

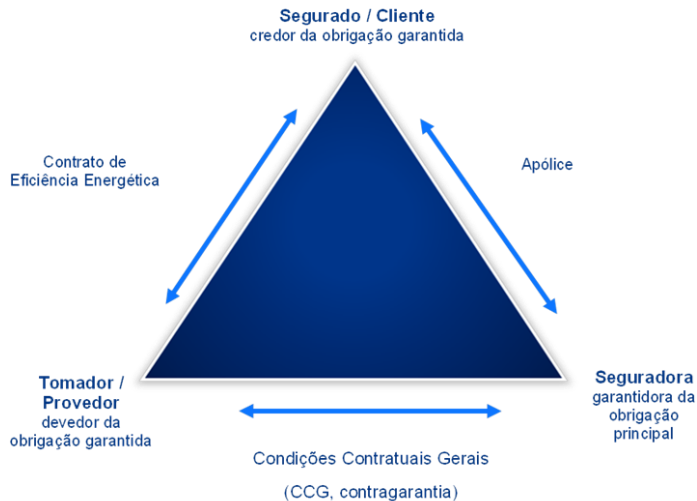


Surety to Support Energy Efficiency Projects

Content

- Structure
- Covers
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- Contractual Management

Structure



**Insurance is contracted by
Provider/Supplier – who is the
contractor to provide the service.**

**Client/Investor – will be the
beneficiary of the insurance policy.**

Coverage

The main element, which makes the insurance unique in Brazil is the coverage provided

It will not cover physical damages to equipment or materials installed as part of an energy-saving project nor the replacement of such equipment, but the shortfall in energy savings compared to the estimated amount of savings provided by the performance contract.

In summary, the policy shall cover shortfall caused by provider's default and will not require damage to have occurred to the equipment.

Coverage

Deductible: **Provider** shall be **first** liable for losses or damages to the Investor, due to Provider's delay or failure to carry out its energy-saving obligations under the contract, with a limit of not less than 10% of the Global Price of the contract.

Surety: The insurance will cover the **difference** between the First Loss Cover (deductible) and the maximum benefit (i.e; 100% of Global Price of the performance contract) – which is to say that insurance will cover a maximum of 90% of the Global Price of the contract.

Insurance Claim:

- Since losses or damages to the Investor exceed the limit of 10% of the Global Price of the contract (as proven by a technical report), Investor shall immediately submit its claim for the loss or damage sustained.
- Technical report issued by ABNT shall be sufficient to prove the enforcement or default before the Insurer:
 - ➔ Enforcement: Insurer will proceed with the proportional reduction of Sum Insured of Policy
 - ➔ Default: Insurer will execute policy, in case the Provider has not reached IDEE
- Any claim notified beyond the stipulated maximum will be rejected by the insurance company.

Basic Register Documentation

- Company and member registration form
- Last 3 Balance Sheets and Financial Statements
- Recent quarterly Balance Sheet
- Corporate documentation
- Independent Auditors' Report - mandatory in the following cases: Gross Revenue in excess of BRL 300 million and Total Assets in excess of BRL 240 million, according to Law 11,638 / 07 - article 3

In the case of Corporate Shareholder, they must also be registered, and an additional limit may be granted for the group.

Risk Analysis Documentation

- ➔ Draft Contract or Contract
- ➔ Additives
- ➔ Contractual Annexes
- ➔ Schedule

Limit and Rates

$$\text{Cost (Premium)} = \text{IS} \times \text{Rate} \times \text{Validity}$$

Where:

Rate: Variable according to the risk - **0,50% - 1,00% py**

IS: Sum Insured of Policy (maximum 90% of the Global Price of the contract)

Validity: Policy duration (maximum 5 years)

Example

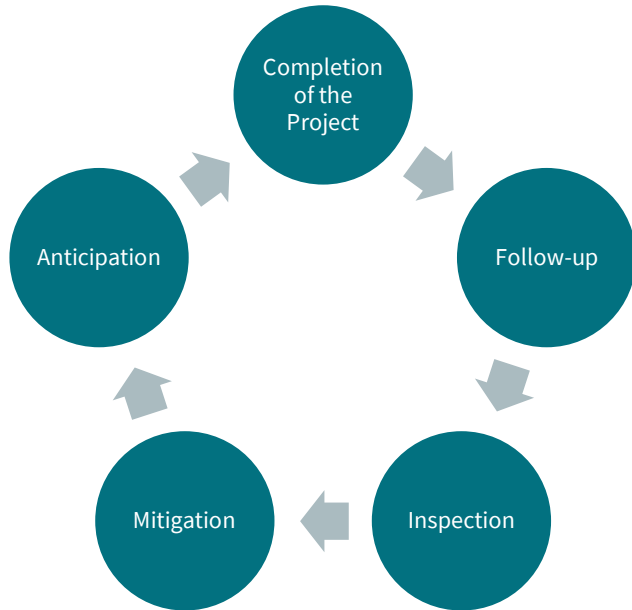
IS: Sum Insured of Policy (**BRL 1.000.000,00**)

Rate: Cost presented to the company (**1% py**)

Validity: Policy duration (**5 years**)

Premium: $\text{BRL } 1.000.000 \times 0,01 \times 5 = \text{BRL } 50.000,00$

Performance Contract Management



Insurance Company

Request periodic information to the parties

Mediation of possible problems between the parties

Client

Notification of any indication to failure, contractual default and delay in defined schedules

Provider

Disclosure of information



Thank You