

Annex 2 – Technical Guidelines and Lease Parameters

1. Introduction

1.1. The objective of this Annex – Technical Guidelines and Lease Parameters – is to address the following aspects of the Lease: (i) Area, Equipment and Edifications; (ii) Access to the Area; (iii) Activities; (iv) Dimensioning and Operating Parameters; (v) Technical Parameters; (vi) Deadline for Initiating Activities; and (vii) Minimum Requirements of the Basic Implementation Plan.

2. Definitions

2.1. The definitions applicable to this Annex are stated in the General Contract Conditions.

3. Area, equipment and edifications

3.1. The total area of the Lease – identification code STS07 – encompasses approximately 33,000 m² (thirty three thousand square meters), composed of Area 1, with approximately 20,900 m² (twenty thousand and nine hundred square meters) and Area 2, with approximately 12,100 m² (twelve thousand, one hundred square meters). The equipment and edifications to be utilized in unloading (unloading, internal movement, storage and dispatch) and loading operations (reception, storage, internal movement and loading) of general non-containerized cargoes in this Lease site have already been or will be implemented according to the rules set down in the Contract and its Annexes. Appendix B indicates the boundaries of the Lease areas.

3.2. All of the areas are located within the area of the Organized Port.

3.3. Vessels with cargoes targeted to or originating in the Lease site will have docking priority when utilizing the segment of quay bordering on the Lease site, observing the rules set down by the Port Administration.

3.4. The Lessee will be responsible for all investments, additional improvements and unspecified services that may become necessary in order to achieve the Dimensioning and Operating Parameters. Projects and constructions must obey the Technical Parameters.

4. Access to the area

4.1. Highway access: through Avenida Mário Covas.

4.2. Rail access: through the rail line available in the areas adjacent to the Lease site.

4.3. Maritime access: through the public berths of the Santos Port.

5. Activities

5.1. The Lease site will be utilized for movement and storage of general non-containerized cargoes as permitted by the Organized Port PDZ.

5.2. The quantitative volumes of annual movement of paper and pulp indicated in the chart below are the minimum amounts guaranteed by the Lessee and must be achieved during the entire life of the Lease:

Lease Contract Year	Minimum Required Movement (thousand tons)
Year 1 through 4	0
Year 5 and following	1,600

5.2.1. For purposes of annual verification of Minimum Required Movement, only the movement of cargoes of paper and pulp will be considered, and only when such cargoes are unloaded from vessels docked at the Organized Port or loaded on such vessels in operations utilizing the Lease site.

5.2.2. For purposes of annual verification of Minimum Required Movement, movement of other general non-containerized cargoes will not be calculated, without hindrance to authorization of such operations according to the terms of the Contract and its Annexes.

6. Dimensioning and Operating Parameters

6.1. The Lessee must make investments and perform Activities in such a way as to comply with the Dimensioning and Operating Parameters indicated below:

6.1.1. Storage System

6.1.1.1. The Lessee will be responsible for making available new facilities for storage, movement equipment and equipment for offloading cargoes from/to railway cars, trucks and stocking areas.

6.1.1.2. The system of storage should have static capacity of at least 75,000 (seventy five thousand) tons.

6.1.2. Railway Branch Line

6.1.2.1. The Lessee will be charged with implementing new railway branch lines in the Lease site in order to ensure railway access to the respective port facilities, with land-based operations being performed predominantly through the use of this modal.

7. Technical Parameters

7.1. Project Parameters

7.1.1. The Lessee will be exclusively responsible for all technical studies including, but not restricted to, field investigations, feasibility studies, conceptual and final projects, planning documents and documents involving improvements and additions required to achieve performance of the Activities at the Lease site.

7.1.2. Projects involving implantation of all improvements and construction works at the Lease site will comply with all applicable municipal, state and federal codes and regulations, as well as the project standards indicated by the organizations listed below (should conflicts between the standards exist, the most restrictive code will be applied):

- ABNT
- ISO
- IMO
- MARPOL

7.1.3. Investments in construction works to be carried out by the Lessee for purposes of performing the Activities foreseen for the Lease site should consider a useful life of 50 (fifty) years.

7.1.4. The Lessee should carry out preventive maintenance routines on the equipment as recommended in the technical documentation provided by the respective manufacturers or, should such documentation not exist, based on the best international practices.

7.2. Construction Parameters

7.2.1. Any facilities to be constructed will comply with the standards and codes below:

- The standards produced by the ABNT, or when such are not available, appropriate and internationally recognized standards, including those listed in subitem 7.1.2 of this Annex;
- National, state and municipal building and construction codes.

8. Deadline for Initiating Activities

8.1. The Lessee will have a maximum of 4 (four) years as of the Assumption Date to make the area, infrastructure, port facilities and Activities available according to the terms of the Dimensioning, Operations and Technical Parameters, as required in the Contract and its Annexes.

9. Minimum Requirements of the Basic Implementation Plan (“PBI”)

9.1. Without prejudice to compliance with applicable legal and regulatory provisions, as well as other provisions of the Contract and its Annexes related to the theme, the Basic Implementation Plan to be submitted by the Lessee according to the terms of the Contract should contain the requirements of Appendix A.

Appendix A Requirements of the Basic Implementation Plan

With an adequate level of precision, the Basic Implementation Plan (“PBI”) should include those necessary and sufficient elements required to inform the Grantor Authority of the stages and strategies to be followed in implementation of the Activities by the Lessee. The PBI should also ensure that the Lessee possesses the conditions and plans required to implement the structures necessary for performing all of the Activities that are the object of the Contract, without generating unnecessary interference in the port system and the surrounding area of the Organized Port. More specifically, the PBI should clearly and precisely demonstrate that the Lessee possesses all of the conditions required to comply with all of the Technical Guidelines and Lease Parameters indicated in the Contract and its Annexes.

The PBI should also characterize the port facilities to be used by the Lessee, including those located both in and outside the Lease site, that already exist or that will be implemented, as well as their adequacy for the requirements specified in this Annex and their consistency with the services to be rendered.

The following items determine the content to be submitted in the PBI.

A.1. Introductory Documentation:

- A.1.1. Description of the Lease site and the localities in which the Activities will be performed, including a georeferenced survey of the area, with identification of physical and/or operational interferences with surrounding lease sites and public areas and proposals for mitigating such, when required;
- A.1.2. Preliminary listing of leased assets and evaluation of the physical state and use conditions of such;
- A.1.3. Description of the operational flow and material flow chart of the Activities to be performed, indicating the equipment, major infrastructural elements and their main technical characteristics, including static storage capacity and nominal movement capacity.
 - a) In the case of multiple stages of development of the Lease site, the description above should be submitted for each stage.

A.2. Commercial Plan of the Lease Site:

- A.2.1. Description of the services to be rendered at the Lease site;
- A.2.2. Projections of cargo movement over the entire period of the Lease and underlying premises utilized.

A.3. Technical and Operational Feasibility of the Lease:

- A.3.1. Utilization of technical drawings in blueprints and cross-sections on an adequate scale, with captions and quotas, duly undersigned by a qualified professional, for purposes of presenting the overall arrangement of the proposed facility, encompassing:
 - a) Map of the location within the Organized Port;
 - b) Elements of infrastructure, superstructure and major equipment, including that already existent and to be installed;

- c) Highway, railway, waterway and pipeline access already existent and to be installed, utilizing a unifilar diagram, as required;
 - d) Proposed environmental prevention systems (gases, dust removal, trash removal, noise, among others) that already exist and/or are to be implemented, with the respective descriptions;
 - e) Items “b” to “d” above should be presented for each stage, in cases involving multiple stages of development of the Lease site.
- A.3.2. General description of the leased equipment or that to be acquired by the Lessee, including, in the case of equipment to be acquired, type, model, main dimensions, nominal capacity, expected efficiency, range;
- A.3.3. Based on the calculation log, corroboration that the port facilities and already existent equipment and/or that to be implemented at the Lease site are sufficient to meet projected demand, as determined in the accompanying material flow chart. With this in mind, an evaluation of the dynamic capacity of the following systems should be submitted for the entire period of the Lease, including expansions planned by the Lessee:
- a) Loading and unloading systems;
 - b) Storage system;
 - c) Land-based reception and dispatch systems.
- A.3.4. Based on the detailed description log, corroboration that port facilities and equipment already existent and/or to be installed by the Lessee are sufficient to meet the Dimensioning and Operating Parameters.
- a) The corroboration referred to in this item should be presented for each stage in those cases in which there are multiple stages of development of the Lease site.
- A.3.5. In the case of expansion of the maritime infrastructure (piers, berths, dolphins, etc.), preliminary evaluation that the works in question are feasible from the viewpoint of maneuverability and that they do not interfere with waterway access to the other port facilities in the region;
- A.3.6. Presentation of the physical and financial schedule of the undertaking, duly respecting the maximum deadlines indicated in the Contract and its Annexes, particularly the Technical Guidelines and Lease Parameters Annex;
- A.3.7. Description of the facilities utilized by the Federal Revenue Service and other inspection entities at the Organized Port, as required.
- A.4. Environmental Feasibility of the Lease Site:
- A.4.1. Utilizing the detailed descriptive log, evaluation of the impacts of the Lease on land traffic of trucks and railway compositions in the surrounding area, including:

- a) Estimate of the highway and/or railway vehicle flow involving the terminal as required to achieve forecast movement;
 - b) Description of the actions to be implemented by the Lessee with the objective of avoiding formation of waiting lines of vehicles, including constitution or utilization of regulating patios aimed at minimizing these impacts;
- A.4.2. Utilization of the detailed descriptive log for purposes of evaluation of the environmental impacts of performance of the Activities, together with mitigating measures to be adopted, such as engineering solutions and management measures aimed at controlling emissions of particulates, treatment of effluents and solid waste, among others.
- A.4.3. Attestation of the efficacy of the measures to be implemented based on a comparison with analogous terminals and situations, as well as adoption of best international practices.

