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FOR INTERPRETATION*

**NATIONAL AND INTERNATIONAL OPEN CALL FOR
TENDERS WITHIN THE FRAMEWORK OF
RESOLUTION ME&M N° 136/2016**

**PURCHASE OF ELECTRIC POWER FROM SOURCES OF
RENEWABLE ENERGY THROUGH CAMMESA, ACTING IN
REPRESENTATION OF DISTRIBUTION COMPANIES AND LARGE
USERS OF THE WHOLESALE ELECTRIC MARKET (MEM)**

**RenovAr Program
Round 1**

REQUEST FOR PROPOSALS

July 2016

VERSIÓN NO OFICIAL

*SOLAMENTE LA VERSIÓN ORIGINAL EN ESPAÑOL DEBE SER CONSIDERADA LEGALMENTE
VÁLIDA PARA INTERPRETRACIÓN*

1. Subject-matter

Pursuant to the provisions set forth in Resolutions ME&M No. 71 passed on May 17th 2016 and No. 136 passed on July 25th 2016, CAMMESA calls for the presentation of bids (the 'Open Call for Tenders') for the qualification of and possible award to national or foreign legal entities, for the purpose of executing renewable power purchase agreements to be signed with CAMMESA, acting in representation of Distribution Companies and Large Users of the MEM, with the aim of increasing the share of renewable sources of energy in the country energy mix, pursuant to Acts No. 26190 and No. 27191 and Decree No. 531/2016.

2. Definitions

'**Additional Provider of the Technical Transportation Function**' is defined in The Procedures.

'**Adjusted Offered Price**' or '**AOP**' is defined in Section 17.3 of the RFP.

'**Annual Adjustment Factor**' is the value shown, for each Production Year, in the column named 'Annual Adjustment Factor' of Annex 8.

'**Annual Price**' is, for each Production Year, the price detailed in Annex B of the Power Purchase Agreement.

'**Argentine Peso/s**' is, at any time, the legal currency in the Argentine Republic for that date.

'**Awarded Price**' is defined in Section 13.1.3 of this RFP.

'**Beneficiary**' is defined in Annex 7 of this RFP.

'**Bid Bond**' is the guarantee granted to CAMMESA by the Bidder pursuant to the terms and conditions set forth in Section 10 of the RFP.

'**Bid**' is, for each Project, the unilateral and irrevocable intent expressed by a Bidder pursuant to the RFP.

'**Bidder**' is the Interested Party which, individually or jointly, issues a Bid before CAMMESA within the framework of this Open Call for Tenders, whether by means of a Specific Purpose Entity that they own, or over which they have an irrevocable right of acquisition or that they agree to constitute and record before the corresponding Government Authority before the Execution Date in case they are the Successful Bidder. If two (2) or more individuals or legal entities comprise the Bidder, every individual shall held joint and several liability before CAMMESA regarding all the obligations and commitments undertaken within the framework of the Open Call for Tenders.

‘**Biogas**’ is the Generation Technology which allows for the generation of electric power from the gas produced by the organic matter decomposition.

‘**Biomass**’ is the Generation Technology that allows for the electric power generation from vegetal and/or animal biomass derived from gassing and/or incineration.

‘**Business Day**’ is any day except for (a) Saturdays and Sundays, (b) Non-workable holidays in the Argentine Republic, and (c) days when financial entities are closed in the Autonomous City of Buenos Aires.

‘**Buyer**’ is CAMMESA, acting in its capacity of energy buyer within the framework of the Power Purchase Agreement, observing and pursuant to the terms of Resolutions ME&M No.71/2016 and No. 136/2016.

‘**CAMMESA**’ refers to Compañía Administradora del Mercado Mayorista Eléctrico Sociedad Anónima.

‘**Certificate of Inclusion**’ is the Certificate of Inclusion in the RENEWABLE ENERGY LEGAL FRAMEWORK set forth in Section 8.2 of Annex I of Decree No. 531/2016, which will be awarded to the Successful Bidder who signs the Power Purchase Agreement, in accordance with the provisions set forth in Section 3 of Resolution ME&M No. 72/2016 and which shall mention the content detailed in Section 18 of Annex I of such Resolution.

‘**Clarifying Circular Letter/s**’ is any written notice sent by CAMMESA as a consequence of clarifications and/or answers to consultations made by the Interested Parties on this RFP. Any Clarifying Circular Letter shall be deemed a part of this RFP.

‘**Commercial Operation Date**’ is the date when CAMMESA, acting in accordance with The Procedures, grants the commercial operation authorization to the Seller for the operation of at least ninety-eight percent (98 %) of the Contracted Capacity in the MEM.

‘**Contracted Capacity**’ is the quantity of MW of the Power Plant as defined in the award notice and included in the Power Purchase Agreement.

‘**Contracted Energy**’ is any energy generated by the Contracted Capacity during twenty (20) consecutive production years as of the Commercial Operation Date.

‘**Delivered Energy**’ is defined in Annex 6 of the RFP.

‘**Delivery Point**’ is the corresponding node of the SADI and/or the Additional Provider of Transportation Technical Function where the Seller agrees to deliver the energy generated from the Power Plant.

‘**Energy Loss Factor of the IP**’ is, for each IP, the adjustment factor value applicable to the Offered Price so as to consider the energy losses that may occur during the transmission of the energy production of the Power Plant in the SADI. The Energy Loss

Factor of each IP is estimated by CAMMESA by means of simulation and is reported in Annex 3.

‘Energy Payment’ is defined in Annex 7 of this RFP.

‘Enforcement Authority’ is the Federal Ministry of Energy and Mining.

‘ENRE’ is the National Electricity Regulatory Entity of the Argentine Republic.

‘EPR’ o **‘Energy Production Report’** is the energy production report made and certified by a Qualified Independent Consultant.

‘Exchange Rate’ is, for any Business Day, (a) the ‘Notice ‘A’ 3500 Reference Exchange Rate (wholesale)’ published by the Banco Central de la República Argentina for that Business Day, or (b) if the Banco Central de la República Argentina, due to any reason, has not published the ‘Notice ‘A’ 3500 Reference Exchange Rate (wholesale)’ for that Business Day, the closest ‘Notice ‘A’ 3500 Reference Exchange Rate (wholesale)’ within the same calendar month, or (c) if the Banco Central de la República Argentina, due to any reason, has not published the ‘Notice ‘A’ 3500 Reference Exchange Rate (wholesale)’ for the calendar month which comprises that Business Day, the exchange rate that the Parties may agree, which shall be approved by the Enforcement Authority or, (d) in the event of lack of agreement between the Parties, the exchange rate that the Enforcement Authority may establish.

‘Execution Date’ is the date when the Parties have executed the Power Purchase Agreement.

‘Financial Close’ is defined in Annex 6 of this RFP.

‘Financial Requirement’ is defined in Section 12.3.1 of the RFP.

‘Financial Strategic Partner’ is defined in Section 12.3.1 of this RFP.

‘FODER Trust Adhesion Agreement’ is the agreement named Adhesion and Incorporation Agreement to the Trust Fund for the Development of Renewable Energy executed, or to be executed under the terms and conditions set forth in Annex 7 of this RFP, signed by the Federal State, by means of its Ministry of Energy and Mining as the FODER Trustor and as Enforcement Authority, the FODER Trustee and the Seller.

‘FODER Trustee’ is the Banco de Inversión y Comercio Exterior S.A., acting in his capacity of trustee of the FODER or any other legal entity or entity that bears such capacity in the future.

‘FODER’ is the management and financial trust named ‘Fund for the Development of Renewable Energy’ created by virtue of Act No. 27191.

‘Government Authority’ means any government of the Argentine Republic, whether

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federal, provincial, municipal or from the Autonomous City of Buenos Aires, or any Secretariat, Department, Tribunal, Committee, Council, Office, Body, Entity or similar authority under any of such governments, whether they belong to the federal, provincial, municipal or to the Autonomous City of Buenos Aires public administration, whether they are centralized, autonomous or decentralized bodies, and the legislative and judicial branch, whether they are federal, provincial, municipal or from the Autonomous City of Buenos Aires.

‘Guaranteed Energy’ is the energy that the Bidder agrees to deliver per Production Year and during the effectiveness of the Power Purchase Agreement, which shall not be lesser than the generation level with ninety (90 %) of surpassing probability (P90) of the Project, certified in the Energy Production Report.

‘Incentive Factor’ is, for each Calendar Year detailed in the column named ‘Calendar Year’ of Annex 9, the adjustment factor to be applied to the Annual Price as detailed in the column named ‘Incentive Factor’ of Annex 9 for that Calendar Year.

‘Interconnection Point or IP’ is the node or line of the SADI and/or the Additional Provider of the Transportation Technical Function to which the Project shall be directly interconnected and/or by means of other existing or to be built nodes. Annex 3 includes the list of existing IPs at the submitting date of Bids.

‘Interested Party’ is any individual or legal entity that has acquired a copy of the RFP.

‘INTI’ is the National Institute for Industrial Technology under the MP.

‘Investment Grade’ is defined in Annex 7 of the RFP.

‘Limitation’ or ‘Limitations’ is any node or line of the SADI and/or Additional Supplier of the Transportation Technical Function placed downstream from the IPs and in which there is a maximum operational (expressed in MW) and/or available capacity to be granted by virtue of this Open Call for Tenders. Annex 3 includes the list of Limitations and its link with the IPs.

‘Local Content’ is the percentage of local content included in electromechanical facilities of the Project, according to the methodology set forth in the Joint Resolution ME&M No.123 and No. 313 of the Ministry of Production passed on July 5th 2016.

‘Maximum Capacity at Interconnection Point’ is the maximum quantity of MW that may be awarded in each IP within the framework of this Open Call for Tenders, according to the details included in Annex 3 of this RFP.

‘Maximum Performance Term’ is the quantity of consecutive days as of the Execution Date mentioned in Annex 2 of this RFP.

‘Maximum Price for Award’ is the maximum price at which, for each Technology, a Power Purchase Agreement may be awarded within the framework of this Open Call for

Tenders. The Maximum Award Price shall be estimated by the Enforcement Authority; it shall be expressed in US\$/MWh for each kind of Generation Technology as detailed in Section 3.6 of this RFP.

‘**ME&M**’ is the Ministry of Energy and Mining of the Argentine Republic.

‘**MEM Agent**’ is a well-known agent of the MEM, according to the provisions set forth in The Procedures.

‘**MEM**’ is the Wholesale Electric Market in the Argentine Republic, which was created and is governed pursuant to the provisions set forth in Sections 35 and 36 of Act No. 24065, Decree No. 1192/1992, Decree No.136/1995 and Resolution No. 61/92 passed by the former Secretariat of Energy, its amendments and/or complementary rules.

‘**MH**’ or ‘**Mini Hydro**’ is the Generation Technology that allows for the generation of energy from potential and kinetic energy derived from waterfalls and watercourses. This term includes the projects which use dammed water as well as those which exploit falling water and which do not surpass 50 MW of nominal power.

‘**Minimum Capacity for Partial Award**’ is the minimum quantity of MW of nominal power that the Bidder may accept at the Offered Price as a result of the award.

‘**Minimum Guaranteed Energy**’ is the minimum energy that the Bidder agrees to supply per Production Year and during the effectiveness of the Power Purchase Agreement, which shall not be lesser than the generation level with ninety-nine percent (99 %) of surpassing probability (P99) of the Project, certified in the EPR.

‘**MP**’ is the Ministry of Production of the Argentine Republic.

‘**MW**’ is the energy unit, Megawatt.

‘**MWh**’ is the energy unit, Megawatt-hour.

‘**Offered Capacity**’ is the quantity of MW of the Power Plant to be delivered in the Delivery Point according to the instructions included in the Bid.

‘**Offered Performance Term**’ is the quantity of consecutive days as of the Execution Date and until the Schedule Date for Commercial Operation.

‘**Offered Price**’ is the price for the energy generated by the Power Plant (expressed in US Dollars per MWh) that the Bidder may charge during the term of the Power Purchase Agreement as mentioned in the Bid in Annex 5. The Offered Price is unique for each Bid and it may be adjusted by the Annual Adjustment Factor and the Incentive Factor in accordance with this RFP.

‘**Open Call for Tenders**’ is defined in Section 1 of this RFP.

‘Parent Company’, when referring to a particular entity, is any direct or indirect entity that, whether by means of one or more intermediaries controls a Party or is controlled by a Party, or is jointly controlled by such particular entity. **‘Control’** is the ability to conduct or establish the guidelines of the management or the essential activities or businesses of a legal entity or entity, whether by means of the ownership of stocks or any other securities with right to vote, through contractual or corporative relations or by any other means; it shall be deemed that any individual legal entity or entity that has the possession of more than fifty percent (50 %) of the voting equity from another legal entity or entity, or has contractual or corporative rights which grant the same level or control over such legal entity or entity than a stockholder with more than fifty percent (50 %) of the voting equity might have, has the Control over such legal entity or entity.

‘Party’ is the Buyer or the Seller, according to context, or both, when the term is used in plural.

‘Performance Bond’ is the bond granted to CAMMESA by the Bidder pursuant to the terms and conditions set forth in Section 22 of the RFP.

‘Performance Standards on Environmental and Social Sustainability’ refers to eight (8) standards set by the International Finance Corporation (‘IFC’) of the World Bank Group and which were introduced by the International Bank for Reconstruction and Development (‘IBRD’) for operations involving activities of the private sector which are attached as Annex 10. These standards are targeted to those in charge of private activities and they offer a guide to identify risks and impacts with the aim of helping to prevent, mitigate and manage them so as to perform private enterprises and businesses involved in a sustainable way, including the obligation of those in charge of the private activity to include those interested parties and to spread the project activities.

‘Power Purchase Agreement’ is the Agreement on Purchase of Renewable Energy that CAMMESA shall sign with each Successful Bidder, complying with the provisions set forth in Resolutions ME&M No. 71/2016 and No. 136/2016 and under the terms and conditions set forth in Annex 6 of this RFP.

‘Production Year’ is (a) the term starting on the Commercial Operation Date (inclusive) and ending in the same day of the following Calendar Year (not inclusive); and (b) each following one (1) calendar year term.

‘Project’ or **‘Power Plant’** is the Power Plant of energy from sources of renewable energy that the Seller agrees to build, operate and maintain in order to comply with the supply of Contracted Energy, and whose location and features are described in the Bid, as well as all other assets related to such Plant, including the transmission line, facilities and measurement and control equipment required in order to connect the Power Plant to the Delivery Point.

‘Qualified Independent Consultant’ is defined in Section 12.4.3 (d) of this RFP.

‘Reference Value for Capital Investments’ is the value per MW for each Technology expressed in US Dollars, according to the provisions set forth in Section 12.5 of this RFP.

‘Renewable Energy Legal Framework’ means the renewable energy legal framework set forth in Act No. 26190 and Act No. 27191, which have been regulated by Decree No. 531 passed on March 30th 2016 and whose framework is used to perform this Open Call for Tenders.

‘Required Capacity’ is the quantity of MW of nominal power to be installed and which was required in this Open Call for Tenders for each Technology pursuant to the provisions detailed in Section 3.4.

‘RFP’ means Request for Proposals which includes this document, Annexes and Clarifying Circular Letter/s; it shall rule this Open Call for Tenders.

‘SADI’ is the Argentine Interconnection System.

‘Schedule’ is the Schedule of activities to be performed during the Open Call for Tenders and which are detailed as Annex 1.

‘Scheduled Term for Commercial Operation Authorization’ is the term set in the Offer, detailed in consecutive days as of the Execution Date, during which the Commercial Operation is estimated to occur.

‘Scheduled Term for Construction Start’ is the term set in the Offer when the building of the Power Plant starts and which is detailed in consecutive days as of the Execution Date.

‘Scheduled Term for Equipment Delivery’ is the scheduled term for all pieces of the electromechanical equipment needed to achieve the Contracted Capacity and which are located in the Site.

‘Scheduled Term for Financing Close’ is the term set in the Offer when the Financing Close occurs and which is detailed in consecutive days as of the Execution Date.

‘Score based on SLC’ is defined in Section 16.4 of this RFP.

‘Seller’ is the Successful Bidder that signs the Power Purchase Agreement.

‘Site’ is the lot or set of lots over which the Generation Plan will be built, according to the details of the Bid.

‘SLCMax’: is defined in Section 16.4 of this RFP.

‘Solar Photovoltaic’ is the Generation Technology that allows for the generation of electric power from the sun light by means of a photovoltaic effect.

‘**SPE**’ is a specific purpose vehicle entity constituted in the Argentine Republic, owner or bearer of an irrevocable right of acquisition of a sole Project.

‘**Standards on Prohibited Practices issued by the World Bank**’ are those standards, practices and guarantees set by the World Bank and applicable to projects financed and/or guaranteed by the World Bank which are included in this address: <https://policies.worldbank.org/sites/ppf3/PPFDocuments/090224b0823725d0.pdf>.

‘**Stated Local Content**’ or ‘**SLC**’ means the Local Content that the Bidder agrees to introduce according to his Bid and pursuant to the provisions set forth in Section 12.4.1 (c) of the RFP.

‘**Successful Bidder**’ is the qualified Bidder who has been chosen by CAMMESA, in accordance with the instructions from the Enforcement Authority, to sign the Power Purchase Agreement by means of a Specific Purpose Entity.

‘**Technical Requirements**’ are each of the technical requirements requested to the Projects and detailed in Section 12.4 of this RFP.

‘**Technology/ies**’ or ‘**Generation Technology/ies**’ is any kind of technology used for the conversion of renewable energy resource into electric power. For the purpose of this Open Call for Tenders, Technologies to be hired are the following: Wind Energy, Solar Photovoltaic, Biomass (burning and gassing), Biogas and MH.

‘**The Procedures**’ are the Procedures for the Schedule of Operation, Dispatch of Loads and Estimation of Prices in the MEM, set forth by the former Secretariat of Energy by virtue of Resolution No. 61 passed on April 29th, 1992, its amendments, its future amendments and complementary rules.

‘**US Dollar or US\$**’ is, at any time, the legal effective currency of the United States of America for such date.

‘**VAT**’ is the Value Added Tax in force in the Argentine Republic.

‘**Wind Energy**’ is the Generation Technology which allows for the generation of electric power from wind kinetic energy.

‘**World Bank Guarantee**’ is the guarantee agreement to be signed between the World Bank and the FODER, which shall be represented by the FODER Trustee.

All terms used in this document in capital letters and which are not a proper name, or the beginning of a sentence or have not a particular meaning in this document, shall have the meaning that was included in the Power Purchase Agreement and/or the FODER Trust Adhesion Agreement.

3. General Provisions of the Open Call for Tenders

3.1 The supply shall be made by means of Power Plants or extensions and/or repowering of new or used equipment of existing Power Plants upon and under proven technologies whose Project requirements for each Technology are detailed in Annex 2.

3.2 Self-generation or cogeneration Projects may be submitted as well.

3.3 The Offered Capacity shall not be ruled by any other agreement or marketing proceeding. Nevertheless, the same Power Plant is allowed to have additional power to the Offered Capacity under different commercial Procedures not included in the Power Purchase Agreement. In the case of the Projects authorized as MEM Agents for a Capacity greater than the maximum Capacity defined for each Technology in Annex 2, the Enforcement Authority shall be able to readjust the granted authorizations at the request of the bearer of the authorizations as MEM Agent. As a result, the project shall be divided in such a way that the resulting Projects shall be performed pursuant to the provisions set forth in said annex, and the SPE that may be awarded and who has signed the corresponding Power Purchase Agreement shall have the necessary authorizations for the interconnection to the S.A.D.I and to commercially operate in the MEM.

3.4 The allocation of the total Required Capacity and by Technology is the following:

Technology	Required Capacity (in MW)
Wind Energy	600
Solar Photovoltaic	300
Biomass (burning and gassing)	65
Biogas	15
MH	20
Total Required Capacity	1,000

3.5 The Interconnection Points and the Maximum Capacity at Interconnection Point available for the award and the applicable Limitations on this Open Call for Tenders are detailed in Annex 3. Such amounts do not necessarily represent the maximum technical capacity available in each PDI or Limitation; they represent the maximum capacities available for award in this Open Call for Tenders. Within the term set forth in Section 5.1 of the RFP to make consultations and by means of submitting the corresponding technical documents, CAMMESA may be required by the Interested Parties to add IPs not included in Annex 3 and their corresponding maximum Capacity, which shall be added to the RFP, as long as it is technically possible. Besides, CAMMESA shall perform a previous analysis.

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3.6 The Enforcement Authority shall set a Maximum Award Price for each Technology and it shall be secret. The Enforcement Authority shall deliver a sealed and closed envelope to CAMMESA on the date set forth in the Schedule of the RFP for the submission of Bids. Such envelope shall contain the Maximum Award Price for each Technology, which shall be applied pursuant to Section 18 of this RFP.

3.7 There may be two (2) or more Bidders who submit their Bids regarding the same Project. If two (2) or more Bidders with the same Project are qualified, they shall compete between themselves by means of an assessment of the Project Economic Proposal (Envelope 'B'), so as to determine who has the right upon the Project which shall allow him to compete with the rest of the Bidders in order to become a Successful Bidder. Such individual or legal entity, whether it is an individual or it is a member of a Bidder, shall not be able to submit more than one (1) Bid regarding the same Project.

3.8 The Bidders shall request the tax benefits included in the Legal Regulations on Promotion of Renewable Energy that they would like to get when they submit their Bid. In addition, they shall estimate the Offered Price by assuming they will get the requested benefits. The control of the investments and the application of the said benefits during the execution of the Power Purchase Agreement shall be performed according to the 'PROCEEDING FOR THE CONTROL OF INVESTMENTS AND THE APPLICATION OF THE TAX BENEFITS' passed as Annex II of the Resolution ME&M No.72/2016.

4. Sale of Request For Proposals

4.1 The RFP may be acquired until the date set forth in the Schedule in CAMMESA headquarters, located at No. 942 Eduardo Madero Avenue, 1st floor, in the Autonomous City of Buenos Aires, from Mondays to Fridays from 10.00 a.m. to 4 p.m.

4.2 The RFP Price is one hundred and fifty thousand Argentine Pesos (AR\$ 150,000) plus VAT. Such payment shall be made by means of a deferred payment check in favor of CAMMESA. It shall be paid within 90 consecutive days after the acquisition date.

4.3 CAMMESA shall issue an invoice and the corresponding receipt once the RFP acquisition amount has been confirmed.

4.4 The Interested Parties shall set forth the domicile in the Autonomous City of Buenos Aires. Besides, they shall state an e-mail address where they shall be duly noticed regarding the Clarifying Circular Letter/s, as well as additional information requests or clarifying information requests which CAMMESA may consider necessary.

4.5 The acquisition of a RFP copy shall entitle the Interested Party to submit one or several Bids including the same or different Technology and including the same or different IP.

4.6 If the Bidder comprises two (2) or more individuals or legal entities, and only one of these individuals or legal entities is an Interested Party, the latter shall be able to submit a Bid.

4.7 Within fifteen (15) Business Days after having received the instruction set forth in Section 19.1, CAMMESA shall return the deferred payment checks, which has held in custody, to those Interested Parties whose total amount of Bids were qualified but none of them were awarded.

4.8 The acquisition of the RFP and the submission of Bidders to the Open Call for Bids imply that the Bidder fully knows and accepts Act No. 15336, Act No. 24065, Act No. 26190 and Act No. 27191, Decree No. 531/2016, Decree No. 882/2016, Resolution ME&M No. 72/2016, Joint Resolution ME&M No.123/2016 and MP No. 313/2016, The Procedures, the complementary and regulatory rules and all the conditions and all the rules set forth in this RFP.

5. Consultations and clarifications regarding the RFP

5.1 CAMMESA shall establish a period, detailed in the Schedule, which shall be extended up to ten (10) Business Days before the submission of Bids. During such period, consultations and requests for clarifications on the RFP shall be received. The Interested Parties shall be the only ones able to make them.

5.2 The consultations and/or clarifications shall be made in Spanish. There shall be specifically referred to the Power Purchase Agreement, the FODER Trust Adhesion Agreement or the RFP Sections, which are being enquired and/or being requested for clarifications, pursuant to the electronic form to be downloaded from CAMMESA web site and whose example format is attached as Annex 11. The latter shall be sent to CAMMESA by means of the following e-mail address: Consultas-PBC-renovar1@cammesa.com.ar.

5.3 The consultations and/or clarifications shall be answered by CAMMESA by means of Clarifying Circular Letters. The identity of the ones who made the abovementioned shall not be disclosed. The Clarifying Circular Letters shall be informed to the Interested Party by means of the e-mail (electronic domicile) set forth when the RFP was purchased. The Clarifying Circular Letters shall be published in CAMMESA web site and they shall be automatically added to the RFP.

5.4 CAMMESA shall answer the consultations and/or the clarifications until five (5) Business Days before the day set forth to submit Bids. CAMMESA shall be able to issue Clarifying Circular Letters at its own request and at any tune of the tender process if it is deemed necessary.

6. Applicable Law and Documents Order of Precedence

6.1 The Open Call for Tenders shall be ruled by the RFP to which the Bidders are subjected by only submitting their Bids. By submitting Bids, it is implied full knowledge and acceptance of all the conditions and requirements set forth in the Open Call for Tenders documents.

6.2 Additionally, this Open Call for Tenders and the Power Purchase Agreement, which may be possibly signed, shall be ruled and interpreted in accordance with the laws, regulations and general principles of private law which are in force in the Argentine Republic, in every aspect, as long as the Federal Electrical Regulatory Framework is not contradicted. Act No. 15336, Act No. 24065, Act No. 26190 and Act No. 27191, Decree No. 531/2016, The Procedures, the Argentine Civil and Commercial Code and other amendments and/or complementary rules shall rule when applicable.

6.3 For the purposes of interpretation and integration of the Power Purchase Agreement documents, there shall always be pre-eminence of the legal framework mentioned *ut supra*, the following order of precedence is set forth:

- (a) the RFP;
- (b) the Power Purchase Agreement, including all its Annexes;
- (c) the Bid.

7. Representations of the Bidders

7.1 When the Bidders submit their Bid, they expressly and irrevocable accept and state they waive their right to object this RFP.

7.2 The submission of the Bid implies that all the information and documents attached to and delivered with the Bid shall be deemed a sworn statement by the Bidder.

7.3 There shall be no right in favor of the Bidder arising out of the submission of the Bid, and CAMMESA shall have no obligation arising out of the submission of the Bid. As a result, the Bidder acknowledges that CAMMESA, at the request of the Enforcement Authority, may render this Open Call for Tenders unenforceable at any moment or may state the failure of it. CAMMESA and/or the Federal State shall not be held liable and the Bidder shall not have any right to claim.

7.4 The Bidder is subject to the jurisdiction of the Federal Civil and Commercial Courts of the Autonomous City of Buenos Aires, regarding any matter arising out of this Open Call for Tenders. They expressly waive any other jurisdiction they may be subject to.

8. Capacity of Individuals or Legal Entities to be Bidders

Argentinean or foreign individuals, as well as legal entities constituted in the Argentine Republic or abroad, shall be able to submit the Bid. They shall submit the Bid by means of a SPE of their ownership, in both cases, and they shall have an irrevocable right upon the acquisition of such SPE or they shall be obliged to constitute and record the SPE before the Enforcement Authority prior to the Execution Date, if they are Successful Bidders and if they have acquired the RFP.

9. Individuals or Legal Entities Disqualified to be Bidders - Projects under Resolutions No. 220, No. 712 and No.108

9.1 Individuals or legal entities mentioned in any of the following cases may not participate in this Open Call for Tenders either by themselves or by means of an agent acting on their behalf:

- (a) Individuals or legal entities legally disqualified to enter into contracts, according to the current legislation in the Argentine Republic;
- (b) Individuals legally disqualified due to a judicial sentence;
- (c) Foreign legal entities ruled by Public law, acting in their capacity as such;
- (d) Individuals or Legal entities under the conditions mentioned in Act No. 26 190, Section 11.

9.2 The Bidders in this Open Call for Tenders may not submit projects related to agreements entered into under Resolutions No. 220 passed on January 18th 2007; No. 712 passed on October 9th 2009 or No. 108 passed on March 29th 2011, approved by the former SECRETARIAT OF ENERGY under the former MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND SERVICES, and which are valid and under construction to the date when the RFP is published.

9.3 The Bidders in this Open Call for Tenders may submit projects related to agreements entered into under Resolutions No. 220 passed on January 18th 2007; No. 712 passed on October 9th 2009 or No. 108 passed on March 29th 2011, approved by the former SECRETARIAT OF ENERGY under the former MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND SERVICES, and which are not valid, under construction or not, to the date when the RFP is published.

9.4 The Bidders that have entered into agreements under Resolutions No. 220 passed on January 18th 2007; No. 712 passed on October 9th 2009 or No. 108 passed on March 29th 2011, approved by the former SECRETARIAT OF ENERGY under the former MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND SERVICES, which are valid to the date when the RFP is published, and provided the projects have not yet started to be developed, may submit those projects as long as they terminate the agreements, pursuant to Section 12.7.2 of the RFP.

10. Bid Bond

10.1 The Bidders will secure the performance of all the obligations required by this RFP, by creating a Bid Bond to that end, keeping their Bids to CAMMESA's satisfaction.

10.2 The amount of the Bid Bond shall be of thirty-five thousand US Dollars (US\$ 35,000) per MW of the Offered Capacity and for a term of at least 180 consecutive days, automatically renewable for 90 consecutive days, unless the Bidder had decided to

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withdraw the Bid after the original term of the guarantee has expired. In that case, he shall state his decision within at least fifteen (15) days before the original term has expired, and said decision shall be effective when such term has expired. If the Bidder is made up of two (2) or more individuals or legal entities, the Guarantee shall be issued under the name of the Financial Strategic Partner for the one hundred percent (100 %) of the Bidder's obligations. The Bidder shall submit as many guarantees as Offered Projects.

10.3 If the Bidder: (a) communicates his decision to withdraw his Bid during the original Bid validity term; (b) includes any false information provided as an affidavit; (c) does not sign the Power Purchase Agreement pursuant to the RFP; or (d) does not furnish the Performance Bond, then he will lose the Bid Bond in favor of CAMMESA, who shall forfeit said guarantee without any previous administrative or legal action, having the Bidder no right to any claim whatsoever.

10.4 The Bid Bond and the Performance Bond shall be constituted in favor and to the satisfaction of CAMMESA, in some of the ways mentioned below:

- (a) A bank guarantee, which shall be irrevocable, unconditional, extendable, payable at sight and on first request, drawn up by virtue of the document securing the Bidder, issued by a bank or financial institution in the capacity as joint and several guarantor and primary payor, waiving any right to the benefits of excussion, division and judicial demand, in accordance with Sections No. 1584 and 1589 of the Argentine Civil and Commercial Code. The guarantees issued by a foreign bank shall be legalized and confirmed by a local bank with address in the Argentine Republic.
- (b) A Bid bond issued by an insurance company of renowned prestige, authorized under the terms of Act No. 20091. The insurance company shall act as a joint and several guarantor, waiving any right to the benefits of excussion and division. Said instrument will be similar to an on demand bond. A form containing the acceptable and attainable minimum conditions will be sent by means of a Clarifying Circular Letter so that it be considered similar to an on demand bond.
- (c) The opening of a 'Standby Letter of Credit', which shall be irrevocable, unconditional, extendable, payable at sight and on first request, issued by a bank or financial institution of renowned prestige and to CAMMESA's satisfaction, in the capacity as joint and several guarantor and primary payor, waiving any right to the benefits of excussion, division and judicial demand of the debtor, in accordance with Sections No. 1584 and 1589 of the Argentine Civil and Commercial Code, prior CAMMESA's approval thereof. The Standby Letters of Credit issued by a foreign bank shall be legalized and confirmed by a local bank with address in the Argentine Republic.

10.5 The non-compliance with the creation of the Bid Bond as provided herein will constitute enough cause of rejection of the Bid.

10.6 If any defect is found in the Bid Bond, whether related to the amount or to any other reason, such defect shall be remedied within the maximum term established by CAMMESA, under penalty of rejection of the Bid.

10.7 Within ten (10) Business Days after the award notice, the Bid Bond once constituted by the qualified Bidders who have not become Successful Bidders will be made available to them.

10.8 The Bid Bond will be given back to the Successful Bidder within five (5) Business Days as from the creation, to CAMMESA's satisfaction, of the relevant Performance Bond.

11. Submission of the Bids

11.1 The submission of the Bids shall be made on the date set forth in the Schedule of the RFP in No. 171 Paseo Colón Avenue, 9th floor, Office No. 902 in the Autonomous City of Buenos Aires, Argentine Republic or in the place stated by CAMMESA until three (3) Business Days before the opening date. The submission of the Bids shall be made in a closed envelope or box. The color shall be opaque. It shall be addressed to CAMMESA and the title shall be National and International Open Call for Tenders for the Purchase of Electric Power derived from Renewable Sources in the Wholesale Electric Market within the framework of Resolution ME&M No. 136/2016 and the name of the Bidder shall be also stated. Bids which were sent by mail shall not be accepted.

11.2 Such general box or envelope shall contain, in turn, two (2) envelopes. They shall also be closed and opaque. One envelope shall correspond to the precedent of the Bidder and the requirements of the Project/s which is/are intended to be Offered pursuant to Section 12. Such envelope shall be identified by using letter 'A'. The other envelope shall be identified by using letter 'B' which shall contain the economic proposal of each Project pursuant to Section 13 and pursuant to the form attached in Annex 5. There shall be submitted as many Envelopes 'B' as submitted Projects. The name of the Bidder, the name of the Open Call for Tenders, the name/s of the Project/s and the Technology/ies shall be clearly identified in the envelopes.

11.3 The Bids shall be easy to understand and they shall be written in Spanish. There shall be one original copy and one duplicate of the Bid and there shall also be an electronic format copy recorded in a magnetic device. All the pages of the Bid shall be numbered and signed by the individual/s that proves/prove to be duly authorized by the Bidder to perform such act. If the Bidder is constituted by two (2) or more individuals or legal entities, the pages shall be signed by the legal representative of each of such individuals or legal entities. Those representatives shall remedy any scratch and/or amendment the Bid may have by means of their signature. There shall be a tag stuck on the magnetic device, such tag shall contain the name of the Bidder, the name of the Project and it shall be stated if it belongs to Envelope 'A' or 'B'. The magnetic device regarding the information contained in each envelope shall be added to the envelope the magnetic device refers to.

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11.4 Bids shall be received from 9.00 a.m. to 1 p.m. on the date set forth in the Schedule regarding the submission of Bids. Once the receipt is over, the general box or envelope which should contain Envelopes 'A' and 'B' shall be opened and Envelope 'A' shall be opened as well. Envelope 'B' shall not be opened in such act. Envelope 'B' shall be kept in custody of the public notary appointed by CAMMESA. As regards Envelope 'B', its effective closing shall be verified and the notary public shall stamp his seal and shall sign it so as to possibly and subsequently consider it.

11.5 Once the Envelope 'A' of the Bids has been opened, the notary public appointed by CAMMESA shall write an affidavit regarding all the Procedures. The name of each Bidder, the name of the Project/s, the name of the Offered Technology/ies shall be specially noted. It should also be noted if Bid Bond/s is/are held and if Envelope/s 'B' has/have been submitted. Such affidavit shall be signed by the individual in charge of the act, on behalf of CAMMESA, as well as by the Bidders who would like to sign it.

12. Content of Envelope 'A' (Bidder and Project Records)

Envelope 'A' shall include the following documentation:

12.1 Index of content of Envelope 'A'

12.2 Legal Requirements

12.2.1 SPE Legal Requirements

Only in case Bidder submits his Bid by means of a SPE of his own or over which he has an irrevocable right for its acquisition, he shall issue the following original documentation or a copy duly certified and legalized if it corresponds in accordance with the SPE awarding jurisdiction:

- (a) Name, designation or business name, Individual Taxpayer Identification Number (C.U.I.T.) and legal domicile.
- (b) Articles of incorporation of the company, corporate agreement and company current bylaws which confirm that the company term of duration exceeds the Power Purchase Agreement term and that its company purpose is exclusively the generation of electric power from renewable sources.
- (c) Certificate of good standing and Certificate of registration in the corresponding Public Registry of Commerce which confirms the existence, the legal capacity and the regular incorporation of the company.
- (d) Page number of the Shareholders Registry Book where the Bidder's assets are shown. In the event that the Bidder has not yet acquire the ownership title of SPE, a copy of the Bid or the irrevocable SPE buying option verifying the acquisition before the Power Purchase Agreement Execution Date.

12.2.2 Legal Requirements of each one of the individuals or legal entities which constitute the Bidder

In every case, each one of the individuals or legal entities which constitute the Bidder shall issue the following original documentation or a copy duly certified and legalized if it corresponds in accordance with the award jurisdiction:

(a) If they are individuals:

- i) Copy of the National Identity Document;
- ii) Telephone number and email address; and
- iii) Individual Taxpayer Identification Number (C.U.I.T.).

(b) If they are legal entities which are constituted in the Argentine Republic:

- i) Name, designation or business name;
- ii) Individual Taxpayer Identification Number (C.U.I.T.);
- iii) Legal address, telephone number and corporate email address;
- iv) Articles of incorporation of the company, corporate agreement and company current bylaws; and
- v) Certificate of good standing and Certificate of registration in the corresponding Public Registry of Commerce which confirms the existence, the legal capacity and the proper constitution of the company.

(c) When individuals are domiciled abroad or legal entities are constituted outside the Argentine Republic, they shall:

- i) Prove the identity of the individual or the existence of the company, respectively, in accordance with the regulations of their countries; and
- ii) Establish a domicile in the Argentine Republic.

(d) Legal entities which are constituted in Argentina as well as those which are constituted abroad shall issue the following:

- i) Meeting minutes of the management body from which the company's decision to submit and formulate the Bid in the Open Call for Tenders and the granting of the Bid Bond (in this last case, from the Financial Strategic Partner who grants it); and

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ii) Power of attorney which confirms the powers of the individuals which act as bearers of a power of attorney on behalf of each one of the individuals or legal entities which constitute the Bidder.

(e) Bid Bond pursuant to Section 10; and

(f) Sworn statement accepting Sections 6 and 7 of the RFC and confirming that there are no restrictions, inhibitions or inconsistencies stated in Section 9.

12.2.3 All legal documentation issued in a different language other than Spanish shall be translated into Spanish by a sworn translator in the Argentine Republic and it shall be legalized in the corresponding professional association.

12.2.4 The documentation issued abroad shall be submitted in accordance with the formalities set forth by the regulations of the country where such documentation was issued. It shall be duly certified and certified therein in accordance with the standards of the Hague Convention or legalized by the Ministry of Foreign Affairs of the Argentine Republic.

12.3 Financial Requirement of the Bidder or Financial Strategic Partner

12.3.1 The Bidder shall prove a minimum amount of two hundred and fifty thousand US Dollars (US250,000) equity for each megawatt of Offered Capacity in each Bid (the '**Financial Requirement**'). In the event that the Bidder is constituted of two (2) or more individuals or legal entities, at least one of them shall prove to comply with the Financial Requirement (the '**Financial Strategic Partner**').

12.3.2 If the Financial Strategic Partner is a legal entity, it shall prove the Financial Requirement by means of the submission of the form included in this RFP as Annex 13. It shall be duly signed by its legal representative or bearer or a power of attorney and the following documentation shall be submitted:

(a) Last accounting statements of the closed exercise before the date of this RFP. The required accounting statements shall be (i) certified by public accountant and legalized in the corresponding professional association and (ii) duly audited by a well-known consulting firm, for which purpose the audit reports shall be also submitted, except in the case of the state-owned partnerships which might be audited by the corresponding Audit Board.

The state-owned partnerships might additionally prove its capacity of Financial Strategic Partner by means of treasury bonds of the jurisdiction to which they belong for the Financial Requirement amount.

12.3.3 The individuals shall prove the Financial Requirement by means of the submission of the following original documentation or copy duly certified and legalized if it corresponds in accordance with the award jurisdiction:

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(a) Last sworn statements of the personal assets tax and the income tax submitted before the Federal Administration of Public Revenue. In the case of individuals which are domiciled abroad, they shall verify their assets by means of the submission of the corresponding documents which verify it in accordance with the regulations of his country.

12.3.4 If the Bidder or the Financial Strategic Partner takes part in more than one Project, the Financial Requirement shall be deemed fulfilled in the Bid qualification stage if the relation stated in Section 12.3.1 between the equity and the Project's amount of MW of the Project with the greater Offered Capacity submitted by the Bidder is verified or in which the Financial Strategic Partner acts as such. Once this requirement is fulfilled, the Bidder shall qualify for the assessment of the Economic Proposal of each one of the Projects, in which stage the limitation indicated in Section 18.11 shall be applicable.

12.3.5 For the calculation of the equity, if they are local individuals or legal entities who own equity values in Pesos, it shall be taken as a reference the exchange rate of the accounting statements close date or the personal assets sworn statement submission date.

12.3.6 In the event that the accounting statements are shown in a different currency other than US Dollars, it shall attach the corresponding documentation issued by the monetary authority of the country of origin which states the official exchange rate of the accounting statements currency in relation to the US Dollar.

12.3.7 Regarding the aforementioned documentation assessment, CAMMESA shall verify the observance of the relation mentioned in item 12.3.1 between the equity and the Offered Capacity. In the event that the equity is insufficient regarding the sum of the Bids of the same Bidder, CAMMESA shall set the maximum Capacity which may be awarded to the Bidder.

12.3.8 In case that the Power Purchase Agreement is signed, the Financial Strategic Partner shall keep, directly or indirectly, the ownership of at least twenty five per cent (25 %) of the SPE share capital with right to vote until the Commercial Operation Date.

12.3.9 The documentation regarding equity issued in a different language other than Spanish or English shall be translated into Spanish by a Sworn Translator registered in the Argentine Republic and it shall be legalized in the corresponding professional association.

12.3.10 The documentation regarding equity issued abroad shall be submitted in accordance with the formalities set forth by the regulations of the country where such documentation was issued. It shall be duly certified therein in accordance with the standards of the Hague Convention or legalized by the Ministry of Foreign Affairs of the Argentine Republic.

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12.3.11 At the time of signing the Power Purchase Agreement, the SPE shall submit the tax certificate to purchase electric power issued by the tax entity -General Resolution AFIP No. 1814/05 and its amendments.

12.4 Technical Specifications of each Project

12.4.1 Description of the Project

The description of the project shall contain a brief technical proposal to identify its scope and general characteristics, and the drawings and diagrams to best clarify it.

It shall specifically include:

- a) Offered Performance Term;
- b) Schedule of works execution, in which the following landmarks with their respective deadlines indicated in consecutive days as from the Execution Date shall be indicated:
 - i. Scheduled Term for Financing Close;
 - ii. Scheduled Term for Construction Start;
 - iii. Scheduled Term for Equipment Delivery;
 - iv. Scheduled Term for Commercial Operation Authorization
- c) Stated Local Content, regardless of the fact that the Bidder has requested or not tax benefits in accordance with Section 12.5 of the RFP. If the Bidder does not expressly indicate the SLC in its Bid, it shall mean that the SLC is of zero percent (0 %) and no proof to the contrary will be admitted.

12.4.2 Availability of the real property for the Project

Documents to be submitted shall be duly certified by a notary and legalized, if necessary. Availability of the real property during the entire effective term of the Power Purchase Agreement shall be proved by means of a title deed showing that no liens and encumbrances are imposed on the property, no lease contract or life estate deed has been signed, and/or no irrevocable option to sell, lease or execute a life estate deed has been offered.

The limits of the real property allocated to the proper functioning of the Project shall be clearly identified with their respective geographic coordinates and through the relevant land drawings.

In the case of public real property, copies of administrative Procedures allowing its use for the Project will be submitted after having been certified by a notary public and legalized, if applicable.

12.4.3 Availability or Feasibility of the Resources

The project shall guarantee that the resource to be exploited is available, and has no restrictions for its use, in the quantities and qualities indicated by the Bidder for its Project, taking into account at least the following aspects:

(a) Legal title to use the resource.

Hydroelectric generation: Interested parties shall take into consideration the provisions of Section 5, Act No. 24065 and related and complementary rules, as well as Section 43, Act No. 15336, without prejudice, where appropriate, to the provisions of Section 17, Act No. 27191 to the extent given by its regulation (Decree No. 531/2016, Annex II, Section 17). Resource allocation.

In the case of natural resources provided by third parties, an affidavit/sworn statement stating the resource availability and sustainability shall be signed and submitted/issued.

(b) Land Use.

The activities to be developed and facilities involved in the Project shall be properly framed and authorized for the activities to be performed in accordance with rules of national, municipal, or provincial application, of the Autonomous City of Buenos Aires, as the case may be, relating to the land use. Documents certifying the aforesaid shall be submitted.

Facilities to be involved shall be identified and located using maps, satellite cards, plans and schemes where the location of the Power Plant and the main routes of access and circulation shall be described.

(c) Prospective resource.

Without prejudice to the requirements set forth in Annex 2, all data necessary for the development of the Project, used statistics, and sources of information shall be indicated. Also, a brief geographical and environmental description of the Site (topography, vegetation, climate, etc.) shall be included in the presentation.

Based on the information obtained directly or through third parties, the frequency of data collection, geographic location and characteristics of the measurement and registration tools shall be certified, and the relevant calibration certificates indicating the characteristics of the Construction Milestone and complete setting of the registration system shall be submitted too.

Prospective resource information shall be summarized in an EPR which shall contain the resource measured within the Site or close to it. If the Measurement Tower is located outside the Site, the Bidder shall prove that he is entitled to use the resource information collected in said Tower.

For Wind Technology Projects, an ERP shall be prepared including valid measurements conducted for at least one (1) year to the date of report submission/issuing. In all cases, the ERP shall be updated to a period not exceeding six (6) months prior to the date for submission/issuing of Bids. Also, the EPR shall contain at least a review of the meteorological program including data analysis, description and assessment of the resource, and a spatial geo-reference of its distribution on the Site.

At the same time, an estimate of the expected Energy Production assuming to plant design and its respective typical curves according to the technology applied, as well as the estimate of associated losses and uncertainties informing the production expected at different surpassing levels shall be submitted. (P90-P50-P99).

The independent consultant, either an individual or a legal entity, shall prove by affidavit/sworn statement (in the case of a legal entity, signed by its legal representative or bearer of a power of attorney), that it has some experience of having conducted similar studies in the local or international market for a minimum of one thousand megawatt (1000 MW) from any renewable source for Projects of Wind and/or Solar Technology, and of one hundred MW (100 MW) for the other Technologies included in this Open Call for Tenders, and may provide commercial references for each project (the '**Qualified Independent Consultant**').

Technical expertise in prospecting works related to the relevant energy resource shall be proved, and any work performed and/or published in the sector, both at national and international level as well as any other instrument supporting the experience and technical capacity of the companies and/or consultants involved shall be mentioned.

When required by the resource characteristics (Biomass and Biogas), the origin, specifications, availability, supply, heating value and sustainability in time shall be indicated.

In the specific case of generation projects using Forest Waste, an affidavit/a sworn statement shall be submitted stating the commitment to: (i) collect strict legal-origin waste and waste coming from primary transformation plants duly certified and registered before the competent authority, (ii) use the plantations in a sustainable and renewable way, within the framework of the current legislation and (iii) conduct reforestation activities in the deforested areas, with special care so as not to affect the ecosystem and the biodiversity in the areas to be reforested.

12.4.4 Technology

In addition to all the information related to the resource to be exploited, the studies and the documentation that may certify the performance of the machines and the equipment included in the Bid shall be included, as well as the Capacity to be installed and the technical description of all the Power Plant components, equipment and ancillary facilities, especially the generation unit/s that will be enabled, and their technical description and mean specific consumption, when applicable.

The suppliers and the origin of the electromechanical equipment and the components to be used shall also be specified. The certifications for the equipment are to be provided as well, and they are to be issued according to generally accepted international standards.

In addition to that, the Power Plant operation and maintenance program is to be submitted, including the roster of operators with their shifts and the maintenance plan with the corresponding operative data.

12.4.5 Production Estimate

The information provided for the prospection of the resource and the technology shall be submitted jointly with the Site simulation models, in order to determine the mean annual values which are exploitable according to the setting and the technology to be used.

Design maps and drawings shall also be submitted, as well as drawings and sketches of the Power Plant, with a detail of the criteria and the tools to be used in the design.

12.4.6 Environmental authorizations

The Project shall, at least, meet the following requirement:

- (a) Compliance with Resolutions No. 475/1987 and No. 149/1990 from the former Secretariat of Energy.
- (b) List of the professionals in charge of preparing the environmental impact studies and reports and of the professionals that participated in their diverse components, indicating their academic degree and with the documentation being initialized.
- (c) Copy certified by a notary and legalized, if applicable, of the documentation issued by the corresponding Government Authority for the environmental permit of the Project, which shall allow the Project environmental execution and development as from the Power Purchase Agreement Execution Date, with no other authorization, permit or equivalent action being required, according to the current regulations.

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- (d) Sworn statement stating that the equipment is free from polychlorinated biphenyls (PCBs) and that those products will not be kept in the facility.

Notwithstanding the abovementioned, the Bidders who chose to take the World Bank Guarantee in their Project Economic Proposal pursuant to Section 13.2 (a) shall prove, by means of the sworn statement attached as Annex 12, the Project complies with the Performance Standards on Environmental and Social Sustainability attached as Annex 10 of the RFP and besides, they shall prove the Bidders agree to respect the abovementioned standards during the term by which they requested for and they were awarded the World Bank Guarantee pursuant to the FODER Trust Adhesion Agreement.

Performance Standards on Environmental and Social Sustainability are the following ones:

Performance Standard 1: Assessment and management of environmental and social impacts and risks

Performance Standard 2: Labor conditions and Work

Performance Standard 3: Efficient resources use and pollution prevention

Performance Standard 4: Health and safety of the community

Performance Standard 5: Land acquisition and involuntary re-settling

Performance Standard 6: Biodiversity conservation and sustainable management of natural living resources

Performance Standard 7: Native people

Performance Standard 8: Cultural Heritage

12.4.7 MEM Agents

The Bidder shall submit a copy which verifies the beginning of the administrative procedures and record number for the registration of the Project as Generator, Co-generator and Self-generator Agent of MEM in the terms set forth in The Procedures, to the National Office of Prospective under the Undersecretariat of Thermal Energy, Transport and Distribution under the Secretariat of Electric Power under the Ministry of Energy and Mining of the Argentine Republic. The Bidder shall verify the Project's registration, by means of the SPE, as MEM Agent, as a prior condition to the Commercial Operation Date.

12.4.8 Access to the Transport Capacity

The Bidder shall submit the outcomes derived from the CAMMESA Technical Proceeding No. 1 (static and dynamic study of the grid with the corresponding conclusion from and independent consultant, where the feasibility of power and electric power injection related to the Project in the Delivery Point is expressly stated) as well as the approval of the Carriers or the corresponding Additional Provider of the Electric Power Transportation Technical Function.

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The Bidder shall submit prior to the Commercial Operation Date, the supporting documentation which confirms the fact that the Project, by means of the SPE, has comply with all the necessary requirements in order to get from the ENRE the corresponding authorization to access the grid, and that the ENRE has published the corresponding resolution in the Official Gazette.

Those Projects with up to 5MW of Capacity which are connected to grids of 132 kV and/or up to 2MW which are connected to grids of 33kV shall issue an operational agreement with the Carrier or the Additional Provider of the corresponding Transportation Technical Function for its connection. CAMMESA shall assess these situations and shall define the eligibility based on the technical viability of the connection preserving the safety in the performance of the system in the Project's areas of influence.

In any case, the Project shall consider within its costs all necessary investments to make the connection and its proper operation in the Delivery Point technically defined in the reports which were submitted and assessed by the ENRE, CAMMESA or the Carrier or Additional Provider of the corresponding Transportation Technical Function.

Regarding the so-called Stage 2 and Stage 3 of the Technical Proceeding No. 1 and the requirements in the Technical Proceeding No. 4 of CAMMESA, the instructions in such Procedures shall be observed.

12.4.9 The Bidders shall request the Project qualification with a lower capacity to the one indicated in the technical documentation which was submitted for such qualification with no need to readjust it to the Offered Capacity.

12.5 Tax Benefits.

The Bidder shall include the tax benefits request on the Renewable Energy Legal Framework and its detailed quantification. For that purpose, he shall complete and submit the forms included in this Request for Proposal as Annex 4. The quantification of the benefits shall be made in accordance with the provisions set forth in section 5 of Annex I of the Resolution ME&M No. 72/2016 and the Joint Resolution ME&M No. 123/2016 and MP No. 313/2016. No additional guarantees are required to the Bid Bond for the tax benefits request. In case of the award of Bids and award of the Certificate of Inclusion in the Renewable Energy Legal Framework, the Successful Bidder shall provide the guarantees set forth in section 13 of Annex II of the Resolution ME&M No. 72/2016.

The Enforcement Authority, in any case, shall not approve tax benefits above the reference amounts included in this chart:

Technology	Reference Value for Capital Investments (in US\$/MW)	Maximum Share of Tax Benefits (in US\$/MW)
Wind Energy	1,600,000	960,000
Solar Photovoltaic	1,300,000	720,000
Biomass (burning and gassing)	2,500,000	1,250,000
Biogas	5,000,000	2,500,000
MH	3,000,000	1,500,000

The Enforcement Authority shall consider that the sum of all the requested tax benefits do not surpass the Maximum Share of Tax Benefits for the corresponding Technology multiplied by the Capacity of the Project.

12.6 Technical documents issued in other language different from Spanish or English shall be translated into Spanish by a certified translator registered in the Argentine Republic and such translation shall be legalized in the corresponding professional association.

12.7. Other requirements.

12.7.1 Submission of sworn statement signed by the Bidder's legal representative or bearer of a power of attorney or by each one of the individuals or legal entities which constitute the Bidder, specifying that the requested tax benefits have not been financed by means of the regulations set forth in the Acts No. 25019, No.26360 or similar.

If the submitted Project has obtained the benefits included in the aforementioned acts and as long as the performance of the works committed in the signed agreements has not started, all the individuals or legal entities who constitute the Bidder shall issue a sworn statement of waiver or withdrawal of the mentioned tax benefits, which, in turn, shall be effective as of the effective inclusion of the Bidder in the Renewable Energy Legal Framework by means of the award of the Certificate of Inclusion, pursuant to the provisions set forth in section 13 of Annex I in the Decree No.531/2016.

For that purpose, the form called 'No implementation of Legal Regulations, Acts No. 25019 and No. 26360' or the form 'Waiver of Legal Regulations, Acts No. 25019 and No. 26360' added as Annex 4 of this RFP, shall be filled in, where appropriate, and it shall be submitted in printing and duly signed.

12.7.2 Sworn statement signed by the legal representative or bearer of a power of attorney of the Bidder or by the legal representative or bearer of a power of attorney of

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the individuals or legal entities who are part of the Bidder. Such sworn statement shall state that no agreement, regarding the Project, has been entered into under Resolution No. 220 passed on January 18th, 2007, Resolution No. 712 passed on October 9th, 2009 or Resolution No.108 passed on March 29th, 2011 by the former SECRETARIAT OF ENERGY under the MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND UTILITIES.

In the event that an agreement has been entered into due to the submission of the Project pursuant to the resolutions mentioned in the previous paragraph, and if such agreement is in force and as long as the performance of the works therein included has not started, all the individuals or legal entities who constitute the Bidder shall issue a sworn statement accepting to terminate the bilateral agreement. The parties shall not be responsible for the termination and shall not have any right to claim. The agreement shall be terminated by the parties only if the interested party obtains the Certificate of Inclusion. In these cases, the Certificate of Inclusion acquired shall only be efficient once the agreement has been terminated by the parties pursuant to the aforementioned terms.

For those purposes, the form called ‘No application of Resolutions SE No. 220/07, No. 712/09 and No.108/11’ or the form called ‘Termination of Resolutions SE No. 220/07, No. 712/09 and No.108/11’ added as Annex 4 of this RFP, as appropriate, shall be submitted printed and duly signed.

12.7.3 Certificate -if the partnership which has been adjudged bankrupt is allowed to continue with the commercial activity- or sworn statement - duly signed by the partnership legal representative or by any other representative which has legal capacity to do so- to certify that the requesting parties are not included in any of the situations set forth in subsections a), b), c) and d) of Section 11 of Act No. 26190, amended by Act No. 27191.

For those purposes, the form called ‘Section 11 Act No. 26190, subsections a), b), c) and d)’ shall be submitted in a printed copy and duly signed.

Certificate of withdrawal of legal actions and rights mentioned in the last part of the last paragraph of Section 11 of Act No. 26190, amended by Act No. 27191, or, otherwise, the waiver duly signed by the legal representative or the bearer of a power of attorney of the Bidder or from each one of the individuals or legal entities which constitute the Bidder, to the commence of legal or administrative Procedures if the events mentioned in such rule occur. The waiver shall be in force as of the inclusion of the interested party in the LEGAL REGULATIONS ON NATIONAL PROMOTION OF RENEWABLE ENERGY by means of the award of the Certificate of Inclusion.

For the purposes of waiver, the form called ‘Waive Section 11 Act No. 26190’, added as Annex 4 of this RFP, shall be completed and it shall be submitted in a printed copy and duly signed.

12.8 CMMESA shall have the power to audit all the information delivered by the Bidder, the latter shall make all the verification process and all the necessary actions easier for the audit to be made. Failure to comply with this obligation shall be a reason to reject the Bid and to execute the Bid Bond.

13. Content of Envelope ‘B’ (‘Project Economic Proposal’)

13.1 Envelope ‘B’ shall contain the Project Economic Proposal which shall be made according to the form which as Annex 5 is a part of the RFP.

For those purposes, the following shall be considered:

1. The Bidders shall offer the Offered Price.
2. The Offered Price may be an integer or may contain up to a maximum of two (2) decimals.

If the Bid is awarded, the Offered Price shall be transcribed into the Power Purchase Agreement and shall be called (**‘Adjusted Price’**).

3. The acknowledged price of the Delivered Energy, for every month, shall be equal to the Production Year Annual Price corresponding to the month, in question, multiplied by the Incentive Factor of the calendar year corresponding to the month, in question.
4. The Annual Price shall be contained in Annex B of the Power Purchase Agreement, and shall be estimated by multiplying the Adjusted Price by the Annual Adjustment Factor according to Annex 8 of the RFP.

The Incentive Factor shall be set forth for each Calendar Year and it shall be applied to every month of such calendar year as of the Commercial Operation Date. The aim of the Incentive Factor is to boost and to stimulate the prompt installation and the commercial start-up of the Power Plants by means of a nominal increase of the Awarded Price which improves the incomes and the financial situation of the Projects. The values for the Incentive Factor applicable to each calendar year shall be added in Annex 9 of this RFP which shall be a part of Annex C of the Power Purchase Agreement.

13.2 In addition to the Offered Price, the Bidder shall state the following items in the Project Economic Proposal:

- (a) If the Bidder would like to take or not the World Bank Guarantee pursuant to the provisions set forth in Section 25 of the RFP. If the Bidder chooses to take such guarantee, the following shall be stated in the Bid:

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(i) the amount in US dollars per unit of Offered Capacity by which the Bidder wishes the Project to be guaranteed up to the maximum amount stated in Section 25; and

(ii) the maximum term (shown in multiples of one (1) year as of the Execution Date) by which the Bidder wishes the Project to be guaranteed.

(b) Minimum Capacity for Partial Award.

(c) Guaranteed Energy.

(d) Minimum Guaranteed Energy.

If changes are to be made upon the design or setting of the equipment of the Power Plant abovementioned in the EPR submitted in Envelope 'A' to be qualified, in any moment after award, the Bidder shall submit a new EPR before the Enforcement Authority who shall analyze it and who shall approve it and the Enforcement Authority shall request the Buyer to carry out the modifications in the Guaranteed Energy and in the Minimum Guaranteed Energy in the Power Purchase Agreement, if appropriate.

13.3 The Project Economic Proposal and other documents contained in Envelope 'B' shall be signed by the legal representative or bearer of a power of attorney of the Bidder or by the legal representative or the bearer of a power of attorney of the individuals or legal entities who constitute the Bidder.

13.4 In case of award, the values offered by the Bidder shall be added to the Power Purchase Agreement.

14. Rejection of Bids

14.1 The proposals which, at least, do not meet the following admissibility requirements shall be rejected during the opening proceeding or during the subsequent revision of the Bids:

(a) Compliance of all the requirements so as to submit the Bid according to the content of Envelopes 'A' and 'B' pursuant to the provisions set forth in Sections 11,12 and 13 of the RFP once the remedy term, which CAMMESA may have awarded pursuant to Section 15, has expired.

(b) Submission of the Bid Bond constituted according to Section 10 of this RFP.

(c) The Bids containing documents whose total amount of pages are not signed by the legal representative or the bearer of a power of attorney of the Bidder or the legal representative or the bearer of a power of attorney of the individuals or legal entities who constitute the Bidder. If some of the pages were signed and others were not signed, CAMMESA shall demand remedy of such failure under the terms of Section 15.

(d) When the Bids are subject to or when the Bids fail to comply with the provisions set forth or the requirements. .

15. Clarifications and Additional Information

15.1 In order to properly interpret the received Bids, CAMMESA may request the Bidders, during the Bid evaluation process, all the clarifications, and/or the supplementary information, and/or non-essential formal remedies as it may deem necessary to duly compare the Bids; the Bidders shall be bound to submit such material as requested and/or provide a remedy within five (5) Business Days.

15.2 If, after expiration of that term, CAMMESA had not duly received the required supplementary information or if the defects had not been remedied, it may declare the Bid formally invalid and rejected.

15.3 In no case and under no circumstances, shall CAMMESA admit any modification of the Economic Proposal included in Envelope 'B' submitted by the Bidders.

16. Qualification of the Bids

16.1 On the day after Envelope 'A' has been opened, CAMMESA will analyze the documentation submitted by the Bidders.

16.2 Only the Bids that comply with all the requirements contained in the RFP will be considered valid and suitable for analysis, and those not meeting the minimum requirements included in the RFP and which, due to insurmountable deficiencies, may not be compared in equal conditions with the rest of the valid Bids, will be rejected as invalid.

16.3 CAMMESA will check the compliance with all the Legal, Financial and Technical Requirements requested in Sections 12.2, 12.3 and 12.4 of the RFP, respectively. CAMMESA may request for advice from the INTI regarding compliance with the Technical Requirements.

16.4 Additionally, CAMMESA shall prepare for each Technology an order of merit of the Bids, according to the Stated Local Content value, pursuant to Section 12.4.1 (c), and allocate a score to each Bid (the '**Score based on SLC**') on the basis of the following equation:

$$\text{Score based on SLC} = \frac{\text{SLC} \times 100}{\text{SLC}_{\text{Max}}}$$

Where:

"SLC" means the SLC included in the Bid according to Section 12.4.1 (c), and

"SLC_{Max}" means the maximum SLC of all the Bids submitted for each Technology.

The Score based on SLC will be used to prioritize the Bids as indicated in this RFP.

16.5 Once the analysis has been completed, CAMMESA shall send a non-binding pre-qualification report with the order of merit determined by the SLC and all the documentation contained in the Envelopes 'A' submitted by the Bidders, to the Enforcement Authority, for it to analyze the tax benefits requested by the Bidders and confirm to CAMMESA the prequalification performed. The Enforcement Authority shall prepare a report for each Project, where it shall assess the tax benefits requested according to its separate characteristics and needs, and it shall determine, on a grounded basis, the amount of benefits to be allocated to each Project, pursuant to the limits established in Section 12.5. If the available tax quota to be allocated is insufficient, an order of merit shall be established according to the Projects' Stated Local Contents. Also, on the basis of the information provided by the Bidder and the analysis performed, the Enforcement Authority shall identify:

- a) the capital assets, services and facilities which are an integral part of the Projects subject to receiving the benefits of VAT advance return, Income Tax accelerated depreciation, exemption from the Presumed Minimum Income Tax and cycle life to be allocated to the capital assets and facilities; the assets of national origin that will be part of the electromechanic facilities and considered for the quantification of the Tax Certificate included in Section 9, Subsection 6 of Act No. 26 190, amended by Act No. 27 191; and
- b) the capital assets, special equipment, parts or components of those assets, and the imported supplies that are necessary for the Project performance, identified with their tariff status number according to the MERCOSUR Common Nomenclature (NCM, by its acronym in Spanish), and specifying their quantity in each case, in order to make effective the exemption set forth in Act No. 27 191, Section 14, in the terms established in the Joint Resolution ME&M No. 123/2016 and MP No. 313/2016.

The Enforcement Authority shall decide on the benefits to be granted to each Project and shall determine which Bids are in a position to be qualified, for which purpose it shall instruct CAMMESA to give due notice to the Bidders and continue with the procedure.

The tax benefits that, on the Enforcement Authority's opinion, are applicable to each Project will be added to the Certificate of Inclusion to be issued before the Power Purchase Agreement Execution Date, for the Bidders who may become Successful Bidders.

16.6 Once the Bids have been received and the stages set forth in the previous Section have been completed, CAMMESA will give notice to the Bidders informing them if they have qualified and, if so, the amount that, in the Enforcement Authority's opinion, is to be granted per each requested tax benefit.

16.7 If the total amount to be granted to a Project as tax benefits is lower than the one requested in the Bid, the Bidder may decide to withdraw his Bid, without losing the Bid Bond. The Bidder shall communicate his decision by means of a written notice duly served on CAMMESA, within five (5) Business Days after receipt of the notice mentioned in the previous Section. If such decision is not communicated within the indicated term, the Bidder's participation in the Open Call for Tenders will continue. The Project Economic Proposal included in Envelope 'B' shall not be modified in any case.

16.8 In the case of Projects using waste as a renewable source of generation, before remitting the Bid to the Enforcement Authority, CAMMESA will request the intervention of the Ministry of Environment and Sustainable Development, for it to express an opinion on the Project eligibility regarding the subjects related to its competence, pursuant to Decree No. 531/2016, Annex II, Section 8.2.

16.9 Once all stages regarding evaluation of Envelopes 'A' have been completed, CAMMESA will open the respective Envelopes 'B' of the qualified Bids. The date, time and place for the opening of Envelopes 'B' corresponding to the qualified Bids will be communicated to the Bidders by CAMMESA.

16.10 CAMMESA will inform the results to the Bidders whose Envelopes 'A' did not qualify, and invite them to withdraw their Bid Bond and the respective sealed Envelope/s 'B' within ten (10) Business Days after the Envelope 'B' opening. If the Bidders do not withdraw those documents within that term, CAMMESA may destroy them and no claim whatsoever shall be admitted against it.

17. Opening and Assessment of the Project Economic Proposal

17.1 Envelopes 'B' shall be opened in a public Bid opening to be conducted before the notary public appointed as keeper of the Envelopes 'B' of the Bids, and who will deliver them to CAMMESA. The Bids shall be verified to be sealed in an envelope, complete in accordance with Annex 5, and signed by the legal representative or bearer of a power of attorney of the Bidder or of each of the individuals or legal entities who constitute it.

17.2 In said Opening of Envelopes 'B', the acting notary shall deliver to a representative of CAMMESA the envelope previously received by the Enforcement Authority. Such enveloped shall be wax sealed and contain the Maximum Award Price for each Technology, as provided in Section 3.6. Then, CAMMESA's representative, together with the notary, shall open the envelope and the contents therein shall be recorded in the minutes.

17.3 For the purposes of comparing Bids, CAMMESA shall consider, for each Bid, the information submitted in the Envelopes 'A' and 'B', and shall estimate the '**Adjusted Offered Price**' or '**AOP**', which is defined as the Offered Price, multiplied by the Factor of Loss of the IP corresponding to the Project, minus US\$ fifteen cents per MWh (US\$0.15/MWh) for each thirty (30) consecutive days between the Offered Performance Term and the Maximum Performance Term.

18. Eligibility and qualification requirements for the award of Agreements

18.1 Once the envelopes have been opened, CAMMESA will sort out the Envelopes 'B' according to each individual Technology; then calculate the AOP of each Bid as defined in Section 17.3, and then discard all those Bids the AOP of which may exceed the Maximum Award Price established for each Technology.

18.2 Next, according to each Technology, Bids will be sorted out in a list in ascending order by AOP, putting it in first place the Bid that has obtained the lowest AOP. If, in the same Technology, Bids include an AOP with a difference below three percent (3 %), they shall be sorted out according to the highest Score based on SLC, provided that there was a difference higher than three (3) points in the Score based on SLC among them. If the difference between the Bids is lower than three (3) points, the Bid with the highest AOP shall be selected. In case of a tie in this last stage, awards will be determined by drawing lots.

18.3 If two (2) or more Bids are submitted for the same Project, pursuant to Section 3.7, the Bids with the lowest AOP will be included in the order of merit related to the Project for which the Bid was made, provided that there is a difference higher than three percent (3%) between its AOP and the AOP of the Bid that goes immediately after in the list sorted out for the same Project. If the difference is lower than three percent (3 %), the Bid with the highest Score based on SLC will succeed, provided that there was a difference higher than three (3) points in the Score based on SLC among said Bids. If the difference between the Bids is lower than three (3) points, the Bid with the lowest AOP shall be selected. In case of a tie in this last stage, awards will be determined by drawing lots. The other Bids related to the same Project will be rejected.

18.4 Once the procedure outlined above has been completed, a definite and arranged list for each Technology shall be made

18.5 Bids will be awarded according to the order of merit established in the arranged and definite list as provided for in section 18.4. In each case, the Offered Capacity added to the Offered Capacity already awarded shall be verified so as they do not exceed the Required Capacity by the Technology included in Section 3.4 or the Maximum Capacity at Interconnection Point or by the Limitation set forth in Annex 3.

18.6 Only in the case of the award of the Wind Power Plants, the IPs of which are linked to the Patagonia and the Comahue regions, as determined in Annex 3, the process will be as follows: (i) Projects will be awarded in accordance with the methodology indicated in the preceding Sections, and only up to five hundred (500) MW shall be allocated on both regions; (ii) next, Wind Power Plants, the IPs of which are linked with regions other than the Patagonia and the Comahue regions, will be awarded; (iii) if there are no Wind Power Plants in other regions in condition to be awarded, or if, once the existing ones have been awarded, there is a remnant of the Required Capacity for the Wind Power Technology as provided in Section 3.4, the Power Power Plants of the Patagonia y Comahue regions will be awarded using the methodology indicated in the preceding Sections.

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18.7 If Projects of different Technologies are verified to be in the same IP, the Maximum Capacity in an IP will be initially divided in equal parts among the concurrent technologies. Any remnants of Maximum Capacity in an IP that is not allocated to any Technology may be considered available for other concurrent Technologies in the same IP.

18.8 After verification mentioned above has been made, if the Bid is not exceeded, it shall be awarded. If the Bid exceeds other Bids, a partial award shall be conducted, only if this option has been specified by the Bidder in its Bid. In such event, an increase of up to five percent (5 %) of the Maximum Capacity in IP in the corresponding IP, for the purpose of the verification for partial award, may be considered. If the Minimum Capacity for Partial Award Offered by the Bidder in its Bid continues exceeding the Required Capacity by the Technology or the Maximum Capacity in IP including the additional five percent (5 %) or the Maximum Capacity in the relevant Limitation, or if the Bidder had chosen not to accept a possible partial award, this Bid will be rejected and the next in the order of merit of the definite list of its Technology shall be considered, and so on until the total Required Capacity for each Technology is allocated.

18.9 The steps abovementioned shall be taken until concluding with all the Technologies.

18.10 Should one hundred per cent (100 %) of the Required Capacity in one Technology not be awarded, the remnant of the Required Capacity may be allocated to another Technology in which there are Bids able to be awarded and the Required Capacity is not enough for such Technology.

18.11 It shall be verified that, during the entire eligibility process, all of the Projects that are being awarded to the same Bidder and that have the same Financial Strategic Partner acting as such, do not exceed the Financial Requirement for the amount of MW to be awarded. In case that such circumstance is proven, the next Bidder on the order of merit of the definite and arranged list shall follow.

18.12 Once the procedure for the selection of Bids provided in Section 18 has been completed, and prior to the award confirmation notice as set forth in Section 19.2, the Enforcement Authority may, in its sole discretion and in accordance with the guidelines referred to in the Resolution to be adopted in due time, authorize CAMMESA to offer, following the order of merit of the list indicated in Section 18.4, that Bidder whose Project had not been selected according to Section 18, and to the extent that the Maximum Capacity in IP or its Limitation of its IP has not been exhausted, the award of and the execution of the Power Purchase Agreement at the lowest price awarded to the same Technology and Region of its Project, provided that this price does not exceed twenty-five percent (25 %) of the lowest price awarded to this Technology in all the nation. The remaining terms of its Bid shall not be altered and, if the respective quota is left available, the Bidder shall enjoy of the tax benefits of the Legal Regulations on the Promotion of Renewable Energy, as passed by the Enforcement Authority, and of the World Bank Guarantee if requested in its Bid. In such a case, the award shall be

expressly accepted by the Bidder; however, if the Bidder fails to accept the award, he shall not lose the Bid Bond or receive any punishment whatsoever. If, in an IP, Capacity is enough only for one Project, CAMMESA will invite prima facie, and prioritize the selection of, the Bidder whose Project has the highest score on SLC.

19. Award of Agreement

19.1 Once the eligibility and qualification requirements have been met for the award of the Bids according to the provisions of the preceding section, CAMMESA will furnish a non-binding report containing the definite list of Bids, recommending the award of the Power Purchase Agreement to those Bidders who had been selected under the process of Section 18. Said report will be submitted to the Enforcement Authority for consideration, evaluation and confirmation of the decision to award the respective Power Purchase Agreements.

Next, the Enforcement Authority shall instruct CAMMESA to give notice of the confirmation of awards and to proceed with the execution of the Power Purchase Agreement.

19.2 Within three (3) Business Days after having received the instruction mentioned in the previous section, CAMMESA shall give notice of the award to each Successful Bidder.

19.3 The award shall mean the obtaining by the SPE of the Certificate of Inclusion in the Legal Regulations on the Promotion of Renewable Energy set forth in Section 8.1 of the Decree No. 531/2016 which shall be issued by the Enforcement Authority in accordance with Section 19 of Annex I, of the Resolution ME&M No. 72/2016 , as condition precedent to the execution of the Power Purchase Agreement .In the event that the Bidder had accepted a partial award – up to the Minimum Partial Award Capacity-tax benefits granted according to the Offered Capacity will be proportionally reduced to the Contracted Capacity.

19.4 The Enforcement Authority may reasonably reject the CAMMESA report and recommendation for the award, or proceed to the partial or total rejection of the Bids received, having no obligation to award the agreements within the framework of this Open Call for Tenders. The submission of Bids does not grant any right in favor of the Bidder or any obligation from CAMMESA nor the Enforcement Authority. Therefore, the Bidder agrees that the Enforcement Authority may terminate this process of Open Call for Tenders at any time or reject the submitted Bids without assigning a reason therefore, and the Bidder or Parent Company shall not be entitled to claim against CAMMESA and/or the Enforcement Authority for such decision.

20. Absence of Bidders. Non-responsive Bids

20.1 If no Bid were submitted or the Bids received were non-responsive to the interests represented by CAMMESA pursuant to the Resolutions ME&M No. 71/2016 and No. 136/2016, or if they do not meet the requirements of this RFP, CAMMESA, under the

instructions of the Enforcement Authority, may declare the tender process totally or partially unenforceable or it may state the failure of it, as the Bids fail to meet any of the tender aims.

20.2 The exercise of such power will not grant any right to the Bidders to claim for any compensation of any kind whatsoever.

21. Signature of the Power Purchase Agreement - Control

21.1 Within sixty (60) Business Days after having received the communication on the award confirmation set forth in Section 19.2, the Successful Bidder shall be summoned by CAMMESA so as to sign the Power Purchase Agreement by means of the SPE.

21.2 As a previous condition for the Power Purchase Agreement signing, Successful Bidders shall have proven the following.

- (a) The acquisition of the ownership title of the the SPE or the constitution and record of the SPE before the corresponding Government Authority and the compliance with the requirements set forth in Section 12.2.1;
- (b) The meeting and adjustment, on behalf the SPE, of all the Technical Requirements set forth in Section 12.4 which may correspond according to the Enforcement Authority criteria; and
- (c) The constitution of the Performance Bond of this Agreement set forth in Section 22 at CAMMESA's satisfaction.

21.3 Failure to comply with the requirements set forth in this Section, under the terms respectively established and under the formalities set forth in the RFP, shall be deemed automatic reason to cancel the award and to execute the Bid Bond.

21.4 Should the Successful Bidder meet the conditions to sign the Power Purchase Agreement before the term set forth in Section 21.1, after having complied with the previously required conditions, the Successful Bidder shall request CAMMESA to sign the Power Purchase Agreement. CAMMESA shall sign it once it has verified the compliance of said conditions.

21.5 Once the Power Purchase Agreement has been signed, the SPE, which has obtained the Certificate of Inclusion in the Legal Regulations on the Promotion of Renewable Energy, shall be subject to the tax benefits application and investments control procedure as well as the possible penalties, which are set forth in Annex II of the Resolution ME&M No. 72/2016 and the Joint Resolution ME&M No. 123/2016 and MP No. 313/2016. In addition, should the Enforcement Authority verify the non-compliance with the SLC, the SPE shall be held liable and shall pay a fine equal to one (1) month of its billing (estimated as the Contracted Capacity/twelve (12) months multiplied by the Offered Price) for each percentage point of failure regarding the non-compliance with the SLC. Such fine shall be also applied to those SPEs which have not

requested for or has not obtained the Certificate of Inclusion in the Legal Regulations on the Promotion of Renewable Energy.

21.6 During the effectiveness of the Power Purchase Agreement, the INTI shall be required by the Enforcement Authority to perform the activities described hereunder. Notwithstanding, other bodies or entities may be appointed for those purposes in the future.

- (a) To carry out the follow-up of the performance of the Projects until the Commercial Operation Date and of the preventive maintenance during the operation period. Inspections and/or visits to the Site shall be made if the Seller is previously notified to the Seller;
- (b) To assess, control and certificate the SLC;
- (c) To verify the destination of imports pursuant to Resolution ME&M No. 72/2016 Annex II;
- (d) To verify the equipment quality criteria used in the Projects;
- (e) To perform technical and accounting audits based on the works progress schedule proposed by the Sellers when they were qualified; and
- (f) To perform other tasks expressly requested by the Enforcement Authority.

The Sellers shall pay the amount of two thousand US dollars (US\$ 2,000) plus VAT per MW of Contracted Capacity to the INTI regarding the fees arising out of the tasks abovementioned. Such payment shall be only made once and it shall be made on the Project performance starting date pursuant to Section 9 of Act No. 26190, which was amended by Act No. 27191.

21.7 The Enforcement Authority and/or the FODER Trustee and/or the World Bank shall be able to examine and control the Power Plants on their behalf and/or by means of authorized third parties during its building period as well as during its operation period. They shall verify the preventive maintenance tasks and plans and the general state of the plants as well as the compliance with the Performance Standards on Environmental and Social Sustainability of the World Bank.

22. Performance Bond of the Power Purchase Agreement

22.1 The Successful Bidders shall support the compliance of all the obligations requested in the Power Purchase Agreement and they shall establish a Performance Bond to that end. Such guarantee shall be established by means of any of the instruments set forth in Section 10.4 to CAMMESA's satisfaction. The delivery, renewal, execution and restitution of the Performance Bond of the Power Purchase Agreement shall be ruled pursuant to the Power Purchase Agreement.

22.2 The amount of the Performance Bond shall be of two hundred and fifty thousand US dollars (US\$ 250,000) for every MW of Contracted Capacity from the Power Plant, and the term shall be no lesser than one (1) year. The guarantee shall be renewed for the same term and it shall be delivered to CAMMESA before its due date and so on, so forth. It shall be kept effective until the end of the one hundred and eighty (180) days term following the Commercial Operation Scheduled Term under the terms set forth in the Power Purchase Agreement. The Bidder shall submit as many Performance Bonds of Agreement as awarded Power Purchase Agreements.

23. Payment priority

Payment priority of the Power Purchase Agreements shall be the first one in the order of precedence, equal to the one of the power purchase agreements in the MEM (Resolution No. 220 passed by the former Secretariat of Energy on January 18th 2007). This priority shall be kept without prejudice of the implementation of an exclusive collection system, in the future, which shall be applied to the amounts paid by the demand by virtue of the Power Purchase Agreements. The operation of the Power Plant in the MEM shall be ruled by the electric regulation framework which comprises Act No. 15336 and Act No. 24065 and its regulations and, in particular, The Procedures.

24. Fund for the Development of Renewable Energy- Guarantees

The FODER, by means of the FODER Trust Adhesion Agreement, which is attached as Annex 7 of the RFP shall guarantee or comply with the following obligations according to each case:

- (a) It shall guarantee the Energy Payment supporting the compliance of the CAMMESA payment obligations under the Power Purchase Agreement,
- (b) It shall comply with the obligation to buy and pay the Project upon certain events and/or termination reasons and/or early termination,
- (c) It shall supply the Beneficiaries with access to the World Bank Guarantee according to the amounts and terms requested by the Bidders in their Bids.

25. World Bank Guarantee

If the Bidder chooses in its Project Economic Proposal to take the World Bank Guarantee pursuant to Section 13.2 (a), the World Bank shall guarantee the obligation of the Federal State to send the necessary resources to the FODER so as to pay the Project Put Price Payment under the FODER Trust Adhesion Agreement.

This guarantee shall be in force and shall be ruled pursuant to the FODER Trust Adhesion Agreement which is the Annex 7 of this RFP.

The World Bank Guarantee to the FODER shall become effective in two parts of two hundred and fifty million US dollars (US\$ 250,000,000).

The first part shall become effective during the World Bank fiscal year of the period between July 2016 and June 2017, and the second part shall become effective during the

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fiscal year of the period between July 2017 and June 2018 subject to the World Bank approval.

The FODER's signature in the first part of the World Bank Guarantee shall be a previous condition for the Financial Close of the Power Purchase Agreement of those Projects which requested the guarantee in their Bid. The total amount of the World Bank Guarantee shall be nominally allocated to the Projects based on the Contracted Capacity for an amount of up to five hundred thousand US dollars (US\$ 500,000) per MW.

The cost of World Bank Guarantee maintenance shall be borne by each Project based on the Contracted Capacity, the requested amount and term, and it shall be paid to the FODER pursuant to the provisions set forth in the FODER Trust Adhesion Agreement.

Those Projects which contain local content shall have a discount in the World Bank Guarantee maintenance cost equal to one (1) basic point for each one percent (1 %) of SLC, as long as the SLC is higher than zero per cent (0 %) and up to one hundred percent (100%), with the understanding that, the result of the maintenance guarantee cost shall not be less than zero (0) in any case, once the discount abovementioned has been applied. The applicable costs to the World Bank Guarantee, which were reported by the World Bank, are the ones stated in Annex 14.

Should the FODER require, at any moment and under any circumstance, to restrict or to manage the allocation of its instruments in favor of the Beneficiaries due to any reason, the FODER shall prioritize the Beneficiaries according to the SLC Score corresponding to each of them.

The World Bank Guarantee shall be effective until one of the following events, whichever occurs first: (i) the expiration of the term set forth in the World Bank Guarantee Agreement, (ii) the date in which the long term debt in foreign currency of the Argentine Republic gets an Investment Grade qualification or (iii) the term by which the Bidder has chosen to take the World Bank Guarantee pursuant to the provisions set forth in Section 13.2 (a); in any event, as of such date the World Bank Guarantee shall no longer be effective.

The Bidders who would like to benefit from the World Bank Guarantee shall meet the following eligibility criteria including, at least, (i) to be a private entity, (ii) to have the capacity so as to manage environmental and social aspects of the Project pursuant to the World Bank requirements, (iii) to have not been penalized according to the World Bank penalties procedures due to failure to comply with World Bank anti-corruption policies and, as a result, such Bidders are prevented from getting a financial benefit or any other kind of benefit regarding an agreement financed or guaranteed by the World Bank.

The World Bank shall share the terms and conditions regarding the World Bank Guarantee through CAMMESA in the term set forth in the Schedule.

26. Compliance of Performance Standards on Environmental and Social Sustainability of the World Bank and Standards on Prohibited Practices of the World Bank

26.1 The Successful Bidders who chose to take the World Bank Guarantee shall be bound to observe, respect and comply with the Performance Standards on Environmental and Social Sustainability as well as the Standards on Prohibited Practices of the World Bank.

26.2 The Sellers who chose to take the World Bank Guarantee shall annually submit a management report, made according to the standards mentioned *ut supra*, to the Enforcement Authority. In the case of non-compliance with the Performance Standards on Environmental and Social Sustainability and/or Standards on Prohibited Practices of the World Bank, the World Bank shall be informed and it shall have the right to cancel the World Bank Guarantee regarding the Project which has failed to comply with said standards.

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- ANNEX 3: REGIONS - MAXIMUM CAPACITY – ENERGY LOSS FACTORS - LIMITATIONS PER INTERCONNECTION POINTS
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ANNEX 1

OPEN CALL FOR TENDER SCHEDULE

Item	Activity	05/16	07/16	08/16	09/16	10/16	11/16
1	Non-binding Public Consultation on the 'Draft REQUEST FOR PROPOSALS RenovAr (Round 1)'	18-May					
2	Publishing by CAMMESA of preliminary versions of other documents related to this Open Call for Tender ('The Documents')	23-May					
3	End of Public Consultation (non-binding)		1-Jul				
4	Referral by CAMMESA of Report on Public Consultation Process to the Secretariat of Electric Power		11-Jul				
5	Publishing by CAMMESA of the Final Versions of the 'REQUEST FOR PROPOSALS RenovAr (Round 1)'		25-Jul				
6	Selling by CAMMESA of the 'REQUEST FOR PROSALS RenovAr (Round 1)'		25-Jul		2-Sep		
7	Binding Consultation Period of the 'REQUEST FOR PROPOSALS RenovAr (Round 1)' by the Interested Parties		25-Jul	22-Aug			
8	Answer Period, by CAMMESA, of Binding Consultations on the 'REQUEST FOR PROPOSALS RenovAr (Round 1)'		25-Jul	29-Aug			
9	Signing of the FODER Trust Agreement			8-Aug			
10	Publishing by CAMMESA of the final versions of the Termsheet and World Bank Guarantees			8-Aug			
11	Bids Submission (Envelopes 'A' and 'B')				5-Sep		
12	Opening and Assessing of Technical Bids 'Envelope A'				6-Sep		
13	Publishing by CAMMESA of the qualification of Tenders 'Envelope A'					3-Oct	
14	Opening and Assessment of Economic Bids 'Envelope B'					7-Oct	
15	Award of Winning Bids					12-Oct	
16	Signing of Renewable Power Purchase Agreements and FODER Trust Adhesion Agreements						11-Nov

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**ANNEX 2
Requirements by Technology**

	Wind	Solar Photovoltaic	Biomass	Biogas	MH
Minimum Capacity	1 MW	1 MW	1 MW	1 MW	0.5 MW
Maximum Capacity	100 MW	100 MW	65 MW	15 MW	20 MW
Renewable resource measurement and/or availability	Minimum of 1 year worth of on-site resource measurement at time of EPR. Must provide an EPR certified by an Independent Consultant (*)	Must provide an EPR certified by an Independent Consultant (*)	Must provide certificate of source and sustainability of biomassic resource	Must provide certificate of source and sustainability of biomassic resource	Must provide certified EPR(1) and Energy Production Estimates.
Maximal Execution Term from PPA Execution Date (consecutive days)	730	730 (#)	730	730	730

(*) See definition in Section 12.4.3.

(#) Except for Solar Photovoltaic Generation Technology Projects with IPs in Andes-Cobos line (345 kV) which will be allowed a Maximum Execution Term of 900 consecutive days as of the PPA Execution Date.

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ANNEX 3

REGIONS - MAXIMUM CAPACITY - ENERGY LOSS FACTOR - LIMITATIONS PER INTERCONNECTION POINT (PART 1)

REGION	INTERCONNECTION POINT ('IP')		VOLTAGE (kV)	ENERGY LOSS FACTOR	MAXIMUM CAPACITIES PER IP OR LIMITATION					
					MAXIMUM CAPACITY IN IP (in MW)	LIMITATION 1 (MW)	LIMITATION 2 (MW)	LIMITATION 3 (MW)	LIMITATION 4 (MW)	LIMITATION 5 (MW)
	NAME	TYPE								
COMAHUE REGION	#1 LAS ARMAS - MADARIAGA	Line	132	0.9578	50	-				
	#2 ZAPALA-CUTRAL CÓ	Line	132	1.0802	90	Transformer Station CHOCÓN 500 kV (300)	COMAHUE NODE 500 kV	COMAHUE REGION 500 kV	TOTAL LIMIT IN 500 kV	
	#3 CUTRAL CÓ- CHOCONCITO	Line	132	1.0595	170					
	#4 CHOCÓN-PIEDRA DEL ÁGUILA	Line	132	1.1068	80					
	#5 PLAZA HUINCUL-ARROYITO-CUTRAL CÓ	Line	132	1.0733	170	-	(300)	(600)		
	#6 CHOCÓN 500 kV	S/S	500	1.0564	300					
	#7 TRAPIAL - LOMA DE LA LATA	Line	132	1.0591	150	-				
	#8 ALICURÁ - PILCANYEU	Line	132	1.0702	110	ALICURÁ 132 kV (150)		-	(300)	
	#9 GENERAL ACHA - PUELCHES	Line	132	1.0447	130	PUELCHES 132 kV (130)				
	#10 PRINGLES	S/S	132	1.0686	200	BAHÍA BLANCA 132 kV (300)	BAHÍA BLANCA 500 kV (300)			
	#11 BAHÍA BLANCA - LURO	Line	132	1.0846	115					
	#12 BAHÍA BLANCA-TORNQUIST	Line	132	1.0925	120					
	#13 CORTI	S/S	132	1.0417	170					
	#14 BAHÍA BLANCA-CORONEL DORREGO	Line	132	1.0341	120					
	#15 CORONEL DORREGO-TRES ARROYOS	Line	132	1.0154	150					
	#16 CARMEN DE PATAGONES-LURO	Line	132	1.0773	60					
	#17 PUNTA ALTA	S/S	132	1.0453	220					
	#18 BAHÍA BLANCA 132 kV	S/S	132	1.0416	300	-				
	#19 BAHÍA BLANCA 500 kV	S/S	500	1.036	300	-				
PATAGONIA REGION	#20 VALLE HERMOSO	S/S	132	1.0889	90	MUSTERS REGION 132 kV (90)	SANTA CRUZ NORTE 132 kV (130)	PATAGONIA SUR REGION 500 kV	PATAGONIA REGION 500 kV	
	#21 PAMPA DEL CASTILLO	S/S	132	1.0842	90					
	#22 DIADEMA	S/S	132	1.0834	90					
	#23 PICO TRUNCADO - LAS HERAS	Line	132	1.0778	120	-	(400)			
	#24 PICO TRUNCADO - COMODORO RIVADAVIA	Line	132	1.0813	90	-				
	#25 PETROQUÍMICA - PUERTO DESEADO	Line	132	1.1193	110	-				
	#26 SANTA CRUZ NORTE 132 kV	S/S	132	1.0654	130	-				
	#27 RÍO SANTA CRUZ 132 kV	S/S	132	1.0583	50	SANTA CRUZ RIVER 500 kV (300)		-	(400)	
	#28 RÍO SANTA CRUZ 500 kV	S/S	500	1.0583	300	-				
	#29 SANTA CRUZ NORTE 500 kV	S/S	500	1.0573	400	-				
	#30 SAN ANTONIO - VIEDMA	Line	132	1.0717	50	PUERTO MADRYN 132 kV (50)	PUERTO MADRYN 500 kV	(230)		
	#31 SAN ANTONIO - SIERRA GRANDE	Line	132	1.0558	50					
	#32 AMEGHINO - PATAGONIA	Line	132	1.0828	60					
	#33 RAWSON	S/S	132	1.0731	53					
	#34 PUERTO MADRYN 132 (TRANSPA)	S/S	132	1.0568	50					
	#35 FUTALEUFÚ	S/S	330	1.0913	40	FUTALEUFÚ - MADRYN 330 kV (180)		-	(230)	
	#36 FUTALEUFÚ- PUERTO MADRYN	Line	330	1.0571	180	-				
	#37 PUERTO MADRYN 500 kV (TRANSENER)	S/S	500	1.0568	230	-				

Note: S/S means Sub Station

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ANNEX 3

REGIONS - MAXIMUM CAPACITY - ENERGY LOSS FACTOR - LIMITATIONS PER INTERCONNECTION POINT (PART 2)

REGION	INTERCONNECTION POINT ('IP')		VOLTAGE (kV)	ENERGY LOSS FACTOR	MAXIMUM CAPACITIES PER IP OR LIMITATION				
					MAXIMUM CAPACITY IN IP (in MW)	LIMITATION 1 (MW)	LIMITATION 2 (MW)	LIMITATION 3 (MW)	LIMITATION 4 (MW)
	NAME	TYPE							
NOA	#38 AIMOGASTA	S/S	132	1.0486	70	AIMOGASTA - LA RIOJA 132 kV (70)	LA RIOJA 132 kV (120)		
	#39 AIMOGASTA - LA RIOJA	Line	132	1.0486	70				
	#40 LA RIOJA 132 kV	S/S	132	1.0314	120	-			
	#41 VILLA UNIÓN	S/S	132	1.0462	60	NONOGASTA 132 kV (80)	PATQUÍA 132 kV (130)	LA RIOJA SUR 132 kV (100)	LA RIOJA SUR 500 kV (400)
	#42 NONOGASTA	S/S	132	1.0461	80				
	#43 PATQUÍA	S/S	132	1.0534	130	-			
	#44 LA RIOJA SUR 132 kV	S/S	132	1.0417	100	-			
	#45 LA RIOJA SUR 500 kV	S/S	500	1.0392	400	-			
	#46 TINOGASTA	S/S	132	1.0591	50	BELÉN 132 kV (50)	ANDALGALÁ 132 kV (50)	VILLA QUINTEROS 132 kV (100)	
	#47 BELÉN	S/S	132	1.0455	50				
	#48 SAUJIL	S/S	132	1.0463	50	-			
	#49 ANDALGALÁ	S/S	132	1.0374	50	-			
	#50 VILLA QUINTEROS	S/S	132	1.0441	100	-			
	#51 ANDES - COBOS	Line	345	1.0579	400	Transformer Station COBOS 345 kV (400)			
	#52 EL BRACHO - ALUMBRERA	Line	220	1.0502	200	EL BRACHO - LA ALUMBRERA 220 kV (200)			
#53 CAFAYATE	S/S	132	1.0469	80	CAFAYATE 132 kV (80)				
CENTRO	#54 ENCADENADAS-VILLA MERCEDES	Line	132	0.9802	130	VILLA MERCEDES SUR 132 kV (200)	VILLA MERCEDES NORTE 132 kV (140)	VILLA MERCEDES - RÍO IV 132 kV (130)	
	#55 VILLA MERCEDES SUR	S/S	132	1.0223	200				
	#56 VILLA MERCEDES NORTE	S/S	132	0.9839	140	-			
	#57 VILLA MERCEDES-RÍO IV	Line	132	0.9966	130	-			
	#58 SAN LUIS	S/S	132	0.9958	100	SAN LUIS 132 kV (100)			

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ANNEX 3

REGIONS - MAXIMUM CAPACITY - ENERGY LOSS FACTOR - LIMITATIONS PER INTERCONNECTION POINT (PART 3)

REGION	INTERCONNECTION POINT ('IP')		VOLTAGE (kV)	ENERGY LOSS FACTOR	MAXIMUM CAPACITIES PER IP OR LIMITATION					
					MAXIMUM CAPACITY IN IP (in MW)	LIMITATION 1 (MW)	LIMITATION 2 (MW)	LIMITATION 3 (MW)	LIMITATION 4 (MW)	LIMITATION 5 (MW)
	NAME	TYPE								
CUYO	#59 EL SOSNEADO	S/S	132	1.0407	60	EL SOSNEADO 132 kV (60)				
	#60 SILARSA	S/S	132	1.0108	150	CRUZ DE PIEDRA 132 KV (100)				
	#61 P.I.P	S/S	132	1.0108	130					
	#62 CRUZ DE PIEDRA	S/S	132	1.0135	100	JÁCHAL - PUNTA DE RIELES 132 kV (80)			NUEVA SAN JUAN 500 kV (500)	
	#63 LIBERTADOR SAN MARTÍN	S/S	132	1.0141	140					
	#64 MIGUEZ	S/S	132	1.0115	150	CAÑADA HONDA 132 kV (100)				
	#65 GENEAL ALVEAR	S/S	132	1.0177	30					
	#66 RÍO DIAMANTE	S/S	132	1.0351	200	-				
	#67 CALINGASTA	S/S	132	1.0672	80					
	#68 HUACO	S/S	132	1.0672	80	CAÑADA DE GOMEZ 132 kV (100)				
	#69 JÁCHAL	S/S	132	1.0672	80					
	#70 JÁCHAL - PUNTA DE RIELES 132 kV	Line	132	1.0672	80	-				
#71 CAÑADA HONDA	S/S	132	1.0346	100						
#72 NUEVA SAN JUAN	S/S	500	1.02	500	CAÑADA DE GOMEZ 132 kV (100)					
#73 RUFINO	S/S	132	0.9911	100						
#74 VENADO TUERTO	S/S	132	1.0212	100						
#75 CAÑADA DE GOMEZ	S/S	132	1.006	100						
#76 ROJAS	S/S	132	1.0046	150						
#77 PUERTO MINERAL	S/S	132	1.0223	100						
#78 LUJAN I	S/S	132	0.9754	60						
#79 SUNCHALES	S/S	132	1.0212	170						
#80 VILLA OCAMPO	S/S	132	1.0208	90						
#81 SAN LORENZO	S/S	132	0.9961	90						
#82 LA ESCONDIDA	S/S	132	1.025	90						
#83 CORRIENTES ESTE	S/S	132	1.0167	300						
#84 MERCEDES	S/S	132	1.0137	200						

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ANNEX 4

FORMS FOR REQUIRING TAX BENEFITS

Content

Annex 4A - Company Record Form

Annex 4B - VAT Advance Return Form

Annex 4C - Income Tax Accelerated Depreciation

Annex 4D - Import Duties Exemption Form

Annex 4E - Fiscal Certificate for Local Content

Annex 4F - Investments Schedule

Annex 4G - Sworn Statements

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ANNEX 4 - (a)

FORM A - "COMPANY RECORD"	
INFORMATION ON THE COMPANY	
BUSINESS NAME	
Individual Taxpayer Identification Number	
TYPE OF LEGAL ENTITY	DROP-DOWN 1
LEGAL ADDRESS	
STREET	
NUMBER	
TOWN/CITY	
PROVINCE	
PHONE NUMBER	
CORPORATE E-MAIL ADDRESS	
ZIP CODE	
REGISTERED OFFICE IN THE AUTONOMOUS CITY OF BUENOS AIRES	
STREET	
NUMBER	
PHONE NUMBER	
ZIP CODE	
BEARER/S OF POWER OF ATTORNEY OR LEGAL REPRESENTATIVE/S	
NAME AND SURNAME	
Individual Taxpayer Identification Number ; Workers Identification Number	
ROLE	DROP-DOWN 2
NAME AND SURNAME	
Individual Taxpayer Identification Number ; Workers Identification Number	
ROLE	DROP-DOWN 2
NAME AND SURNAME	
Individual Taxpayer Identification Number ; Workers Identification Number	
ROLE	DROP-DOWN 2

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ANNEX 4 – (C)

Business Name:

Individual Taxpayer Identification Number :

Project:

INCOME TAX ACCELERATED DEPRECIATION FORM

INFRASTRUCTURE WORK						Years		Annual Depreciation Rate %		Annual Depreciation Cost in Argentine Pesos		Difference between A) and B)	To apply the rate set forth in Section 69 of the Income Tax Act (35 %)	Total of Benefit derived from the application of the accelerated depreciation
Code	Item Number	Investment made before:	MERCOSUR Common Nomenclature Code (NCM)	Good Description	Total Cost (without VAT)	Life Cycle of the Good (in years)	Years of depreciation derived from the application of the benefit (50 %)	With benefit	Without benefit	A) With benefit	B) Without benefit			
OI-01	1	12/31/1e					0,00	0,00%	0,00%					
OI-01	2	12/31/1e					0,00	0,00%	0,00%					
OI-01	3	12/31/1e					0,00	0,00%	0,00%					
OI-01	4	12/31/1e					0,00	0,00%	0,00%					
OI-01	5	12/31/1e					0,00	0,00%	0,00%					
OI-01	e	12/31/1e					0,00	0,00%	0,00%					
OI-01	7	12/31/1e					0,00	0,00%	0,00%					
OI-01	8	12/31/16					0,00	0,00%	0,00%					
OI-01	9	12/31/16					0,00	0,00%	0,00%					
OI-01	10	12/31/1e					0,00	0,00%	0,00%					
OI-01	11	12/31/16					0,00	0,00%	0,00%					
OI-01	12	12/31/16					0,00	0,00%	0,00%					
OI-01	13	12/31/16					0,00	0,00%	0,00%					
OI-01	14	12/31/16					0,00	0,00%	0,00%					
OI-01	15	12/31/16					0,00	0,00%	0,00%					
OI-01	1e	12/31/16					0,00	0,00%	0,00%					
OI-01	17	12/31/16					0,00	0,00%	0,00%					
OI-01	1S	12/31/16					0,00	0,00%	0,00%					
OI-01	19	12/31/16					0,00	0,00%	0,00%					
OI-01	20	12/31/16					0,00	0,00%	0,00%					

(*) The Reference Rate to shall be the selling Exchange rate published by the BANCO DE LA NACION ARGENTINA on the last business day of the month prior to the tender issuing date.

Note: Similar forms shall be included for 'Infrastructure Works' and 'Personal Property' in the case of investments made during the following periods: before 12/31/16, before 12/31/17, between 01/01/18 and 12/31/21, between 01/01/22 and 12/31/25.

ARS TOTAL	-
EXCHANGE RATE (*)	
US\$ TOTAL	-

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ANNEX 4 (f)

INVESTMENT SCHEDULE FORM Sworn Statement

Business Name:
Individual Taxpayer Identification Number:
Project:
Work Performance Term..... months

Destination of investments	Year 1												Annual Total	Percentage
	Investments made per month [US\$]													
	1	2	3	4	5	6	7	8	9	10	11	12		
Engineering and Work Management : Civil Works Generation Equipment: Internal Electric Installation Interconnection Line and Substation: Other items (specify them)													000000	0%
Total investment:	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Percentage:	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Destination of Investments	Year 2												Annual Total	Percentage
	Investments per month [US\$]													
	1	14	15	16	17	18	19	20	21	22	23	24		
Continuation ///														
Engineering and Work Management : Civil Works Generation Equipment: Internal Electric Installation Interconnection Line and Substation: Other items														0%
Total investment:	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Percentage:	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Destination of Investments	Year 3												Annual Total	Percentage
	Investments per month [US\$]													
	25	26	27	28	29	30	1	2	33	4	5	6		
Continuation ///														
Engineering and Work Management : Civil Works Generation Equipment: Internal Electric Installation Interconnection Line and Substation: Other items														0%
Total investment:	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
Percentage:	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: The Reference Rate to shall be the selling Exchange rate published by the BANCO DE LA NACIÓN ARGENTINA on the last business day of the month prior to the tender issuing date.

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ANNEX 4 (g)

SWORN STATEMENT FORM. 'NON-APPLYING OF REGULATIONS INCLUDED IN ACTS No. 24019 AND 26360'.

I, _____, National Identification Card Number _____, and acting in my capacity of _____ (legal representative or bearer of a power of attorney) of the company _____, which is legally domiciled at _____ Street, _____, hereby declare under oath that the tax benefits requested by my principal within the framework of the LEGAL REGULATIONS ON THE PROMOTION OF RENEWABLE ENERGY for the investment project issued have not been granted under the regulations set forth in Acts No. 25019 and 26360.

'WAIVER OF REGULATIONS INCLUDED IN ACTS No. 25019 AND 26360'.

I, _____, National Identification Card Number _____, acting in my capacity of _____ (legal representative or bearer of a power of attorney) of the company _____, which is legally domiciled at _____ Street, _____, hereby state under oath that I waive the tax benefits granted in favor of the investment project issued within the framework of the Legal Regulations set forth in Acts No. 25019 and 26360.

FORM FOR THE NON-APPLYING OF RESOLUTIONS 220/07, 712/09 AND 108/11 passed by the former SECRETARIAT OF ENERGY

I, _____, National Identification Card Number _____, acting in my capacity of _____ (legal representative or bearer of a power of attorney) of the company _____, which is legally domiciled at _____ Street, _____, hereby declare under oath that my principal has not signed any agreement within the framework of Resolutions No. 220/07, 712/09 and 108/11 passed by the former SECRETARIAT OF ENERGY under the former MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND SERVICES regarding the investment project issued.

FORM FOR TERMINATION OF RESOLUTIONS No. 220/07, 712/09 AND 108/11 passed by the former SECRETARIAT OF ENERGY.

I, _____, National Identification Card Number _____, acting in my capacity of _____ (legal representative or bearer of a power of attorney) of the company _____, which is legally domiciled at _____

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ANNEX 4 (g) cont.

_____ Street, _____, hereby declare under oath that I approve the bilateral termination of the agreement signed on _____ with _____ under the framework of Resolution No. _____ passed by the former SECRETARIAT OF ENERGY under the former MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND SERVICES, regarding the investment project issued, without blaming the parties and with the explicit waive of the right to claim for the non-observance and/or to claim damages against ENERGÍA ARGENTINA S.A. (ENARSA) and/or against COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO S.A. (CAMMESA) and/or the Federal State and/or any of its autonomous entities.

FORM 'SECTION 11, SUBSECTIONS A), B), C) AND D), ACT No. 26190'.

I, _____, National Identification Card Number _____, acting in my capacity of _____ (legal representative or bearer of a power of attorney) of the company _____, which is legally domiciled at _____ Street, _____, hereby declare under oath that my principal is not subject to any of the events set forth in subsections a), b), c) and d) of Section 11 of Act No. 26190, which has been amended by Act No. 27191.

FORM 'I' – 'WAIVER OF SECTION 11, ACT 26.190'

I, _____, National Identification Card Number _____, acting in my capacity of _____ (legal representative or bearer of a power of attorney) of the company _____, which is legally domiciled at _____ Street, _____, hereby declare under oath that my principal has waived the right to start any legal or administrative proceeding regarding the provisions set forth in Decree No. 1043, passed on April 30th 2003, or the right to claim, for tax purposes, the applying of the update proceedings, whose following is banned pursuant to the provisions set forth in Act No. 23928 and its amendments and in Section 39 of Act No. 24073 and its amendments, in accordance with the provisions set forth in the last paragraph of Section 11 of Act No. 26190, which has been amended by Act No. 27191.

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**ANNEX 5
 PROJECT ECONOMIC PROPOSAL FORM**

Technology	Wind	Solar Photovoltaic	Biomass (Burning and Gassing)	Biogas	Mini Hydro
Place an 'X'					
Bidder					
Generation Plant					
Interconnection Point (IP)					

Offered Price	<input type="text"/>	US\$/MWh without VAT
Offered Capacity	<input type="text"/>	MW
Minimum Capacity for Partial Award	<input type="text"/>	MW
Guaranteed Energy (1) (2)	<input type="text"/>	MWh/year
Minimum Guaranteed Energy (1) (3)	<input type="text"/>	MWh/year
Requested Amount of the World Bank Guarantee (4)	<input type="text"/>	US\$/MW
Requested Term of the World Bank Guarantee (4)	<input type="text"/>	Years

- (1) Associated to the Offered Capacity. It shall be proportionally adjusted to the Contracted Capacity.
 (2) It cannot be less than the P90 according to the EPR presented with the Bid
 (3) It cannot be less than the P99 according to the EPR presented with the Bid
 (4) Under the provisions set forth in Section 13,2 (a) and Section 26 of this RFP.

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ANNEX 6

RENEWABLE POWER PURCHASE AGREEMENT

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LEGALMENTE VÁLIDA PARA INTERPRETACIÓN*

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RENEWABLE POWER PURCHASE AGREEMENT

Between

COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO
SOCIEDAD ANÓNIMA, as Buyer

And

[enter Seller's Business Name], as Seller

[enter date], 2016

VERSIÓN NO OFICIAL

SOLAMENTE LA VERSIÓN ORIGINAL EN ESPAÑOL DEBE SER CONSIDERADA LEGALMENTE VÁLIDA PARA INTERPRETRACIÓN

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This RENEWABLE POWER PURCHASE AGREEMENT (the 'Agreement') is entered into in the Autonomous City of Buenos Aires, Argentine Republic, on the [] day of [] of 2016, between:

1. COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA, a duly constituted corporation under the laws of the Argentina Republic, domiciled at 942 Eduardo Madero Avenue, First Floor, Autonomous City of Buenos Aires, Argentine Republic, which was instructed under the terms of Section 1 of Resolution N° 2022/2005 passed by the former Secretariat of Energy and which acts on behalf of Distribution Companies and Large Users of the MEM (acting in such capacity, the 'Buyer'); and

2. [enter Seller's business name], a [enter Seller's legal nature] duly constituted under the laws of the Argentine Republic, domiciled at [_____], Argentine Republic (the 'Seller').

WHEREAS:

Acts 26190 and 27191, Decree 531/2016 and Decree 882/2016 set forth the legal framework for the renewable energy (the 'Renewable Energy Legal Framework').

Decree 531/2016 sets forth that CAMMESA or the entity that the Ministry of Energy and Mining of the Argentine Republic (the 'ME&M') may appoint shall call for tenders with the aim of executing agreements on the purchase of electric power derived from renewable sources.

On May 17th 2016, Resolution N° 71/2016 passed by the ME&M was published. By virtue of such Resolution, it was set the beginning of the Open Call for Tenders to purchase electric power derived from generation renewable sources in the MEM called 'RenovAr Program (Round 1)', so as to fulfill the contribution targets for sources of renewable energy set forth in Section 8 of Act 27191 by December 31st 2017 (the 'Open Call for Tenders'). The request for proposals draft of such Open Call for Tenders shall be subject to public consultation (The 'RenovAr (Round 1) Request for Proposals Draft').

On the July 25th 2016, Resolution N° 136/2016 was passed by the ME&M. By means of such Resolution, individuals or legal entities who were interested in tendering were called upon the National and International Open call for Tenders process for the purchase of electric power from sources of renewable energy of generation in the WHOLESALE ELECTRIC MARKET (MEM) - the 'RenovAr Program (Round 1)' - and the final version of the request for proposals for the Open Call for Tenders (the 'Request for Proposals') was passed.

On [_____], 2016, Resolution N° [_____] of the ME&M was passed. By virtue of such Resolution, the ME&M instructed the Buyer to award Renewable Electric Power Purchase Agreements to bidders. The Seller is among them. (the 'Award Resolution').

1. Definitions and Interpretation

1.1. **Definitions:** In this Agreement, the terms included in capitals letters which are not proper nouns and are not the beginning of a sentence or they are given a particular meaning under this Agreement, shall have the same meaning as the one given in the Request for Proposals and/or the FODER Trust, as appropriate. In addition, the terms hereinafter, whether they are used in singular or plural, shall be defined as follows:

‘Acceptable Financial Entity’ is a top financing or insurance entity authorized by the competent Government Authority to make banking or insurance transactions, as appropriate, in the Argentine Republic.

‘Additional Provider of the Electric Power Transportation Technical Function’ is defined in The Procedures.

‘Adjusted Delivered Energy’ is the sum of (a) the Delivered Energy and (b) the Confirmed Energy.

‘Annual Price’ is, for each Production Year, the price shown in the column named "Annual Price" of Annex B (*Annual Price*) for the Production Year.

‘Applicable Laws’ is any act, treaty, regulation, decree, rules, decisions, court judgments and judicial wits, administrative actions, interpretations, criteria, resolutions, authorizations, guidelines, grounds, manuals and any other rule or decision of any kind passed, issued or approved, as applicable, by any Government Authority, according to their effectiveness at a certain time.

‘Appointment of Secured Creditors’ Representative Notice’ is the written notice sent by the Seller to the Buyer and the FODER Trustee by means of which the Seller informs the Buyer and the FODER Trustee about the appointment of the Secured Creditors’ Representative by the Secured Creditors for the purpose of this Agreement and the FODER Trust Adhesion Agreement. Such notice shall be signed by the legal entity appointed for that purpose or the copy of the acceptance of the representation by the legal entity appointed for that purpose shall be attached.

‘Arbitration Procedure Rules’ is defined in Section 26.3 (a) (*Arbitration*).

‘Arbitration Tribunal’ is defined in Section 26.3 (c) (*Arbitration*).

‘Argentine Peso’ is, at any time, the current and legal tender in the Argentine Republic at that time.

‘Audit Firm’ is a well-known accounting audit firm both at the national and international level.

‘Authorization’ is any authorization, approval, license, concession, permission, record, requirement, court judgment, resolution, order, decree, publication or notice from any Government Authority.

‘Award Resolution’ is defined in item (E) under the title ‘Whereas’ of this Agreement.

‘Bid Submission Date’ means []¹

‘Bid’ is defined in the Request for Proposals.

¹ It shall be indicated the Bid’s reception date by the Buyer.

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‘Breach Notice’ is a written notice sent by the Buyer to the Seller by means of which the Buyer informs the Seller about the fact that the latter has not fulfilled any obligation under this Agreement.

‘Business Day’ is any day except for (a) Saturdays and Sundays, (b) Non-workable holidays in the Argentine Republic, and (c) days when financial entities are closed in the Autonomous City of Buenos Aires.

‘Buyer’ is defined in the heading of this Agreement.

‘Calendar Year’ is the term starting on January 1st (inclusive) and ending on the immediately following December 31st (inclusive).

‘Capacity’ is the nominal active capacity of the Power Plant, which is the sum of the nominal active power capacities of the electric power generation units which comprises the Power Plant.

‘Change of Law’ is any change in the Applicable Laws or in its interpretation by any competent Government Authority as of the Execution Date.

‘Change of Strategic Partner Request’ is a written notice sent by the Seller to the Buyer (a copy of the prior written consent of the Secured Creditors’ Representative regarding such intention shall be attached to the notice so as to be deemed valid) by means of which the Seller requests the Buyer’s consent for a Change of Strategic Partner in accordance with Section 18.2 (*Buyer’s consent*).

‘Change of Strategic Partner’ is defined in Section 18.1 (*Continuity of the Strategic Partner*).

‘Commercial Operation Date’ is the date on which the OED, in accordance with The Procedures, grants the business authorization to the Seller for the operation of at least ninety-eight percent (98 %) of the Contracted Energy in the MEM.

‘Confirmed Energy’ is, for any period, the Contracted Energy generated by the Power Plant and which has been injected in the Delivery Point during such period, as long as it has not been prevented for reasons beyond the Seller.

‘Construction Milestone’ is (a) the Financial Close Date, (b) the Construction Start Date, (c) the Equipment Arrival Date, or (d) the Commercial Operation Date, according to context, or all of them when the term is used in plural.

‘Construction Milestone Scheduled Date’ is (a) the Financial Close Scheduled Date, (b) the Construction Start Scheduled Date, (c) the Equipment Arrival Scheduled Date, or (d) the Commercial Operation Scheduled Date, according to context, or all of them when the term is used in plural.

‘Financial Close Scheduled Date’ means [].²

‘Construction Start Scheduled Date’ means [].³

‘Commercial Operation Scheduled Date’ means [].⁴

‘Equipment Arrival Scheduled Date’ means [].⁵

² It shall be indicated the date committed in the Bid so as to reach the Financial Close Date.

³ It shall be indicated the date committed in the Bid so as to reach the Construction Start Date.

⁴ It shall be indicated the date committed in the Bid so as to reach the Commercial Operation Date.

⁵ It shall be indicated the date committed in the Bid so as to reach the Equipment Arrival Date.

‘Construction Start Date’ is the date on which the following events take place: (a) the Seller has given notice of the starting of building to the entity responsible for the performance of the civil works in the Power Plant, and (b) the Seller or any of his contractors have paid the initial amount to the provider of the electromechanical equipment for the Power Plant except that (i) the Seller is the owner of that equipment or (ii) the manufacturer of such equipment certifies that he has started with the manufacture of such equipment or that they are already manufactured, in which cases such initial payment shall not be required.

‘Contracted Energy’ is [_____] megawatts⁶, notwithstanding the additional Capacity that may be installed pursuant to Section 7.4 (*Project Extension*).

‘Contracted Energy’ is any Energy generated by the Contracted Capacity during the Supply Period.

‘Contractual Conditions Review Request’ is a written notice sent by the Seller to the Buyer (a copy of the prior written consent of the Secured Creditors’ Representative regarding such intention shall be attached to the notice so as to be deemed valid) by means of which the Seller requests the review of the conditions of this Agreement in accordance with Section 16.1 (*Affected Contractual Conditions*).

‘Control’ is the ability to lead or set the leading of the management of the substantial activities or businesses of a legal entity, whether by means of the ownership of stocks or other transferable securities with right to vote, by means of contractual or corporative relations or by any other means; if any of the individuals or legal entities or entities owning more than fifty percent (50 %) of the stocks with right to vote of other legal entity or entity, or if the individual or legal entity has contractual or corporative rights granting the same degree of Control over that other legal entity or entity than a stockholder owning more than fifty percent (50 %) of the stocks with right to vote may have, the individual or legal entity shall empower the Control of such entity or legal entity.

‘Default Notice’ is a written notice sent by a Party to his counterpart (and, if the Seller sends it to the Buyer, a copy of the prior written consent of the Secured Creditors’ Representative shall be attached to the notice so as to be deemed valid) by means of which the issuing Party informs the receiving Party that a Cause for Termination of this Agreement has occurred, in accordance with Section 20.2 (*Causes for Termination by the Buyer*), Section 20.3 (*Causes for Termination by the Seller*) or Section 20.4 (*Termination due to Force Majeure Event*), as applicable.

‘Deficiency Cost’ is one hundred and sixty (160) US Dollars per megawatt-hour.

‘Delivered Energy’ is, for any period, the Contracted Energy generated by the Power Plant and injected in the Delivery Point, at any time and during any production period, for such period.

‘Delivery Point’ is [].⁷

‘Distribution Companies’ are the agents mentioned in The Procedures.

‘Dollar Amounts’ is defined in Section 12.1 (*Provisional ETD. Sales Settlement*).

⁶ The awarded capacity shall be informed to the bidder by virtue of the Award Resolution, which shall include the Offered Capacity (in accordance with the definition of such term in the Request for Proposals) mentioned in the Bid by the Bidder.

⁷ The SADI node or the Additional Provided of the Electric Power Transportation Technical Function chosen for the Interconnection of the Power Plant in accordance with the Bid shall be indicated.

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'Dollar' is, at any time, the current and legal tender in the United States of America for such date.

'Effective Termination Date' is the date on which this Agreement is no longer effective between the Parties (except for those provisions which, due to its own terms, shall be still effective after the termination).

'ENRE' is the National Electricity Regulatory Entity of the Argentine Republic.

'Environmental Authorization' is any environmental or social authorization issued or to be issued by any competent Government Authority of the pertinent province of the Argentine Republic where the Power Plant is located (or, if the Power Plant is located in more than one province, issued by the competent Government Authority of each one of these provinces) required in accordance with the Applicable Laws for the building of the Power Plant.

'Equipment Arrival Date' is the date when all the pieces of the electromechanical equipment needed to achieve the Contracted Energy are located in the Site.

'ETD' is the economic transactions document issued by the Buyer pursuant to Item 5.2.3 of Chapter 5 of The Procedures.

'Exchange Rate' is, for any Business Day, (a) the 'Reference Exchange Rate Communication 'A' 3500 (Wholesale)' published by the Central Bank of the Argentine Republic for such Business day, (b) if the Central Bank of the Argentine Republic has not published, for any reason, the 'Reference Exchange Rate Communication 'A' 3500 (Wholesale)' for such Business Day, it shall be the 'Reference Exchange Rate Communication 'A' 3500 (Wholesale)' published by the Central Bank of the Argentine Republic for the closest Business Day within the same calendar month, (c) if the Central Bank of the Argentine Republic has not published for any reason the 'Reference Exchange Rate Communication 'A' 3500 (Wholesale)' for the calendar month in which such Business day is included, it shall be the Exchange rate agreed by the parties and that shall be approved by the SEE or (d) if there is no agreement between the Parties or lack of approval by the SEE, it shall be the Exchange Rate set forth in accordance with Section 26 (*Dispute Resolution*).

'Execution Date' is the date on which the Parties have executed this Agreement and which is detailed in the cover of such Agreement.

'Final ETD' is defined in Section 12.3 (*Final ETD. Notes and Remarks to the Provisional ETD*).

'Financial Close Date' is the date when the Financial Close occurs.

'Financial Close' means, (a) if the Seller finances the fulfillment of his obligations under this Agreement with Secured Debt to be granted by Secured Creditors, (i) the signing of the Financing Documents by means of which the Secured Creditors grant, or they commit to grant Secure Debt to the Seller for an amount no lesser than fifty percent (50 %) of the Power Plant Cost; and (ii) the signing of credit documents and/or equity contributions agreements suitable for the Buyer by means of which one or more direct or indirect stockholders of the Seller who comply with the Financial Requirements or whose financial status is suitable for the Buyer, undertake the commitment to make capital contributions for the balance of the Power Plant cost which has not been covered by the Secured Debt or (b) if the Seller finances the fulfillment of his obligations under this Agreement with debt or capital contributions to be made by direct or indirect stockholders, the signing of credit documents and/or equity contributions agreements suitable for the Buyer by means of which one or more direct or indirect stockholders of the

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Seller who comply with the Financial requirements or whose financial status is suitable for the Buyer, undertake the commitment to make capital contributions for an amount equivalent to one hundred percent (100 %) of the Power Plant Cost.

‘Financial Requirements’ is defined in the Request for Proposals.

‘Financing Documents’ are agreements (or any other amendment, extension, renewal, refinancing or replacement of such agreements) that the Seller may execute with any Secured Creditor for the granting of the Secured Debt, including the corresponding guarantee agreements and credit support agreements.

‘FODER Loan’ is the loan granted, or to be granted, to the Seller by the FODER, according to the requests made in the Bid.

‘FODER Trust Adhesion Agreement’ is the Adhesion and Incorporation Agreement to the Trust Fund for the Development of Renewable Energy executed, or to be executed between (a) the Federal State, by means of the ME&M, as Enforcement Authority and FODER Trustor, (b) the FODER, represented by the FODER Trustee, and (c) the Seller, acting in its capacity of FODER beneficiary.

‘FODER Trust’ is the trust agreement named ‘Trust Fund for the Development of Renewable Energy’, signed on [] 2016, between (a) the Federal State, by means of the ME&M as the Enforcement Authority and (b) the FODER Trustor.

‘FODER Trustee’ is the Banco de Inversión y Comercio Exterior S.A, acting in his capacity of trustee of the FODER in accordance with the FODER Trust or any other legal entity or entity that bears such capacity in the future.

‘FODER’ is the management and financial trust named ‘Fund for the Development of Renewable Energy’ created by virtue of Act 27191.

‘Force Majeure Event’ is defined in Section 1730 of the Civil and Commercial Code of the Argentine Republic. None of the following events shall be deemed a ‘Force Majeure Event’: (a) any event altering the availability or the quality of the Renewable Resource, including the installation of any Power Plant or any other kind of infrastructure in bordering or near lands to the Site and the building of any Power Plant or upstream dam therein, (b) weather conditions altering the Site or the Power Plant except for earthquakes, hurricanes, tornados, forest fire and flood, (c) the stability or the absorption capacity of the SADI or (d) any strike or similar event affecting the Seller or his contractors, but not affecting electric power generators in the Argentine Republic in general or his contractors.

‘Force Majeure Notice’ is a written notice sent by a Party to his counterpart by means of which the Party sending the notice informs the Party receiving the notice that a Force Majeure Event has occurred. If the Seller sends the notice to the Buyer, the percentage of the Contracted Energy affected by the Force Majeure event shall be detailed.

‘Government Authority’ is any government of the Argentine Republic, whether federal, provincial, municipal or from the Autonomous City of Buenos Aires, or any Secretariat, Department, Tribunal, Committee, Council, Office, Body, Entity or similar authority under any of such governments, whether they belong to the federal, provincial, municipal or to the Autonomous City of Buenos Aires public administration, whether they are centralized, autonomous or decentralized bodies, and the legislative and judicial branch, whether they are federal, provincial, municipal or from the Autonomous City of Buenos Aires.

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‘**Granted Price**’ is [] US Dollars (US []) per megawatt/hour. 8

‘**Guaranteed Energy**’ is [____] megawatt-hour per Production Year. 9

‘**Incentive Factor**’ is, for each Calendar Year detailed in the column named ‘Calendar Year’ of Annex C (*Incentive Factor*), the adjustment factor at the Annual Price as detailed in the column named ‘Incentive Factor’ of Annex C (*Incentive Factor*) for each Calendar Year.

‘**Indemnifying Party**’ is defined in Section 21.1 (*Remedies*).

‘**Indemnitee**’ is defined in Section 21.1 (*Remedies*).

‘**Installation Bond**’ is defined in Section 17.4 (*Recovery of the Performance Bond*).

‘**Large Users**’ is defined in The Procedures.

‘**Local Content Tax Certificate**’ is defined in Section nine, item six of Act 26190, amended by Act 27191.

‘**Major Deficiency of Supply**’ is defined in Provision 9.2 (*Supply of Guaranteed Energy*).

‘**ME&M**’ is defined in the item (B) under the title ‘Whereas’ of this Agreement.

‘**MEM Agent**’ is an acknowledged MEM agent in accordance with the provisions set forth in The Procedures.

‘**MEM Fixed Charges**’ are, collectively, fixed charges for the operation of the Power Plant in the MEM which shall be set forth by the SEE, including the following ones: (a) complementary charge that shall be paid to national or main electric power carriers for the Power Plant, (b) charges of the Power Plant for the share in the royalty payment of small extensions, (c) charges of the Power Plant for the share in the royalty payment to independent carriers, (d) connection charges paid to national or main electric power carriers, (e) transportation charges paid to Additional Suppliers of the Electric Power Transportation Technical Function, (f) charges of the Power Plant for expenses derived from the OED, (g) Control fee to be paid to the ENRE by the Power Plant, according to the provisions set forth in Section 67 of Act 24065, and (h) charge for the use of primary frequency regulation for the equipment that does not feature it. ‘**Seller’s Account**’ is the bank account that the Seller may appoint, at any time during the effectiveness of this Agreement, by means of a written notice delivered to the Buyer. A copy of the prior written consent of the Secured Creditors’ Representative shall be attached to the notice so as to be deemed valid.

‘**MEM**’ is the Wholesale Electric Market of the Argentine Republic, which has been created and is governed pursuant to the provisions set forth in Sections 35 and 36 of Act 24065, Decree 1192/1992, Decree 136/1995 and Resolution 61/92 passed by the former Secretariat of Energy, its amendments and/or complementary rules.

‘**Minimum Guaranteed Energy**’ is [] megawatt-hour per Production Year. 10

⁸ The Offered Price shall be included in the Bid.

⁹ It shall be indicated the amount of Guaranteed Energy set in the Bid (subject to any possible updates by the Seller in accordance with the Request for Proposals).

¹⁰ It shall be indicated the amount of Minimum Guaranteed Energy set in the Bid (subject to any possible updates by the Seller in accordance

‘Minor Deficiency of Supply’ is defined in Section 9.2 (*Supply of Guaranteed Energy*).

‘Non-Pass Through Tax Increases’ are tax increases that cannot be added up to the Annual Price in accordance with the provisions set forth in Section 13 of Act 27191 and in Section 13 of Annex II of Decree 531/2016.

‘OED’ is the Entity Responsible for the Dispatch, which shall be managed by Compañía Administradora del Mercado Mayorista Eléctrico S.A., in accordance with the powers granted by virtue of Decree N° 1192/1992 and its amendments, acting within its competence pursuant to the Applicable Laws, or any legal entity or entity that may be appointed in the future.

‘Open Call for Tenders’ is defined in the item (C) under the title ‘Whereas’ of this Agreement.

‘Party’ is the Seller or the Buyer, according to context, or both when the term is used in plural.

‘Pass-Through Tax Increases’ are tax increases that can be added up to the Annual Price in accordance with Section 13 of Act 27191 and Section 13 of Annex II of Decree 531/2016 and that were introduced after the Bid Submission Date.

‘Payment Date’ is defined in Section 12.5 (*Payment Date*).

‘Payment Term’ is defined in Section 5.6 of Chapter 5 of The Procedures.

‘Penalty Dispute Term’ is defined in Section 13.4 (*Penalty Payment Term*).

‘Penalty Payment Term’ is defined in Section 13.4 (*Penalty Payment Term*).

‘Performance Bond’ is defined in the Request for Proposals.

‘Power Plant’ is the Power Plant which produces energy derived from renewable sources, which the Seller agrees to build, operate and maintain in order to comply with the supply of the Contracted Energy, whose location and features are mentioned in Annex A (*Description of the Power Plant*), and any other assets related to it, including the transmission line required to interconnect the Power Plant with the Delivery Point.

‘Production Year’ is (a) the term starting on the Commercial Operation Date (inclusive) and ending on the same day of the following Calendar Year (not inclusive); and (b) each following term of twelve (12) months.

‘Project’s Put Option’ is defined in the FODER Trust Adhesion Agreement.

‘Project’s Put Price’ is defined in the FODER trust Adhesion Agreement.

‘Project’s Call Option’ is defined in the FODER Trust Adhesion Agreement.

with the Request for Proposals). It shall be indicated the amount of Minimum Guaranteed Energy set in the Bid (subject to any possible updates by the Seller in accordance with the Request for Proposals).

‘Provisional ETD’ is defined in Section 12.1 (*Provisional ETD. Sales Statements*).

‘Prudent Industry Practices’ are those practices, methods, techniques and standards subject to be changed from time to time (a) that are generally accepted in the international generation of electric power from renewable sources industry to be used in the installation engineering so as to generate electric power, as well as those operations for the design, the performance of the needed engineering, the building, the making of tests, the operation and the maintenance of the equipment in a legal, safe, efficient and affordable way, and (b) that follow the operation and maintenance guidelines of the manufacture for each case, as it shall be applied to the corresponding equipment and considering its size, service and type. The Prudent Industry Practices are not limited to the best practice or method, excluding the rest, but they refer to common practices and methods reasonably used in the industry.

‘Qualified Assignee’ is the legal entity or entity appointed by the Secured Creditors’ Representative assignee of all the rights and obligations of the Seller which arises out of this Agreement and which, in the event that the assignment occurs before the Commercial Operation Date, complies with the Financial and Technical Requirements, on its own or by means of his direct or indirect shareholders.

‘Renewable Energy Legal Framework’ is defined in item (C) under the title ‘Whereas’ of this Agreement.

‘Renewable Resource’ is the resource to be used by the Power Plant so as to generate the Contracted Energy, according to the Bid.

‘RenovAr (Round 1) Request for Proposal Draft’ is defined in item (C) under the title ‘Whereas’ of this Agreement.

‘Request for Proposals’ is defined in the item (D) under the title ‘Whereas’ of this Agreement.

‘SADI’ is the Argentine Interconnection System.

‘Sales Settlement’ is defined in Section 12.1 (*Provisional ETD. Sales Settlement*).

‘Secured Creditor’ is any individual or legal entity which grants Secured Debt to the Seller under the Financing Documents, whether such individual or legal entity acts on his own behalf or by means of agents, trustees or representatives, including:

- (a) any multilateral credit agency in which the Argentine Republic takes part and any fund or assets managed by a multilateral credit agency in which the Argentine Republic takes part;
- (b) any bilateral credit agency of any country sharing diplomatic relations with the Argentine Republic and any fund or assets managed by a bilateral credit agency of any country sharing diplomatic relations with the Argentine Republic;
- (c) any government agency of the Argentine Republic;
- (d) any financial entity authorized by the competent Government Authority to operate in the Argentine Republic or by the competent regulatory entity to operate within its jurisdiction;
- (e) any institutional investor, insurance company or debt fund;
- (f) any individual or legal entity which purchases any transferable securities issued by the Seller which represent the Seller’s debt;
- (g) the FODER, as long as it grants a FODER Loan to the Seller and/or a guarantee. The Seller’s payment obligations which directly derive from the FODER Loan and/or the conversion of such guarantee in Seller’s debt shall only be considered; and
- (h) any individual or legal entity purchasing any transferable securities issued by a trust fund, an

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investment fund or securitization partnerships that has acquired rights arisen from this Agreement or that has been appointed assignee of them.

Under no circumstances a direct or indirect Seller's stockholder shall be deemed Secured Creditor.

'Secured Creditors' Representative' is defined in Section 30.1 (*Secured Creditors' Representative*).

'Secured Debt' is the debt undertaken by the Seller at any time during the effectiveness of this Agreement for the purpose of financing his obligations under this Agreement, including the debt for the payment of the main amount, compensatory interests and penalty interests, organization commissions, availability commissions, prepaid commissions or any other kind of commission, make-whole payment or similar services, remedies, payment for termination or for any other reason under derivatives agreements and payment to agents, trustees, advisers and consultants.

'SEE' is the Electric Power Secretariat under the ME&M.

'Seller' has the same meaning as defined in the heading of this Agreement.

'Site' is the lot or set of lots where the Generation Plan will be built, according to the details mentioned in the Bid.

'Strategic Partner' is [].¹¹

'Supply Term' is defined in Section 6.1 (*Supply Term*).

'Technical Requirements' is defined in the Request for Proposals.

'Termination Notice' is a written notice sent by one of the Parties to his counterpart (and, in the event that such notice is sent by the Seller to the Buyer, a copy of the prior written consent from the Secured Creditors' Representative shall be attached to such notice so as to be deemed valid) by means of which the Party sending the notice decides to terminate this Agreement pursuant to Section 21.1 (*Proceeding for Termination by the Buyer*), Section 21.2 (*Proceeding for Termination by the Seller*) or Section 21.3 (*Proceeding for Termination due to Force Majeure Event*), as appropriate.

'The Procedures' are the Procedures for the Schedule of the Operation, the Dispatch of Loads and the Price Estimates of the MEM, set by the former SEE in Resolution 61 passed on April 29th 1992, which has been amended and which may be amended and complemented in the future.

'World Bank Guarantee' is the guarantee agreement to be signed between the World Bank and the FODER, which shall be represented by the FODER Trustee.

1.2. **Interpretation.** The following dispositions shall be applied when interpreting this Agreement:

- (a) every reference made in this Agreement to "Section" or "Annex" shall be understood as Sections or Annexes of this Agreement, unless otherwise expressly stated;

¹¹ It shall be indicated the legal entity or legal entities by means of which the Bidder has proven the fulfillment of the Financial Requirements shall be indicated.

- (b) every reference made in this Agreement to “days” shall be understood as consecutive days;
- (c) the titles or headings of the provisions have the only purpose to serve as a guide to read this Agreement. It shall be considered that such titles or headings do not alter the content of the corresponding provisions;
- (d) any mention of a specific Government Authority in this Agreement shall be understood as it is made to such Government Authority or to whoever replaces it or whoever such Government Authority appoints in order to carry out the corresponding actions to which this Agreement or the Applicable Laws refers to;
- (e) any mention to a document or agreement in this Agreement shall be understood as it is made to such document or agreement as it is modified or complemented from time to time; and
- (f) any mention to the Applicable Laws in this Agreement shall be understood as it is made to the Applicable Laws as it is modified or complemented from time to time.

2. Contractual Documents

2.1. **List of Contractual Documents.** The following are the documents which make up this Agreement:

- (a) Request for Proposals;
- (b) This Agreement, including all its Annexes; and
- (c) The Bid.

2.2. **Order of Prevalence of Contractual Documents.** In the event that there are inconsistencies among the contractual documents which are indicated in Section 2 (*Contractual Documents*), the order of priority for their interpretation shall be determined by the order in which such Contractual Documents have been listed in such Section.

3. Representations of the Parties

3.1. **Representations of the Seller. On the execution date, the Seller states the following:**

- (a) it is a [*enter Seller's legal nature*] duly constituted in accordance with the regulations of the Argentine Republic which has as its only company purpose the building, financing, start-up, operation, and maintenance of the Power Plant and other activities related to the previous ones;
- (b) it has complied with all corporative acts, obtained the required Authorizations and has observed all the requirements of the Applicable Laws in order to enter into and comply with this Agreement;
- (c) each one of the legal entities that signs this Agreement on behalf of the Seller has the necessary legal capacity to enter into this Agreement and to bind the Seller pursuant to the terms of such Agreement;
- (d) obligations undertaken by the Seller under this Agreement are valid and enforceable by the Seller;
- (e) is a MEM Agent or has requested its registration as MEM Agent;
- (f) it has the transport capacity access permission issued by the ENRE or has requested such permission (or is following the corresponding proceeding in order to request it);
- (g) the Strategic Financial Partner fulfills the Financial Requirements;
- (h) all the required Environmental Authorizations related to the Power Plant have been acquired, and are still in force so as to allow, from the environmental point of view, the immediate starting of the building of the Power Plant, without having to acquire another Authorization or having to comply with any condition and they are not subject to any administrative or legal proceeding

- which may reasonably cause its full or partial withdrawal;
- (i) in the event that the Power Plant uses hydropower as a Renewable resource, the license which allows for the use of water for the generation of electricity has been granted, it is still in force and it is not subject to any administrative or legal proceeding which may reasonably cause its full or partial withdrawal;
 - (j) regarding the lands included in the Site (i) the real property has been acquired without any levies or inhibitions (or it has executed an irrevocable binding transfer of title to property Agreement), and/or (ii) has entered into an (A) usufruct agreement (or owns an irrevocable option of usufruct) or (B) real property lease agreement (or owns an irrevocable option of leasing), in each case for an equal or superior term to the Supply Period and/or (iii) in the case of public property, it has been granted the Authorizations required by the Applicable Laws in order to use such lands without restrictions for an equal or longer term than the Supply Period. For the purpose of this representation, it shall be understood that 'Site' does not comprise the lots or the necessary real property rights for the building of the transmission line and the electrical substation which are required to interconnect the Power Plant to the Delivery Point.
 - (k) it has conducted, or hired on its own account the conduction of or received from third parties detailed studies on the availability and the quality of the Renewable Resource under the terms required in the Request for Proposals, (ii) acknowledges that the Buyer does not grant any kind of guarantee on the availability or quality of the Renewable Resource and (iii) accepts all the risks related to the availability and quality of the Renewable Resource;
 - (l) it has conducted, or hired on its own account the conduction of or received from third parties detailed studies on the Site for the building, the operation and the maintenance of the Power Plant under the terms required in the Request for Proposals, (ii) acknowledges that the Buyer does not grant any kind of guarantee on the adaptation of the Site for such purposes (iii) accepts all the risks related to the adaptation of the Site for such purposes; and
 - (m) it has conducted or hired on its own account the conduction of or received from third parties detailed studies on the prevailing climate conditions at the Site, (ii) acknowledges that the Buyer does not grant any kind of guarantee regarding climate conditions and (iii) accepts all the risks related to such climate conditions, unless to the extent that such risks constitute a Force Majeure Event.

3.2. Representations of the Buyer. On the execution date, the Buyer states the following:

- (a) it is a duly constituted limited company pursuant to the regulations of the Argentine Republic;
- (b) it has complied with all the corporative acts, obtained the required Authorizations and has observed all the requirements of the Applicable Laws in order to enter into and comply with this Agreement;
- (c) each one of the individuals that sign this Agreement on behalf of the Buyer has the necessary legal capacity to enter into this Agreement and to bind the Seller pursuant to the terms of such Agreement;
- (d) the obligations assumed by the Buyer under this Agreement constitute valid and enforceable obligations of the Buyer.

4. Subject-matter

The main purpose of this Agreement is the supply and purchase of electric power in the terms and under the conditions agreed by the Parties (in the case of the Buyer, acting in accordance with the instructions given by the SEE).

5. Effectiveness

This Agreement shall be in force as of the Execution Date and its effectiveness shall terminate as of the end of the Supply Period or as of the Effective Termination date of this Agreement, what happens first.

6. Term

6.1. Supply Period. The Seller's obligation to supply the Contracted Energy to the Buyer and the Buyer's obligation to purchase the Contracted Energy to be supplied by the Seller and to pay for the Delivered Energy shall be enforceable during the Supply Period. The Supply Period shall start on the Commercial Operation Date and shall be extended for twenty (20) consecutive Production Years from the Commercial Operation Date (the "Supply Period").

6.2. Extension of the Supply Period. If the Seller cannot comply with his obligation to supply the total amount or part of the Contracted Energy as a consequence of a Force Majeure Event, the following shall be observed:

- (a) The Buyer's obligation to purchase the Contracted Energy and to pay for the Delivered Energy shall be suspended regarding that portion of Contracted Energy which would have been generated by the Contracted Capacity affected by the Force Majeure Event (as indicated in the Force Majeure Event Notice) until such event has finished; and
- (b) the Supply period shall be extended for a term equivalent to the number of days of the duration of such Force Majeure Event exclusively regarding the Contracted Energy which would have been generated by the Contracted Capacity affected by such Force Majeure Event (as indicated in the Force Majeure Event Notice); with the understanding that (i) the Contracted Energy during such extension shall only take into account the Delivered Energy by the affected Contracted Capacity and (ii) the Delivered Energy during such extension shall be paid in accordance with the Annual Price corresponding to the twentieth Production Year of the Supply Period.

7. Building of the Power Plant

7.1. Building Requirements. The Seller is required to build and put the Power Plant into operation in the Site and pursuant to the following:

- (a) technical description included in Annex A of this Agreement (Description of the Power Plant);
- (b) constructive requirements included in the Request for Proposals;
- (c) prudent practices of the Industry; and
- (d) Applicable Laws, including the Procedures.

7.2. Delays on Construction Milestones. The Scheduled Dates for the Works Progress related to the Construction Milestones shall not be modified without the Buyer's prior written consent, except in the following cases:

- (a) when the delay in reaching any Construction Milestone within the Scheduled Date of the corresponding Works Progress is due to Force Majeure Event, such Construction Milestone Scheduled Date (and every subsequent Construction Milestone Scheduled Date, if any) shall be extended for the same period as the duration of such Force Majeure Event; and
- (b) when the delay in reaching any Construction Milestone within the Scheduled Date of the corresponding Works Progress is not due to Force Majeure Event, the Seller may request an extension of (i) in the event of a delay in reaching the Financial Close Date, the Construction Start Date or the Equipment Arrival date, in each case, of up to sixty (60) days from the

corresponding Construction Milestone Scheduled Date and (ii) in the event of the delay in reaching the Commercial Operation Date, of up to one hundred and eighty (180) days from the Commercial Operation Scheduled Date, notwithstanding the Seller's obligation to pay the applicable penalty pursuant to item (a) of Provision 13.2 (*Application of Penalties*).

7.3. Compliance with Construction Milestones. Within the term of ten (10) days as of the fulfillment of each Construction Milestone, the Seller agrees to inform the Buyer of such event. In order to prove the fulfillment of each Construction Milestone, the Seller agrees to deliver the Buyer, if required by the Buyer in writing, the pertinent backing documentation within the term of ten (10) Business Days after having received the requirement. In particular, the Seller agrees to deliver the following to the Buyer:

- (a) for the purpose of proving that the Financial Close Date has been reached, (i) in the event that the Seller finances the fulfillment of his obligations under this Agreement with Secured Debt provided by Secured Creditors, (A) a written notice by the Secured Creditors' Representative which certifies that (y) the Financing Documents have been duly signed by the Seller and the Secured Creditors or its agents, thus proving firm financial commitment on behalf of the Secured Creditors and (z) the credit documents and/or agreements undertaking the commitment to make capital contributions have been signed by the Seller and one or more direct or indirect shareholders of the Seller and (B) a written notice from the General Management or officer of equivalent rank as the Seller certifying the total estimated cost of the Power Plant Cost or (ii) if the Seller finances the fulfillment of his obligations under this Agreement with debt or capital contributions to be made by his direct or indirect stockholders, (A) copy of the credit Agreements and/or agreements undertaking the commitment to make capital contributions to the Seller. Such documents shall be duly signed by the Seller and by one or more direct or indirect shareholders of the Seller and (B) a written notice from the General Management or officer of equivalent rank as the Seller certifying the total estimated cost of the Power Plant; and
- (b) for the purpose of verifying the compliance with the Construction Start Date, a copy of (i) the order to proceed to the entity in charge of the execution of the civil works in the Power Plant, and (ii) a certificate issued (A) by the Seller, confirming that the Seller is the owner of the electromechanical equipment to be used in the Power Plant and the corresponding backing documentation shall be attached or (B) by the manufacturer of the electromechanical equipment to be used in the Power Plant confirming that he has started with the manufacture of such equipment or that the equipment has already been manufactured and is exclusively available for the Seller;
- (c) for the purpose of proving the Equipment Arrival Date, a written notice from the Seller and signed by the General Manager or by an Official of equivalent rank as the Seller, which certifies that the component parts of the electromechanical equipment which are necessary to reach the Contracted Capacity are already in the Site; and
- (d) in order to prove that the Commercial Operation Date has been reached in accordance with The Procedures.

7.4. Extension of the Power Plant. In the event that the Seller is affected by (a) Minor Deficiency Supply for the term of three (3) consecutive Production Years or (b) a Major Deficiency Supply for the term of two (2) consecutive Production Years, the Seller might install the additional capacity which is strictly necessary so as to comply with the obligation of delivering an amount of Adjusted Delivered Energy equal to or greater than the Guaranteed Energy in each Production Year (the '**Additional Capacity**'). As of the Commercial Operation of the Additional Capacity, the Delivered Energy shall be equal to, for the purpose of Provision 12 of this Agreement (*Delivered Energy Payment*), the sum of (i) the Contracted Energy generated by the Guaranteed Capacity plus (ii) the Contracted Energy generated

by the Additional Capacity, but only to the extent that this is necessary to reach the Guaranteed Energy or recover a Minor Deficiency Supply. The Contracted Energy generated by the Additional Capacity which is not considered as Delivered Energy for the purpose of Provision 12 of this Agreement (*Delivered Energy Payment*) might be commercialized in the spot market or sold to third parties pursuant to the Applicable Laws, including The Procedures.

8. Operation and Maintenance of the Power Plant

8.1. **Requirements for the Operation and Maintenance.** The Seller agrees to operate and maintain the Power Plant in accordance with the following:

- (a) technical description included in Annex A (Description of the Generation Plant);
- (b) operation and maintenance requirements included in the Request for Proposals;
- (c) prudent practices of the Industry; and
- (d) Applicable Laws, including The Procedures.

8.2. **Participation in the MEM.** The Seller shall represent the Power Plant in the MEM and for that purpose the Seller shall be registered and authorized as MEM Agent.

8.3. **Coordination of the Maintenance.** The Seller, in accordance with The Procedures, shall give the Buyer the schedules for the regular maintenance of the electro mechanical equipment connected to the Contracted Capacity and shall agree with the Buyer on proper time to make the regular maintenance of the equipment.

9. Other Seller's Obligations

9.1. **Contracted Energy Supply.** The Seller shall exclusively supply the Buyer (except for the conditions set forth in Provision 7.4 (*Extension of the Power Plant*) with regard to the commercialization in the spot market or the sale to third parties), with the Contracted Energy under the conditions of this Agreement

9.2. Guaranteed Energy Supply

- (a) The Seller shall supply the Buyer, for each Production Year, with an amount of Adjusted Delivered Energy equal to or greater than the Guaranteed Energy for such Production Year under the conditions set forth in this Agreement.
- (b) In the event that, during any Production Year, the Adjusted Delivered Energy is less than the Guaranteed Energy but greater than the Minimum Guaranteed Energy (the difference between the Guaranteed Energy and the Adjusted Delivered Energy for such Production Year, a 'Minor Deficiency Supply'), the Seller shall be able to supply the necessary Contracted Energy to cover such Minor Deficiency Supply during the following Production Year (the 'Recovery Year'). If the Adjusted Delivered Energy during the Recovery Year is less than the amount of the Guaranteed Energy for the Recovery Year plus the Minor Deficiency Supply, the Seller shall pay the Buyer, within the first three (3) months of the Production Year after the Recovery Year, a penalty for the deficiency of supply for a total amount equivalent to the corresponding Deficiency Cost multiplied by the difference of the amount of megawatt/hour between (i) such Minor Deficiency Supply and (ii) the surplus, if it exists, of the Adjusted Delivered Energy upon the Guaranteed Energy for the Recovery Year.
- (c) In the event that, during any Production year, the Adjusted Delivered Energy is less than the Minimum Guaranteed Energy (the difference between the Guaranteed Energy and the Adjusted

Delivered Energy for such Production Year, a ‘Major Deficiency Supply’), the proceeding set forth in the item (b) above regarding the Minor Deficiency Supply included in such Major Deficiency Supply shall be applied. Besides, The Seller shall pay the Buyer, within the first three (3) months after the end of the Production Year in which the Major Deficiency Supply was identified, a penalty for the deficiency of supply for a total amount equivalent to the corresponding Deficiency Cost multiplied by the difference of the amount of megawatt/hour between (i) such Major Deficiency Supply and (ii) the Minor Deficiency Supply included in such Major Deficiency Supply.

9.3. **Applicable Laws.** The Seller shall comply with and make sure that its contractors, employees, directors and agents comply with the Applicable Laws, as long as it may be applied.

9.4. **Authorizations.** The Seller shall get, keep and update all the Authorizations which are required by the Applicable Laws for the compliance of his obligations under this Agreement.

9.5. **Access to the Site.** At the Buyer’s request, with at least three (3) Business Days in advance, the Seller shall allow the Buyer or whoever this may appoint to have access to the Site.

9.6. Insurances

- (a) The Seller shall get and keep the necessary civil liability insurances updated to face the responsibilities in which it may incur regarding the Buyer or third parties due to the obligations derived from this Agreement. Such Insurances shall be in force as of the Execution Date and until the end of the Supply Period or when the Effective Termination Date occurs, what happens first.
- (b) The insurance policies taken out by the Seller shall cover, at least, the responsibility before his employees, the Buyer and third parties in the terms required by the Applicable Laws.
- (c) Civil liability insurances taken out by the Seller shall not have any exclusions which are directly related to the obligations derived from this Agreement, except for serious fault or inexcusable negligence by the victim.
- (d) The risks, obligations and responsibilities of the Seller which are set forth in this Agreement are independent from the taking out of the insurances to which this Provision 9.6 refers to and, thus, the amount of the Seller’s obligations and responsibilities which derive from taking such risks shall not be conditioned upon the mentioned insurances or upon the lack of them or the insufficient insurance coverage.

10. Buyer’s Obligations

10.1. **Acquisition of the Contracted Energy.** The Buyer shall purchase from the Seller, during the Supply Period, the whole of the Contracted Energy under the conditions set forth in this Agreement.

10.2. **Payment of the Supplied Energy.** The Buyer shall pay the Seller, during the Supply Period, the whole of the Supplied energy under the conditions set forth in this Agreement. Any loss of transmission of the Contracted Energy prior to its injection in the Delivery Point shall be on behalf of the seller and shall not be paid by the Buyer.

11. Seller’s Consideration

11.1. **Consideration during the Supply Period.** The price of the megawatt-hour that the Buyer shall pay the Seller for the Supplied Energy shall be equal to the product of (a) the Annual Price corresponding

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to the Production Year in which such calendar month (or part of one calendar year) is included, multiplied by (b), the Incentive Factor corresponding to the Calendar Year in which such calendar month (or part of one calendar year) is included.

11.2. **Taxes.** The corresponding amount of Value Added Tax shall be added to the consideration which is set forth in the Provision 11.1 (*Consideration during the Supply period*).

11.3. **Pass-Through Tax Increases.** The Annual Price shall be immediately adjusted after the SEE acknowledges any Pass-Through Tax Increase. Non-Pass through Tax Increases shall be borne by the Seller.

12. Economic Transactions

12.1. **Provisional ETD (Economic Transactions Document).** Sales Statements. The Buyer, within the term of ten (10) days after finishing each calendar month, (a) shall publish an ETD which includes the necessary and sufficient information for the suitable verification of the Delivered Energy and the Fixed charges of MEM in such month (the '**Provisional ETD**'), and (b) shall send the Seller the Sales Statements corresponding to the Delivered Energy which is calculated based on the information which was published in the Provisional ETD (The '**Sales Statements**'). In order to publish the Provisional ETD and to send the Sales Statements, the Buyer shall convert those amounts which are calculated in US Dollars (the '**Amounts in dollars**') to Argentine Pesos, using the Exchange Rate corresponding to the last Business Day of such calendar month.

12.2. **Remarks.** They shall issue remarks to the Provisional ETD in accordance with subsection 5.2.4 of Chapter 5 of The Procedures. Every remark shall include a detailed explanation based on such remarks and an indication of the amounts that, according to the Seller, shall be settled. In the event that the Buyer does not answer the remarks made by the Seller, then, the Seller shall have the right to issue such remarks to the applicable Disputes Settlement proceeding in accordance with Provision 26 (*Disputes Settlement*).

12.3. **Definite ETD.** Notes on the Remarks of the Provisional ETD. The Buyer, within the term of twenty (28) days after the end of each calendar month, (a) shall publish an ETD showing the adjustments to the Provisional ETD as a consequence of the remarks received (the '**Definite ETD**') and (b) he shall issue the corresponding credit and debit notes for (i) differences between the prices and /or the amounts of Delivered Energy calculated in the Provisional ETD regarding the prices and/or the amounts of Delivered Energy calculated in the Definite ETD and (ii) for other items that may correspond in accordance with the Applicable Laws. The resulting amount owed to the Seller, if any, shall be paid on the Sales Statements Due Date.

12.4. **Notes on the Exchange Rate Variations.** The prior day to the Sales Payment Date, the Buyer shall issue a credit or debit note, as appropriate, in order to show the differences expressed in Argentine Pesos between acquiring the Amounts in US Dollars and (a) the Exchange Rate of the last Business Day of the month of the Provisional ETD and the Definite ETD and (b) the Exchange Rate of the last Business Day prior to the Payment Date. The resulting amount owed to the Seller, if any, shall be paid on the Payment Date.

12.5. **Payment Date.** On the last day of the Paying Date (the '**Payment Date**'), the Buyer shall deposit in the Seller's account the necessary amount of Argentine Pesos in order to (a) acquire the Amounts in US Dollars applying the Exchange Rate of the Business Day prior to the Payment Date and

(b) pay for the Fixed Charges of MEM. The amount to be deposited in the Seller's account shall be (i) increased as of the amounts which are set in the credit notes and, (ii) reduced as of the amounts set in the debit notes. Such notes shall be issued by the Buyer in accordance with Provision 12.3 (Definite ETD. Notes on the Remarks to the Provisional ETD) and Provision 12.4 (*Notes on the Exchange Rate variations*).

12.6. **Seller's Account.** The seller's Account shall be kept in the Argentine Republic and shall be rooted in a Financial Entity which is authorized by the Government Authority which has competence to operate in the Argentine Republic.

13. Increase of the Performance Bond. Penalties.

13.1. **Increase of the Performance Bond.** In the event that there is a delay greater than sixty (60) days in reaching the (a) Financial Close Scheduled Date, (b) the Construction Start Scheduled Date, or (c) the Equipment Arrival Scheduled Date, the Seller shall in each case and within the term of ten (10) days after finishing such sixty (60) days term, increase the amount of the Performance Bond to an amount equivalent to twenty per cent (20 %) of the amount of the Performance Bond which is in force at that moment.

13.2. **Application of Penalties.** Notwithstanding the fines and other penalties that may be applicable in accordance to the Applicable Laws, the Buyer shall have the right to apply fines to the Seller in the following cases and for the following amounts:

- (a) an amount of one thousand three hundred and eighty eight US Dollars (1,388) for each megawatt of Contracted Capacity for each day of delay in reaching the Commercial Operation Date in relation to the Commercial Operation Scheduled Date; and
- (b) in the case that there exists a Minor Deficiency Supply or a Major Deficiency Supply, the corresponding penalty for the Deficiency of Supply in accordance with the terms set forth in items (b)(i) and (b)(ii) of Provision 9.2 (Guaranteed Energy Supply), respectively.

13.3. **Proceeding on the Application of Penalties.** The application of penalties to the Seller by the Buyer shall be made (a) before reaching the Commercial Operation Date, by means of an invoice to the Seller which shall include a detail of the penalties applied to the Seller as well as the amount to be paid and (b) after reaching the Commercial Operation Date, by means of the inclusion of penalties in the corresponding Sales Settlement pursuant to The Procedures.

13.4. **Penalties Payment Term.** The Seller shall pay the penalties applied by the Buyer before reaching the Commercial Operation Date within the thirty (30) following days right after having received each invoice (or, if such term expires on a Non-Business Day, on the immediate following Business Day) (the 'Penalties Payment Term'), unless the Seller makes remarks upon such penalty, in which case the following proceeding shall be applied:

- (a) the Seller will be able to make objections on any invoice issued by the Buyer within thirty (30) days right after having received it (the 'Term for Objections on the Penalties'). Every objection shall include a detailed explanation based on such objection and an indication of the amounts that, according to the Seller, shall be applied as the corresponding fine;
- (b) if the Seller does not make any remark/ before the expiration of the Penalty Dispute Term, such invoice shall be considered as it has been accepted by the Seller; and
- (c) if the Seller makes objections before the expiration of the Penalty Dispute Term, the Buyer may, but is not bound to, issue a new invoice addressing all the Seller's remarks, up to five (5)

Business Days before the expiration of the Penalties Payment Term. On the expiration date of the Penalties Payment Term (or, if such term expires on a Non-Business Day, on the immediate following Business Day)(i) if the Buyer has issued a new invoice addressing the Seller's remarks, then the Seller shall pay the amounts which are specified in the new invoice and (ii) if the Buyer has not issued a new invoice addressing the Seller's remarks, the Seller shall pay on such date the amounts which are specified in the invoice, notwithstanding the Seller's right to subject the amounts in dispute to the applicable Dispute Resolution Proceeding in accordance to Provision 26 (Dispute Resolution).

13.5. **Compensation.** The Seller acknowledges and agrees upon the fact that the owed liquid amounts to the Buyer by way of fines (and interests on such fines) which are applied in accordance to the terms set forth in this Provision 13 might be compensated by the Buyer against the owed liquid amounts to the Seller under this Agreement, including owed liquid amounts to the Seller under the Sales Settlement.

13.6. **Other Fines Applicable to the Seller.** The Seller acknowledges and agrees that the fines which are applicable in accordance with this Provision 13 shall be additional to any other fine which shall be applied to the seller in accordance with the provisions of the Applicable Laws, including fines which are imposed by the OED or any other Government Authority within its competence.

13.7. **Penalties and loss of Tax Benefits.** The Seller acknowledges and agrees that the fines which are applicable in accordance with Provision 13.2 (*Application of Penalties*) will not depend on the potential loss of the granted tax benefits and other penalties that may correspond regarding the benefits indicated within the framework of the Renewable Energy Legal Framework, pursuant to the Applicable Laws.

14. Measurement

The Power Plant shall have specific equipment such as SMEC (commercial measurement system), SCOM (communications system) and SOTR (real-time operation system). Besides, it shall comply with the requirements set forth in Annex 24 of The Procedures in each case.

15. Force Majeure Event

15.1. **Release from the Fulfillment of Obligations.** The Parties shall not be responsible for the non-compliance with their obligations under this Agreement when such non-compliance exists as a consequence of a Force Majeure Event. The compliance with the obligations of this Agreement shall be suspended as long as the Force Majeure Event persists.

15.2. **Obligation to Pay.** Notwithstanding the terms set forth in Provision 15.1 (*Release from the Fulfillment of Obligations*), the Parties shall not call upon the occurrence of a Force Majeure event as an excuse for the non-compliance with its payment obligations under this Agreement.

15.3. **Appropriate Communication.** The party which calls upon a Force Majeure Event so as to be exempt from liability shall inform the other Party on the occurrence of such event within a term no greater than ten (10) Business Days after the awareness of the occurrence of such event by means of the delivery of a Force Majeure Notice. Otherwise, it shall be understood that the affected Party has waived the right to call upon such Force Majeure Event so as to be exempt from liability under this Agreement.

15.4. **Precautionary Measures.** As long as the Force Majeure Event persists, the Party which calls upon the existence of such event shall make efforts in a commercially reasonable way so as to avoid or reduce, as appropriate, the damages that the Power Plant, the other Party or third parties may suffer as a consequence of the occurrence of the Force Majeure Event.

16. Contractual Conditions Review Request

16.1. **Affected Contractual Conditions.** The Parties agree to comply with its obligations and takes the risks assigned to them by means of this Agreement and he states that he understands and knows the scope of the obligations which derive from this Agreement.

Notwithstanding the aforementioned, in the event that there are changes in the economic and legal conditions or changes from other nature (including Changes to the Law) that (a) are not attributable to the Parties, (b) are extraordinary and unexpected and (c) derive in serious hardship in the compliance with this Agreement by any of the Parties in such a way that it essentially alters the commercial premises upon which this Agreement was signed, the Party which considers itself damaged may request the review of the affected contractual conditions by means of the issuing a Contractual Conditions Review Request to the other Party. The Party which receives a Contractual Conditions Review Request shall not delay more than thirty (30) days in answering it or deny such review of the affected contractual conditions requested by the other Party without just cause.

16.2. The Parties state and agree that the reduction of the prices of the electric power to be produced in the future shall not be stated/ brought to justify a Request of Review of Contractual Conditions under the terms of this Provision 16 (Contractual Conditions Review).

16.3. **Unaffected Effectiveness of the Agreement.** Notwithstanding the request by any of the Parties to review the affected contractual conditions, all terms and conditions of this Agreement shall remain valid and effective until the Parties agree upon the review of the affected contractual conditions (which shall only be effective as long as the prior written consent of the Secured Creditors' Representative regarding such action has been acquired) or until the review of the affected contractual conditions is mandated by means of the applicable disputes settlement proceeding in accordance with Provision 26 (Disputes Settlement), in which case, all terms and conditions of this Agreement shall remain valid and effective in accordance with the arbitral award decision..

17. Performance Bond

17.1. **Issuing of the Performance Bond.** The Seller, in order to guarantee the fulfillment of his obligations under this Agreement, shall deliver the Buyer, on the Execution Date, the Performance Bond for an amount of two hundred and fifty thousand Dollars (US 250.000) for each megawatt of Contracted Energy.

17.2. **Renewal of Performance Bond.** The Performance Bond shall be effective at least for one (1) year as of the Execution Date and shall be successively renewed for the same term until the end of the term of one hundred and eighty (180) days after the Commercial Operation Scheduled Date (after considering any extension of such date in accordance with Provision 7.2 (Delay on Construction Milestones) at the latest fifteen (15) days before the corresponding due date. The Seller shall give the Buyer proof of (a) the renewal of the Performance Bond within three (3) Business Days after such renewal and (b) the effectiveness of the Performance Bond every one hundred and twenty (120) days as of the Execution Date. If the Seller did not comply with the renewal of the Performance Bond within such term, the Buyer shall proceed to execute the whole of the Performance Bond and shall forward the results of such execution to the FODER Trustee for the purpose of keeping such funds in a special account under the Seller of which the Buyer shall be the Beneficiary in first degree. Once the assets derived from the execution have been deposited in such special account, it shall be considered that the Performance Bond has been created by means of a cash deposit, notwithstanding the Seller's right of

requiring the withdrawal of the amount which was deposited in such special account, as long as the Seller issues to the Buyer a Performance bond which complies with the requirements set forth in this provision 17.

17.3. Executing the Performance Bond. The Buyer shall be entitled to make the Performance Bond effective, for the purpose of collecting any owed amount by the Seller under this Agreement which remains unpaid after the due date of the corresponding payment term including penalties and compensations owed to the Buyer by the Seller, only in the following cases: (a) once the Commercial operation date is reached, (b) after having finished the term of one hundred and eighty (180) days after the Commercial Operation Scheduled Date (after considering any extension of such date in accordance with Provision 7.2 (Delay on Construction Milestone) or (c) on the Effective Termination Date of this Agreement by the Buyer due to the occurrence of any of the causes for termination which are listed in Provision 20.2 (Causes for Termination by the Buyer), whatever happens first.

17.4. Recovery of the Performance Bond. The Buyer shall refund the Performance Bond to the Seller on the Commercial Operation Date; unless the Seller reaches the Commercial Operation Date without having authorized the whole of the Contracted Energy., in which case, the Seller shall deliver the Buyer, on the Commercial Operation Date, a credit letter, an insurance policy or a bank guarantee for an amount equivalent to two hundred and fifty thousand Dollars (US 250.000) for each megawatt of non-authorized Contracted Capacity (or proportional amount if the uninstalled Contracted Capacity was less than one (1) megawatt) to the Commercial Operation Date (the 'Installation Bond'). The Buyer shall be entitled to make the Installation Bond effective in the case that the Seller does not complete the whole of the Power Purchased authorization within the term of one hundred and eighty (180) days from the Commercial Operation Date.

18. Strategic Partner

18.1. Strategic Partner Continuity. The Seller acknowledges that the continuity of the Strategic Partner is essential for the fulfillment of the Seller's obligations under this Agreement. It shall be understood that there is a change of the Strategic Partner (a '*Change of the Strategic Partner*') if the Strategic Partner, before the Commercial Operation Date, directly or indirectly ceases to be the holder of at least twenty five per cent (25 %) of the Seller's Capital share with the right to vote.

18.2. Buyer's Consent. Any Strategic Partner change shall require the prior written consent from the Buyer (who shall act in compliance with an instruction from the SEE). The Buyer shall give its consent within a maximum term of thirty (30) days as of the reception of a Strategic Partner Change Request (a copy of the prior written consent of the Representative of the Secured Creditors regarding such action shall be attached to the notice so as to be deemed valid) as long as each of the following requirements are fulfilled:

- (a) the Strategic Partner change does not contravene the Applicable Laws;
- (b) the legal entity or entity which shall act as new Strategic Partner shall be appointed in the Strategic Partner Change Request;
- (c) attachment to the Strategic Partner Change Request of the documentation which proves that the legal entity or entity which shall act as new Strategic Partner complies with Financial Requirements; and
- (d) attachment to the Strategic Partner Change Request of the documentation which proves that the legal entity which shall act as New Strategic Partner, complies with (or will comply with, once the change of Strategic partner is done) the requirements of the stocks ownership or contractual relations set forth in Provision 18.1 (*Continuity of the Strategic Partner*).

18.3. **Encumbrances on the Seller's Shares.** It shall not be understood that a change of Strategic Partner exists (a) if the Seller's shares are pledged or pledged to guarantee, in favor of the Secured Creditors so as to guarantee the repay of the Secured Debt, including a guarantee trust by virtue of such transference, (b) if the Secured Creditors turn into the Seller's exclusive Creditors as a consequence of the enforcement of such pledge or guarantee or unconditional and first degree beneficiaries of the economic and political rights related to such actions or, (c) if, as a consequence of the enforcement of such pledge or guarantee, the Seller's shares or the trustee rights on such shares are transferred to any other individual or legal entity that is not a Secured Creditor.

19. Assignment

19.1. **Assignment by the Seller.** The Seller's rights and obligations under this Agreement shall not be assigned, taxed or transferred without prior written consent given by the Buyer unless the Seller (a) assigns its credit rights under this Agreement to the Secured Creditors as a guarantee of Secured Debt repayment; (b) conditionally assigns its contractual position under this Agreement to the Secured Creditors as a guarantee of Secured Debt repayment; (c) assigns its rights derived from the Local Content Tax Certificate pursuant to what is allowed by the Applicable Laws and/or; (d) assigns its collecting rights under this Agreement to any financial entity which is authorized by the Government Authority with competence in the Argentine Republic.

19.2. **Assignment by the Buyer.** Except for the conditions provided in Provision 19.3 (*Assignment of the Agreement*), the Buyer's rights and obligations under this Agreement shall not be assigned, taxed or transferred without prior written consent given by the Seller.

19.3. **Assignment of the Agreement.** The Buyer shall transfer this Agreement to one or more Distribution companies and/or Large Users of the MEM, in which representation executed this Agreement in accordance with the provisions set forth in Resolution ME&M N°136/2016, in accordance with what the regulations set forth, as long as such transference does not affect the validity or the effectiveness of the Seller's rights in its capacity of FODER beneficiary pursuant to the provisions set forth in the FODER Trust Adhesion Agreement.

20. Causes for Termination

20.1. **Termination by Mutual Agreement.** This Agreement shall be terminated at any time by mutual agreement of the Parties.

20.2. **Causes for Termination by the Buyer.** The Buyer (acting in accordance with an instruction of the SEE) may unilaterally terminate this Agreement and with full legal rights, upon the occurrence of any of the following events:

- (a) non-occurrence of the Commercial Operation Date before or on the Scheduled Date for the Commercial Operation Date, after considering any extension of such date in accordance with Provision 7.2 (Delay on the Construction Milestones);
- (b) (i) lack of increase of the amount of the Performance Bond pursuant to Provision 13.1 (Increase of the Performance Bond) or (ii) the lack of renewal of the Performance Bond pursuant to Provision 17.2 (Renewal of the Performance Bond);
- (c) change of Strategic Partner without prior written consent by the Buyer pursuant to Provision 18.2 (Buyer's Consent);
- (d) Seller's non-compliance after being administratively penalized by the competent Government Authority in three (3) opportunities (and whenever such penalties have stayed firm in

- administrative office), with the safety and quality standards related to the Contracted Energy supply and which are set forth in the Applicable Laws, including The Procedures;
- (e) partial or total assignment or transfer of the Seller's rights or obligations under this Agreement without the prior written consent of the Buyer, except that it is allowed pursuant to Provision 19.1 (Assignment by the Seller);
 - (f) merging, split-up or alteration of the Seller in disagreement with Annex 17 of The Procedures;
 - (g) Seller's non-compliance with the legal requirements of any arbitral award resulting from a dispute submitted to the procedure set forth in Provision 26 (Disputes Settlement) within the terms provided in such arbitral award; or
 - (h) Non-compliance of any of the Seller's obligations which are not provided in the items of this Provision 20.2, as long as (i) such non-compliance is serious and reiterated and (ii) the Buyer has requested the remedy for such non-compliance by means of the delivery of a Notice regarding the Non-compliance to the Seller, with a copy to the Secured Creditors' Representative, and the Seller has not remedied such non-compliance within the remedy terms set forth in Provision 21.1 (b) (Proceeding for the Termination by the Buyer).

20.3. Seller's Causes for Termination. The Seller shall unilaterally terminate this Agreement and with full legal rights, upon the occurrence of any of the following events:

- (a) default in payment of (i) four (4) consecutive Sales Statements (and the pertinent credit notes, if any), or (ii) six (6) Sales Statements (and the pertinent credit notes, if any) for any twelve (12) months period. It is agreed that, to that effect and previously, the payment of the complete balance under any Sales Settlement (and the pertinent credit notes, if any) by the FODER Trustee, pursuant to the FODER Trust Adhesion Agreement, will be deemed a payment made by the Buyer,
- (b) the Buyer's non-compliance with the legal requirements of any arbitral award resulting from a dispute submitted to the proceeding set forth in Provision 26 (Disputes Settlement) within the terms provided in such arbitral award.

20.4. Termination due to Force Majeure Event. The Parties shall unilaterally terminate this Agreement and with full legal rights upon the occurrence of a Force Majeure Event which duration persists uninterruptedly for a period greater than one hundred and eighty (180) days.

20.5. Limited list. The Parties agree upon the fact that the list of unilateral causes for termination included in Provision 20.2 (*Reasons for termination by the Buyer*) and in Provision 20.3 (*Causes for Termination by the Seller*) is limited and, for that reason, any of the Parties shall unilaterally terminate this Agreement (and they expressly waive any right they may have of unilateral termination in accordance with the Applicable Laws) except for such assumptions.

21. Proceeding for Termination

21.1. Proceeding for Termination by the Buyer. In the event that the Buyer decides to terminate this Agreement as a consequence of the occurrence of any of the causes for termination set forth in Provision 20.2 (*Causes for Termination by the Buyer*), the following shall be observed:

- (a) the Buyer shall deliver a Default Notice to the Seller, with a copy to the Secured Creditors Representative, the SEE and the FODER Trustee.
- (b) the Seller may, but is not obliged to, object the validity of the Default Notice sent by the Buyer within the term of thirty (30) Business days after its reception. The Seller shall only object such notice if he considers that no cause for termination has taken place;
- (c) in the event that the Seller objects the validity of the Default Notice, the validity of such

notice shall be submitted to the dispute Settlement proceeding set forth in Provision 26 (Dispute Resolution);

(d) in the event that (i) the Seller does not object the validity of the Default Notice or (ii) the Seller did object the validity of the Default Notice, an arbitral award has determined the validity of the Default Notice, the Seller shall remedy the non-compliance or the event which has given rise to the pertinent cause for termination (except for the case of the cause for termination provided in item (a) of Provision 20.2, (*Causes for Termination by the Buyer*) which shall not have an applicable remedy term) within the term of (A) sixty (60) days (if the cause for termination occurs before the Commercial Operation Date) or (B) thirty (30) days (if the cause for termination occurs on or after the Commercial Operation Date), in each case, counted as of the reception of the Default Notice or the arbitral award notice, as appropriate;

(e) once the term for remedy provided in item (d) above has expired, if applicable, without having remedied the non-compliance or the event that might have given rise to the causes for termination, the Buyer shall be entitled to, but not obliged to, terminate this Agreement. Thus, the Buyer shall send a Termination Notice to the Seller with a copy to the Secured Creditors' Representative, the SEE and the FODER Trustee;

(f) if the Seller does not object the validity of the Termination Notice pursuant to Provision 26 (*Disputes Settlements*) within thirty (30) Business Day after its reception:

- (i) it shall be understood that the Buyer's decision on the termination of this Agreement has been determined and that the Effective Termination Date has occurred on the due date of such term (or, if such term expires on a non-Business Day, on the immediate following Business Day) ; and
- (ii) this Agreement shall remain effective and valid and the Parties shall comply with all their obligations under such Agreement for the period between the date of the Termination Notice and the Effective Termination Date; and

(g) If the Seller objects the validity of the Termination Notice in accordance with Provision 26 (*Disputes Settlement*) within the term of thirty (30) Business Days after its reception:

- (i) in the event that the arbitral award (once it is final) establishes the validity of the Termination Notice, (A) it shall be understood that the Buyer's decision on the termination of this Agreement has been settled and that the Effective Termination Date has occurred on the date that such arbitral award has been informed to the Parties and (B) this Agreement shall be fully effective and valid and the Parties shall comply with all their obligations under such Agreement for a term between the delivery of the Termination Notice and the Effective Termination date; and
- (ii) in the event that the arbitral award (once it is final) establishes the invalidity of the Termination Notice, (A) it shall be understood that the Termination Notice has not been issued by the Buyer and (B) this Agreement shall be fully effective and valid and the Parties shall comply with all their obligations under such Agreement.

21.2. Proceeding for Termination by the Seller. In the event that the Seller decides to terminate this Agreement as a consequence of the occurrence of any of the causes for termination set forth in Provision 20.3 (*Causes for Termination by the Seller*), the following shall be observed:

- (a) the Seller shall deliver a Default Notice to the Buyer, with a copy to the SEE and the FODER Trustee.
- (b) the Buyer may, but is not obliged to, object the validity of the Default Notice sent by the Seller within the term of thirty (30) Business days after its reception. The buyer shall only object such notice if he considers that no cause for termination has taken place;

- (c) in the event that the Buyer objects the validity of the Default Notice, the validity of such notice shall be submitted to the dispute Settlement proceeding set forth in Provision 26 (Dispute Resolution);
- (d) in the event that (i) the Buyer does not object the validity of the Default Notice or (ii) the Buyer did object the validity of the Default Notice, an arbitral award has determined the validity of the Default Notice, the Buyer shall remedy the non-compliance or the event which has given rise to the pertinent cause for termination within the term of (A) forty five (45) days, if the cause for termination was one provided in Provision 20.3 (a) (*Causes for Termination by the Seller*) or (B) thirty (30) days, if the cause for termination was one provided in Provision 20.3 (b) (*Causes for Termination by the Seller*), in both cases, counted from the reception of the Default Notice or the arbitral award notice, as appropriate;
- (e) once the remedy term provided in item (b) above has expired without having remedied the non-compliance or the event that has given rise to the causes for termination, the Seller shall be entitled to, but not obliged to, terminate this Agreement. Thus, the Seller shall send a Termination Notice to the Buyer with a copy to the SEE and to the FODER Trustee;
- (f) if the Buyer does not object the validity of the Termination Notice pursuant to Provision 26 (*Disputes Settlements*) within the term of thirty (30) Business Days after its reception:
 - (i) it shall be understood that the Seller's decision of terminating this Agreement has been settled and that the Effective Termination Date has occurred on the due date of such term (or, if such term expires on a non. Business Day, on the immediate following Business Day); and
 - (ii) this Agreement shall remain fully effective and valid and the Parties shall comply with all their obligations under such Agreement for the period between the date of the Termination Notice and the Termination Date; and
- (g) if the Buyer objects the validity of the Termination Notice pursuant to provision 26 (*Disputes Settlement*) within the term of thirty (30) Business Days after its reception:
 - (i) if the arbitral award (once it is firm) establishes the validity of the Termination Notice (A) it shall be understood that the Effective Termination Date has occurred on the date in which the arbitral award was informed to the Parties and (B) this Agreement shall remain fully effective and valid and the parties shall comply with all their obligations under such Agreement within the term between the Termination Notice delivery date and the Effective Termination date.; and
 - (ii) in the event that the arbitral award (once it is final) determines the invalidity of the Termination Notice, (A) it shall be understood that the Termination Notice has not been issued by the Seller and (B) this Agreement shall be fully effective and valid and the Parties shall comply with all their obligations under such Agreement.

21.3. Proceeding for Termination due to Force Majeure Event. In the event that any of the Parties decide to terminate this Agreement as a consequence of the occurrence of a Force Majeure Event in accordance with the Provision 20.4 (*Termination due to Force Majeure Event*), the following shall be observed:

- (a) any of the Parties may send the other Party a Termination Notice;
- (b) if the receiving Party does not object the validity of the Termination Notice pursuant to Provision 26 (*Disputes Settlement*) within the term of thirty (30) days after its reception:
 - (i) it shall be understood that the issuing Party's decision to terminate this Agreement has been settled and that the Effective Termination Date has occurred on the due date of such term (or, if such term expires on a Non- Business Day, on the immediate following Business Day); and
 - (ii) this Agreement shall be fully effective and valid and the Parties shall comply with all their obligations under such Agreement for a term between the date of the Termination Notice and the Effective Termination date; and

- (c) if the receiving Party objects the validity of the Termination Notice pursuant to Provision 27 (Disputes Settlement) within the term of thirty (30) days after its reception:
 - (i) in the event that the arbitral award (once it is final) determines the validity of the Termination Notice, (A) it shall be understood that the decision of the issuing Party on the termination of this Agreement has been settled and that the Effective Termination Date has occurred on the date that such arbitral award has been informed to the Parties and (B) this Agreement shall be fully effective and valid and the Parties shall comply with all their obligations under such Agreement for a term between the delivery of the Termination Notice and the Effective Termination date; and
 - (ii) in the event that the arbitral award (once it is final) determines the invalidity of the Termination Notice, (A) it shall be understood that the Termination Notice has not been issued by the issuing Party and (B) this Agreement shall be fully effective and valid and the Parties shall comply with all their obligations under such Agreement.

If this Agreement is terminated as a consequence of the occurrence of a Force Majeure Event in accordance with Provision 20.4 (*Termination due to Force Majeure Event*), none of the parties shall be entitled to compensation (including the Project's Put Price, in the Seller's case).

21.4. **Waiver.** The right to unilaterally terminate this Agreement by any of the Parties does not imply the waiver to the collection of the applied penalties or other owed amounts prior to the Termination Notice. The Party who unilaterally terminates this Agreement shall not be entitled to, and expressly waives any right that it may have to (a) claim the compensation for the damages and losses suffered and (b) (i) in the case of the Buyer, exercise the Project's Call Option and (ii) in the case of the Seller, exercise the Project's Put option, in each case, provided in the FODER Trust Adhesion Agreement

21.5. **Compliance.** In the event of non-compliance by any of the Parties with any of their obligations under this Agreement, the Party which had not complied with his obligations shall opt to compel the compliance of this Agreement without having to terminate such Agreement.

22. Liability Limit

Under no circumstance shall one Party be liable to the other Party, whatever the legal theory or source of responsibility may be, for opportunity costs, breach of contracts entered into with third parties, moral damages or punitive damages.

23. Remedies

23.1. **Remedies.** Each Party (the '**Indemnifying Party**') shall be released from all liability, defend judicially or extra judicially and remedy the other Party (the '**Indemnity**') and the Party's employees, directors, agents and representatives for any loss, damage, claim, plaintiff, lawsuit, trial, seizure, precautionary measures, restraint of legal rights, court judgments, penalties, costs and expenses, including legal fees and expenses, caused by or derived from:

- (a) any offence or breach of the Applicable Laws by the Indemnifying Party, its employees, directors, agents, contractors or any of their guests;
- (b) any offence or breach of any of the intellectual and/or industrial property rights, such as patent, licenses, trademark or industrial designs, by the Indemnifying Party, its employees, directors, agents, contractors or any of their guests;
- (c) injury, illness or death of any individual and loss or damages to the property and assets of the Indemnitee or of third parties derived from actions or omissions by the Indemnifying Party, its employees, directors, agents, contractors or any of their guests;

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- (d) the Indemnifying Party's non-compliance with its contractual and/or legal obligations with regard to its employees, suppliers, contractors or Government Authority.

23.2. **Insurance.** The fact of taking out insurances shall not release, limit or extinguish the obligations set forth in Provision 23.1 (*Remedies*).

23.3. **Enforceability.** The obligations set forth in Provision 23.1(*Remedies*) shall be enforced as long as the Indemnitee informs the other Party about the notice of the plaintiff, claim or trial, or if it may be the case, about any payment or expenditure for the reasons thereof, notwithstanding the replacements that might take place as a consequence of the favorable decision of pending appeals.

23.4. **Defense to Claims.** The Indemnitee shall directly acquire the claims defense stated in Provision 23.1 (*Remedies*), such circumstance does not imply the decrease or the extinction of the remedy obligations by the Indemnifying Party, not even under the pretext of an inappropriate or unsatisfactory defense of the Indemnitee.

23.5. **Contractual Term.** The obligations of the Parties set forth in this Provision 23 shall be effective to the Effective Termination Date until the compliance with the prescription terms in accordance with the Applicable Laws.

24. Late Payment

24.1. **Late Payment Interests.** If one of the Parties fails to pay any owed amount of money to its Counterpart in accordance with this Agreement on due date of the corresponding payment term, charges and interest provided in Chapter 5 of The Procedures shall be applied to such owed amount for every day of late payment (as of the due date of the payment term) and to the effective payment date, as appropriate.

24.2. **Automatic Late Payment.** The Parties shall fall into late payment as a matter of law if the expiration of the terms occurs, any act contrary to this Agreement is performed or any obligation to perform certain act under this Agreement is omitted. No requirement shall be needed

25. Applicable Law

This Agreement shall be governed and shall be interpreted in accordance with the legislation of the Argentine Republic, pursuant to the provisions set forth in section 6.2 of the Request for Proposals.

26. Dispute Resolution

26.1. **Settlement between the Parties.** The Parties shall agree to solve any dispute in a bona fide way and by means of negotiations. Should the Parties fail to reach an agreement by means of negotiations within fifteen (15) days after the date when one Party has received a written notice regarding a dispute, sent by its Counterpart, any of the Parties shall be able to submit such dispute to the dispute settlement procedures set forth in Provision 26.

26.2. Arbitration

- (a) Any suit, dispute or claim arising out of or related to this Agreement, its breach, its termination or its invalidity shall be solved in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) effective at the moment when the dispute was informed (the '*Arbitration Procedure Rules*').

- (b) The arbitration shall be at law.
- (c) The arbitration tribunal (the 'Arbitration Tribunal') shall be composed of three (3) members. Nevertheless, the Arbitration Tribunal shall be composed of a sole arbitrator if the dispute is quantifiable and the disputed value is lower than the equivalent to five million US dollars (US\$5,000,000) estimated by using the Exchange Rate corresponding to the Business Day prior to the date the dispute was informed.
- (d) If the Arbitration Tribunal is composed of three (3) members, each Party shall appoint a member of the Arbitration Tribunal within five (5) Business Days after a written notice regarding the intention of one of the Parties to submit to arbitration any suit, dispute or claim arising out of or related to this Agreement, its breach, its termination or its invalidity, has been delivered to its Counterpart. The third member of the Arbitration Tribunal shall be appointed by mutual consent between the two arbitrators appointed by the Parties. If the appointed arbitrators fail to agree within five (5) Business Days after the last appointment or if one of the Parties fails to appoint its arbitrator within the term set forth, the third member of the Arbitration Tribunal shall be appointed by a determined appointing authority in accordance with section 6 of the Arbitration Procedure Rules.
- (e) If the Arbitration Tribunal is composed of one (1) member, a determined appointing authority shall appoint such member in accordance with section 6 of the Arbitration Procedure Rules.
- (f) The place of the arbitration shall be chosen by the Arbitration Tribunal. The nationality of the Parties involved in the arbitration shall be considered, if (a) the Buyer's nationality is Argentinean and (b) the Seller's nationality is the same nationality as the individual or entity who has the Seller's Monitor on the date when such dispute was noticed (or if any individual or entity has the Seller's Monitor on that date, the nationality of the individual or entity who has the greatest share in the Seller on that date).

27. Immunity

This Agreement and the actions considered in it constitute commercial activities of the Parties, and the Buyer and the Seller agree upon the fact that as long as any of them or any of their assets have or may have any immunity right in the near future to the other party regarding any legal proceeding, in the Argentine Republic or in any other foreign jurisdiction, so as to execute this Agreement, or derived from the operations included in this Agreement, by means of this Agreement, each one of the Parties expressly and irrevocably waives such immunity with regard to such jurisdiction to the fullest extent permitted by the Applicable Laws.

28. Notices

28.1. **Form and Means used in the Notices.** Any Notice to be delivered by the Parties under this Agreement shall be in writing and they shall be deemed received by the addressed Party on the date they are delivered in hand if such notices were delivered by certified mail and/or certified telegram with acknowledgement of receipt. If the notice is sent by facsimile or by e-mail, the delivery date shall be deemed the date the addressee informs its reception.

28.2. **Addresses for the Notices.** The Notices between the Parties shall be sent to

- (a) Notices sent to the Buyer shall be addressed as follows:
942 Eduardo Madero Avenue. 1st Floor
Autonomous City of Buenos Aires, Argentine Republic
Attention: [_____]
Fascimile: [_____]
E-mail: [_____]

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- (b) Notices sent to the Seller shall be addressed as follows:
[enter Seller's Business Name]
[enter address]
Attention: [_____]
Fascimile: [_____]
E-mail: [_____]
- (c) Notices sent to the Secured Creditors Representative shall be addressed as follows:
[enter the Business Name of the Secured Creditors Representative]
[enter address]
Autonomous City of Buenos Aires, Argentine Republic
Attention: [_____]
Fascimile: [_____]
E-mail: [_____]
- (d) Notices sent to the FODER Trustee shall be addressed as follows:
Banco de Inversión y Comercio Exterior S.A
[enter address]
Autonomous City of Buenos Aires, Argentine Republic
Attention: [_____]
Fascimile: [_____]
E-mail: [_____]
- (e) Notices sent to the SEE shall be addressed as follows
Electric Power Secretariat [enter address]
Autonomous City of Buenos Aires, Argentine Republic
Attention: [_____]
Fascimile: [_____]
E-mail: [_____]

29. Secured Creditors Rights

29.1. **Secured Creditors Representative.** The Seller shall inform the Buyer, by means of the delivery of a Appointment of Secured Creditors' Representative Notice, regarding the appointment by the Secured Creditors of a legal entity as their sole and common representative for the purpose of the performance of any action, the exercise of any right and the fulfillment of any liability of the Secured Creditors under this Agreement (the '**Secured Creditors' Representative**). Any notice between the Buyer and the Secured Creditors and any action performed by the Secured Creditors shall only be valid for the purposes of this Agreement if such notice is made by means of the Secured Creditors' Representative. For the purposes of this Agreement the Secured Creditors' Representative shall constitute its domicile in the Autonomous City of Buenos Aires. The Secured Creditors' Representative shall be replaced from time to time by means of the issuing of a Appointment of Secured Creditors' Representative Notice to the Buyer. Such new Notice shall be signed by the Seller and by the Secured Creditors' Representative who has been replaced.

29.2. **Secured Creditors Consent.** The Parties hereby acknowledge and agree that the following acts performed by the Seller shall be deemed valid and effective for the purposes of this Agreement if the Seller has been granted a prior written consent by the Secured Creditors' Representative and if the Seller has delivered a copy of the latter to the Buyer:

- (a) Seller's consent to the assignment of the corresponding rights and obligations by the Buyer under this Agreement to the extent that such Seller's consent is required pursuant to dispositions set forth in Provision 19.2 (*Termination by the Buyer*),
- (b) the Seller's consent to the termination by mutual consent of this Agreement pursuant to the

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- Provision 20.1 (*Termination by Mutual Consent*);
- (c) the Seller's consent to any amendment or addendum to this Agreement pursuant to Provision 33 (*Amendments*);
 - (d) modification in the Seller's Account;
 - (e) the Seller's waiver to any of his rights in accordance with Provision 31 (*Waiver*); and
 - (f) the issuing of any Default Notice, Termination Notice, Strategic Partner Change Request or Contractual Terms Review Request.

29.3. **Remedy by Secured Creditors.** In the event that the Buyer has sent a Default Notice to the Seller, and the Seller has not remedy the non-compliance or the event that gave rise to the corresponding causes for termination in the term set forth in Provision 21.1 (*Procedures for Termination by the Buyer*), the Secured Creditors will be able to remedy directly or indirectly such non-compliance or event (by means of a legal entity entitled to assume the Seller's rights and liabilities under this Agreement) within the term of one hundred and eighty (180) days as of the Seller's remedy term due date. The Secured Creditors shall appoint a Qualified Successor in the event that such Secured Creditors exercise the right to remedy indirectly the non-compliance or an event which has occurred before the Business Authorization Date. Once the remedy term granted to the Secured Creditors has expired without having remedied the non-compliance or the event which gave rise to the causes for termination, then, the Buyer shall be entitled to, but shall not be obliged to, terminate this Agreement, for which event the dispositions set forth in items (c), (d) and (e) of Provision 21.1 shall be observed (Proceeding for termination by the Buyer).

29.4. **Notices to the Secured Creditors.** The Buyer shall simultaneously deliver a copy of any Force Majeure Notice, Notice of Non-Observance, Default Notice or Termination Notice to the Secured Creditors' Representative and to the Seller.

29.5. **Stipulations in favor of Third Parties.** The Parties hereby agree upon the fact that the rights contained in this Accession Agreement granted to the Secured Creditors and/or to the Secured Creditors' Representative are stipulations in favor of Third Parties pursuant to the provisions contained in Section No. 1027 of the Argentine Civil and Commercial Code. The Parties hereby acknowledge and agree upon the fact that the acceptance of such stipulations in favor of third parties by the Secured Creditors' Representative which is contained in each Notice regarding the Appointment of the Secured Creditors' Representative shall be the acceptance of such stipulations by the Secured Creditors. The Parties hereby expressly and irrevocably waive any other right they may have regarding the revocation of such stipulations in favor of third parties pursuant to the Applicable Law.

29.6. **Secured Creditors References.** The Parties hereby acknowledge and agree upon the fact that the Seller shall be able to fulfill its liabilities under this Agreement without incurring in Secured Debt and therefore it is understood that the consent from the Representatives of the Secured Creditors required in this Agreement as a condition to validate certain acts performed by the Seller shall only be required as of the delivery of a Notice regarding the Appointment of the Secured Creditors' Representative issued by the Seller to the Buyer and providing that such notice is not revoked. The revocation of a Notice regarding the Appointment of the Secured Creditors' Representative shall only be valid if it is signed by the Seller as well as by the Secured Creditors' Representative whose appointment is being revoked.

30. Severability

If any Provision of this Agreement or a portion of such Provision is found null and void, such event shall not affect the validity of this Agreement or the validity of any other provision.

31. Waiver

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If one of the Parties fails to exercise any of its rights, it shall not be deemed a waiver of that right, except in the following case. The Parties shall be able to waive any of its rights under this Agreement as long as it is permitted by the Applicable Laws as long as, in the event of waiver by the Seller, a prior written consent has been given by the Secured Creditors' Representative regarding such action. In order to deem the waiver valid, it shall be in writing and it shall be informed to its Counterpart.

32. Full Agreement

This Agreement constitutes the entire, definitive and exclusive statement of the terms of the agreement between the Parties in relation to the subject matter hereof and it supersedes any and all former understandings, writings, proposals, assertions or communications, written or oral, relating to the subject matter of this Agreement.

33. Amendments

This Agreement shall not be modified unless a written document is granted by the Parties.

34. Language

The Spanish language shall be the ruling language of this Agreement. Any document, notice, waiver and any other kind of communication between the Parties related to this Agreement shall be in Spanish.

35. Domiciles

For all legal purposes of this Agreement, the Parties hereby set forth their domiciles as those set forth in Provision 28 (*Communications*).

36. Signatures

In witness whereof, the Parties duly execute this Agreement and two copies are signed on the date set forth in the heading.

[Signature Pages appear ut infra]

By COMPAÑÍA ADMINISTRADORA DEL MERCADO ELÉCTRICO
MAYORISTA SOCIEDAD ANÓNIMA

Printed Name:

Position:

By [enter Seller's Business Name]

Printed Name:

Position:

ANNEX A
DESCRIPTION OF THE POWER PLANT

ANNEX B
ANNUAL PRICE

Production Year	Annual Price
1	Awarded Price * 1.0171
2	Awarded Price * 1.0344
3	Awarded Price * 1.0521
4	Awarded Price * 1.0701
5	Awarded Price * 1.0883
6	Awarded Price * 1.1069
7	Awarded Price * 1.1258
8	Awarded Price * 1.1450
9	Awarded Price * 1.1646
10	Awarded Price * 1.1845
11	Awarded Price * 1.2047
12	Awarded Price * 1.2253
13	Awarded Price * 1.2462
14	Awarded Price * 1.2675
15	Awarded Price * 1.2891
16	Awarded Price * 1.3111
17	Awarded Price * 1.3335
18	Awarded Price * 1.3563
19	Awarded Price * 1.3794
20	Awarded Price * 1.4030

ANNEX C
INCENTIVE FACTOR

<u>Calendar Year</u>	<u>Incentive Factor</u>
2017	1.20
2018	1.15
2019	1.15
2020	1.15
2021	1.15
2022	1.10
2023	1.10
2024	1.10
2025	1.05
2026	1.05
2027	1.05
2028	1.00
2029	1.00
2030	1.00
2031	1.00
2032	1.00
2033	0.90
2034	0.90
2035	0.90
2036	0.80
2037	0.80
2038 and subsequent years	0.80

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FOR INTERPRETATION***

ANNEX 7

FODER TRUST ADHESION AGREEMENT

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VERSIÓN NO OFICIAL

***SOLAMENTE LA VERSIÓN ORIGINAL EN ESPAÑOL DEBE SER CONSIDERADA
LEGALMENTE VÁLIDA PARA INTERPRETACIÓN***

NON OFFICIAL VERSION
ONLY ORIGINAL SPANISH VERSION SHOULD BE CONSIDERED LEGALLY
VALID FOR INTERPRETATION

ADHESION AND INCORPORATION AGREEMENT TO THE FUND FOR THE
DEVELOPMENT OF RENEWABLE ENERGY

Between

THE FEDERAL STATE, by means of its MINISTRY OF ENERGY AND MINING, as
FODER Trustor and Enforcement Authority,

BANCO DE INVERSIÓN Y COMERCIO EXTERIOR S.A., acting in its capacity as the
FODER Trustee, as FODER Trustee,

and

[enter Seller's Business Name], as Beneficiary

[enter date], 2016

VERSIÓN NO OFICIAL
SOLAMENTE LA VERSIÓN ORIGINAL EN ESPAÑOL DEBE SER CONSIDERADA
LEGALMENTE VÁLIDA PARA INTERPRETACIÓN

NON OFFICIAL VERSION

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VERSIÓN NO OFICIAL

SOLAMENTE LA VERSIÓN ORIGINAL EN ESPAÑOL DEBE SER CONSIDERADA LEGALMENTE VÁLIDA PARA INTERPETACIÓN

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This ADHESION AND INCORPORATION AGREEMENT to the Fund for the Development of Renewable Energy (the 'FODER Trust Adhesion Agreement) is entered into in the Autonomous City of Buenos Aires, Argentine Republic, on the ____ day of _____ 2016 between:

1. The FEDERAL STATE, by means of its MINISTRY OF ENERGY AND MINING and acting in its capacity as the FODER Trustor and Enforcement Authority of Act No. 26190 and Act No. 27191, pursuant to the provisions set forth in Decree No. 531/2016 and Decree No. 882/2016, domiciled at No. 171 Paseo Colón Avenue, Autonomous City of Buenos Aires (the '**FODER Trustor**' or the '**ME&M**'),
2. The BANCO DE INVERSIÓN Y COMERCIO EXTERIOR S.A., a corporation duly created pursuant to the laws of the Argentine Republic, domiciled at No. 526/532 25 de Mayo Street, Autonomous City of Buenos Aires (the '**FODER Trustee**'), acting in its capacity as trustee of the public trust fund called 'Fund for the Development of Renewable Energy' ('**FODER**'), which has been created by virtue of the FODER 'Fund for the Development of Renewable Energy' Trust agreement, dated on _____2016, entered into between the ME&M as FODER Trustor and Enforcement Authority and the FODER Trustee ('**FODER Trust**'), and
3. [enter Seller's Business Name], and [enter Seller's legal nature] duly created in accordance with the laws of the Argentine Republic, domiciled at _____, Argentine Republic (the '**Seller**' or the '**Beneficiary**').

WHEREAS:

(A) The Seller and the Buyer signed today a Renewable Energy Purchase Agreement (the '**Power Purchase Agreement**') by means of which the Seller agrees to supply Energy to the Buyer and the Buyer agrees to buy and sell to the Seller the supplied energy pursuant to the terms included therein.

(B) The Renewable Energy Legal Framework set forth that one of the aims of the FODER is to support the renewable Energy purchase agreements to be signed by the Buyer or by the entity that may be appointed by the corresponding enforcement authority.

(C) Pursuant to the FODER Trust, the FODER Trustor agreed to offer funds so as to make the Project Put Price Payment when the FODER Trustee requires it.

(D) [The FODER Trustee and the World Bank have executed a guarantee agreement on _____ (the '**World Bank Guarantee Agreement**'), by virtue of which, pursuant to the terms included therein, the World Bank guarantees the Federal State's Obligation to Provide Funds (the '**World Bank Guarantee**'). Pursuant to the provisions set forth in the Request for Proposals, the FODER Trustee expects to grant to the Beneficiary the right to (a) claim the FODER and, provisionally the World Bank, and (b) receive certain payments under the World Bank Guarantee]¹, at the most, the amount required by the Beneficiary based on the Contracted Capacity.

¹ References of the World Bank shall be removed from Accession Agreements signed with Beneficiaries that have chosen not to request the World Bank Guarantee.

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(E) The FODER Trust sets forth that it shall be deemed FODER beneficiaries those Individuals that, as Bidders of an Open Call for Tenders and/or of the proceeding that may replace it, sign Purchase Agreements with CAMMESA or with the entity that may be appointed by the Enforcement Authority, under the terms included in the corresponding FODER Trust Adhesion Agreement.

(F) On July 21st, 2016, Decree No. 882/2016 ___ (the ‘Decree No. 882/2016’) was passed; such decree sets forth, among other provisions, that the Federal State may execute agreements under the terms of this document and, on the other hand, it empowered the Ministry of Treasury and Public Finances, by means of the Body Responsible for the Supervision of Financing Management System, to issue and deliver Treasury Bills as guarantee to the FODER, on behalf and to the request of the ME&M, so as to be used as a guarantee of the power plants Put Price Payment, under the terms detailed in such rule.

(G) After the Seller has entered into the Power Purchase Agreement with CAMMESA, the Seller is appointed as FODER Beneficiary, under the terms of this FODER Trust Adhesion Agreement.

(H) The Seller accepts its appointment as FODER Beneficiary under the terms of this FODER Trust Adhesion Agreement.

1. Definitions and Interpretation

1.1 Definitions. In this FODER Trust Adhesion Agreement, the terms included in capital letters which are not proper nouns and which are not the beginning of a sentence or they are given a particular meaning under this Agreement, shall have the same meaning as the one given in the Power Purchase Agreement and/or the Request for Proposals and/or the FODER Trust, as appropriate. In addition,

the terms hereinafter, whether they are used in singular or plural, shall be defined as follows:

['**Standards on Prohibited Practices issued by the World Bank**’ are those standards, practices and safeguards set forth by the World Bank and which are applied to those projects which are financed and/or guaranteed by the World Bank. Such standards, practices and safeguards are included in this address: <https://policies.worldbank.org/sites/ppf3/PPFDocuments/090224b0823725d0.pdf>.]

['**World Bank Guarantee**’ is defined in the item ‘Whereas’ of this FODER Trust Adhesion Agreement].

['**World Bank Performance Standards on Environmental and Social Sustainability**’ are those standards, practices and safeguards set forth by the World Bank and which are applied to those projects financed and/or guaranteed by the World Bank. Such standards, practices and safeguards are included in this address: <http://go.worldbank.org/USUSUJSRL0>].

['**Acceptable Accounting Standards**’ are those International Financial Reporting Standards issued by the International Accounting Standards Board.

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‘Acquisition of the Right to Claim the Provision of Funds’ is defined in Provision 8.2 (*Provision of Funds Requirement and Payment of Treasury Bills Issued As Guarantee*).

‘Acquisition of the Right to Claim the Payment of Treasury Bills Issued As Guarantee’ is defined in Provision 8.2 (Provision of Funds Requirement and payment of Treasury Bills Issued As Guarantee).

‘Act on Goodwill Transfer’ is Act No. 11867 (according to its possible amendments) or the act that may replace it in the future.

‘Adjusted Energy Payment’ is the amount equal to (a) the Energy Payment plus (b) the corresponding late payment interests until the effective payment date of Energy Payment paid to the Seller, such late payment interests shall be estimated in accordance with Provision 24.1 (*Late Payment Interest*) included in the Purchase Agreement.

‘Adjusted Project Put Price’ is the amount equal to the Project Put Price plus the corresponding late payment interest until the effective payment date of Project Put Price paid to the Beneficiary, such late payment interests shall be estimated in accordance with Provision 14 (*Late Payment*).

‘Approved Book Value’ is the nominal Dollar Amount equal to the lower amount between (a) the amount of investments duly made by the Seller in the Power Plant stated in the Investments Technical and Accounting Report and (b) the Reference Value for Capital Investments for each Technology, corresponding to the Power Plant, set forth in Section 12.5 of the Request for Proposals, multiplied by the Contracted Capacity.

‘Arbitration Procedure Rules’ are defined in Provision 16.2 (*Arbitration*).

‘Arbitration Tribunal’ is defined in Provision 16.3 (*Arbitration*).

‘Beneficiary’ is defined in the heading of this FODER Trust Adhesion Agreement, including any authorized assignee of the Seller’s rights (and subsequent authorized assignees) under this FODER Trust Adhesion Agreement.

‘Cause for Sale Notice’ is a written communication sent to the FODER Trustee by the Seller. A copy of such communication shall be also sent to the ME&M, to the Buyer [and to the World Bank] (a copy of the prior written consent from the Secured Creditors’ Representative regarding such act shall be attached to such copy of communication in order to be valid). By means of such written communication, the Seller (a) shall inform the Cause for Sale to the FODER Trustee, (b) shall express its possible interest in transferring the Power Plant assets to the FODER Trustee (or the one appointed by the FODER Trustee) and in receiving the corresponding Project Put Price Payment as sole compensation and (c) shall inform the amount of the Project Put Price on such date which shall be estimated on the basis of the Project Approved Book Value.

‘Cause for Sale Remedy Term’ is defined in Provision 7.3 (*Project Cause for Sale Remedy*).

‘Cause for Sale’ is defined in Provision 7.1 (*Causes for Sale*).

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‘Obligation to Provide Funds’ is defined in Provision 8.1 (*Obligation to Provide Funds*).

‘Credit Rating Agency’ is any credit rating agency such as S&P, Moody's or Fitch, according to context, or all of them when the term is used in plural.

‘CRYL Account’ is the account that the FODER Trustee shall open under the name of the FODER in the Record and Liquidation of Public Obligations and Financial Trusts Central System of the Banco Central de la República Argentina.

‘Energy Payment Agent’ is the Buyer and/or any other entity that the FODER Trustee may appoint to manage the fulfillment of the Energy Payment Obligation.

‘Energy Payment Guarantee Account’ is a subaccount of the FODER Guarantee Account, whose funds shall be exclusively allocated to guarantee the Adjusted Energy Payment.²

‘Energy Payment Obligation’ is defined in Provision 6.1 (*Energy Payment Obligation*).

‘Energy Payment’ is any monthly amount owed by the Buyer to the Seller pursuant to the economic transactions of the Mercado Eléctrico Mayorista (under any Sales Statements, Invoice and debit or credit notes, if applicable) pursuant to provisions contained in the Power Purchase Agreement and The Proceedings and if said amount was not paid on Sales Statements due date in accordance with Provision 12 (*Economic Transactions*) of the Purchase Agreement.

‘Exercise of the Project’s Call Option Notice’ is a written communication sent to the Buyer by the ME&M. A copy shall be sent to the FODER Trustee, to the Seller [and to the World Bank].

‘Exercise of the Project’s Put Option Notice’ is a written communication sent to the FODER Trustee by the Seller. A copy of such communication shall be also sent to the ME&M, to the Buyer [and to the World Bank] (a copy of the prior written consent from the Secured Creditors’ Representative regarding such act shall be attached to such copy of communication in order to be valid). By means of such notice, the Seller (a) informs the Cause for Sale stated in the Cause for Sale Notice has not been remedied within the Cause for Sale Remedy Term to the FODER Trustee, (b) informs the irrevocable Exercise of the Project’s Put Option to the FODER Trustee, (c) irrevocably expresses its decision to transfer the Power Plant assets to the FODER Trustee (or the individual appointed by the FODER Trustee) and to receive the corresponding Project Put Price Payment as sole compensation, (d) informs the amount of the Project Put Price, estimated on the basis of the Project Approved Book Value, on the due date of the Cause for Sale Remedy Term, (e) attaches an Audit Firm report confirming the exact estimate of the amount of the Project Put Price and (f) the FODER Trustee is required to perform the necessary acts so as to acquire the Power Plant assets from the Seller and to pay the Project Put Price once the FODER’s Non-compliance Confirmation Date has taken place.

² For the purpose of observing Section 7.4(b) of Annex II of Decree No. 531/2016, the MEyM, by means of its budget allocations, shall allocate funds equal to an amount of six thousand million Argentine Pesos (AR\$6,000,000,000) to the Energy Payment Guarantee Account during the year 2016.

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‘Fitch’ is Fitch Ratings Ltd or any other successor.

‘FODER Trust’ is defined in the heading of this FODER Trust Adhesion Agreement.

‘FODER Trustee’ is defined in the heading of this FODER Trust Adhesion Agreement.

‘FODER’s Non-compliance Confirmation Date’ is defined in Provision 7.4 (*Exercise of the Project’s Put Option*).

‘Guarantee Accounts’ are, as a whole, the Energy Payment Guarantee Account, the Project Call Price Payment Account, the Project Put Price Payment Account and the CRYL Account.

‘Inconvertibility Event’ is an event or a series of events resulting from the inability of the Seller to purchase US dollars or to convert Argentine Pesos to US dollars in the Argentine Republic, in each case, for an amount equivalent to or greater than the billing amount of the Seller received within the six (6) months subsequent to the occurrence of such event or series of events for the needed amount to make any payment of interests under the Financing Documents, whichever is higher; in both cases, as long as there is no other proceeding or instrument to purchase US dollars or to convert Argentine Pesos to US dollars in any market.

‘Investment Grade’ is a ‘BBB-’ minimum qualification or equivalent to it granted to the long term debt instruments in foreign currency of the Argentine Republic and/or the individual, in question, by any Credit Rating Agency.

‘Investments Technical and Accounting Report’ is a technical and accounting report stating the amount of investments duly made by the Beneficiary in or regarding the Power Plant up to the Commercial Operation Date (including costs arising out of the project financial structure and development, if applicable). Such investments amount (a) shall be expressed in US dollars, (b) should have been estimated in accordance with the Acceptable Accounting Standards and (c) should have been confirmed by an Audit Firm.

‘Late Payment Interest Rate’ is defined in Provision 14.1 (*Late Payment Interest*).

‘ME&M’ is defined in the heading of this FODER Trust Adhesion Agreement.

‘MT&PF’ is the Ministry of Treasury and Public Finances.

‘Moody’s’ is Moody’s Investors Services, Inc. or any other successor.

‘Non-compliance of Energy Payment Notice’ is a written communication sent to the FODER Trustee by the Seller. A copy of such written notice shall be sent to the ME&M, to the Buyer [and to the World Bank]. By means of such notice, the Beneficiary informs that the Buyer has failed to comply with its Energy Payment obligation according to the terms set forth in Provision 12 (*Economic Transactions*) contained in the Power Purchase Agreement to the FODER Trustee. Besides, by means of such notice, the Beneficiary informs the owed amount to the FODER Trustee. A copy of each Sales Statements (and the possible Invoices and credit or debit notes, if applicable) which is unpaid shall be attached to the abovementioned written communication.

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‘Non-transferability Event’ is an event or a series of events resulting from the inability of the Seller to pay or transfer US dollars to individuals or bank accounts located outside the Argentine Republic, in each case, for an amount equivalent to or greater than the billing amount of the Seller received within the six (6) months subsequent to the occurrence of such event or series of events or for the needed amount to make any payment of interests under the Financing Documents, whichever is higher; in both cases, as long as there is no other proceeding or instrument to transfer US dollars to individuals or bank accounts located outside the Argentine Republic.

‘Order of Merit as per the Integration of Local Content’ is the order of merit informed to the FODER Trustee by the ME&M under the ‘RenovAr Program (Round 1)’, regarding all the allocated Sellers according to the highest percentage of Integration of Stated Local Content.

‘Party’ is the ME&M, the FODER Trustee or the Beneficiary according to context, or the three abovementioned when the term is used in plural.

‘Project Call Price Payment Account’ is a subaccount of the FODER Guarantee Account, whose funds shall be exclusively allocated to pay the Project Call Price to the Beneficiary.

‘Project Call Price Payment Date’ is defined in Provision 10.2(e) (*Exercise of the Project’s Call Option*).

‘Project Call Price’ is the Dollar Amounts equal to the addition of (a) seventy five per cent (75%) of the Project Approved Book Value if the Project Approved Book Value is reduced to five per cent (5%) for every passed Production Year as of the Commercial Operation Date to the Seller’s Non-compliance Confirmation Date plus (b) any amount owed by the Buyer regarding any Sales Statements, Invoice and credit or debit note, if applicable.

‘Project Put Price Payment Account’ is a subaccount of the FODER Guarantee Account, whose funds shall be exclusively allocated to pay the Project Put Price to the Beneficiary.

‘Project Put Price Payment Date’ is defined in Provision 7.4 (*Exercise of the Project’s Put Option*).

‘Project Put Price’ is the Dollar Amounts equal to the addition of (a) the Project Approved Book Value if the Project Approved Book Value is reduced to five per cent (5%) for every passed Production Year as of the Commercial Operation Date to the FODER’s Non-compliance Confirmation Date plus (b) any amount owed by the Buyer regarding any Sales Statements, Invoice and credit or debit note, if applicable.

‘Project’s Call Option’ is defined in Provision 10.2 (*Exercise of the Project’s Call Option*).

‘Project’s Put Option’ is defined in Provision 7.4 (*Exercise of the Project’s Put Option*).

‘Purchase Agreement’ is defined in the item ‘Whereas’ of this FODER Trust Adhesion Agreement.

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‘Request of Compliance with the Obligation to Provide Funds’ is a written communication sent to the FODER Trustor by the Beneficiary. A copy of such written communication shall be sent to the FODER Trustee, to the Buyer [and to the World Bank]. By means of such written communication, the FODER Trustor is requested to comply with its Obligation to Provide Funds by the Beneficiary.

‘S&P’ is Standard & Poor's Financial Services LLC or any other successor.

‘Seller’s Non-compliance Confirmation Date’ is defined in Provision 10.2 (*Exercise of the Project’s Call Option*).

‘Treasury Bills Issued As Guarantee Payment Request’ is a written communication sent to the MT&PF by the Beneficiary. A copy of such written communication shall be sent to the FODER Trustor, to the FODER Trustee, to the Buyer [and to the World Bank]. By means of such written communication, the MT&PF is requested the Payment of Treasury Bills Issued As Guarantee by the Beneficiary.

‘Treasury Bills Issued As Guarantee’ are the Treasury Bills to be issued by the Federal State (Ministry of Treasury and Public Finances), by means of the Body Responsible for the Supervision of Financing Management System under the Ministry of Treasury and Public Finances at the request of the FODER Trustor. The Treasury Bills shall be issued at an amount in US dollars equivalent to [one hundred per cent (100%) Reference Value for Capital Investments for each Technology multiplied by the amount of the contracted capacity with each granted project by means of the Granting Resolution]³. The Treasury Bills shall be issued and delivered to the FODER, on behalf and to the request of the FODER Trustor and upon the issue of Share Certificates in favor of the Trustor which shall have amounts equivalent to the bills granted. The Treasury Bills Issued As Guarantee shall be transferred to the FODER by means of a deposit in the CRYL Account so as to guarantee the Project Put Price Payment.

‘Trustor’ is defined in the FODER Trust.

‘World Bank Guarantee Agreement’ is defined in the item ‘Whereas’ of this FODER Trust Adhesion Agreement.

By means of such communication, (a) the Exercise of the Project’s Call Option is informed to the Seller, (b) it is irrevocably expressed the decision of the Federal State to acquire the Power Plant assets from the Seller and to pay the corresponding Project Call Price as sole compensation, (c) the amount of the Project Call Price estimated on the basis of the Project Approved Book Value is informed and (d) the FODER Trustee is required to perform the necessary acts so as to acquire the Power Plant assets from the Seller and to pay the Project Call Price once the Seller’s Non-compliance Confirmation Date has taken place.

³ This value shall be estimated once the Reference Value for Capital Investments have been defined by the MEyM and the total nominal value of the Treasury Bills to be issued shall be included in the final version.

NON OFFICIAL VERSION

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1.1 Interpretation. The following dispositions shall be enforced when interpreting this FODER Trust Adhesion Agreement:

- (a) Any reference made in this FODER Trust Adhesion Agreement to ‘Provision’ or ‘Annex’ shall be understood as Provisions or Annexes of this FODER Trust Adhesion Agreement, unless otherwise expressly stated.
- (b) Any reference made in this Agreement to ‘days’ shall be understood as consecutive days,
- (c) The titles or headings of the provisions have the only purpose to serve as a guide to read this FODER Trust Adhesion Agreement. It shall be considered that such titles or headings do not alter the content of the corresponding provisions,
- (d) Any mention of a specific Government Authority in this FODER Trust Adhesion Agreement shall be understood as it is made to such Government Authority or to whoever replaces it or to whoever such Government Authority appoints in order to carry out the corresponding actions to which this Agreement or the Applicable Laws refers to,
- (e) Any mention to a document or agreement in this FODER Trust Adhesion Agreement shall be understood as it is made to such document or agreement as it is modified or complemented from time to time, and
- (f) Any mention to the Applicable Laws in this FODER Trust Adhesion Agreement shall be understood as it is made to the Applicable Law as it is modified or complemented from time to time.

2. Effectiveness

This FODER Trust Adhesion Agreement shall become effective as of its signature by the Parties and it shall be effective until the end of the Supply Period or until the Real Termination Date, whatever happens first.

3. Representations of the Parties

3.1 Representations of the Federal State. On this date, The Federal State states the following:

- (a) the signing and fulfillment of this FODER Trust Adhesion Agreement has been duly authorized by means of the adoption of the necessary decisions and they do not contravene the Applicable Laws or any act of a Government Authority,

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ONLY ORIGINAL SPANISH VERSION SHOULD BE CONSIDERED LEGALLY VALID FOR INTERPRETATION

- (b) in order to sign, fulfill, and/or execute this FODER Trust Adhesion Agreement by the Federal State by means of its Ministry of Energy and Mining (ME&M), no Authorization or act of a Government Authority or of any other entity shall be required, neither shall it be required any notice to a Government Authority or any other entity or registration before a Government Authority or any other entity, except for those which have already been acquired and are still in force,
- (c) this FODER Trust Adhesion Agreement shall be a source of valid obligations for the Federal State by means of the ME&M and its fulfillment is liable to judicial requirement and
- (d) it has received a copy of the Power Purchase Agreement and all its content has been acquainted with.

3.2 Representations of the FODER Trustee. On this date, the FODER Trustee states the following:

- (a) to be a duly constituted legal entity and with valid existence in accordance with the current legislation of the Argentine Republic,
- (b) the signing and fulfillment of this FODER Trust Adhesion Agreement have been duly authorized by means of the adoption of the necessary decisions and they do not contravene the founding instrument of the FODER, or the FODER Trustee statutes and they do not contravene any binding contractual provision for the FODER or for the FODER Trustee and they do not contravene the Applicable Laws,
- (c) in order to sign, fulfill and/or execute this FODER Trust Adhesion Agreement by the FODER and the FODER Trustee, no Authorization or act of a Government Authority or any other entity shall be required, neither shall it be required any notice to a Government Authority or any other entity or registration before a Government Authority or any other entity, except for those which have already been acquired and are still in force,
- (d) this FODER Trust Adhesion Agreement shall be a requirement and source of valid obligations for the FODER and the FODER Trustee and its fulfillment is liable to judicial requirement,
- (e) the fulfillment of the assumed obligations by the FODER Trustee under this FODER Trust Adhesion Agreement shall be carried out with the FODER Trustee's own employees. For this reason, any dispute arising out of the employment relationship between the FODER Trustee and its employees shall be solved as an internal dispute of the FODER Trustee with its employees, it shall be kept outside

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this FODER Trust Adhesion Agreement and the Trust Assets, and the FODER Trustor and the Beneficiary shall not be held liable and

- (f) it has received a copy of the Power Purchase Agreement and the Binding Terms and Conditions and all its content has been acquainted with.

3.3 Representations of the Beneficiary. On this date, the Beneficiary states the following:

- (a) to be a duly constituted legal entity and with valid existence in accordance with the current legislation of the Argentine Republic,
- (b) the signing and fulfillment of this FODER Trust Adhesion Agreement have been duly authorized by means of the adoption of the necessary decisions and they do not contravene the statutes or the founding instrument of the Beneficiary, they do not contravene any binding contractual disposition for the Beneficiary and they do not contravene the Applicable Laws,
- (c) In order to sign, fulfill and/or execute this FODER Trust Adhesion Agreement by the Beneficiary, no Authorization or act of a Government Authority or any other entity shall be required, neither shall it be required any notice to a Government Authority or any other entity or registration before a Government Authority or any other entity, except for those which have already been acquired and are still in force,
- (d) this FODER Trust Adhesion Agreement shall be a source of valid obligations for the Beneficiary and its fulfillment is liable to judicial requirement, and
- (e) it has received a copy of the FODER Trust and all its content has been acquainted with [and
- (f) it has received a copy of the World Bank Guarantee Agreement and all its contents have been acquainted with].

4. Appointment as Beneficiary of the FODER

4.1 The Parties acknowledge and agree that, by means of the signing of this FODER Trust Adhesion Agreement, the Beneficiary acquires the condition of 'FODER Beneficiary' in accordance with the terms of the FODER Trust.

4.2 Notwithstanding its condition of FODER Beneficiary, the Beneficiary (a) shall only have the rights which have been acquired in accordance with this FODER Trust Adhesion Agreement and (b) accepts that (i)it shall only request to the FODER Trustee the accountability regarding the obligations assumed by the FODER Trustee with the Beneficiary, thus having to waive unconditionally and irrevocably to request the accountability regarding

any other issue and (ii) the FODER Trustee shall exclusively make the accountability to the FODER Trustor.

5. Beneficiary's Obligations.

5.1 Financial Report. Regardless of the Beneficiary's obligations to comply with the Applicable Laws with regards to the preparation and presentation of the accountability, the Beneficiary shall keep its own accountability in accordance with the Acceptable Accounting Standards and it shall be expressed in US dollars. The Beneficiary shall keep hiring the services of an Audit Firm and shall submit a copy of its accountability made in accordance with the Acceptable Accounting Standards and audited by an Audit Firm to the FODER Trustee, within one hundred and twenty (120) days after the end of each Calendar Year.

5.2 Technical and Accounting Report

- (a) The Beneficiary shall submit the Investments Technical and Accounting Report to the ME&M within the term of ninety (90) days after the Commercial Operation Date. The ME&M shall approve or object the Technical and Accounting Report within the term of one hundred and twenty (120) days after the issue of such report.
- (b) If the Exercise of the Project's Put Option Notice or the Exercise of the Project's Call Option Notice is issued before the Commercial Operation Date, the Beneficiary shall issue the Investments Technical and Accounting Report (i) if the Exercise of the Project's Put Option Notice has been issued within the term of ninety (90) days after the due date of the Cause for Sale Remedy Period and (ii) if the Exercise of the Project's Call Option Notice has been issued within the term of ninety (90) days after the due date of the terms set forth in the Provision 21.1 (*Proceedings for the Termination by the Buyer*) and the Provision 30.3 (*Remedy by Secured Creditors*) of the Purchase Agreement.

5.3 [**World Bank Standards.** The effectiveness and enforceability of the World Bank Guarantee shall be subject to the Seller's compliance with the Standards on the Prohibited Practices issued by the World Bank and the World Bank Performance Standards on Environmental and Social Sustainability. The Seller acknowledges and agrees that the non-compliance of the Standards on the Prohibited Practices issued by the World Bank and the World Bank Performance Standards on Environmental and Social Sustainability may cause, in the cases set forth in the World Bank Guarantee, the suspension or termination of the World Bank Guarantee.]

5.4 [**World Bank Guarantee Effectiveness:** The World Bank Guarantee shall be effective for the term which may first occur between: (i) the term which is set forth in the World Bank Guarantee Agreement; or (ii) the date in which the long-term debt in foreign currency of the Argentine Republic gets an Investment Grade qualification; as of that date, the World bank Guarantee shall be ineffective. Regarding the Beneficiary of the World Bank

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Guarantee, it shall also be subject to the terms and limitations set forth in Provision 9 (*World Bank Guarantee*) of this Agreement].

6. Energy Payment Requirement

6.1 Energy Payment Obligation.

- (a) The Parties acknowledge and agree that, pursuant to the provisions set forth in provision 4.05 of the FODER Trust, if the Buyer fails to comply with its obligation to pay any Energy Payment within the terms and conditions set forth in the Provision 12 (*Economic Transactions*) of the Purchase Agreement, the FODER Trustee, on its own account or by means of an Energy Payment Agent, agrees to transfer the necessary amount to settle the Adjusted Energy Payment by means of a deposit in the Seller's Account from the Energy Payment Guarantee Account to the Seller's Account, (*the 'Energy Payment Obligation'*), as long as there are enough funds in the Energy Payment Guarantee Account. If there are not enough funds in the Energy Payment Guarantee Account so as to fulfill the Energy Payment Obligation, the FODER Trustee shall make the Adjusted Energy Payments in accordance with the terms set forth in the Provision 4.05(5) of the FODER Trust and the Provision 6.4 (*Payment Priority*).
- (b) In order to pay the corresponding Energy Payment, the FODER Trustee shall verify with the Buyer if the latter has enough funds to pay the corresponding Energy Payment to the Seller within the terms and conditions set forth in the Provision 12 (*Economic Transactions*) of the Purchase Agreement.
- (c) If the Buyer does not have enough funds, the FODER Trustee shall carry out the appropriate procedures in order to pay the missing amounts, on its own account or by means of a Payment Agent, so the Beneficiary receives the total Energy Payment within the terms and conditions set forth in the Provision 12 (*Economic Transactions*) of the Purchase Agreement. The payment shall be made by means of a transfer by the Buyer and/or from the Energy Payment Guarantee Account, depending on which one is more convenient. However, funds from the Energy Payment Guarantee Account shall exclusively be used in any case.
- (d) The FODER shall be the Buyer's creditor under the Power Purchase Agreement regarding any payment to the Beneficiary as for the Energy Payment in accordance with the terms set forth in this Provision for an amount equivalent to the Adjusted Energy Payment. The Beneficiary accepts unconditionally and irrevocably the subrogation by the FODER regarding all its rights to be paid by the Buyer under the Power Purchase Agreement and its rights to receive funds from the Energy Payment Guarantee Account under this FODER Trust Adhesion Agreement. In each case, regarding any payment to the Beneficiary as Energy Payment under the provisions set forth in this Provision.

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- (e) Once the FODER has complied with the corresponding Energy Payment Obligation, the Beneficiary shall be considered not interested and shall not have the right to any claim regarding the Energy Payments already paid.

6.2 Funds Reduction in the Energy Payment Guarantee Account. The FODER Trustor and the FODER Trustee shall periodically supervise the existing balance in the Energy Payment Guarantee Account, and in the case that the existing funds in such account were reduced more than thirty five per cent (35 %) as of the percentage indicated in the Decree No. 531/2016, the FODER Trustee shall draft a written notice to the ME&M (a copy shall be sent to the World Bank), within five (5) Business Days after having verified such event, so the ME&M shall determine the necessary charge and/or shall provide the funds and/or shall allocate the necessary budget allocations to recompose the existing funds in the Energy Payment Guarantee Account pursuant to the provisions set forth in the Renewable Energy Legal Framework and/or shall conduct the inclusion and/or the extension of a budget allocation which recomposes the Energy Payment Guarantee Account.

6.3 Non-compliance with the Energy Payment Obligation.

- (a) If, notwithstanding the arrangements and the proceedings set forth in the Provision 6.1 (*Energy Payment Obligation*) and in the Provision 6.2 (*Funds Reduction in the Energy Payment Guarantee Account*), the Beneficiary does not receive the Energy Payment within the terms and conditions set forth in the Provision 12 (*Economic Transactions*) of the Purchase Agreement, the Beneficiary shall send a Breach Notice regarding the Energy Payment to the FODER Trustee, a copy of such notice copy shall be sent to the ME&M and to the Buyer [and to the World Bank],
- (b) The FODER Trustee shall request the Buyer, if applicable and within five (5) days as of the reception of the Breach Notice regarding the Energy Payment, to observe such Notice by means of the issuing of a communication to the FODER Trustee and a copy of such notice shall be sent to the Beneficiary, to the ME&M [and to the World Bank]. Such communication shall only be based on the following: (i) the fact that the amount to be paid to the Beneficiary has already been partially or totally paid, in which case the Buyer shall enclose proof of the corresponding transfer to the Seller's Account; and/or (ii) the fact that the amount to be paid to the Beneficiary has been partially or totally paid by means of the compensation of any fixed debt that the Seller may have with the Buyer pursuant to the Purchase Agreement, in which case the Buyer shall enclose proof of the existing fixed debt against which the Claimed Energy Payment was compensated by the Beneficiary;
- (c) (c)If the Buyer does not object to such Breach Notice regarding the Energy Payment in the mentioned term, then, it shall be considered that the Buyer has accepted such Notice. The Buyer shall inform the acceptance of the Notice on the Non-compliance with the Energy Payment at any time to the beneficiary and/or to the FODER Trustee.

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6.4 **Payment Priority.** If, by any reason, the Energy Payment Guarantee Account does not have enough funds so as to comply with the Energy Payment Obligation in due form and time, once such funds have been recomposed, the FODER Trustee shall first cancel the older Obligations of Energy Payment and whose due date have taken place first. In the event that there are Obligations of Energy Payment with the same due date, the payment priority shall be given to the Energy Payment Obligation of the best qualified Beneficiaries according to the Order of Merit of Local Content.

6.5 **Energy Payment Guarantee Account Support.** The Beneficiary acknowledges and agrees that the FODER's support regarding the Energy Payment Obligation is limited to the existing funds in the Energy Payment Guarantee Account in each moment, pursuant to the proceeding and the order of merit set forth in this FODER Trust Adhesion Agreement. The Beneficiary expressly and irrevocably waives to require attachment levied, injunction or any other preventive injunction or any kind of measure whose purpose is to suspend, modify or eliminate the FODER Trust's rights to use the existing funds in the Energy Payment Guarantee Account in a different form from the one set forth in this FODER Trust Adhesion Agreement.

7. Sale of Power Plant by the Seller

7.1 **Causes for Sale.** The Seller may send a Cause for Sale Notice to the FODER Trustee upon the occurrence of any of the following events (a **'Cause for Sale'**). A copy of such notice shall be sent to the ME&M, to the Buyer [and to the World Bank],

- (a) lack of payment of (i) four (4) consecutive Sales Statements (and the possible Invoices and credit or debit notes, if any), or (ii) six (6) non-consecutive Sales Statements (plus eventually any pending Invoices, credit or debit notes, if any) during any twelve-month (12) period. It is agreed that, to that effect and previously, the payment of the complete balance under any Sales Statements (plus eventually any pending Invoices, credit or debit notes, if any) by the FODER Trustee, pursuant to the terms of this FODER Trust Adhesion Agreement, will be deemed a payment made by the Buyer,
- (b) an Inconvertibility Event after the Commercial Operation Date, to the extent that the long-term debt in a foreign currency of the Argentine Republic does not have an Investment Grade qualification,
- (c) a Non-transferability Event after the Commercial Operation Date, to the extent that the long-term debt in a foreign currency of the Argentine Republic does not have an Investment Grade qualification,
- (d) (i) the early termination of the FODER Trust due to reasons attributable to the Federal State or (ii) the execution of any amendment or addendum to the FODER Trust, as long as in each of the cases mentioned in (i) and (ii), excludes the support provided by the FODER Guarantee Accounts, at the expense of the Seller, acting

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in his capacity of FODER Beneficiary, without the Seller's prior written consent, as long as it is not replaced by any other equivalent guarantee instrument or

- (e) the Buyer's non-compliance with the provisions of any arbitral award or court judgment resulting from a dispute submitted to the procedure set forth in Provision 26 (*Disputes Resolution*) of the Purchase Agreement.

7.2 Objections to the Cause for Sale Notice.

- (a) The FODER Trustee and the ME&M may, but they are not obliged to, object the validity of the Cause for Sale Notice sent by the Seller. Said parties may object it only if they consider that no Cause for Sale has taken place.
- (b) If the FODER Trustee or the ME&M objects the validity of the Cause for Sale Notice within thirty (30) Business Days after receipt thereof, the validity of such Notice shall be submitted to the dispute resolution procedures provided in Provision 16 (*Dispute Resolution*).

7.3 Project's Cause for Sale Remedy. If (a) the FODER Trustee and the ME&M did not object the validity of the Cause for Sale Notice within thirty (30) Business Days after receipt thereof or (b) the FODER Trustee and/or the ME&M did object the validity of the Cause for Sale Notice pursuant to Provision 16 (*Dispute Resolution*) and an arbitral award determined the validity of the Cause for Sale Notice, the Buyer, the FODER Trustor, the FODER Trustee, or those appointed by them may remedy the Cause for Sale during a term of (i) forty-five (45) days, provided that the Cause for Sale is included in items (a) or (e) of Provision 7.1 (*Causes for Sale*); or (ii) one hundred and fifty (150) days, provided that the Cause for Sale is included in items (b), (c) or (d) of Provision 7.1 (*Causes for Sale*); in any case, the days shall be estimated as of the expiration of the term of thirty (30) Business Days as of the receipt of such Cause for Sale Notice (if the Cause for Sale Notice has not been objected) or the date of the arbitral award mentioned in item (b) of this Provision 7.3 (*Cause for Sale Remedy*), as the case may be (**'Cause for Sale Remedy Term'**).

7.4 Exercise of the Project's Put Option. If the Cause for Sale specified in the corresponding Cause for Sale Notice has not been remedied within the Cause for Sale Remedy Term, the Seller may sell the Project to the FODER Trustor or to a third party appointed by him (*the 'Project's Put Option'*) and may send an Exercise of the Project's Put Option Notice to the FODER Trustee. A copy of such notice shall be sent to the ME&M, to the Buyer [and to the World Bank], in which event, the following shall be considered:

- (a) the FODER Trustee and the ME&M may, but are not obliged to, object the validity of the Exercise of the Project's Put Option Notice sent by the Seller, but they may object it only if they consider that the Cause for Sale has been remedied and/or the amount of Project Put Price does not adjust to the provisions set forth in this FODER Trust Adhesion Agreement,

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- (b) if (i) the FODER Trustee or the FODER Trustor did not object the validity of the Exercise of the Project's Put Option Notice within sixty (60) days after receipt thereof or (ii) the FODER Trustee or the FODER Trustor did object the validity of the Exercise of the Project's Selling Notice pursuant to Provision 16 (*Dispute Resolution*), and an arbitration award determined the validity of the Exercise of the Project's Put Option Notice (having confirmed the lack of remedy for the Cause for Sale and/or the exact estimate of the Project Put Price, according to what has been objected), it will be considered that the FODER lack of compliance was confirmed on the expiration date of the term of sixty (60) days established in item (a)(i) of this provision or on the date on which the arbitral award determines the validity of said Exercise of the Project's Put Option Notice the '**FODER's Non-compliance Confirmation Date**'),
- (c) the FODER Trustee shall pay the total Project Put Price to the Seller according to the procedure established in item (e) of this Provision 7.4. It shall be paid no later than the latest of the following dates (i) sixty (60) Business Days after the FODER's Non-compliance Confirmation Date and (ii) the date when the Seller, having complied with the goodwill transfer procedure set forth by the Act on Goodwill Transfer, is in the position to transfer the Power Plant assets (the '**Project Put Price Payment Date**'),
- (d) notwithstanding the provisions in the previous item (c), if the FODER Trustee and the FODER Trustor did not object the lack of remedy for the Cause for Sale and they only objected a portion of the amount of the Project Put Price reported in the Project's Cause for Sale Notice, pursuant to Provision 16 (*Dispute Resolution*), that date will be considered, regarding the not objected amount, as the FODER's Non-compliance Confirmation Date, and the FODER Trustee shall pay (i) the portion of the Project Put Price not objected on the Project Put Price Payment Date, jointly with the Seller's transfer of the Power Plant assets to the entity stated by the ME&M, pursuant to items (d) and (e) of this provision; it is agreed that the payment of the portion of the Project Put Price and the transfer of assets will only occur if the Seller does not opt to differ the receipt of the complete payment for the Project Put Price determined by the relevant Arbitration Tribunal at the latest, on the Project Put Price Payment Date and (ii) the balance, if any, within sixty (60) Business Days after the FODER's Non-compliance Confirmation Date,
- (e) the FODER Trustee shall (i) within five (5) Business Days after receipt of the Exercise of the Project's Put Option Notice, open the Project Put Price Payment Account and (ii) at the latest on the Project Put Price Payment Date (or within the term set forth in item (d) herein), make the Project Put Price Payment by means of a transfer from the Project Put Price Payment Account to the Seller's Account (or to the account previously provided according to the Act on Goodwill Transfer procedure), to the extent that the Project Put Price Payment Account has sufficient funds, by means of a transfer to the Seller's Account (or to the account previously provided according to the Act on Goodwill Transfer procedure) of the necessary amount of US dollars to pay the Project Put Price, or the required amount of

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Argentine Pesos to get the US dollars to meet the payment obligation; to determine such required amount, the Exchange Rate on the Business Day before the Business Day when the transfer is made shall be considered,

- (f) once the FODER's Non-compliance Confirmation Date has been determined, the Parties shall take the required actions to complete the transfer of the Power Plant assets to the entity appointed by the ME&M, on the Project Put Price Payment Date, considering that (i) the ME&M shall appoint the entity that will take control of the Power Plant assets within fifteen (15) Business Days after the receipt of the Exercise of the Put Option Notice ; (ii) the Project will be transferred by transferring the Seller's Power Plant assets, according to the procedure set forth in the Act on Goodwill Transfer, and (iii) all the expenses incurred by the transfer (except for the expenses of the Seller's consultants and shareholders, and the payment of the transfer applicable taxes) shall be borne by the FODER Trustee, and
- (g) it should be clarified that the Seller's Power Plant assets shall be transferred pursuant to the procedure set forth in the Act on Goodwill Transfer and simultaneously with the Project Put Price Payment (or the not objected portion thereof, according to the provisions in item (d) herein) at the latest, on the Project Put Price Payment Date, except for the case when, due to causes attributable to any Government Authority, such assets may not be transferred or there is an unreasonable late payment.

7.5 In the case of the Project Put Option, just as in the Project Buying Option, the Power Plant assets and the Power Plant shall be transferred in good preservation and maintenance conditions and in good working order. To that end, the condition of the assets shall be certified by the National Institute for Industrial Technology (INTI), after they have been audited.

7.6 **Alternative Solutions.** The Beneficiary, unconditionally and irrevocably accepts that, even when the Cause for Sale entails a reason for terminating the Purchase Agreement, in no case will the Beneficiary be able to both exercise the Project Put Option and terminate the Purchase Agreement; thus being required to opt for one of the two alternatives. The exercise of the right to terminate the Power Purchase Agreement shall necessarily imply the irrevocable waive of the right to exercise the Project Put Option.

8. **Project Put Price Payment Requirement to the ME&M**

8.1 **Obligation to Provide Funds**

- (a) The Parties acknowledge and accept that, according to the provisions in the FODER Trust, the Federal State (by means of the ME&M) agrees to provide the FODER with the necessary funds to pay for the Project Put Price (or the outstanding balance of the Project Put Price Payment, as the case may be) (the '**Obligation to Provide Funds**').

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- (b) On the execution date of this FODER Trust Adhesion Agreement, the MT&PF, by means of the Body Responsible for the Supervision of the Financing Management System, has issued and transferred to the FODER Trustee, on behalf of the ME&M, the Treasury Bills Issued As Guarantee.
- (c) If on the FODER's Non-compliance Confirmation Date there were not enough funds in the Project Put Price Payment Account for the FODER Trustee to make the Project Put Price Payment on the Project Put Price Payment Date, the FODER Trustee shall give ME&M a fifteen (15)-day notice requesting ME&M to draft and transfer to the FODER (by means of a budget allocation) an amount equivalent to the Project Put Price, and transfer to the Project Put Price Payment Account the amount of US dollars equivalent to the Project Put Price or the amount of Argentine Pesos required to get US dollars for an amount equivalent to the Project Put Price (or the outstanding balance of the Project Put Price), using to that purpose the Exchange Rate on the Business Day before the Business Day when the transfer is made. The ME&M's Obligation to Provide Funds will be met against delivery of the Treasury Bills issued as guarantee for an equivalent amount.
- (d) Pursuant to the provisions set forth in Decree No. 882/2016, if the FODER Trustor does not meet its Obligation to Provide Funds within the term set forth in item (c) above, the Treasury Bills issued as guarantee for an amount equivalent to the Project Put Price will be considered due and payable, and shall be paid by the MT&PF, against delivery of the paid off Treasury Bills issued as guarantee. To that effect, the FODER Trustee shall, within a term of five (5) Business Days as of the expiration date of the term set forth in item (c) above, request the MT&PF to pay within fifteen (15) Business Days as of the date of the request, the Treasury Bills issued as guarantee, by transferring such amounts to the FODER, to the Project Put Price Payment Account, against delivery of the paid off Treasury Bills issued as guarantee.
- (e) The FODER Trustee will use the funds transferred to the Project Put Price Payment Account exclusively to pay the Project Put Price to the Beneficiary, and the expenses and costs arising out of it, on the Project Put Price Payment Date.
- (f) If the Beneficiary receives financing or a financial guarantee from the FODER, coming from the Financing Account, the Treasury Bills Issued As Guarantee will be reduced to an equivalent amount, when the financing or the financial guarantee is granted to the Seller.

8.2 Requirement for Provision of Funds and Payment of the Treasury Bills Issued As Guarantee

- (a) If the ME&M does not meet the Obligation to Provide Funds, and if the MT&PF does not meet the obligation to pay the Treasury Bills Issued As Guarantee, the

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Beneficiary may subrogate to the right of the FODER Trustee to request the ME&M compliance with the Obligation to Provide Funds (*the 'Exercise of the Right to Claim the Provision of Funds*) and to the MT&PF, compliance with its obligation to pay the Treasury Bills Issued As Guarantee (*the 'Acquisition of the Right to Claim the Payment of Treasury Bills Issued As Guarantee*). To such effect, the Beneficiary may (i) request the ME&M, by means of a Provision of Funds Requirement addressed to the ME&M, with a copy to the FODER Trustee [and to the World Bank], to meet the Obligation to Provide Funds within thirty (30) days of the delivery of such request; and (ii) request the MT&PF, by means of a Requirement for Payment of the Treasury Bills Issued As Guarantee, to meet the Obligation of Payment of the Treasury Bills Issued As Guarantee within thirty (30) days after the delivery of such request.

- (b) The Beneficiary may also exercise the rights hereunder, in his capacity as FODER Beneficiary and pursuant to the powers and rights established in this FODER Trust Adhesion Agreement.

8.3 Transfer of the Project Put Price.

- (a) The FODER Trustor irrevocably orders the FODER Trustee to exclusively allocate the funds transferred to the Project Put Price Payment Account to pay the Project Put Price, by means of a transfer to the Seller's Account.
- (b) Any contribution of funds made by the Federal State (by means of the ME&M and/or the MT&PF) pursuant to Provision 8.1 (*Obligation to Provide Funds*) and Provision 8.2 (*Requirement of Provision of Funds and Payment of the Treasury Bills Issued As Guarantee*) to pay the Project Put Price or to pay the Treasury Bills Issued As Guarantee, respectively, implies a direction to the FODER Trustee to pay the Project Put Price to the Seller, by means of a transfer to the Seller's Account.

9. [World Bank Guarantee]

9.1 World Bank. Pursuant to Seller's requirements in the Offer and according to the guarantee amount allocated to the Seller, the Project Put Price payment in favor of the Beneficiary is indirectly counter-guaranteed by the World Bank by the following amounts and for the following term:

[enter amount]

[enter term]

9.2 Put Price Payment Requirement to the World Bank.

- (a) The Parties acknowledge and accept that if the Federal State, by means of the ME&M and/or the MT&PF, as the case may be, do not meet their Obligation to

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Provide Funds (the ME&M) and do not pay the Treasury Bills Issued As Guarantee (the MT&PF), then, pursuant to the World Bank Guarantee Agreement, the FODER Trustee will be entitled to demand payment to the World Bank.

- (b) The FODER Trustee agrees to diligently exercise the rights under this FODER Trust Adhesion Agreement in order to claim the Obligation to Provide Funds and payment of Treasury Bills Issued As Guarantee to the ME&M and the MT&PF, respectively, according to this FODER Trust Adhesion Agreement, and under the World Bank Guarantee Agreement. In this last case, the FODER Trustee will give notice of a demand for payment to the World Bank, with a copy to the Seller and the ME&M, within thirty (30) days as of the Project Put Price Payment Date, in case the Federal State (by means of the ME&M) had not met its Obligation to Provide Funds and the MT&PF had not paid the Treasury Bills Issued As Guarantee.
- (c) Once the FODER Trustee has received the payment from the World Bank, the FODER Trustee shall transfer those amounts to the Project Put Price Payment Account within five (5) Business Days, in order to make the Project Put Price Payment on the Project Put Price Payment Date and against the transfer of the Beneficiary's Power Plant assets.
- (d) The FODER Trustee, by means of the execution of this FODER Trust Adhesion Agreement, conditionally grants and assigns, in favor of the Beneficiary, the right to demand payment to the World Bank, subject to the condition precedent that the FODER Trustee does not request the payment to the World Bank within the abovementioned terms.
- (e) If the FODER Trustee had not required the payment to the World Bank within the abovementioned terms, the condition precedent to which the assignment of rights to demand payment to the World Bank was subjected, will be considered attained and, from that moment, the Beneficiary may claim the payment of the World Bank Guarantee.

9.3 Payment of the World Bank Guarantee Premium

- (a) The Beneficiary agrees to pay FODER the following amounts, as the World Bank Guarantee's signing and maintenance premium, which shall be payable as per the following structure:

[Value arising from the Request for Proposals including the discount for local component].

- (b) Failure to pay the World Bank Guarantee's signing and maintenance premium in due time and form shall entitle the FODER Trustee – after having sent a request for

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payment for fifteen (15) days – to: (i) compensate any payment to be made by the FODER Trustee or the FODER Trust for any item in favor of the Beneficiary with the amounts owed by the Beneficiary as premium, and/or (ii) start any relevant legal proceedings aimed at collecting the premium, and/or (iii) terminate and render null and void the World Bank Guarantee in favor of the Beneficiary, at the latter's sole fault and responsibility.

- (c) The FODER Trustee shall transfer the amounts collected from the Beneficiary to the entity appointed by the MT&PF in the World Bank Guarantee Agreement.

10. Purchase of the Power Plant

10.1 Causes for Termination Notice. Should the Buyer give the Seller a Causes for Termination Notice – copying the FODER Trustee –, the FODER Trustee shall deliver a copy of said Causes for Termination Notice to the ME&M on the next business day.

10.2 Exercise the Project's Call Option

- (a) If the Seller did not demur the validity of the Causes for Termination Notice during the term allocated by the Purchase Agreement; or if the Seller demurred the validity of the Causes for Termination Notice pursuant to the Purchase Agreement, and it was decided that said Notice was valid; and –in both cases – if the Seller and the Secured Creditors failed to remedy the non-compliance that brought about the Causes for Termination Notice during the term stated in Provisions 21.1 (*Termination Procedure for Seller*) and 30.3 (*Remedy by Secured Creditors*) of the Purchase Agreement, respectively, then the Federal State, by means of the ME&M, shall have the option to purchase the Project from the Seller (the '**Project's Call Option**'). This right shall be granted once the Causes for Termination's remedy term, as specified in the Causes for Termination Notice, has expired.
- (b) The Federal State, by means of the ME&M, shall under no circumstances be able to exercise the Project's Call Option if the Buyer has previously sent a Termination Notice of the Purchase Agreement, as sending a Termination Notice of the Power Purchase Agreement is deemed to relinquish the right to exercise the Project's Call Option.
- (c) The right to exercise the Project's Call Option may be exercised from the date when the Federal State, by means of the ME&M, acquires said right, until the date when said right is relinquished due to the Buyer sending a Termination Notice, and sending the Seller – and copying the Buyer and the FODER Trustee – an Exercise of the Project's Call Option Notice.
- (d) If (i) the Seller did not demur the validity of the the Exercise of the Project's Call Option Notice within thirty (30) days of having received said Notice, or (ii) if the Seller has demurred the validity of the Exercise of the Project's Call Option Notice pursuant to Provision 16 (*Dispute Resolution*), and an arbitral award decided that

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said Notice was valid, it shall be considered that the Seller's non-compliance was confirmed on the expiration date of the 30-day term defined by item (d)(i) hereof, or on the date of the arbitral award that decided that said Notice was valid (the '**Seller's Non-compliance Confirmation Date**').

- (e) The Federal State, by means of the ME&M, shall pay the full Project Call Price, as per the mechanism defined in the item (g) of this Provision 10.2, within sixty (60) Business Days from the Seller's Non-compliance Confirmation Date (the '**Project Call Price Payment Date**').
- (f) Notwithstanding the provisions of item (e) above, if the Seller were to demur a part of the Project Call Price listed in the Exercise of the Project's Call Option Notice, pursuant to Provision 16 (*Dispute Resolution*), it shall be understood that there has been a Seller's Non-compliance Confirmation Date for the amount not demurred, and that the Federal State, by means of the ME&M, shall pay (i) the part of the Project Call Price Payment that has not been demurred on the Project Call Price Payment Date, and that on the same date, the Seller shall transfer the assets that make up the Power Plant to the entity appointed by the ME&M, as per item (g) of this Provision; and (ii) the balance, if applicable, within sixty (60) business days after the Seller's Non-compliance Confirmation Date. The Seller shall transfer the Power Plant as well as the part of the Project Call Price Payment that was not demurred.
- (g) The FODER Trustee shall (i) open the Project Call Price Payment Account within five (5) business days after having received a copy of the Exercise of the Project's Call Option Notice, and (ii) on the Project Call Price Payment Date (or within the time frame defined in item (f) of this Provision), and on behalf and at the request of the Federal State, pay the Project Call Price by way of a wire transfer from the Project Call Price Payment Account to the Seller's Account. This shall be done insofar as the Project Call Price Payment Account has enough funds, by making a deposit in the Seller's Account of the necessary US dollars to satisfy the payment obligation, using the exchange rate published on the Business Day prior to the Business Day when the deposit is made.
- (h) Once the Seller's Non-compliance Confirmation Date has been set, the Parties shall make all necessary efforts to transfer the assets from the Power Plant to the entity appointed by the ME&M, on the Project Call Price Payment Date, with the understanding that (i) the Project's transference shall take place when the assets which make up the Power Plant are transferred to the Seller, and (ii) that all expenses incurred in by the transference (with the exception of those generated by the Seller's consultants and shareholders, and the taxes to be paid for them) shall be borne by the Federal State.
- (i) The Seller shall not be forced to transfer the Power Plant's assets until the Project Call Price Payment Date and until the amount which has not been objected has been effectively collected.

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- (j) The Seller acknowledges and agrees upon the fact that the Treasury Bills Issued As Guarantee do not guarantee the payment of the Project Call Price.
- (k) Should the assets of the Power Plant be linked to guarantees granted by the Seller (including said guarantees granted by virtue of its financing structure), the latter undertakes to implement, together with their creditors, any changes needed and/or favorable to release the assets of the Power Plant from any guarantee, so that they may be transferred free from security, mortgage, bond or any other restriction to ownership or guarantee that could affect them. Otherwise, the Federal State (by means of the ME&M) may discount the amounts corresponding to the debt guaranteed by said assets from the Project Call Price, and pay the balance to the Seller (it also being necessary, in turn, to pay the aforementioned guaranteed debt).

11. Assignment

11.1 Assignment by the FODER Trustee or the ME&M. The rights and obligations of the FODER Trustee and the ME&M under this FODER Trust Adhesion Agreement shall not be assigned, taxed or transferred without prior written consent given by the Beneficiary.

11.2 Assignment by the Beneficiary. The rights and obligations of the Beneficiary under this FODER Trust Adhesion Agreement shall not be assigned, taxed or transferred without prior written consent given by the FODER Trustee unless (a) the Beneficiary assigns its credit rights under this Agreement to the Secured Creditors as a guarantee of Secured Debt repayment or (b) the Beneficiary conditionally assigns its contractual position under this FODER Trust Adhesion Agreement to the Secured Creditors as a guarantee of Secured Debt repayment.

12. Communications

12.1 Communications Copy. If the Beneficiary delivers a Notice regarding the Project's Cause for Sale or a Exercise of the Project's Put Option Notice, a copy of the latter shall be delivered to the FODER Trustee, to the ME&M [and to the World Bank].

12.2 Form and Means used in the Communications. Any communication to be delivered by the Parties under this FODER Trust Adhesion Agreement shall be in writing and they shall be deemed received by the addressed Party on the date they are delivered in hand if such communications were delivered by certified mail and/or certified telegram with acknowledgement of receipt. If the communication is sent by facsimile or by e-mail, the delivery date shall be deemed the date the addressee informs its reception.

12.3 Addresses

- (a) Communications sent to the ME&M shall be addressed as follows:

Ministry of Energy and Mining

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[*enter address*]

[____], Argentine Republic

Attention: [____]

Fascimile: [____]

E-mail: [____]

- (b) Communications sent to the FODER Trustee shall be addressed as follows:

Banco de Inversión y Comercio Exterior S.A., as FODER Trustee

[*enter address*]

Autonomous City of Buenos Aires, Argentine Republic

Attention: [____]

Fascimile: [____]

E-mail: [____]

- (c) Communications sent to the Beneficiary shall be addressed as follows:

[*enter Beneficiary's Business Name*]

[*enter address*]

[____], Argentine Republic

Attention: [____]

Fascimile: [____]

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E-mail: [_____]

- (d) Communications sent to the Secured Creditors' Representative shall be addressed as follows:

[enter the Business Name of the Secured Creditors' Representative]

[enter address]

Autonomous City of Buenos Aires, Argentine Republic

Attention: [_____]

Fascimile: [_____]

E-mail: [_____]

- (e) Communications sent to the Buyer shall be addressed as follows:

Compañía Administradora del Mercado Mayorista Eléctrico Sociedad Anónima

No. 942 Eduardo Madero Avenue, 1st floor

Autonomous City of Buenos Aires, Argentine Republic

Attention: [_____]

Fascimile: [_____]

E-mail: [_____]

- (f) Communications sent to the World Bank shall be addressed as follows:

[enter World Bank's Business Name]

[enter address]

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Attention: [_____]

Fascimile: [_____]

E-mail: [_____]

13. Secured Creditors Rights

13.1 Secured Creditor's consent. The Parties hereby acknowledge and agree that the following acts performed by the Seller shall be deemed valid and effective for the purposes of this FODER Trust Adhesion Agreement if the Beneficiary has been granted a prior written consent by the Secured Creditors' Representative and if the Beneficiary has delivered a copy of the latter to the FODER Trustee:

- (a) Seller's consent to the assignment of the corresponding rights and obligations by the FODER Trustee or the ME&M under this FODER Trust Adhesion Agreement pursuant to the provisions set forth in Provision [___] (*Assignment by FODER Trustee or ME&M*),
- (b) Beneficiary's consent to any variation or addendum in this FODER Trust Adhesion Agreement pursuant to provisions set forth in Provision 20 (*Variations*) and
- (c) Delivery of any Notice regarding Project's Cause for Sale , Exercise of the Project's Put Option Notice or Payment Requirement to the ME&M.

13.2 Communications to the Secured Creditors. The FODER Trustee shall simultaneously deliver a copy of any objection to (a) a Project's Cause for Sale Notice and (b) an Exercise of the Project's Put Option Notice to the Secured Creditors' Representative and to the Beneficiary.

13.3 Stipulations in favor of Third Parties. The Parties hereby agree upon the fact that the rights contained in this FODER Trust Adhesion Agreement granted to the Secured Creditors and/or to the Secured Creditors' Representative are stipulations in favor of Third Parties pursuant to the provisions contained in Section No. 1027 of the Argentine Civil and Commercial Code. The Parties hereby acknowledge and agree upon the fact that the acceptance of such stipulations in favor of third parties by the Secured Creditors' Representative which is contained in each Appointment of the Secured Creditors' Representative Notice shall be the acceptance of such stipulations by the Secured Creditors. The Parties hereby expressly and irrevocably waive any other right they may have regarding the revocation of such stipulations in favor of third parties pursuant to the Applicable Law.

13.4 Secured creditors references. The Parties hereby acknowledge and agree upon the fact that the Seller shall be able to fulfill its obligations under this FODER Trust Adhesion Agreement without incurring in Secured Debt and, therefore, it is understood that the consent

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from the Representatives of the Secured Creditors required in this FODER Trust Adhesion Agreement as a condition to validate certain acts performed by the Beneficiary shall only be required as of the delivery of an Appointment of the Secured Creditors' Representative Notice issued by the Beneficiary to the FODER Trustee and providing that such notice is not revoked. The revocation of an Appointment of the Secured Creditors' Representative Notice shall only be valid if it is signed by the Seller as well as by the Secured Creditors' Representative whose appointment is being revoked.

14. Late Payment

14.1 Late Payment Interest. If one of the Parties fails to pay any owed amount of money to its Counterpart in accordance with this FODER Trust Adhesion Agreement on due date of the corresponding payment term, a rate equivalent to the LIBOR rate (London Interbank Offered Rate) of a year shall be applied to such owed amount for every day of late payment (as of the due date of the payment term) and to the effective payment date and it shall be applied on the payment obligation due date [*to be defined before the execution date*] plus basic points (the 'Late Payment Interest Rate').

14.2 Automatic Late Payment. The Parties shall fall into late payment as a matter of law if the expiration of the terms occurs, any act contrary to this FODER Trust Adhesion Agreement is performed or any obligation to perform certain act under this FODER Trust Adhesion Agreement is omitted. No requirement shall be needed. In the case of (a) the owed amounts regarding Energy Payment, the late payment interest rate shall be according to Provision 25.1 (*Late Payment Interest*) contained in the Power Purchase Agreement and (b) the owed amounts regarding the Project Put Price Payment, the Late Payment Interest Rate shall be applied on the Project Put Price Payment Date.

15. Applicable Law

This FODER Trust Adhesion Agreement shall be governed and shall be interpreted in accordance with the laws, regulations and general principles of private law which are in force in the Argentine Republic. The Argentine Civil and Commercial Code shall rule in the first place, and Act No. 26190, Act No. 27191, Decree No. 531/2016, Decree No. 882/2016 and other amending and regulating provisions shall rule when applicable.

16. Dispute Resolution

16.1 **Dispute Resolution between the Parties.** The Parties shall endeavor to solve any dispute in a *bona fide* way and by means of negotiations. Should the Parties fail to reach an agreement by means of negotiations within fifteen (15) days as of the date when one Party has received a written notice regarding a dispute, sent by its Counterpart, any of the Parties shall be able to submit such dispute to the dispute resolution procedures set forth in Provision 16.

16.2 Dispute Resolution between the Beneficiary and the FODER Trustee. Any suit, dispute or claim between the Beneficiary and the FODER Trustee arising out of or related to

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this FODER Trust Adhesion Agreement, its breach, its termination or its invalidity shall be solved by the arbitration procedure set forth in Provision 16.3

16.3 Arbitration.

- (a) Any suit, dispute or claim arising out of or related to this FODER Trust Adhesion Agreement, its breach, its termination or its invalidity shall be solved in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) effective at the moment when the dispute was informed (the '**Arbitration Procedure Rules**').
- (b) The arbitration shall be at law.
- (c) The Arbitration Tribunal (the '**Arbitration Tribunal**') shall be composed of three (3) members. Nevertheless, the Arbitration Tribunal shall be composed of a sole arbitrator if the dispute is quantifiable and the disputed value is lower than the equivalent to five million US dollars (US\$5,000,000) estimated by using the Exchange Rate corresponding to the Business Day prior to the date the dispute was informed.
- (d) If the Arbitration Tribunal is composed of three (3) members, each Party shall appoint a member of the Arbitration Tribunal within fifteen (15) Business Days after a written notice regarding the intention of one of the Parties to submit to arbitration any suit, dispute or claim arising out of or related to this Agreement, its breach, its termination or its invalidity, has been delivered to its Counterpart. The third member of the Arbitration Tribunal shall be appointed by mutual consent between the two arbitrators appointed by the Parties. If the appointed arbitrators fail to agree within fifteen (15) Business Days after the last appointment or if one of the Parties fails to appoint its arbitrator within the term set forth, the third member of the Arbitration Tribunal shall be appointed by a determined appointing authority in accordance with section 6 of the Arbitral Procedure Rules.
- (e) If the Arbitration Tribunal is composed of one (1) member, a determined appointing authority shall appoint such member in accordance with section 6 of the Arbitral Procedure Rules.
- (f) The place of the arbitration shall be chosen by the Arbitration Tribunal. The nationality of the Parties involved in the arbitration shall be considered, if the Seller's nationality is the same nationality as the individual or entity who has the Seller's Monitor on the date when such dispute was noticed (or if any individual or entity has the Seller's Monitor on that date, the nationality of the individual or entity who has the greatest share in the Seller on that date). The place of the arbitration shall be a different country from the Seller's nationality country if the latter is a foreigner but the place of the arbitration may be in the Argentine Republic if the Seller is Argentinean.

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16.4 Dispute Resolution between the Beneficiary and the Federal State. Any suit, dispute or claim between the Beneficiary and the Federal State arising out of or related to this FODER Trust Adhesion Agreement, its breach, its termination or its invalidity shall be solved by means of the arbitration procedure set forth in Provision 16.3.

16.5 Dispute Resolution between the Beneficiary, the FODER Trustee and/or the World Bank. Any suit, dispute or claim between the Beneficiary, the FODER Trustee and/or the World Bank, regarding the World Bank Guarantee, arising out of or related to this FODER Trust Adhesion Agreement, its breach, its termination or its invalidity shall be solved by means of the dispute resolution procedure set forth in the World Bank Guarantee Agreement.

17. Severability

If a Provision of this FODER Trust Adhesion Agreement or (in the event) a portion of such Provision is found null and void, such situation shall not affect the validity of this FODER Trust Adhesion Agreement or the validity of any other provision.

18. Waiver

If one of the Parties fails to exercise any of its rights, it shall not be deemed a waiver of that right, except in the following case regarding the Beneficiary. The Beneficiary shall be able to waive any of its rights under this FODER Trust Adhesion Agreement as long as (a) it is permitted by the Applicable Law and (b) a prior written consent has been given by the Secured Creditors' Representative regarding such action. In order to deem the waiver valid, it shall be in writing and a notice shall be sent to its Counterpart.

19. Full Agreement

This FODER Trust Adhesion Agreement constitutes the entire, definitive and exclusive statement of the terms of the agreement between the Parties in relation to the subject matter hereof and it supersedes any and all former understandings, writings, proposals, assertions or communications, written or oral, relating to the subject matter of this FODER Trust Adhesion Agreement.

20. Amendments

This FODER Trust Adhesion Agreement shall not be modified unless a written document is granted by the Parties. Besides, it shall be required a prior written consent regarding such action given by the Secured Creditors' Representative to the Beneficiary. Notwithstanding the aforementioned, any amendment related to the World Bank Guarantee shall require a prior written consent given by the World Bank.

21. Language

The Spanish language shall be the ruling language of this FODER Trust Adhesion Agreement. Any document, notice, waiver and any other kind of communication between the Parties related to this FODER Trust Adhesion Agreement shall be in Spanish.

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22. Domiciles

For all legal purposes of this FODER Trust Adhesion Agreement, the Parties hereby set forth their domiciles as those set forth in Provision 12 (*Communications*).

23. Signatures

In witness whereof, the Parties duly execute this FODER Trust Adhesion Agreement and three copies are signed on the date set forth in the heading.

[*Signature Pages follow*]

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SOLAMENTE LA VERSIÓN ORIGINAL EN ESPAÑOL DEBE SER CONSIDERADA LEGALMENTE VÁLIDA PARA INTERPRETACIÓN

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THE FEDERAL STATE, by means of its MINISTRY OF ENERGY AND MINING

Printed name:

Position:

Signature Page- FODER Trust Adhesion Agreement to the Fund for the Development of Renewable Energy

VERSIÓN NO OFICIAL

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By BANCO DE INVERSIÓN Y COMERCIO EXTERIOR S.A, acting in its capacity of FODER Trustee

Printed name:

Position:

Signature Page- FODER Trust Adhesion Agreement to the Fund for the Development of Renewable Energy

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By [enter Beneficiary's Business Name]

Printed name:

Position:

Signature Page- FODER Trust Adhesion Agreement to the Fund for the Development of Renewable Energy

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ANNEX 8

ANNUAL ADJUSTMENT FACTOR

Production Year	Annual Adjustment Factor
1	1.0171
2	1.0344
3	1.0521
4	1.0701
5	1.0883
6	1.1069
7	1.1258
8	1.1450
9	1.1646
10	1.1845
11	1.2047
12	1.2253
13	1.2462
14	1.2675
15	1.2891
16	1.3111
17	1.3335
18	1.3563
19	1.3794
20	1.4030

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ANNEX 9

INCENTIVE FACTOR

Calendar Year	Incentive Factor
2017	1.20
2018	1.15
2019	1.15
2020	1.15
2021	1.15
2022	1.10
2023	1.10
2024	1.10
2025	1.05
2026	1.05
2027	1.05
2028	1.00
2029	1.00
2030	1.00
2031	1.00
2032	1.00
2033	0.90
2034	0.90
2035	0.90
2036	0.80
2037	0.80
2038 and subsequent years	0.80

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ANNEX 10

PERFORMANCE STANDARDS ON ENVIROMENTAL AND SOCIAL SUSTAINABILITY

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Performance Standard 1

Assessment and Management of Environmental and Social Risks and Impacts

July 1, 2012

THE WORLD BANK

Introduction

1. Performance Standard 1 underscores the importance of managing environmental and social performance throughout the life of a project. An effective Environmental and Social Management System (ESMS) is a dynamic and continuous process initiated and supported by management, and involves engagement between the client, its workers, local communities directly affected by the project (the Affected Communities) and, where appropriate, other stakeholders.¹ Drawing on the elements of the established business management process of “plan, do, check, and act,” the ESMS entails a methodological approach to managing environmental and social risks² and impacts³ in a structured way on an ongoing basis. A good ESMS appropriate to the nature and scale of the project promotes sound and sustainable environmental and social performance, and can lead to improved financial, social, and environmental outcomes.

2. At times, the assessment and management of certain environmental and social risks and impacts may be the responsibility of the government or other third parties over which the client does not have control or influence.⁴ Examples of where this may happen include: (i) when early planning decisions are made by the government or third parties which affect the project site selection and/or design; and/or (ii) when specific actions directly related to the project are carried out by the government or third parties such as providing land for a project which may have previously involved the resettlement of communities or individuals and/or leading to loss of biodiversity. While the client cannot control these government or third party actions, an effective ESMS should identify the different entities involved and the roles they play, the corresponding risks they present to the client, and opportunities to collaborate with these third parties in order to help achieve environmental and social outcomes that are consistent with the Performance Standards. In addition, this Performance Standard supports the use of an effective grievance mechanism that can facilitate early indication of, and prompt remediation for those who believe that they have been harmed by a client’s actions.

3. Business should respect human rights, which means to avoid infringing on the human rights of others and address adverse human rights impacts business may cause or contribute to. Each of the Performance Standards has elements related to human rights dimensions that a project may face in the course of its operations. Due diligence against these Performance Standards will enable the client to address many relevant human rights issues in its project.

Objectives

- To identify and evaluate environmental and social risks and impacts of the project.

¹ Other stakeholders are those not directly affected by the project but that have an interest in it. These could include national and local authorities, neighboring projects, and/or nongovernmental organizations.

² Environmental and social risk is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence.

³ Environmental and social impacts refer to any change, potential or actual, to (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the business activity to be supported.

⁴ Contractors retained by, or acting on behalf of the client(s), are considered to be under direct control of the client and not considered third parties for the purposes of this Performance Standard.



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- To adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize,⁵ and, where residual impacts remain, compensate/offset for risks and impacts to workers, Affected Communities, and the environment.
- To promote improved environmental and social performance of clients through the effective use of management systems.
- To ensure that grievances from Affected Communities and external communications from other stakeholders are responded to and managed appropriately.
- To promote and provide means for adequate engagement with Affected Communities throughout the project cycle on issues that could potentially affect them and to ensure that relevant environmental and social information is disclosed and disseminated.

Scope of Application

4. This Performance Standard applies to business activities with environmental and/or social risks and/or impacts. For the purposes of this Performance Standard, the term “project” refers to a defined set of business activities, including those where specific physical elements, aspects, and facilities likely to generate risks and impacts, have yet to be identified.⁶ Where applicable, this could include aspects from the early developmental stages through the entire life cycle (design, construction, commissioning, operation, decommissioning, closure or, where applicable, post-closure) of a physical asset.⁷ The requirements of this Performance Standard apply to all business activities unless otherwise noted in the specific limitations described in each of the paragraphs below.

Requirements

Environmental and Social Assessment and Management System

5. The client, in coordination with other responsible government agencies and third parties as appropriate,⁸ will conduct a process of environmental and social assessment, and establish and maintain an ESMS appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts. The ESMS will incorporate the following elements: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review.

Policy

⁵ Acceptable options to minimize will vary and include: abate, rectify, repair, and/or restore impacts, as appropriate. The risk and impact mitigation hierarchy is further discussed and specified in the context of Performance Standards 2 through 8, where relevant.

⁶ For example, corporate entities which have portfolios of existing physical assets, and/or intend to develop or acquire new facilities, and investment funds or financial intermediaries with existing portfolios of assets and/or which intend to invest in new facilities.

⁷ Recognizing that this Performance Standard is used by a variety of financial institutions, investors, insurers, and owner/operators, each user should separately specify the business activities to which this Performance Standard should apply.

⁸ That is, those parties legally obligated and responsible for assessing and managing specific risks and impacts (e.g., government-led resettlement).



Performance Standard 1

Assessment and Management of Environmental and Social Risks and Impacts

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6. The client will establish an overarching policy defining the environmental and social objectives and principles that guide the project to achieve sound environmental and social performance.⁹ The policy provides a framework for the environmental and social assessment and management process, and specifies that the project (or business activities, as appropriate) will comply with the applicable laws and regulations of the jurisdictions in which it is being undertaken, including those laws implementing host country obligations under international law. The policy should be consistent with the principles of the Performance Standards. Under some circumstances, clients may also subscribe to other internationally recognized standards, certification schemes, or codes of practice and these too should be included in the policy. The policy will indicate who, within the client's organization, will ensure conformance with the policy and be responsible for its execution (with reference to an appropriate responsible government agency or third party, as necessary). The client will communicate the policy to all levels of its organization.

Identification of Risks and Impacts

7. The client will establish and maintain a process for identifying the environmental and social risks and impacts of the project (see paragraph 18 for competency requirements). The type, scale, and location of the project guide the scope and level of effort devoted to the risks and impacts identification process. The scope of the risks and impacts identification process will be consistent with good international industry practice,¹⁰ and will determine the appropriate and relevant methods and assessment tools. The process may comprise a full-scale environmental and social impact assessment, a limited or focused environmental and social assessment, or straightforward application of environmental siting, pollution standards, design criteria, or construction standards.¹¹ When the project involves existing assets, environmental and/or social audits or risk/hazard assessments can be appropriate and sufficient to identify risks and impacts. If assets to be developed, acquired or financed have yet to be defined, the establishment of an environmental and social due diligence process will identify risks and impacts at a point in the future when the physical elements, assets, and facilities are reasonably understood. The risks and impacts identification process will be based on recent environmental and social baseline data at an appropriate level of detail. The process will consider all relevant environmental and social risks and impacts of the project, including the issues identified in Performance Standards 2 through 8, and those who are likely to be affected by such risks and impacts.¹² The risks and impacts identification process will consider the emissions of greenhouse gases, the relevant risks associated with a changing climate and the adaptation opportunities, and potential transboundary effects, such as pollution of air, or use or pollution of international waterways.

8. Where the project involves specifically identified physical elements, aspects, and facilities that are likely to generate impacts, environmental and social risks and impacts will be identified in the context of the project's area of influence. This area of influence encompasses, as appropriate:

⁹ This requirement is a stand-alone, project-specific policy and is not intended to affect (or require alteration of) existing policies the client may have defined for non-related projects, business activities, or higher-level corporate activities.

¹⁰ Defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally.

¹¹ For greenfield developments or large expansions with specifically identified physical elements, aspects, and facilities that are likely to generate potential significant environmental or social impacts, the client will conduct a comprehensive Environmental and Social Impact Assessment, including an examination of alternatives, where appropriate.

¹² In limited high risk circumstances, it may be appropriate for the client to complement its environmental and social risks and impacts identification process with specific human rights due diligence as relevant to the particular business.



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- The area likely to be affected by: (i) the project¹³ and the client's activities and facilities that are directly owned, operated or managed (including by contractors) and that are a component of the project;¹⁴ (ii) impacts from unplanned but predictable developments caused by the project that may occur later or at a different location; or (iii) indirect project impacts on biodiversity or on ecosystem services upon which Affected Communities' livelihoods are dependent.
- Associated facilities, which are facilities that are not funded as part of the project and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable.¹⁵
- Cumulative impacts¹⁶ that result from the incremental impact, on areas or resources used or directly impacted by the project, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.

9. In the event of risks and impacts in the project's area of influence resulting from a third party's actions, the client will address those risks and impacts in a manner commensurate with the client's control and influence over the third parties, and with due regard to conflict of interest.

10. Where the client can reasonably exercise control, the risks and impacts identification process will also consider those risks and impacts associated with primary supply chains, as defined in Performance Standard 2 (paragraphs 27–29) and Performance Standard 6 (paragraph 30).

11. Where the project involves specifically identified physical elements, aspects and facilities that are likely to generate environmental and social impacts, the identification of risks and impacts will take into account the findings and conclusions of related and applicable plans, studies, or assessments prepared by relevant government authorities or other parties that are directly related to the project and its area of influence.¹⁷ These include master economic development plans, country or regional plans, feasibility studies, alternatives analyses, and cumulative, regional, sectoral, or strategic environmental assessments where relevant. The risks and impacts identification will take account of the outcome of the engagement process with Affected Communities as appropriate.

12. Where the project involves specifically identified physical elements, aspects and facilities that are likely to generate impacts, and as part of the process of identifying risks and impacts, the client will identify individuals and groups that may be directly and differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status.¹⁸ Where individuals or groups are

¹³ Examples include the project's sites, the immediate airshed and watershed, or transport corridors.

¹⁴ Examples include power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps, and contaminated land (e.g., soil, groundwater, surface water, and sediments).

¹⁵ Associated facilities may include railways, roads, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals.

¹⁶ Cumulative impacts are limited to those impacts generally recognized as important on the basis of scientific concerns and/or concerns from Affected Communities. Examples of cumulative impacts include: incremental contribution of gaseous emissions to an airshed; reduction of water flows in a watershed due to multiple withdrawals; increases in sediment loads to a watershed; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways.

¹⁷ The client can take these into account by focusing on the project's incremental contribution to selected impacts generally recognized as important on the basis of scientific concern or concerns from the Affected Communities within the area addressed by these larger scope regional studies or cumulative assessments.

¹⁸ This disadvantaged or vulnerable status may stem from an individual's or group's race, color, sex, language, religion, political or other opinion, national or social origin, property, birth, or other status. The client should also



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identified as disadvantaged or vulnerable, the client will propose and implement differentiated measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in sharing development benefits and opportunities.

Management Programs

13. Consistent with the client's policy and the objectives and principles described therein, the client will establish management programs that, in sum, will describe mitigation and performance improvement measures and actions that address the identified environmental and social risks and impacts of the project.

14. Depending on the nature and scale of the project, these programs may consist of some documented combination of operational procedures, practices, plans, and related supporting documents (including legal agreements) that are managed in a systematic way.¹⁹ The programs may apply broadly across the client's organization, including contractors and primary suppliers over which the organization has control or influence, or to specific sites, facilities, or activities. The mitigation hierarchy to address identified risks and impacts will favor the avoidance of impacts over minimization, and, where residual impacts remain, compensation/offset, wherever technically²⁰ and financially feasible.²¹

15. Where the identified risks and impacts cannot be avoided, the client will identify mitigation and performance measures and establish corresponding actions to ensure the project will operate in compliance with applicable laws and regulations, and meet the requirements of Performance Standards 1 through 8. The level of detail and complexity of this collective management program and the priority of the identified measures and actions will be commensurate with the project's risks and impacts, and will take account of the outcome of the engagement process with Affected Communities as appropriate.

16. The management programs will establish environmental and social Action Plans,²² which will define desired outcomes and actions to address the issues raised in the risks and impacts identification process, as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation. As appropriate, the management program will recognize and incorporate the role of relevant actions and events controlled by third parties to address identified risks and impacts. Recognizing the dynamic nature of

consider factors such as gender, age, ethnicity, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

¹⁹ Existing legal agreements between the client and third parties that address mitigation actions with regard to specific impacts constitute part of a program. Examples are government-managed resettlement responsibilities specified in an agreement.

²⁰ Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity, and operational reliability.

²¹ Financial feasibility is based on commercial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable to the client.

²² Action plans may include an overall Environmental and Social Action Plan necessary for carrying out a suite of mitigation measures or thematic action plans, such as Resettlement Action Plans or Biodiversity Action Plans. Action plans may be plans designed to fill in the gaps of existing management programs to ensure consistency with the Performance Standards, or they may be stand alone plans that specify the project's mitigation strategy. The "Action plan" terminology is understood by some communities of practice to mean Management plans, or Development plans. In this case, examples are numerous and include various types of environmental and social management plans.



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the project, the management program will be responsive to changes in circumstances, unforeseen events, and the results of monitoring and review.

Organizational Capacity and Competency

17. The client, in collaboration with appropriate and relevant third parties, will establish, maintain, and strengthen as necessary an organizational structure that defines roles, responsibilities, and authority to implement the ESMS. Specific personnel, including management representative(s), with clear lines of responsibility and authority should be designated. Key environmental and social responsibilities should be well defined and communicated to the relevant personnel and to the rest of the client's organization. Sufficient management sponsorship and human and financial resources will be provided on an ongoing basis to achieve effective and continuous environmental and social performance.

18. Personnel within the client's organization with direct responsibility for the project's environmental and social performance will have the knowledge, skills, and experience necessary to perform their work, including current knowledge of the host country's regulatory requirements and the applicable requirements of Performance Standards 1 through 8. Personnel will also possess the knowledge, skills, and experience to implement the specific measures and actions required under the ESMS and the methods required to perform the actions in a competent and efficient manner.

19. The process of identification of risks and impacts will consist of an adequate, accurate, and objective evaluation and presentation, prepared by competent professionals. For projects posing potentially significant adverse impacts or where technically complex issues are involved, clients may be required to involve external experts to assist in the risks and impacts identification process.

Emergency Preparedness and Response

20. Where the project involves specifically identified physical elements, aspects and facilities that are likely to generate impacts, the ESMS will establish and maintain an emergency preparedness and response system so that the client, in collaboration with appropriate and relevant third parties, will be prepared to respond to accidental and emergency situations associated with the project in a manner appropriate to prevent and mitigate any harm to people and/or the environment. This preparation will include the identification of areas where accidents and emergency situations may occur, communities and individuals that may be impacted, response procedures, provision of equipment and resources, designation of responsibilities, communication, including that with potentially Affected Communities and periodic training to ensure effective response. The emergency preparedness and response activities will be periodically reviewed and revised, as necessary, to reflect changing conditions.

21. Where applicable, the client will also assist and collaborate with the potentially Affected Communities (see Performance Standard 4) and the local government agencies in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to ensure effective response. If local government agencies have little or no capacity to respond effectively, the client will play an active role in preparing for and responding to emergencies associated with the project. The client will document its emergency preparedness and response activities, resources, and responsibilities, and will provide appropriate information to potentially Affected Community and relevant government agencies.

Monitoring and Review

22. The client will establish procedures to monitor and measure the effectiveness of the management program, as well as compliance with any related legal and/or contractual obligations



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and regulatory requirements. Where the government or other third party has responsibility for managing specific risks and impacts and associated mitigation measures, the client will collaborate in establishing and monitoring such mitigation measures. Where appropriate, clients will consider involving representatives from Affected Communities to participate in monitoring activities.²³ The client's monitoring program should be overseen by the appropriate level in the organization. For projects with significant impacts, the client will retain external experts to verify its monitoring information. The extent of monitoring should be commensurate with the project's environmental and social risks and impacts and with compliance requirements.

23. In addition to recording information to track performance and establishing relevant operational controls, the client should use dynamic mechanisms, such as internal inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes. Monitoring will normally include recording information to track performance and comparing this against the previously established benchmarks or requirements in the management program. Monitoring should be adjusted according to performance experience and actions requested by relevant regulatory authorities. The client will document monitoring results and identify and reflect the necessary corrective and preventive actions in the amended management program and plans. The client, in collaboration with appropriate and relevant third parties, will implement these corrective and preventive actions, and follow up on these actions in upcoming monitoring cycles to ensure their effectiveness.

24. Senior management in the client organization will receive periodic performance reviews of the effectiveness of the ESMS, based on systematic data collection and analysis. The scope and frequency of such reporting will depend upon the nature and scope of the activities identified and undertaken in accordance with the client's ESMS and other applicable project requirements. Based on results within these performance reviews, senior management will take the necessary and appropriate steps to ensure the intent of the client's policy is met, that procedures, practices, and plans are being implemented, and are seen to be effective.

Stakeholder Engagement

25. Stakeholder engagement is the basis for building strong, constructive, and responsive relationships that are essential for the successful management of a project's environmental and social impacts.²⁴ Stakeholder engagement is an ongoing process that may involve, in varying degrees, the following elements: stakeholder analysis and planning, disclosure and dissemination of information, consultation and participation, grievance mechanism, and ongoing reporting to Affected Communities. The nature, frequency, and level of effort of stakeholder engagement may vary considerably and will be commensurate with the project's risks and adverse impacts, and the project's phase of development.

Stakeholder Analysis and Engagement Planning

26. Clients should identify the range of stakeholders that may be interested in their actions and consider how external communications might facilitate a dialog with all stakeholders (paragraph 34 below). Where projects involve specifically identified physical elements, aspects and/or facilities that are likely to generate adverse environmental and social impacts to Affected Communities the client will identify the Affected Communities and will meet the relevant requirements described below.

²³ For example, participatory water monitoring.

²⁴ Requirements regarding engagement of workers and related grievance redress procedures are found in Performance Standard 2.



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27. The client will develop and implement a Stakeholder Engagement Plan that is scaled to the project risks and impacts and development stage, and be tailored to the characteristics and interests of the Affected Communities. Where applicable, the Stakeholder Engagement Plan will include differentiated measures to allow the effective participation of those identified as disadvantaged or vulnerable. When the stakeholder engagement process depends substantially on community representatives,²⁵ the client will make every reasonable effort to verify that such persons do in fact represent the views of Affected Communities and that they can be relied upon to faithfully communicate the results of consultations to their constituents.

28. In cases where the exact location of the project is not known, but it is reasonably expected to have significant impacts on local communities, the client will prepare a Stakeholder Engagement Framework, as part of its management program, outlining general principles and a strategy to identify Affected Communities and other relevant stakeholders and plan for an engagement process compatible with this Performance Standard that will be implemented once the physical location of the project is known.

Disclosure of Information

29. Disclosure of relevant project information helps Affected Communities and other stakeholders understand the risks, impacts and opportunities of the project. The client will provide Affected Communities with access to relevant information²⁶ on: (i) the purpose, nature, and scale of the project; (ii) the duration of proposed project activities; (iii) any risks to and potential impacts on such communities and relevant mitigation measures; (iv) the envisaged stakeholder engagement process; and (v) the grievance mechanism.

Consultation

30. When Affected Communities are subject to identified risks and adverse impacts from a project, the client will undertake a process of consultation in a manner that provides the Affected Communities with opportunities to express their views on project risks, impacts and mitigation measures, and allows the client to consider and respond to them. The extent and degree of engagement required by the consultation process should be commensurate with the project's risks and adverse impacts and with the concerns raised by the Affected Communities. Effective consultation is a two-way process that should: (i) begin early in the process of identification of environmental and social risks and impacts and continue on an ongoing basis as risks and impacts arise; (ii) be based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information which is in a culturally appropriate local language(s) and format and is understandable to Affected Communities; (iii) focus inclusive²⁷ engagement on those directly affected as opposed to those not directly affected; (iv) be free of external manipulation, interference, coercion, or intimidation; (v) enable meaningful participation, where applicable; and (vi) be documented. The client will tailor its consultation process to the language preferences of the Affected Communities, their decision-making process, and the needs of disadvantaged or vulnerable

²⁵ For example, community and religious leaders, local government representatives, civil society representatives, politicians, school teachers, and/or others representing one or more affected stakeholder groups.

²⁶ Depending on the scale of the project and significance of the risks and impacts, relevant document(s) could range from full Environmental and Social Assessments and Action Plans (i.e., Stakeholder Engagement Plan, Resettlement Action Plans, Biodiversity Action Plans, Hazardous Materials Management Plans, Emergency Preparedness and Response Plans, Community Health and Safety Plans, Ecosystem Restoration Plans, and Indigenous Peoples Development Plans, etc.) to easy-to-understand summaries of key issues and commitments. These documents could also include the client's environmental and social policy and any supplemental measures and actions defined as a result of independent due diligence conducted by financiers.

²⁷ Such as men, women, the elderly, youth, displaced persons, and vulnerable and disadvantaged persons or groups.



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groups. If clients have already engaged in such a process, they will provide adequate documented evidence of such engagement.

Informed Consultation and Participation

31. For projects with potentially significant adverse impacts on Affected Communities, the client will conduct an Informed Consultation and Participation (ICP) process that will build upon the steps outlined above in Consultation and will result in the Affected Communities' informed participation. ICP involves a more in-depth exchange of views and information, and an organized and iterative consultation, leading to the client's incorporating into their decision-making process the views of the Affected Communities on matters that affect them directly, such as the proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The consultation process should (i) capture both men's and women's views, if necessary through separate forums or engagements, and (ii) reflect men's and women's different concerns and priorities about impacts, mitigation mechanisms, and benefits, where appropriate. The client will document the process, in particular the measures taken to avoid or minimize risks to and adverse impacts on the Affected Communities, and will inform those affected about how their concerns have been considered.

Indigenous Peoples

32. For projects with adverse impacts to Indigenous Peoples, the client is required to engage them in a process of ICP and in certain circumstances the client is required to obtain their Free, Prior, and Informed Consent (FPIC). The requirements related to Indigenous Peoples and the definition of the special circumstances requiring FPIC are described in Performance Standard 7.

Private Sector Responsibilities Under Government-Led Stakeholder Engagement

33. Where stakeholder engagement is the responsibility of the host government, the client will collaborate with the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with the objectives of this Performance Standard. In addition, where government capacity is limited, the client will play an active role during the stakeholder engagement planning, implementation, and monitoring. If the process conducted by the government does not meet the relevant requirements of this Performance Standard, the client will conduct a complementary process and, where appropriate, identify supplemental actions.

External Communications and Grievance Mechanisms

External Communications

34. Clients will implement and maintain a procedure for external communications that includes methods to (i) receive and register external communications from the public; (ii) screen and assess the issues raised and determine how to address them; (iii) provide, track, and document responses, if any; and (iv) adjust the management program, as appropriate. In addition, clients are encouraged to make publicly available periodic reports on their environmental and social sustainability.

Grievance Mechanism for Affected Communities

35. Where there are Affected Communities, the client will establish a grievance mechanism to receive and facilitate resolution of Affected Communities' concerns and grievances about the client's environmental and social performance. The grievance mechanism should be scaled to the risks and adverse impacts of the project and have Affected Communities as its primary user. It should seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate and readily accessible, and at no cost and without retribution to the party that originated the issue or concern. The mechanism should not impede access to judicial or



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administrative remedies. The client will inform the Affected Communities about the mechanism in the course of the stakeholder engagement process.

Ongoing Reporting to Affected Communities

36. The client will provide periodic reports to the Affected Communities that describe progress with implementation of the project Action Plans on issues that involve ongoing risk to or impacts on Affected Communities and on issues that the consultation process or grievance mechanism have identified as a concern to those Communities. If the management program results in material changes in or additions to the mitigation measures or actions described in the Action Plans on issues of concern to the Affected Communities, the updated relevant mitigation measures or actions will be communicated to them. The frequency of these reports will be proportionate to the concerns of Affected Communities but not less than annually.



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Introduction

1. Performance Standard 2 recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental¹ rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient in the sustainability of a company. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention, and can jeopardize a project. Conversely, through a constructive worker-management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits, such as enhancement of the efficiency and productivity of their operations.

2. The requirements set out in this Performance Standard have been in part guided by a number of international conventions and instruments, including those of the International Labour Organization (ILO) and the United Nations (UN).²

Objectives

- To promote the fair treatment, non-discrimination, and equal opportunity of workers.
- To establish, maintain, and improve the worker-management relationship.
- To promote compliance with national employment and labor laws.
- To protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and workers in the client's supply chain.
- To promote safe and healthy working conditions, and the health of workers.
- To avoid the use of forced labor.

Scope of Application

3. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System (ESMS), the elements of which are outlined in Performance Standard 1.

4. The scope of application of this Performance Standard depends on the type of employment relationship between the client and the worker. It applies to workers directly engaged by the client (direct workers), workers engaged through third parties to perform work related to core business

¹ As guided by the ILO Conventions listed in footnote 2.

² These conventions are:

ILO Convention 87 on Freedom of Association and Protection of the Right to Organize

ILO Convention 98 on the Right to Organize and Collective Bargaining

ILO Convention 29 on Forced Labor

ILO Convention 105 on the Abolition of Forced Labor

ILO Convention 138 on Minimum Age (of Employment)

ILO Convention 182 on the Worst Forms of Child Labor

ILO Convention 100 on Equal Remuneration

ILO Convention 111 on Discrimination (Employment and Occupation)

UN Convention on the Rights of the Child, Article 32.1

UN Convention on the Protection of the Rights of all Migrant Workers and Members of their Families



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processes³ of the project for a substantial duration (contracted workers), as well as workers engaged by the client's primary suppliers (supply chain workers).⁴

Direct Workers

5. With respect to direct workers, the client will apply the requirements of paragraphs 8–23 of this Performance Standard.

Contracted Workers

6. With respect to contracted workers, the client will apply the requirements of paragraphs 23–26 of this Performance Standard.

Supply Chain Workers

7. With respect to supply chain workers, the client will apply the requirements of paragraphs 27–29 of this Performance Standard.

Requirements

Working Conditions and Management of Worker Relationship

Human Resources Policies and Procedures

8. The client will adopt and implement human resources policies and procedures appropriate to its size and workforce that set out its approach to managing workers consistent with the requirements of this Performance Standard and national law.

9. The client will provide workers with documented information that is clear and understandable, regarding their rights under national labor and employment law and any applicable collective agreements, including their rights related to hours of work, wages, overtime, compensation, and benefits upon beginning the working relationship and when any material changes occur.

Working Conditions and Terms of Employment

10. Where the client is a party to a collective bargaining agreement with a workers' organization, such agreement will be respected. Where such agreements do not exist, or do not address working conditions and terms of employment,⁵ the client will provide reasonable working conditions and terms of employment.⁶

11. The client will identify migrant workers and ensure that they are engaged on substantially equivalent terms and conditions to non-migrant workers carrying out similar work.

³ Core business processes constitute those production and/or service processes essential for a specific business activity without which the business activity could not continue.

⁴ Primary suppliers are those suppliers who, on an ongoing basis, provide goods or materials essential for the core business processes of the project.

⁵ Working conditions and terms of employment examples are wages and benefits; wage deductions; hours of work; overtime arrangements and overtime compensation; breaks; rest days; and leave for illness, maternity, vacation or holiday.

⁶ Reasonable working conditions and terms of employment could be assessed by reference to (i) conditions established for work of the same character in the trade or industry concerned in the area/region where the work is carried out; (ii) collective agreement or other recognized negotiation between other organizations of employers and workers' representatives in the trade or industry concerned; (iii) arbitration award; or (iv) conditions established by national law.



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12. Where accommodation services⁷ are provided to workers covered by the scope of this Performance Standard, the client will put in place and implement policies on the quality and management of the accommodation and provision of basic services.⁸ The accommodation services will be provided in a manner consistent with the principles of non-discrimination and equal opportunity. Workers' accommodation arrangements should not restrict workers' freedom of movement or of association.

Workers' Organizations

13. In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing without interference and to bargain collectively, the client will comply with national law. Where national law substantially restricts workers' organizations, the client will not restrict workers from developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment. The client should not seek to influence or control these mechanisms.

14. In either case described in paragraph 13 of this Performance Standard, and where national law is silent, the client will not discourage workers from electing worker representatives, forming or joining workers' organizations of their choosing, or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or seek to participate, in such organizations and collective bargaining. The client will engage with such workers' representatives and workers' organizations, and provide them with information needed for meaningful negotiation in a timely manner. Workers' organizations are expected to fairly represent the workers in the workforce.

Non-Discrimination and Equal Opportunity

15. The client will not make employment decisions on the basis of personal characteristics⁹ unrelated to inherent job requirements. The client will base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, job assignment, promotion, termination of employment or retirement, and disciplinary practices. The client will take measures to prevent and address harassment, intimidation, and/or exploitation, especially in regard to women. The principles of non-discrimination apply to migrant workers.

16. In countries where national law provides for non-discrimination in employment, the client will comply with national law. When national laws are silent on non-discrimination in employment, the client will meet this Performance Standard. In circumstances where national law is inconsistent with this Performance Standard, the client is encouraged to carry out its operations consistent with the intent of paragraph 15 above without contravening applicable laws.

⁷ Those services might be provided either directly by the client or by third parties.

⁸ Basic services requirements refer to minimum space, supply of water, adequate sewage and garbage disposal system, appropriate protection against heat, cold, damp, noise, fire and disease-carrying animals, adequate sanitary and washing facilities, ventilation, cooking and storage facilities and natural and artificial lighting, and in some cases basic medical services.

⁹ Such as gender, race, nationality, ethnic, social and indigenous origin, religion or belief, disability, age, or sexual orientation.



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17. Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job will not be deemed as discrimination, provided they are consistent with national law.

Retrenchment

18. Prior to implementing any collective dismissals,¹⁰ the client will carry out an analysis of alternatives to retrenchment.¹¹ If the analysis does not identify viable alternatives to retrenchment, a retrenchment plan will be developed and implemented to reduce the adverse impacts of retrenchment on workers. The retrenchment plan will be based on the principle of non-discrimination and will reflect the client's consultation with workers, their organizations, and, where appropriate, the government, and comply with collective bargaining agreements if they exist. The client will comply with all legal and contractual requirements related to notification of public authorities, and provision of information to, and consultation with workers and their organizations.

19. The client should ensure that all workers receive notice of dismissal and severance payments mandated by law and collective agreements in a timely manner. All outstanding back pay and social security benefits and pension contributions and benefits will be paid (i) on or before termination of the working relationship to the workers, (ii) where appropriate, for the benefit of the workers, or (iii) payment will be made in accordance with a timeline agreed through a collective agreement. Where payments are made for the benefit of workers, workers will be provided with evidence of such payments.

Grievance Mechanism

20. The client will provide a grievance mechanism for workers (and their organizations, where they exist) to raise workplace concerns. The client will inform the workers of the grievance mechanism at the time of recruitment and make it easily accessible to them. The mechanism should involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retribution. The mechanism should also allow for anonymous complaints to be raised and addressed. The mechanism should not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

Protecting the Work Force

Child Labor

21. The client will not employ children in any manner that is economically exploitative, or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. The client will identify the presence of all persons under the age of 18. Where national laws have provisions for the employment of minors, the client will follow those laws applicable to the client. Children under the age of 18 will not be employed in hazardous work.¹² All work of persons under the age of 18 will be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work.

¹⁰ Collective dismissals cover all multiple dismissals that are a result of an economic, technical, or organizational reason; or other reasons that are not related to performance or other personal reasons.

¹¹ Examples of alternatives may include negotiated working-time reduction programs, employee capacity-building programs; long-term maintenance works during low production periods, etc.

¹² Examples of hazardous work activities include work (i) with exposure to physical, psychological, or sexual abuse; (ii) underground, underwater, working at heights, or in confined spaces; (iii) with dangerous machinery,



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Forced Labor

22. The client will not employ forced labor, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labor, such as indentured labor, bonded labor, or similar labor-contracting arrangements. The client will not employ trafficked persons.¹³

Occupational Health and Safety

23. The client will provide a safe and healthy work environment, taking into account inherent risks in its particular sector and specific classes of hazards in the client's work areas, including physical, chemical, biological, and radiological hazards, and specific threats to women. The client will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, as far as reasonably practicable, the causes of hazards. In a manner consistent with good international industry practice,¹⁴ as reflected in various internationally recognized sources including the World Bank Group Environmental, Health and Safety Guidelines, the client will address areas that include the (i) identification of potential hazards to workers, particularly those that may be life-threatening; (ii) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (iii) training of workers; (iv) documentation and reporting of occupational accidents, diseases, and incidents; and (v) emergency prevention, preparedness, and response arrangements. For additional information related to emergency preparedness and response refer to Performance Standard 1.

Workers Engaged by Third Parties

24. With respect to contracted workers the client will take commercially reasonable efforts to ascertain that the third parties who engage these workers are reputable and legitimate enterprises and have an appropriate ESMS that will allow them to operate in a manner consistent with the requirements of this Performance Standard, except for paragraphs 18–19, and 27–29.

25. The client will establish policies and procedures for managing and monitoring the performance of such third party employers in relation to the requirements of this Performance Standard. In addition, the client will use commercially reasonable efforts to incorporate these requirements in contractual agreements with such third party employers.

26. The client will ensure that contracted workers, covered in paragraphs 24–25 of this Performance Standard, have access to a grievance mechanism. In cases where the third party is not able to provide a grievance mechanism the client will extend its own grievance mechanism to serve workers engaged by the third party.

equipment, or tools, or involving handling of heavy loads; (iv) in unhealthy environments exposing the worker to hazardous substances, agents, processes, temperatures, noise, or vibration damaging to health; or (v) under difficult conditions such as long hours, late night, or confinement by employer.

¹³ Trafficking in persons is defined as the recruitment, transportation, transfer, harboring, or receipt of persons, by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power, or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Women and children are particularly vulnerable to trafficking practices.

¹⁴ Defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances, globally or regionally.



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Supply Chain

27. Where there is a high risk of child labor or forced labor¹⁵ in the primary supply chain, the client will identify those risks consistent with paragraphs 21 and 22 above. If child labor or forced labor cases are identified, the client will take appropriate steps to remedy them. The client will monitor its primary supply chain on an ongoing basis in order to identify any significant changes in its supply chain and if new risks or incidents of child and/or forced labor are identified, the client will take appropriate steps to remedy them.

28. Additionally, where there is a high risk of significant safety issues related to supply chain workers, the client will introduce procedures and mitigation measures to ensure that primary suppliers within the supply chain are taking steps to prevent or to correct life-threatening situations.

29. The ability of the client to fully address these risks will depend upon the client's level of management control or influence over its primary suppliers. Where remedy is not possible, the client will shift the project's primary supply chain over time to suppliers that can demonstrate that they are complying with this Performance Standard.

¹⁵ The potential risk of child labor and forced labor will be determined during the risks and impacts identification process as required in Performance Standard 1.



Performance Standard 3 Resource Efficiency and Pollution Prevention

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Introduction

1. Performance Standard 3 recognizes that increased economic activity and urbanization often generate increased levels of pollution to air, water, and land, and consume finite resources in a manner that may threaten people and the environment at the local, regional, and global levels.¹ There is also a growing global consensus that the current and projected atmospheric concentration of greenhouse gases (GHG) threatens the public health and welfare of current and future generations. At the same time, more efficient and effective resource use and pollution prevention² and GHG emission avoidance and mitigation technologies and practices have become more accessible and achievable in virtually all parts of the world. These are often implemented through continuous improvement methodologies similar to those used to enhance quality or productivity, which are generally well known to most industrial, agricultural, and service sector companies.

2. This Performance Standard outlines a project-level approach to resource efficiency and pollution prevention and control in line with internationally disseminated technologies and practices. In addition, this Performance Standard promotes the ability of private sector companies to adopt such technologies and practices as far as their use is feasible in the context of a project that relies on commercially available skills and resources.

Objectives

- To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.
- To promote more sustainable use of resources, including energy and water.
- To reduce project-related GHG emissions.

Scope of Application

3. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System, the elements of which are outlined in Performance Standard 1.

Requirements

4. During the project life-cycle, the client will consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention principles and techniques that are best suited to avoid, or where avoidance is not possible, minimize adverse impacts on human health and the environment.³ The principles and techniques applied during the project life-cycle will be

¹ For the purposes of this Performance Standard, the term "pollution" is used to refer to both hazardous and non-hazardous chemical pollutants in the solid, liquid, or gaseous phases, and includes other components such as pests, pathogens, thermal discharge to water, GHG emissions, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

² For the purpose of this Performance Standard, the term "pollution prevention" does not mean absolute elimination of emissions, but the avoidance at source whenever possible, and, if not possible, then subsequent minimization of pollution to the extent that the Performance Standard objectives are satisfied.

³ Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, infrastructure, security, governance, capacity and operational reliability. Financial feasibility is



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tailored to the hazards and risks associated with the nature of the project and consistent with good international industry practice (GIIP),⁴ as reflected in various internationally recognized sources, including the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines).

5. The client will refer to the EHS Guidelines or other internationally recognized sources, as appropriate, when evaluating and selecting resource efficiency and pollution prevention and control techniques for the project. The EHS Guidelines contain the performance levels and measures that are normally acceptable and applicable to projects. When host country regulations differ from the levels and measures presented in the EHS Guidelines, clients will be required to achieve whichever is more stringent. If less stringent levels or measures than those provided in the EHS Guidelines are appropriate in view of specific project circumstances, the client will provide full and detailed justification for any proposed alternatives through the environmental and social risks and impacts identification and assessment process. This justification must demonstrate that the choice for any alternate performance levels is consistent with the objectives of this Performance Standard.

Resource Efficiency

6. The client will implement technically and financially feasible and cost effective⁵ measures for improving efficiency in its consumption of energy, water, as well as other resources and material inputs, with a focus on areas that are considered core business activities. Such measures will integrate the principles of cleaner production into product design and production processes with the objective of conserving raw materials, energy, and water. Where benchmarking data are available, the client will make a comparison to establish the relative level of efficiency.

Greenhouse Gases

7. In addition to the resource efficiency measures described above, the client will consider alternatives and implement technically and financially feasible and cost-effective options to reduce project-related GHG emissions during the design and operation of the project. These options may include, but are not limited to, alternative project locations, adoption of renewable or low carbon energy sources, sustainable agricultural, forestry and livestock management practices, the reduction of fugitive emissions and the reduction of gas flaring.

8. For projects that are expected to or currently produce more than 25,000 tonnes of CO₂-equivalent annually,⁶ the client will quantify direct emissions from the facilities owned or controlled within the physical project boundary,⁷ as well as indirect emissions associated with the off-site

based on commercial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment, operating, and maintenance costs.

⁴ GIIP is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.

⁵ Cost-effectiveness is determined according to the capital and operational cost and financial benefits of the measure considered over the life of the measure. For the purpose of this Performance Standard, a resource efficiency or GHG emissions reduction measure is considered cost-effective if it is expected to provide a risk-rated return on investment at least comparable to the project itself.

⁶ The quantification of emissions should consider all significant sources of greenhouse gas emissions, including non-energy related sources such as methane and nitrous oxide, among others.

⁷ Project-induced changes in soil carbon content or above ground biomass, and project-induced decay of organic matter may contribute to direct emissions sources and shall be included in this emissions quantification where such emissions are expected to be significant.



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production of energy⁸ used by the project. Quantification of GHG emissions will be conducted by the client annually in accordance with internationally recognized methodologies and good practice.⁹

Water Consumption

9. When the project is a potentially significant consumer of water, in addition to applying the resource efficiency requirements of this Performance Standard, the client shall adopt measures that avoid or reduce water usage so that the project's water consumption does not have significant adverse impacts on others. These measures include, but are not limited to, the use of additional technically feasible water conservation measures within the client's operations, the use of alternative water supplies, water consumption offsets to reduce total demand for water resources to within the available supply, and evaluation of alternative project locations.

Pollution Prevention

10. The client will avoid the release of pollutants or, when avoidance is not feasible, minimize and/or control the intensity and mass flow of their release. This applies to the release of pollutants to air, water, and land due to routine, non-routine, and accidental circumstances with the potential for local, regional, and transboundary impacts.¹⁰ Where historical pollution such as land or ground water contamination exists, the client will seek to determine whether it is responsible for mitigation measures. If it is determined that the client is legally responsible, then these liabilities will be resolved in accordance with national law, or where this is silent, with GIIP.¹¹

11. To address potential adverse project impacts on existing ambient conditions,¹² the client will consider relevant factors, including, for example (i) existing ambient conditions; (ii) the finite assimilative capacity¹³ of the environment; (iii) existing and future land use; (iv) the project's proximity to areas of importance to biodiversity; and (v) the potential for cumulative impacts with uncertain and/or irreversible consequences. In addition to applying resource efficiency and pollution control measures as required in this Performance Standard, when the project has the potential to constitute a significant source of emissions in an already degraded area, the client will consider additional strategies and adopt measures that avoid or reduce negative effects. These strategies include, but are not limited to, evaluation of project location alternatives and emissions offsets.

Wastes

12. The client will avoid the generation of hazardous and non-hazardous waste materials. Where waste generation cannot be avoided, the client will reduce the generation of waste, and recover and reuse waste in a manner that is safe for human health and the environment. Where waste cannot be recovered or reused, the client will treat, destroy, or dispose of it in an environmentally sound manner that includes the appropriate control of emissions and residues resulting from the handling and

⁸ Refers to the off-site generation by others of electricity, and heating and cooling energy used in the project.

⁹ Estimation methodologies are provided by the Intergovernmental Panel on Climate Change, various international organizations, and relevant host country agencies.

¹⁰ Transboundary pollutants include those covered under the Convention on Long-Range Transboundary Air Pollution.

¹¹ This may require coordination with national and local government, communities, and the contributors to the contamination, and that any assessment follows a risk-based approach consistent with GIIP as reflected in the EHS Guidelines.

¹² Such as air, surface and groundwater, and soils.

¹³ The capacity of the environment for absorbing an incremental load of pollutants while remaining below a threshold of unacceptable risk to human health and the environment.



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processing of the waste material. If the generated waste is considered hazardous,¹⁴ the client will adopt GIIP alternatives for its environmentally sound disposal while adhering to the limitations applicable to its transboundary movement.¹⁵ When hazardous waste disposal is conducted by third parties, the client will use contractors that are reputable and legitimate enterprises licensed by the relevant government regulatory agencies and obtain chain of custody documentation to the final destination. The client should ascertain whether licensed disposal sites are being operated to acceptable standards and where they are, the client will use these sites. Where this is not the case, clients should reduce waste sent to such sites and consider alternative disposal options, including the possibility of developing their own recovery or disposal facilities at the project site.

Hazardous Materials Management

13. Hazardous materials are sometimes used as raw material or produced as product by the project. The client will avoid or, when avoidance is not possible, minimize and control the release of hazardous materials. In this context, the production, transportation, handling, storage, and use of hazardous materials for project activities should be assessed. The client will consider less hazardous substitutes where hazardous materials are intended to be used in manufacturing processes or other operations. The client will avoid the manufacture, trade, and use of chemicals and hazardous materials subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer.¹⁶

Pesticide Use and Management

14. The client will, where appropriate, formulate and implement an integrated pest management (IPM) and/or integrated vector management (IVM) approach targeting economically significant pest infestations and disease vectors of public health significance. The client's IPM and IVM program will integrate coordinated use of pest and environmental information along with available pest control methods, including cultural practices, biological, genetic, and, as a last resort, chemical means to prevent economically significant pest damage and/or disease transmission to humans and animals.

15. When pest management activities include the use of chemical pesticides, the client will select chemical pesticides that are low in human toxicity, that are known to be effective against the target species, and that have minimal effects on non-target species and the environment. When the client selects chemical pesticides, the selection will be based upon requirements that the pesticides be packaged in safe containers, be clearly labeled for safe and proper use, and that the pesticides have been manufactured by an entity currently licensed by relevant regulatory agencies.

16. The client will design its pesticide application regime to (i) avoid damage to natural enemies of the target pest, and where avoidance is not possible, minimize, and (ii) avoid the risks associated with the development of resistance in pests and vectors, and where avoidance is not possible minimize. In addition, pesticides will be handled, stored, applied, and disposed of in accordance with the Food and Agriculture Organization's International Code of Conduct on the Distribution and Use of Pesticides or other GIIP.

¹⁴ As defined by international conventions or local legislation.

¹⁵ Transboundary movement of hazardous materials should be consistent with national, regional and international law, including the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal and the London Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter.

¹⁶ Consistent with the objectives of the Stockholm Convention on Persistent Organic Pollutants and the Montreal Protocol on Substances that Deplete the Ozone Layer. Similar considerations will apply to certain World Health Organization (WHO) classes of pesticides.



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17. The client will not purchase, store, use, manufacture, or trade in products that fall in WHO Recommended Classification of Pesticides by Hazard Class Ia (extremely hazardous); or Ib (highly hazardous). The client will not purchase, store, use, manufacture or trade in Class II (moderately hazardous) pesticides, unless the project has appropriate controls on manufacture, procurement, or distribution and/or use of these chemicals. These chemicals should not be accessible to personnel without proper training, equipment, and facilities to handle, store, apply, and dispose of these products properly.



Performance Standard 4

Community Health, Safety, and Security

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Introduction

1. Performance Standard 4 recognizes that project activities, equipment, and infrastructure can increase community exposure to risks and impacts. In addition, communities that are already subjected to impacts from climate change may also experience an acceleration and/or intensification of impacts due to project activities. While acknowledging the public authorities' role in promoting the health, safety, and security of the public, this Performance Standard addresses the client's responsibility to avoid or minimize the risks and impacts to community health, safety, and security that may arise from project related-activities, with particular attention to vulnerable groups.

2. In conflict and post-conflict areas, the level of risks and impacts described in this Performance Standard may be greater. The risks that a project could exacerbate an already sensitive local situation and stress scarce local resources should not be overlooked as it may lead to further conflict.

Objectives

- To anticipate and avoid adverse impacts on the health and safety of the Affected Community during the project life from both routine and non-routine circumstances.
- To ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the Affected Communities.

Scope of Application

3. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System, the elements of which are outlined in Performance Standard 1.

4. This Performance Standard addresses potential risks and impacts to the Affected Communities from project activities. Occupational health and safety requirements for workers are included in Performance Standard 2, and environmental standards to avoid or minimize impacts on human health and the environment due to pollution are included in Performance Standard 3.

Requirements

Community Health and Safety

5. The client will evaluate the risks and impacts to the health and safety of the Affected Communities during the project life-cycle and will establish preventive and control measures consistent with good international industry practice (GIIP),¹ such as in the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines) or other internationally recognized sources. The client will identify risks and impacts and propose mitigation measures that are commensurate with their nature and magnitude. These measures will favor the avoidance of risks and impacts over minimization.

¹ Defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally.



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Infrastructure and Equipment Design and Safety

6. The client will design, construct, operate, and decommission the structural elements or components of the project in accordance with GIIP, taking into consideration safety risks to third parties or Affected Communities. When new buildings and structures will be accessed by members of the public, the client will consider incremental risks of the public's potential exposure to operational accidents and/or natural hazards and be consistent with the principles of universal access. Structural elements will be designed and constructed by competent professionals, and certified or approved by competent authorities or professionals. When structural elements or components, such as dams, tailings dams, or ash ponds are situated in high-risk locations, and their failure or malfunction may threaten the safety of communities, the client will engage one or more external experts with relevant and recognized experience in similar projects, separate from those responsible for the design and construction, to conduct a review as early as possible in project development and throughout the stages of project design, construction, operation, and decommissioning. For projects that operate moving equipment on public roads and other forms of infrastructure, the client will seek to avoid the occurrence of incidents and injuries to members of the public associated with the operation of such equipment.

Hazardous Materials Management and Safety

7. The client will avoid or minimize the potential for community exposure to hazardous materials and substances that may be released by the project. Where there is a potential for the public (including workers and their families) to be exposed to hazards, particularly those that may be life-threatening, the client will exercise special care to avoid or minimize their exposure by modifying, substituting, or eliminating the condition or material causing the potential hazards. Where hazardous materials are part of existing project infrastructure or components, the client will exercise special care when conducting decommissioning activities in order to avoid exposure to the community. The client will exercise commercially reasonable efforts to control the safety of deliveries of hazardous materials, and of transportation and disposal of hazardous wastes, and will implement measures to avoid or control community exposure to pesticides, in accordance with the requirements of Performance Standard 3.

Ecosystem Services

8. The project's direct impacts on priority ecosystem services may result in adverse health and safety risks and impacts to Affected Communities. With respect to this Performance Standard, ecosystem services are limited to provisioning and regulating services as defined in paragraph 2 of Performance Standard 6. For example, land use changes or the loss of natural buffer areas such as wetlands, mangroves, and upland forests that mitigate the effects of natural hazards such as flooding, landslides, and fire, may result in increased vulnerability and community safety-related risks and impacts. The diminution or degradation of natural resources, such as adverse impacts on the quality, quantity, and availability of freshwater,² may result in health-related risks and impacts. Where appropriate and feasible, the client will identify those risks and potential impacts on priority ecosystem services that may be exacerbated by climate change. Adverse impacts should be avoided, and if these impacts are unavoidable, the client will implement mitigation measures in accordance with paragraphs 24 and 25 of Performance Standard 6. With respect to the use of and loss of access to provisioning services, clients will implement mitigation measures in accordance with paragraphs 25–29 of Performance Standard 5.

² Freshwater is an example of provisioning ecosystem services.



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Community Exposure to Disease

9. The client will avoid or minimize the potential for community exposure to water-borne, water-based, water-related, and vector-borne diseases, and communicable diseases that could result from project activities, taking into consideration differentiated exposure to and higher sensitivity of vulnerable groups. Where specific diseases are endemic in communities in the project area of influence, the client is encouraged to explore opportunities during the project life-cycle to improve environmental conditions that could help minimize their incidence.

10. The client will avoid or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent project labor.

Emergency Preparedness and Response

11. In addition to the emergency preparedness and response requirements described in Performance Standard 1, the client will also assist and collaborate with the Affected Communities, local government agencies, and other relevant parties, in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to respond to such emergency situations. If local government agencies have little or no capacity to respond effectively, the client will play an active role in preparing for and responding to emergencies associated with the project. The client will document its emergency preparedness and response activities, resources, and responsibilities, and will disclose appropriate information to Affected Communities, relevant government agencies, or other relevant parties.

Security Personnel

12. When the client retains direct or contracted workers to provide security to safeguard its personnel and property, it will assess risks posed by its security arrangements to those within and outside the project site. In making such arrangements, the client will be guided by the principles of proportionality and good international practice³ in relation to hiring, rules of conduct, training, equipping, and monitoring of such workers, and by applicable law. The client will make reasonable inquiries to ensure that those providing security are not implicated in past abuses; will train them adequately in the use of force (and where applicable, firearms), and appropriate conduct toward workers and Affected Communities; and require them to act within the applicable law. The client will not sanction any use of force except when used for preventive and defensive purposes in proportion to the nature and extent of the threat. The client will provide a grievance mechanism for Affected Communities to express concerns about the security arrangements and acts of security personnel.

13. The client will assess and document risks arising from the project's use of government security personnel deployed to provide security services. The client will seek to ensure that security personnel will act in a manner consistent with paragraph 12 above, and encourage the relevant public authorities to disclose the security arrangements for the client's facilities to the public, subject to overriding security concerns.

14. The client will consider and, where appropriate, investigate all allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence, and report unlawful and abusive acts to public authorities.

³ Including practice consistent with the United Nation's (UN) Code of Conduct for Law Enforcement Officials, and UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.



Performance Standard 5 Land Acquisition and Involuntary Resettlement

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Introduction

1. Performance Standard 5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood¹) as a result of project-related land acquisition² and/or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of (i) lawful expropriation or temporary or permanent restrictions on land use and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

2. Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for the Affected Communities and persons, as well as environmental damage and adverse socio-economic impacts in areas to which they have been displaced. For these reasons, involuntary resettlement should be avoided. However, where involuntary resettlement is unavoidable, it should be minimized and appropriate measures to mitigate adverse impacts on displaced persons and host communities³ should be carefully planned and implemented. The government often plays a central role in the land acquisition and resettlement process, including the determination of compensation, and is therefore an important third party in many situations. Experience demonstrates that the direct involvement of the client in resettlement activities can result in more cost-effective, efficient, and timely implementation of those activities, as well as in the introduction of innovative approaches to improving the livelihoods of those affected by resettlement.

3. To help avoid expropriation and eliminate the need to use governmental authority to enforce relocation, clients are encouraged to use negotiated settlements meeting the requirements of this Performance Standard, even if they have the legal means to acquire land without the seller's consent.

Objectives

- To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs.
- To avoid forced eviction.
- To anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost⁴ and (ii) ensuring

¹ The term "livelihood" refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.

² Land acquisition includes both outright purchases of property and acquisition of access rights, such as easements or rights of way.

³ A host community is any community receiving displaced persons.

⁴ Replacement cost is defined as the market value of the assets plus transaction costs. In applying this method of valuation, depreciation of structures and assets should not be taken into account. Market value is defined as the value required to allow Affected Communities and persons to replace lost assets with assets of similar value. The valuation method for determining replacement cost should be documented and included in applicable Resettlement and/or Livelihood Restoration plans (see paragraphs 18 and 25).



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that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected.

- To improve, or restore, the livelihoods and standards of living of displaced persons.
- To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure⁵ at resettlement sites.

Scope of Application

4. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System, the elements of which are outlined in Performance Standard 1.

5. This Performance Standard applies to physical and/or economic displacement resulting from the following types of land-related transactions:

- Land rights or land use rights acquired through expropriation or other compulsory procedures in accordance with the legal system of the host country;
- Land rights or land use rights acquired through negotiated settlements with property owners or those with legal rights to the land if failure to reach settlement would have resulted in expropriation or other compulsory procedures;⁶
- Project situations where involuntary restrictions on land use and access to natural resources cause a community or groups within a community to lose access to resource usage where they have traditional or recognizable usage rights;⁷
- Certain project situations requiring evictions of people occupying land without formal, traditional, or recognizable usage rights;⁸ or
- Restriction on access to land or use of other resources including communal property and natural resources such as marine and aquatic resources, timber and non-timber forest products, freshwater, medicinal plants, hunting and gathering grounds and grazing and cropping areas.⁹

6. This Performance Standard does not apply to resettlement resulting from voluntary land transactions (i.e., market transactions in which the seller is not obliged to sell and the buyer cannot resort to expropriation or other compulsory procedures sanctioned by the legal system of the host

⁵ Security of tenure means that resettled individuals or communities are resettled to a site that they can legally occupy and where they are protected from the risk of eviction.

⁶ This also applies to customary or traditional rights recognized or recognizable under the laws of the host country. The negotiations may be carried out by the government or by the company (in some circumstances, as an agent of the government).

⁷ In such situations, affected persons frequently do not have formal ownership. This may include freshwater and marine environments. This Performance Standard may also apply when project-related biodiversity areas or legally designated buffer zones are established but not acquired by the client.

⁸ While some people do not have rights over the land they occupy, this Performance Standard requires that non-land assets be retained, replaced, or compensated for; relocation take place with security of tenure; and lost livelihoods be restored.

⁹ Natural resource assets referred to in this Performance Standard are equivalent to ecosystem provisioning services as described in Performance Standard 6.



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country if negotiations fail). It also does not apply to impacts on livelihoods where the project is not changing the land use of the affected groups or communities.¹⁰

7. Where project impacts on land, assets, or access to assets become significantly adverse at any stage of the project, the client should consider applying requirements of this Performance Standard, even where no land acquisition or land use restriction is involved.

Requirements

General

Project Design

8. The client will consider feasible alternative project designs to avoid or minimize physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits, paying particular attention to impacts on the poor and vulnerable.

Compensation and Benefits for Displaced Persons

9. When displacement cannot be avoided, the client will offer displaced communities and persons compensation for loss of assets at full replacement cost and other assistance¹¹ to help them improve or restore their standards of living or livelihoods, as provided in this Performance Standard. Compensation standards will be transparent and applied consistently to all communities and persons affected by the displacement. Where livelihoods of displaced persons are land-based,¹² or where land is collectively owned, the client will, where feasible,¹³ offer the displaced land-based compensation. The client will take possession of acquired land and related assets only after compensation has been made available¹⁴ and, where applicable, resettlement sites and moving allowances have been provided to the displaced persons in addition to compensation.¹⁵ The client will also provide opportunities to displaced communities and persons to derive appropriate development benefits from the project.

Community Engagement

10. The client will engage with Affected Communities, including host communities, through the process of stakeholder engagement described in Performance Standard 1. Decision-making processes related to resettlement and livelihood restoration should include options and alternatives, where applicable. Disclosure of relevant information and participation of Affected Communities and persons will continue during the planning, implementation, monitoring, and evaluation of compensation payments, livelihood restoration activities, and resettlement to achieve outcomes that

¹⁰ More generalized impacts on communities or groups of people are covered in Performance Standard 1. For example, disruption of access to mineral deposits by artisanal miners is covered by Performance Standard 1.

¹¹ As described in paragraphs 19 and 26.

¹² The term "land-based" includes livelihood activities such as subsistence cropping and grazing of livestock as well as the harvesting of natural resources.

¹³ Refer to paragraph 26 of this Performance Standard for further requirements.

¹⁴ In certain cases it may not be feasible to pay compensation to all those affected before taking possession of the land, for example when the ownership of the land in question is in dispute. Such circumstances shall be identified and agreed on a case-by-case basis, and compensation funds shall be made available for example through deposit into an escrow account before displacement takes place.

¹⁵ Unless government-managed resettlement is involved and where the client has no direct influence over the timing of compensation payments. Such cases should be handled in accordance with paragraphs 27–29 of this Performance Standard. Staggered compensation payments may be made where one-off cash payments would demonstrably undermine social and/or resettlement objectives, or where there are ongoing impacts to livelihood activities.



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are consistent with the objectives of this Performance Standard.¹⁶ Additional provisions apply to consultations with Indigenous Peoples, in accordance with Performance Standard 7.

Grievance Mechanism

11. The client will establish a grievance mechanism consistent with Performance Standard 1 as early as possible in the project development phase. This will allow the client to receive and address specific concerns about compensation and relocation raised by displaced persons or members of host communities in a timely fashion, including a recourse mechanism designed to resolve disputes in an impartial manner.

Resettlement and Livelihood Restoration Planning and Implementation

12. Where involuntary resettlement is unavoidable, either as a result of a negotiated settlement or expropriation, a census will be carried out to collect appropriate socio-economic baseline data to identify the persons who will be displaced by the project, determine who will be eligible for compensation and assistance,¹⁷ and discourage ineligible persons, such as opportunistic settlers, from claiming benefits. In the absence of host government procedures, the client will establish a cut-off date for eligibility. Information regarding the cut-off date will be well documented and disseminated throughout the project area.

13. In cases where affected persons reject compensation offers that meet the requirements of this Performance Standard and, as a result, expropriation or other legal procedures are initiated, the client will explore opportunities to collaborate with the responsible government agency, and, if permitted by the agency, play an active role in resettlement planning, implementation, and monitoring (see paragraphs 30–32).

14. The client will establish procedures to monitor and evaluate the implementation of a Resettlement Action Plan or Livelihood Restoration Plan (see paragraphs 19 and 25) and take corrective action as necessary. The extent of monitoring activities will be commensurate with the project's risks and impacts. For projects with significant involuntary resettlement risks, the client will retain competent resettlement professionals to provide advice on compliance with this Performance Standard and to verify the client's monitoring information. Affected persons will be consulted during the monitoring process.

15. Implementation of a Resettlement Action Plan or Livelihood Restoration Plan will be considered completed when the adverse impacts of resettlement have been addressed in a manner that is consistent with the relevant plan as well as the objectives of this Performance Standard. It may be necessary for the client to commission an external completion audit of the Resettlement Action Plan or Livelihood Restoration Plan to assess whether the provisions have been met, depending on the scale and/or complexity of physical and economic displacement associated with a project. The completion audit should be undertaken once all mitigation measures have been substantially completed and once displaced persons are deemed to have been provided adequate opportunity and assistance to sustainably restore their livelihoods. The completion audit will be undertaken by

¹⁶ The consultation process should ensure that women's perspectives are obtained and their interests factored into all aspects of resettlement planning and implementation. Addressing livelihood impacts may require intra-household analysis in cases where women's and men's livelihoods are affected differently. Women's and men's preferences in terms of compensation mechanisms, such as compensation in kind rather than in cash, should be explored.

¹⁷ Documentation of ownership or occupancy and compensation arrangements should be issued in the names of both spouses or heads of households, and other resettlement assistance, such as skills training, access to credit, and job opportunities, should be equally available to women and adapted to their needs. Where national law and tenure systems do not recognize the rights of women to hold or contract in property, measures should be considered to provide women as much protection as possible with the objective to achieve equity with men.



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competent resettlement professionals once the agreed monitoring period is concluded. The completion audit will include, at a minimum, a review of the totality of mitigation measures implemented by the client, a comparison of implementation outcomes against agreed objectives, and a conclusion as to whether the monitoring process can be ended.¹⁸

16. Where the exact nature or magnitude of the land acquisition or restrictions on land use related to a project with potential to cause physical and/or economic displacement is unknown due to the stage of project development, the client will develop a Resettlement and/or Livelihood Restoration Framework outlining general principles compatible with this Performance Standard. Once the individual project components are defined and the necessary information becomes available, such a framework will be expanded into a specific Resettlement Action Plan or Livelihood Restoration Plan and procedures in accordance with paragraphs 19 and 25 below.

Displacement

17. Displaced persons may be classified as persons (i) who have formal legal rights to the land or assets they occupy or use; (ii) who do not have formal legal rights to land or assets, but have a claim to land that is recognized or recognizable under national law;¹⁹ or (iii) who have no recognizable legal right or claim to the land or assets they occupy or use. The census will establish the status of the displaced persons.

18. Project-related land acquisition and/or restrictions on land use may result in the physical displacement of people as well as their economic displacement. Consequently, requirements of this Performance Standard in respect of physical displacement and economic displacement may apply simultaneously.²⁰

Physical Displacement

19. In the case of physical displacement, the client will develop a Resettlement Action Plan that covers, at a minimum, the applicable requirements of this Performance Standard regardless of the number of people affected. This will include compensation at full replacement cost for land and other assets lost. The Plan will be designed to mitigate the negative impacts of displacement; identify development opportunities; develop a resettlement budget and schedule; and establish the entitlements of all categories of affected persons (including host communities). Particular attention will be paid to the needs of the poor and the vulnerable. The client will document all transactions to acquire land rights, as well as compensation measures and relocation activities.

20. If people living in the project area are required to move to another location, the client will (i) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation where appropriate; and (ii) provide relocation assistance suited to the needs of each group of displaced persons. New resettlement sites built for displaced persons must offer improved living conditions. The displaced persons' preferences with respect to relocating in

¹⁸ The completion audit of the Resettlement Action Plan and/or Livelihood Restoration Plan, will be undertaken by external resettlement experts once the agreed monitoring period is concluded, and will involve a more in-depth assessment than regular resettlement monitoring activities, including at a minimum a review of all mitigation measures with respect to the physical and/or economic displacement implemented by the Client, a comparison of implementation outcomes against agreed objectives, a conclusion as to whether the monitoring process can be ended and, where necessary, a Corrective Action Plan listing outstanding actions necessary to met the objectives.

¹⁹ Such claims could be derived from adverse possession or from customary or traditional tenure arrangements.

²⁰ Where a project results in both physical and economic displacement, the requirements of paragraphs 25 and 26 (Economic Displacement) should be incorporated into the Resettlement Action Plan or Framework (i.e., there is no need to have a separate Resettlement Action Plan and Livelihood Restoration Plan).



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preexisting communities and groups will be taken into consideration. Existing social and cultural institutions of the displaced persons and any host communities will be respected.

21. In the case of physically displaced persons under paragraph 17 (i) or (ii), the client will offer the choice of replacement property of equal or higher value, security of tenure, equivalent or better characteristics, and advantages of location or cash compensation where appropriate. Compensation in kind should be considered in lieu of cash. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.²¹

22. In the case of physically displaced persons under paragraph 17 (iii), the client will offer them a choice of options for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction. Where these displaced persons own and occupy structures, the client will compensate them for the loss of assets other than land, such as dwellings and other improvements to the land, at full replacement cost, provided that these persons have been occupying the project area prior to the cut-off date for eligibility. Based on consultation with such displaced persons, the client will provide relocation assistance sufficient for them to restore their standard of living at an adequate alternative site.²²

23. The client is not required to compensate or assist those who encroach on the project area after the cut-off date for eligibility, provided the cut-off date has been clearly established and made public.

24. Forced evictions²³ will not be carried out except in accordance with law and the requirements of this Performance Standard.

Economic Displacement

25. In the case of projects involving economic displacement only, the client will develop a Livelihood Restoration Plan to compensate affected persons and/or communities and offer other assistance that meet the objectives of this Performance Standard. The Livelihood Restoration Plan will establish the entitlements of affected persons and/or communities and will ensure that these are provided in a transparent, consistent, and equitable manner. The mitigation of economic displacement will be considered complete when affected persons or communities have received compensation and other assistance according to the requirements of the Livelihood Restoration Plan and this Performance Standard, and are deemed to have been provided with adequate opportunity to reestablish their livelihoods.

26. If land acquisition or restrictions on land use result in economic displacement defined as loss of assets and/or means of livelihood, regardless of whether or not the affected people are physically displaced, the client will meet the requirements in paragraphs 27–29 below, as applicable.

²¹ Payment of cash compensation for lost assets may be appropriate where (i) livelihoods are not land-based; (ii) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (iii) active markets for land, housing, and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing.

²² Relocation of informal settlers in urban areas may involve trade-offs. For example, the relocated families may gain security of tenure, but they may lose advantages of location. Changes in location that may affect livelihood opportunities should be addressed in accordance with the principles of this Performance Standard (see in particular paragraph 25).

²³ The permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or lands which they occupy without the provision of, and access to, appropriate forms of legal and other protection.



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27. Economically displaced persons who face loss of assets or access to assets will be compensated for such loss at full replacement cost.

- In cases where land acquisition or restrictions on land use affect commercial structures, affected business owners will be compensated for the cost of reestablishing commercial activities elsewhere, for lost net income during the period of transition, and for the costs of the transfer and reinstallation of the plant, machinery, or other equipment.
- In cases affecting persons with legal rights or claims to land which are recognized or recognizable under national law (see paragraph 17 (i) and (ii)), replacement property (e.g., agricultural or commercial sites) of equal or greater value will be provided, or, where appropriate, cash compensation at full replacement cost.
- Economically displaced persons who are without legally recognizable claims to land (see paragraph 17 (iii)) will be compensated for lost assets other than land (such as crops, irrigation infrastructure and other improvements made to the land), at full replacement cost. The client is not required to compensate or assist opportunistic settlers who encroach on the project area after the cut-off date for eligibility.

28. In addition to compensation for lost assets, if any, as required under paragraph 27, economically displaced persons whose livelihoods or income levels are adversely affected will also be provided opportunities to improve, or at least restore, their means of income-earning capacity, production levels, and standards of living:

- For persons whose livelihoods are land-based, replacement land that has a combination of productive potential, locational advantages, and other factors at least equivalent to that being lost should be offered as a matter of priority.
- For persons whose livelihoods are natural resource-based and where project-related restrictions on access envisaged in paragraph 5 apply, implementation of measures will be made to either allow continued access to affected resources or provide access to alternative resources with equivalent livelihood-earning potential and accessibility. Where appropriate, benefits and compensation associated with natural resource usage may be collective in nature rather than directly oriented towards individuals or households.
- If circumstances prevent the client from providing land or similar resources as described above, alternative income earning opportunities may be provided, such as credit facilities, training, cash, or employment opportunities. Cash compensation alone, however, is frequently insufficient to restore livelihoods.

29. Transitional support should be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.

Private Sector Responsibilities Under Government-Managed Resettlement

30. Where land acquisition and resettlement are the responsibility of the government, the client will collaborate with the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with this Performance Standard. In addition, where government capacity is limited, the client will play an active role during resettlement planning, implementation, and monitoring, as described below.



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31. In the case of acquisition of land rights or access to land through compulsory means or negotiated settlements involving physical displacement, the client will identify and describe²⁴ government resettlement measures. If these measures do not meet the relevant requirements of this Performance Standard, the client will prepare a Supplemental Resettlement Plan that, together with the documents prepared by the responsible government agency, will address the relevant requirements of this Performance Standard (the General Requirements and requirements for Physical Displacement and Economic Displacement above). The client will need to include in its Supplemental Resettlement Plan, at a minimum (i) identification of affected people and impacts; (ii) a description of regulated activities, including the entitlements of displaced persons provided under applicable national laws and regulations; (iii) the supplemental measures to achieve the requirements of this Performance Standard as described in paragraphs 19–29 in a way that is permitted by the responsible agency and implementation time schedule; and (iv) the financial and implementation responsibilities of the client in the execution of its Supplemental Resettlement Plan.

32. In the case of projects involving economic displacement only, the client will identify and describe the measures that the responsible government agency plans to use to compensate Affected Communities and persons. If these measures do not meet the relevant requirements of this Performance Standard, the client will develop an Environmental and Social Action Plan to complement government action. This may include additional compensation for lost assets, and additional efforts to restore lost livelihoods where applicable.

²⁴ Government documents, where available, may be used to identify such measures.



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Introduction

1. Performance Standard 7 recognizes that Indigenous Peoples, as social groups with identities that are distinct from mainstream groups in national societies, are often among the most marginalized and vulnerable segments of the population. In many cases, their economic, social, and legal status limits their capacity to defend their rights to, and interests in, lands and natural and cultural resources, and may restrict their ability to participate in and benefit from development. Indigenous Peoples are particularly vulnerable if their lands and resources are transformed, encroached upon, or significantly degraded. Their languages, cultures, religions, spiritual beliefs, and institutions may also come under threat. As a consequence, Indigenous Peoples may be more vulnerable to the adverse impacts associated with project development than non-indigenous communities. This vulnerability may include loss of identity, culture, and natural resource-based livelihoods, as well as exposure to impoverishment and diseases.

2. Private sector projects can create opportunities for Indigenous Peoples to participate in, and benefit from project-related activities that may help them fulfill their aspiration for economic and social development. Furthermore, Indigenous Peoples may play a role in sustainable development by promoting and managing activities and enterprises as partners in development. Government often plays a central role in the management of Indigenous Peoples' issues, and clients should collaborate with the responsible authorities in managing the risks and impacts of their activities.¹

Objectives

- To ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.
- To anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts.
- To promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.
- To establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected by a project throughout the project's life-cycle.
- To ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when the circumstances described in this Performance Standard are present.
- To respect and preserve the culture, knowledge, and practices of Indigenous Peoples.

Scope of Application

3. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet

¹ In addition to meeting the requirements under this Performance Standard, clients must comply with applicable national law, including those laws implementing host country obligations under international law.



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the requirements of this Performance Standard is managed through the client's Environmental and Social Management System, the elements of which are outlined in Performance Standard 1.

4. There is no universally accepted definition of "Indigenous Peoples." Indigenous Peoples may be referred to in different countries by such terms as "Indigenous ethnic minorities," "aboriginals," "hill tribes," "minority nationalities," "scheduled tribes," "first nations," or "tribal groups."

5. In this Performance Standard, the term "Indigenous Peoples" is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or
- A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

6. This Performance Standard applies to communities or groups of Indigenous Peoples who maintain a collective attachment, i.e., whose identity as a group or community is linked, to distinct habitats or ancestral territories and the natural resources therein. It may also apply to communities or groups that have lost collective attachment to distinct habitats or ancestral territories in the project area, occurring within the concerned group members' lifetime, because of forced severance, conflict, government resettlement programs, dispossession of their lands, natural disasters, or incorporation of such territories into an urban area.

7. The client may be required to seek inputs from competent professionals to ascertain whether a particular group is considered as Indigenous Peoples for the purpose of this Performance Standard.

Requirements

General

Avoidance of Adverse Impacts

8. The client will identify, through an environmental and social risks and impacts assessment process, all communities of Indigenous Peoples within the project area of influence who may be affected by the project, as well as the nature and degree of the expected direct and indirect economic, social, cultural (including cultural heritage²), and environmental impacts on them.

9. Adverse impacts on Affected Communities of Indigenous Peoples should be avoided where possible. Where alternatives have been explored and adverse impacts are unavoidable, the client will minimize, restore, and/or compensate for these impacts in a culturally appropriate manner commensurate with the nature and scale of such impacts and the vulnerability of the Affected Communities of Indigenous Peoples. The client's proposed actions will be developed with the ICP of the Affected Communities of Indigenous Peoples and contained in a time-bound plan, such as an

² Additional requirements on protection of cultural heritage are set out in Performance Standard 8.



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Indigenous Peoples Plan, or a broader community development plan with separate components for Indigenous Peoples.³

Participation and Consent

10. The client will undertake an engagement process with the Affected Communities of Indigenous Peoples as required in Performance Standard 1. This engagement process includes stakeholder analysis and engagement planning, disclosure of information, consultation, and participation, in a culturally appropriate manner. In addition, this process will:

- Involve Indigenous Peoples' representative bodies and organizations (e.g., councils of elders or village councils), as well as members of the Affected Communities of Indigenous Peoples; and
- Provide sufficient time for Indigenous Peoples' decision-making processes.⁴

11. Affected Communities of Indigenous Peoples may be particularly vulnerable to the loss of, alienation from or exploitation of their land and access to natural and cultural resources.⁵ In recognition of this vulnerability, in addition to the General Requirements of this Performance Standard, the client will obtain the FPIC of the Affected Communities of Indigenous Peoples in the circumstances described in paragraphs 13–17 of this Performance Standard. FPIC applies to project design, implementation, and expected outcomes related to impacts affecting the communities of Indigenous Peoples. When any of these circumstances apply, the client will engage external experts to assist in the identification of the project risks and impacts.

12. There is no universally accepted definition of FPIC. For the purposes of Performance Standards 1, 7 and 8, "FPIC" has the meaning described in this paragraph. FPIC builds on and expands the process of ICP described in Performance Standard 1 and will be established through good faith negotiation between the client and the Affected Communities of Indigenous Peoples. The client will document: (i) the mutually accepted process between the client and Affected Communities of Indigenous Peoples, and (ii) evidence of agreement between the parties as the outcome of the negotiations. FPIC does not necessarily require unanimity and may be achieved even when individuals or groups within the community explicitly disagree.

Circumstances Requiring Free, Prior, and Informed Consent

Impacts on Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use

13. Indigenous Peoples are often closely tied to their lands and related natural resources.⁶ Frequently, these lands are traditionally owned or under customary use.⁷ While Indigenous Peoples

³ The determination of the appropriate plan may require the input of competent professionals. A community development plan may be appropriate in circumstances where Indigenous Peoples are a part of larger Affected Communities.

⁴ Internal decision making processes are generally but not always collective in nature. There may be internal dissent, and decisions may be challenged by some in the community. The consultation process should be sensitive to such dynamics and allow sufficient time for internal decision making processes to reach conclusions that are considered legitimate by the majority of the concerned participants.

⁵ Natural resources and natural areas with cultural value referred to in this Performance Standard are equivalent to ecosystem provisioning and cultural services as described in Performance Standard 6.

⁶ Examples include marine and aquatic resources timber, and non-timber forest products, medicinal plants, hunting and gathering grounds, and grazing and cropping areas. Natural resource assets, as referred to in this Performance Standard, are equivalent to provisioning ecosystem services as described in Performance Standard 6.



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may not possess legal title to these lands as defined by national law, their use of these lands, including seasonal or cyclical use, for their livelihoods, or cultural, ceremonial, and spiritual purposes that define their identity and community, can often be substantiated and documented.

14. If the client proposes to locate a project on, or commercially develop natural resources on lands traditionally owned by, or under the customary use of, Indigenous Peoples, and adverse impacts⁸ can be expected, the client will take the following steps:

- Document efforts to avoid and otherwise minimize the area of land proposed for the project;
- Document efforts to avoid and otherwise minimize impacts on natural resources and natural areas of importance⁹ to Indigenous People;
- Identify and review all property interests and traditional resource uses prior to purchasing or leasing land;
- Assess and document the Affected Communities of Indigenous Peoples' resource use without prejudicing any Indigenous Peoples' land claim.¹⁰ The assessment of land and natural resource use should be gender inclusive and specifically consider women's role in the management and use of these resources;
- Ensure that Affected Communities of Indigenous Peoples are informed of their land rights under national law, including any national law recognizing customary use rights; and
- Offer Affected Communities of Indigenous Peoples compensation and due process in the case of commercial development of their land and natural resources, together with culturally appropriate sustainable development opportunities, including:
 - Providing land-based compensation or compensation-in-kind in lieu of cash compensation where feasible.¹¹
 - Ensuring continued access to natural resources, identifying the equivalent replacement resources, or, as a last option, providing compensation and identifying alternative livelihoods if project development results in the loss of access to and the loss of natural resources independent of project land acquisition.
 - Ensuring fair and equitable sharing of benefits associated with project usage of the resources where the client intends to utilize natural resources that are central to the identity and livelihood of Affected Communities of Indigenous People and their usage thereof exacerbates livelihood risk.

⁷ The acquisition and/or leasing of lands with legal title is addressed in Performance Standard 5: Land Acquisition and Involuntary Resettlement.

⁸ Such adverse impacts may include impacts from loss of access to assets or resources or restrictions on land use resulting from project activities.

⁹ "Natural resources and natural areas of importance" as referred to in this Performance Standard are equivalent to priority ecosystem services as defined in Performance Standard 6. They refer to those services over which the client has direct management control or significant influence, and those services most likely to be sources of risk in terms of impacts on Affected Communities of Indigenous Peoples.

¹⁰ While this Performance Standard requires substantiation and documentation of the use of such land, clients should also be aware that the land may already be under alternative use, as designated by the host government.

¹¹ If circumstances prevent the client from offering suitable replacement land, the client must provide verification that such is the case. Under such circumstances, the client will provide non land-based income-earning opportunities over and above cash compensation to the Affected Communities of Indigenous Peoples.



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- Providing Affected Communities of Indigenous Peoples with access, usage, and transit on land it is developing subject to overriding health, safety, and security considerations.

Relocation of Indigenous Peoples from Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use

15. The client will consider feasible alternative project designs to avoid the relocation of Indigenous Peoples from communally held¹² lands and natural resources subject to traditional ownership or under customary use. If such relocation is unavoidable the client will not proceed with the project unless FPIC has been obtained as described above. Any relocation of Indigenous Peoples will be consistent with the requirements of Performance Standard 5. Where feasible, the relocated Indigenous Peoples should be able to return to their traditional or customary lands, should the cause of their relocation cease to exist.

Critical Cultural Heritage

16. Where a project may significantly impact on critical cultural heritage¹³ that is essential to the identity and/or cultural, ceremonial, or spiritual aspects of Indigenous Peoples lives, priority will be given to the avoidance of such impacts. Where significant project impacts on critical cultural heritage are unavoidable, the client will obtain the FPIC of the Affected Communities of Indigenous Peoples.

17. Where a project proposes to use the cultural heritage including knowledge, innovations, or practices of Indigenous Peoples for commercial purposes, the client will inform the Affected Communities of Indigenous Peoples of (i) their rights under national law; (ii) the scope and nature of the proposed commercial development; (iii) the potential consequences of such development; and (iv) obtain their FPIC. The client will also ensure fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with the customs and traditions of the Indigenous Peoples.

Mitigation and Development Benefits

18. The client and the Affected Communities of Indigenous Peoples will identify mitigation measures in alignment with the mitigation hierarchy described in Performance Standard 1 as well as opportunities for culturally appropriate and sustainable development benefits. The client will ensure the timely and equitable delivery of agreed measures to the Affected Communities of Indigenous Peoples.

19. The determination, delivery, and distribution of compensation and other benefit sharing measures to the Affected Communities of Indigenous Peoples will take account of the laws, institutions, and customs of these communities as well as their level of interaction with mainstream society. Eligibility for compensation can either be individually or collectively-based, or be a

¹² Typically, Indigenous Peoples claim rights and access to, and use of land and resources through traditional or customary systems, many of which entail communal property rights. These traditional claims to land and resources may not be recognized under national laws. Where members of the Affected Communities of Indigenous Peoples individually hold legal title, or where the relevant national law recognizes customary rights for individuals, the requirements of Performance Standard 5 will apply, rather than the requirements under paragraph 17 of this Performance Standard.

¹³ Includes natural areas with cultural and/or spiritual value such as sacred groves, sacred bodies of water and waterways, sacred trees, and sacred rocks. Natural areas with cultural value are equivalent to priority ecosystem cultural services as defined in Performance Standard 6.



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combination of both.¹⁴ Where compensation occurs on a collective basis, mechanisms that promote the effective delivery and distribution of compensation to all eligible members of the group will be defined and implemented.

20. Various factors including, but not limited to, the nature of the project, the project context and the vulnerability of the Affected Communities of Indigenous Peoples will determine how these communities should benefit from the project. Identified opportunities should aim to address the goals and preferences of the Indigenous Peoples including improving their standard of living and livelihoods in a culturally appropriate manner, and to foster the long-term sustainability of the natural resources on which they depend.

Private Sector Responsibilities Where Government is Responsible for Managing Indigenous Peoples Issues

21. Where the government has a defined role in the management of Indigenous Peoples issues in relation to the project, the client will collaborate with the responsible government agency, to the extent feasible and permitted by the agency, to achieve outcomes that are consistent with the objectives of this Performance Standard. In addition, where government capacity is limited, the client will play an active role during planning, implementation, and monitoring of activities to the extent permitted by the agency.

22. The client will prepare a plan that, together with the documents prepared by the responsible government agency, will address the relevant requirements of this Performance Standard. The client may need to include (i) the plan, implementation, and documentation of the process of ICP and engagement and FPIC where relevant; (ii) a description of the government-provided entitlements of affected Indigenous Peoples; (iii) the measures proposed to bridge any gaps between such entitlements, and the requirements of this Performance Standard; and (iv) the financial and implementation responsibilities of the government agency and/or the client.

¹⁴ Where control of resources, assets and decision making are predominantly collective in nature, efforts will be made to ensure that, where possible, benefits and compensation are collective, and take account of intergenerational differences and needs.



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Cultural Heritage

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Introduction

1. Performance Standard 8 recognizes the importance of cultural heritage for current and future generations. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage, this Performance Standard aims to ensure that clients protect cultural heritage in the course of their project activities. In addition, the requirements of this Performance Standard on a project's use of cultural heritage are based in part on standards set by the Convention on Biological Diversity.

Objectives

- To protect cultural heritage from the adverse impacts of project activities and support its preservation.
- To promote the equitable sharing of benefits from the use of cultural heritage.

Scope of Application

2. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System (ESMS), the elements of which are outlined in Performance Standard 1. During the project life-cycle, the client will consider potential project impacts to cultural heritage and will apply the provisions of this Performance Standard.

3. For the purposes of this Performance Standard, cultural heritage refers to (i) tangible forms of cultural heritage, such as tangible moveable or immovable objects, property, sites, structures, or groups of structures, having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values; (ii) unique natural features or tangible objects that embody cultural values, such as sacred groves, rocks, lakes, and waterfalls; and (iii) certain instances of intangible forms of culture that are proposed to be used for commercial purposes, such as cultural knowledge, innovations, and practices of communities embodying traditional lifestyles.

4. Requirements with respect to tangible forms of cultural heritage are contained in paragraphs 6–16. For requirements with respect to specific instances of intangible forms of cultural heritage described in paragraph 3 (iii) see paragraph 16.

5. The requirements of this Performance Standard apply to cultural heritage regardless of whether or not it has been legally protected or previously disturbed. The requirements of this Performance Standard do not apply to cultural heritage of Indigenous Peoples; Performance Standard 7 describes those requirements.

Requirements

Protection of Cultural Heritage in Project Design and Execution

6. In addition to complying with applicable law on the protection of cultural heritage, including national law implementing the host country's obligations under the Convention Concerning the Protection of the World Cultural and Natural Heritage, the client will identify and protect cultural heritage by ensuring that internationally recognized practices for the protection, field-based study, and documentation of cultural heritage are implemented.



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7. Where the risk and identification process determines that there is a chance of impacts to cultural heritage, the client will retain competent professionals to assist in the identification and protection of cultural heritage. The removal of nonreplicable cultural heritage is subject to the additional requirements of paragraph 10 below. In the case of critical cultural heritage, the requirements of paragraphs 13–15 will apply.

Chance Find Procedures

8. The client is responsible for siting and designing a project to avoid significant adverse impacts to cultural heritage. The environmental and social risks and impacts identification process should determine whether the proposed location of a project is in areas where cultural heritage is expected to be found, either during construction or operations. In such cases, as part of the client's ESMS, the client will develop provisions for managing chance finds¹ through a chance find procedure² which will be applied in the event that cultural heritage is subsequently discovered. The client will not disturb any chance find further until an assessment by competent professionals is made and actions consistent with the requirements of this Performance Standard are identified.

Consultation

9. Where a project may affect cultural heritage, the client will consult with Affected Communities within the host country who use, or have used within living memory, the cultural heritage for long-standing cultural purposes. The client will consult with the Affected Communities to identify cultural heritage of importance, and to incorporate into the client's decision-making process the views of the Affected Communities on such cultural heritage. Consultation will also involve the relevant national or local regulatory agencies that are entrusted with the protection of cultural heritage.

Community Access

10. Where the client's project site contains cultural heritage or prevents access to previously accessible cultural heritage sites being used by, or that have been used by, Affected Communities within living memory for long-standing cultural purposes, the client will, based on consultations under paragraph 9, allow continued access to the cultural site or will provide an alternative access route, subject to overriding health, safety, and security considerations.

Removal of Replicable Cultural Heritage

11. Where the client has encountered tangible cultural heritage that is replicable³ and not critical, the client will apply mitigation measures that favor avoidance. Where avoidance is not feasible, the client will apply a mitigation hierarchy as follows:

- Minimize adverse impacts and implement restoration measures, in situ, that ensure maintenance of the value and functionality of the cultural heritage, including maintaining or restoring any ecosystem processes⁴ needed to support it;
- Where restoration in situ is not possible, restore the functionality of the cultural heritage, in a

¹ Tangible cultural heritage encountered unexpectedly during project construction or operation.

² A chance find procedure is a project-specific procedure that outlines the actions to be taken if previously unknown cultural heritage is encountered.

³ Replicable cultural heritage is defined as tangible forms of cultural heritage that can themselves be moved to another location or that can be replaced by a similar structure or natural features to which the cultural values can be transferred by appropriate measures. Archeological or historical sites may be considered replicable where the particular eras and cultural values they represent are well represented by other sites and/or structures.

⁴ Consistent with requirements in Performance Standard 6 related to ecosystem services and conservation of biodiversity.



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different location, including the ecosystem processes needed to support it;

- The permanent removal of historical and archeological artifacts and structures is carried out according to the principles of paragraphs 6 and 7 above; and
- Only where minimization of adverse impacts and restoration to ensure maintenance of the value and functionality of the cultural heritage are demonstrably not feasible, and where the Affected Communities are using the tangible cultural heritage for long-standing cultural purposes, compensate for loss of that tangible cultural heritage.

Removal of Non-Replicable Cultural Heritage

12. Most cultural heritage is best protected by preservation in its place, since removal is likely to result in irreparable damage or destruction of the cultural heritage. The client will not remove any nonreplicable cultural heritage,⁵ unless all of the following conditions are met:

- There are no technically or financially feasible alternatives to removal;
- The overall benefits of the project conclusively outweigh the anticipated cultural heritage loss from removal; and
- Any removal of cultural heritage is conducted using the best available technique.

Critical Cultural Heritage

13. Critical cultural heritage consists of one or both of the following types of cultural heritage: (i) the internationally recognized heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; or (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.

14. The client should not remove, significantly alter, or damage critical cultural heritage. In exceptional circumstances when impacts on critical cultural heritage are unavoidable, the client will use a process of Informed Consultation and Participation (ICP) of the Affected Communities as described in Performance Standard 1 and which uses a good faith negotiation process that results in a documented outcome. The client will retain external experts to assist in the assessment and protection of critical cultural heritage.

15. Legally protected cultural heritage areas⁶ are important for the protection and conservation of cultural heritage, and additional measures are needed for any projects that would be permitted under the applicable national law in these areas. In circumstances where a proposed project is located within a legally protected area or a legally defined buffer zone, the client, in addition to the requirements for critical cultural heritage cited in paragraph 14 above, will meet the following requirements:

- Comply with defined national or local cultural heritage regulations or the protected area management plans;
- Consult the protected area sponsors and managers, local communities and other key stakeholders on the proposed project; and
- Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area.

⁵ Nonreplicable cultural heritage may relate to the social, economic, cultural, environmental, and climatic conditions of past peoples, their evolving ecologies, adaptive strategies, and early forms of environmental management, where the (i) cultural heritage is unique or relatively unique for the period it represents, or (ii) cultural heritage is unique or relatively unique in linking several periods in the same site.

⁶ Examples include world heritage sites and nationally protected areas.



Performance Standard 8 **Cultural Heritage**

July 1, 2012

THE WORLD BANK

Project's Use of Cultural Heritage

16. Where a project proposes to use the cultural heritage, including knowledge, innovations, or practices of local communities for commercial purposes,⁷ the client will inform these communities of (i) their rights under national law; (ii) the scope and nature of the proposed commercial development; and (iii) the potential consequences of such development. The client will not proceed with such commercialization unless it (i) enters into a process of ICP as described in Performance Standard 1 and which uses a good faith negotiation process that results in a documented outcome and (ii) provides for fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with their customs and traditions.

⁷ Examples include, but are not limited to, commercialization of traditional medicinal knowledge or other sacred or traditional technique for processing plants, fibers, or metals.

NON OFFICIAL VERSION

ONLY ORIGINAL SPANISH VERSION SHOULD BE CONSIDERED LEGALLY VALID FOR INTERPRETATION

ANNEX 11

CONSULTATIONS AND/OR CLARIFICATIONS FORM

Interested Party	
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Individual Taxpayer Identification Number
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Authorized E-mail Address	
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CONSULTATION NUMBER	DOCUMENT	SECTION/ANNEX	CONSULTATION

VERSIÓN NO OFICIAL

SOLAMENTE LA VERSIÓN ORIGINAL EN ESPAÑOL DEBE SER CONSIDERADA LEGALMENTE VÁLIDA PARA INTERPRETACIÓN

NON OFFICIAL VERSION

*ONLY ORIGINAL SPANISH VERSION SHOULD BE CONSIDERED LEGALLY VALID
FOR INTERPRETATION*

ANNEX 12

**SWORN STATEMENT OF OBSERVANCE OF THE PERFORMANCE
STANDARDS ON ENVIROMENTAL AND SOCIAL SUSTAINABILITY**

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VERSIÓN NO OFICIAL

*SOLAMENTE LA VERSIÓN ORIGINAL EN ESPAÑOL DEBE SER CONSIDERADA
LEGALMENTE VÁLIDA PARA INTERPRETACIÓN*

ANNEX 12

SWORN STATEMENT AND OBLIGATION OF SUBMISSION OF ENFORCMENT AND FULFILMENT OF **PERFORMANCE STANDARDS ON ENVIROMENTAL AND SOCIAL SUSTAINABILITY** from the International Finance Corporation (IFC), a member of the World Bank Group.

City of Buenos Aires, [DATE].

To the attention of: COMPAÑÍA ADMINISTRADORA DEL MERCADO ELÉCTRICO MAYORISTA SOCIEDAD ANONIMA (“CAMMESA”)

I, [NAME AND SURNAME], in my capacity as [LEGAL REPRESENTATIVE/HOLDER OF A POWER OF ATTORNEY], of the [COMPANY], (hereinafter, ‘The Bidder’), domiciled at [ADDRESS], and regarding the Tender Proposal under the framework of the NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDER APPROVED BY RESOLUTION MEYM N° 136/2016, RenovAr Program ‘Round 1’ (hereinafter, the ‘Open Call for Tender’), which was submitted to CAMMESA, hereby **declare under oath** that the Project [NAME OR ID], (hereinafter, ‘The Project’) issued by The Tenderer duly fulfill the Performance Standards on Environmental and Social Sustainability. These standards refer to the eight (8) standards set by the International Finance Corporation (‘IFC’) of the World Bank Group and have been adopted by the International Bank for Reconstruction and Development (hereinafter, ‘World Bank’) for operations involving private sector activities. The aforementioned standards have been attached as Annex 11 of the Request for Proposals of the Open Call for Tender.

Consequently, and in the event that we are awarded a contract under the framework of the Open Call for Tender, we agree to issue all supporting documents related to the Project in order to prove such fulfillment within a sixty-(60)-business-day term as of the due notice date of such award.

NON OFFICIAL VERSION
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Besides, we agree to observe the Performance Standards on Environmental and Social Sustainability during the term for which we have requested and have been granted the World Bank Guarantee, pursuant to the provisions set forth in the FODER Trust Adhesion Agreement which has been attached as Annex 7 of the Request for Proposals of the Open Call for Tender.

Subsequently, we agree to annually submit to the Enforcement Authority a management report drafted in accordance with such rules.

If we do not observe the Performance Standard on Environmental and Social Sustainability, the Enforcement Authority of the FODER Trustee shall inform this fact to the World Bank, which shall be empowered to cancel the World Bank Guarantee related to the Project. Besides, the Undersecretariat of Renewable Energy shall set the applicable penalties if we do not observe the obligation to submit the annual management report.

Regards,

[NAME AND SURNAME]

[LEGAL REPRESENTATIVE/BEARER OF A POWER OF ATTORNEY], [COMPANY]

[SIGNATURE]

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ANNEX 13
FINANCIAL REQUIREMENT STATEMENT FORM

Bidder	
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Name of the Financial Partner	
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Determination of Equity and Financial Strategic Partner Capacity (1)

Amount of the Financial Partner Equity expressed in original currency in the issued accounting statements		<input type="text"/>	[Enter Original Currency]
Applicable Exchange Rate		<input type="text"/>	USD / [Original Currency]
Financial Partner Equity Amount in US Dollars	(A)	<input type="text"/>	Dollars
Financial Partner Capacity (2)	(A) / 250,000	<input type="text"/>	MW

Signature of the Legal Representative or of the individual bearing a power of attorney from the Financial Strategic Partner

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(1) As per the provisions set forth in Section 12 of this RFP.
(2) Rounded off up to the closer decimal.

VERSIÓN NO OFICIAL
SOLAMENTE LA VERSIÓN ORIGINAL EN ESPAÑOL DEBE SER CONSIDERADA LEGALMENTE VÁLIDA PARA INTERPRETACIÓN

ANNEX 14

WORLD BANK GUARANTEE COSTS

The FODER shall charge to the Beneficiaries the same up-front and guarantee fees to which the FODER is subject under the World Bank Guarantee Agreement.

The costs applicable to the Beneficiaries of this Open Call for Tender have been defined and set by the International Bank for Reconstruction and Development ('IBRD'), which is a member of the World Bank Group, for transactions approved or to be approved by its Executive Board between July 2016 and June 2017.

The discount set forth in Section 25 of the Request for Proposals for those projects that state the local content shall be applied to the maintenance costs included in this Annex.

Up-front Fees	<p>These items shall be paid only once on the date set by FODER in accordance with the signing date of the World Bank Guarantee Agreement.</p> <ul style="list-style-type: none">a) A Front-End Fee of 25 bps of the guaranteed amount;b) An Initiation Fee of 15 bps of the guaranteed amount;c) A Processing Fee of 50 bps of the guaranteed amount;d) Reimbursement of external legal counsel expenses of the IBRD (proportional to the guaranteed amount).														
Guarantee Fees	<p>These items shall be regularly paid, up-front and semiannually, within the month prior to the beginning of each semester.</p> <p>The rate shall be established according to the guarantee tenor (in years) and shall be applied to the guaranteed amount allocated to the Seller by the FODER according to the request made in the Bid.</p> <p>The applicable rates are the following:</p> <table data-bbox="565 1384 954 1608"><thead><tr><th><u>Guarantee tenor</u></th><th><u>Guarantee fee</u></th></tr></thead><tbody><tr><td>8 years and below</td><td>50bps</td></tr><tr><td>8 to 10 years</td><td>60bps</td></tr><tr><td>10 to 12 years</td><td>70bps</td></tr><tr><td>12 to 15 years</td><td>80bps</td></tr><tr><td>15 to 18 years</td><td>90bps</td></tr><tr><td>18 to 20 years</td><td>100bps</td></tr></tbody></table>	<u>Guarantee tenor</u>	<u>Guarantee fee</u>	8 years and below	50bps	8 to 10 years	60bps	10 to 12 years	70bps	12 to 15 years	80bps	15 to 18 years	90bps	18 to 20 years	100bps
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