concerned may be excluded from the PROCESS.

## **7. DATA ROOM SCHEDULE AND ACCESS**

The DATA ROOM will be continuously accessible until two (2) business days prior to the opening date of the Public Session for the AUCTION, unless there are interruptions beyond the control of the MUNICIPALITY or SPTURIS.

The PRIVATIZATION COORDINATION UNIT may alter the Schedule of Events at any time without any consequences for SPTURIS or others involved in the PROCESS.

Any changes made to the Schedule of Events must be published on the website for the process.

The schedule below shows estimated dates for DATA ROOM access, TECHNICAL VISITS and MEETINGS WITH COMPANY:



<b>Date/Period</b>	<b>Event</b>
02/04/2019	DATA ROOM Opening
02/04/2019	Beginning of period in which “Requests FOR TECHNICAL VISITS AND MEETINGS WITH THE COMPANY” may be forwarded to the PRIVATIZATION COORDINATION UNIT (FORM 5)
03/22/2019	End of period in which FORM 5 “Request for TECHNICAL VISITS and MEETINGS WITH THE COMPANY” may be submitted
02/18/2019	Beginning of the period for TECHNICAL VISITS and MEETINGS WITH THE COMPANY
03/29/2019	End of the TECHNICAL VISITS period
03/29/2019	End of the MEETINGS WITH THE COMPANY period
03/22/2019	End of the period in which FORM 4, “Request for Additional Information” may be for forwarded to the privatization coordination body
03/29/2019	End of DATA ROOM access period

Dates for events shown in the schedule are mere estimates to be decided and posted on the process website in due course.

INTERESTED PARTIES wishing to access the DATA ROOM and arrange TECHNICAL VISITS and MEETINGS WITH THE COMPANY must apply for accreditation from Monday to Friday, 9 a.m. to 5 p.m., by e-mailing the documents shown in item 5 of this AUDIT PROCEDURES MANUAL. Applications for accreditation submitted after 5:00 p.m. will be dated as of the next business day for all due purposes.

## **8. TECHNICAL VISITS AND MEETINGS WITH THE COMPANY**

Each INTERESTED PARTY shall be allowed to participate in TECHNICAL VISITS and MEETINGS WITH THE COMPANY.

Dates on which MEETINGS WITH THE COMPANY and TECHNICAL VISITS may be scheduled will be disclosed subsequently, taking into account the security, integrity and continuity of SPTURIS operations.

MEETINGS WITH THE COMPANY will be arranged by e-mailing a request using FORM 5, which the INTERESTED PARTY's LEADER must forward to the PRIVATIZATION COORDINATION UNIT. SPTURIS will designate its team members that will attend MEETINGS WITH THE COMPANY and will state their maximum duration.

A daily program for TECHNICAL VISITS and MEETINGS WITH THE COMPANY will be given to each INTERESTED PARTY once the dates available to attend requests submitted using FORM 5 have been confirmed.

Each INTERESTED PARTY's team members due to attend MEETINGS WITH THE COMPANY must be notified in advance as per FORM 5.

To schedule a TECHNICAL VISIT or MEETING WITH THE COMPANY, an INTERESTED PARTY must formally submit its request as per FORM 5 by e-mailing [vendaspturis@prefeitura.sp.gov.br](mailto:vendaspturis@prefeitura.sp.gov.br). Within two (2) business days of receiving this e-mail, PRIVATIZATION COORDINATION UNIT will organize diligence with SPTURIS and inform the INTERESTED party of the scheduled date.

SPTURIS will endeavor to respond to all INTERESTED PARTIES for TECHNICAL VISITS or MEETINGS WITH THE COMPANY as soon as possible. SPTURIS reserves the right to limit the number of INTERESTED PARTIES in TECHNICAL VISITS if schedules coincide and will take other measures to ensure equally fair and transparent programming to be decided by the PRIVATIZATION COORDINATION UNIT which will ensure equal treatment for the INTERESTED PARTIES.

## **9. CONFIDENTIALITY**

The INTERESTED PARTIES and each of their respective team members designated as per FORM 2 and FORM 5 to have access to any information in the DATA ROOM or shown during the PROCESS shall be subject to the terms of the Confidentiality Agreement stipulated in FORM 3.

The INTERESTED PARTIES must use this information exclusively to support their assessments or valuations and to prepare their proposals for the Municipality's process of disposing of its equity interest in SPTURIS, except for the case below, in which the INTERESTED PARTY must previously inform the PRIVATIZATION COORDINATION UNIT before sharing this information.

An INTERESTED PARTY may share the information obtained in the context of the audit with co-investors, potential investors and holders of equity interest, assuming full responsibility for keeping the information confidentiality in relation to other parties, and provided that information is used exclusively for the purpose of evaluating possible participation in the PROCESS.

## **10. FORMS**

FORM 1 - DATA ROOM access request

FORM 2 - List of team members for DATA ROOM access

FORM 3 - Confidentiality Agreement

FORM 4 - Request for Additional Information

FORM 5 - Request for TECHNICAL VISITS and MEETINGS WITH THE COMPANY

**FORM 1**

**DATA ROOM access request**

1. Requested by:			
Tax No. (CNPJ/CPF)/Other ID document:			
2. Legal Representative:			
Company:		Telephone:	
Position:		Fax:	
Signature:		Email:	

**FORM 2**

**List of team members for DATA ROOM access**

1. Requested by:	
2. Team leader:	

Company:		Telephone:	
Position:		Fax:	
Signature:		Email	
3. Team:			

NAME	ID	POSITION	COMPANY	E-MAIL
1.				
2.				
3.				

**FORM 3**

**Confidentiality Agreement**

To

C/O PRIVATIZATION COORDINATION UNIT

Dear Sirs,

[Place], [date]

1. In view of the publication of the AUDIT PROCEDURES MANUAL concerning the opening of the PROCESS for DATA ROOM and TECHNICAL VISIT and MEETINGS WITH THE COMPANY, and considering the interest of [INTERESTED PARTY], [identification] to gain access to CONFIDENTIAL INFORMATION relating to SPTURIS, as defined below, for the purpose of possibly submitting a proposal as part of the process of disposal of the equity interest held by the MUNICIPALITY in SPTURIS, we undertake, in accordance with this CONFIDENTIALITY AGREEMENT, to be bound by the terms and conditions described below.

2. For purposes of this CONFIDENTIALITY AGREEMENT, CONFIDENTIAL INFORMATION shall mean any information and documents to which the INTERESTED PARTY has access in connection with the process of analysis of the DATA ROOM, in addition to those obtained in connection with the MEETINGS WITH THE COMPANY and TECHNICAL VISITS, in oral, written, photographed, electronic or any other means presented.

2.1. The following shall not be deemed CONFIDENTIAL INFORMATION for purposes of this CONFIDENTIALITY AGREEMENT:

- i. information that is already in public domain at the time of disclosure to the INTERESTED PARTY; or

- ii. information that becomes generally available to third parties after disclosure to the INTERESTED PARTY, except as a result of default on this CONFIDENTIALITY AGREEMENT by the INTERESTED PARTY; or
- iii. information that is independently developed by the INTERESTED PARTY without the use of the CONFIDENTIAL INFORMATION; or
- iv. information provided to the INTERESTED PARTY from any other sources not subject to confidentiality obligations; or
- v. information that is known to the INTERESTED PARTY before execution of this CONFIDENTIALITY AGREEMENT.

3. We undertake: (i) to keep confidential every CONFIDENTIAL INFORMATION to which we may have access; (ii) to use the CONFIDENTIAL INFORMATION for the sole purpose of evaluating a possible participation in the process of disposal of the equity interest held by the MUNICIPALITY in SPTURIS; (iii) not to disclose to third parties, reveal, reproduce or otherwise dispose of said CONFIDENTIAL INFORMATION in relation to SPTURIS or to its related entities, except as provided for in item 8 below; and (iv) not to disclose to third parties or reveal any CONFIDENTIAL INFORMATION or information on our participation in the process of privatization of SPTURIS, except as provided for in item 8 of this CONFIDENTIALITY AGREEMENT.

4. “Third parties” shall not mean the individuals and/or legal entities and their respective employees that comprise the INTERESTED PARTY’S team, in accordance with the list contained in FORMS 2 and 5 of the AUDIT PROCEDURES MANUAL. The confidentiality commitment undertaken herein and all conditions established herein are extended to them. We undertake full and direct liability for the complete and entire participation of these persons in the negotiations.

5. We acknowledged that the violation of any of the obligations established herein shall subject us to imposition of the applicable civil, criminal and/or administrative penalties under the law, and we also undertake to indemnify and/or hold the MUNICIPALITY, the SECRETARIAT, SPTURIS and/or any damaged third party (including but not limited to counterparties to agreements with SPTURIS) harmless in relation to any and all damage, loss, prejudice or liability that may be attributed to them in relation to any claims, actions, damages, losses, costs and expenses that they may suffer as a result of violation of the provisions of this CONFIDENTIALITY AGREEMENT, and agree that, without prejudice to any applicable measure, the MUNICIPALITY, the SECRETARIAT, SPTURIS and/or any damaged third party may file for judicial or extrajudicial measure to prevent or invalidate any such violations.

6. In the event that we are required to disclose any CONFIDENTIAL INFORMATION by legal order of any applicable authorities, we shall immediately notify the PRIVATIZATION COORDINATION UNIT. We also undertake, if required by legal order, not to supply any information other than that strictly requested.

7. We acknowledged that the MUNICIPALITY is unable to ensure the truth, accuracy and update of the documents and information made available in the DATA ROOM and in the process of TECHNICAL VISIT and MEETINGS WITH THE COMPANY. We hereby waive any right or claim to sue the MUNICIPALITY, SPTURIS and the ADVISORS, and their respective representatives and employees, in relation to the documentation made available and to access to the DATA ROOM and TECHNICAL VISITS and MEETINGS WITH THE COMPANY, and in relation to the disposal of SPTURIS as regards said documents, information, TECHNICAL VISIT and MEETINGS WITH THE COMPANY.

8. The INTERESTED PARTY may share the information obtained as part of the audit with co-investors, potential investors and shareholders, undertaking full liability for keeping confidential the respective information in relation to other



parties, provided that the information is used exclusively for the purpose of evaluating a possible participation in the PROCESS.

9. We submit ourselves to the laws of the Federative Republic of Brazil and elect the courts of the Capital City of the State of São Paulo to resolve any disputes arising out of this CONFIDENTIALITY AGREEMENT, waiving any other courts, however privileged they may be.

10. We acknowledge that the obligation to keep confidential the CONFIDENTIAL INFORMATION is complete, final, irrevocable and irreversible, and shall remain in force for three (3) years as from shutdown of the DATA ROOM.

11. None of the provisions of this CONFIDENTIALITY AGREEMENT shall be understood as an obligation of the INTERESTED PARTY to take part in the process of disposal of the equity interest held by the MUNICIPALITY in SPTURIS or to enter into a final agreement in relation to the privatization of SPTURIS.

Sincerely,

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(Signature(s) of the legal representative(s) of the INTERESTED PARTY)

**INTERESTED PARTY'S Corporate Name**

**CNPJ** (in case of a Brazilian company or a foreign company enrolled with the Brazilian Federal Revenue Office) **or place of the head offices** (for foreign company)

**Full name(s) of the legal representative(s)**

**Title/Position**

**Individual Taxpayers Register (CPF) and identity card (RG)** (Passport or RNE, as the case may be)

**FORM 4**

**Request for additional information**

1. Requested by:	
2. Team leader:	

3. Questions:

Question Number	Question
1.	
2.	
3.	
4...	

4. Team leader:	
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Company:		Telephone:	
Position:		Fax:	
Signature:		Email	

**FORM 5**
**Requests for TECHNICAL VISITS and MEETINGS WITH THE COMPANY**

1. Requested by:	
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2. Request:

**TECHNICAL VISIT**

**MEETING WITH THE COMPANY**

3. Details of subjects of interest / locations of interest:

4. Possible dates:	
5. Team leader:	

Company:		Telephone:	
Position:		Fax:	
Signature:		E-mail	

6. Team: (including team leader and any auxiliary staff such as translators)

	NAME	ID	POSITION	COMPANY	EMAIL
1.					
2.					
3.					