



TECHNICAL SECRETARIAT ON STRATEGY AND PLANNING
METROPOLITAN PUBLIC TRANSPORTATION BOARD

Basic Technical Content

2017 Tender Terms and
Conditions for the Use of Roads



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1. Introduction

Public Transport is a key aspect in people's life, since it is the principal means of transport of most of the population; and therefore, it substantially impacts on the development of their daily different activities. The influence of Public Transport is not only observed on those specific and inherent aspects of passenger transportation, such as commuting time, transport capacity and others, but also on aspects related to the quality of the transport that users have access to throughout the country.

Accordingly, and considering the inherent characteristics of transport activity, the Ministry of Transport and Telecommunications (hereinafter "the Ministry" or "MTT") is granted with plenty of powers to regulate the activity through the licensing the use of roads, set on Law No. 18,696, which enables allocating roads for determined types of vehicles and/or services.

Because of this, the Ministry, pursuant to provisions of Article No. 3 of Law No. 18,696, is calling for a bid for the service provision of bus public transport for passengers, which grants the awardee(s) the right to use the roads of the Province of Santiago, in municipalities of San Bernardo and Puente Alto, identified in the corresponding Business Units in these Tender Terms and Conditions.

As part of the use of roads for the provision of transport service, the Licensee shall also implement, maintain and operate Pay Zones, defined in the Tender Terms and Conditions, as well as maintain and operate sites allocated to terminals at the Licensee's disposition. In addition, the Licensee may perform, develop or provide other related services, for which it may charge and receive revenues.

Lastly, these Tender Terms and Conditions describe regulatory aspects for the bid process, such as the applicable legal regulatory framework, bidders' requirements, information to be included in the proposals, evaluation and awarding mechanism, among others. On the other hand, the contract regulation and technical requirements details are included in the License Contract and the corresponding Appendices.

2. Basic Definitions

1. **Qualification Minute:** Document developed by the Opening and Evaluation Committee establishing the order of the Bidder(s) or Holdings according to the evaluation factors, and their tie-breaking variable, all this pursuant to the Tender Terms and Conditions. The first bidder of the list will be the Proposal Awardee for the Business Unit. Likewise, that document contains a prioritized list of all Bidders or Holdings not being awarded, being in order of preference.
2. **Awardee:** Bidder or Holding that, once the evaluation process of the proposals submitted for the Business Unit under evaluation has finished, according to these Tender Terms and Conditions, has or have been selected for signing the License Contract for the Use of Roads.
3. **Contract Manager:** Officer appointed by the Ministry, through whom the license contract compliance will be controlled and monitored, according to the powers set in the License Contract. Exceptionally, a contractor, as a Public Agent, may be required to perform such tasks.

4. **Purchasers:** People who have materially purchased the Tender Terms and Condiciones, within the terms and as set in the Tender Terms and Conditions themselves.
5. **Calendar Year:** Twelve-month period starting on January 1st, and ending on December 31st.
6. **Regulated Area:** Set of existing and/or future roads located within the Province of Santiago, municipalities of Puente Alto and San Bernardo, corresponding to the urban area of the city of Santiago, hereinafter the Greater Santiago, set in Resolution No. 106, Of 1995, by the Regional Ministry Secretariat of Transport and Telecommunications of Metropolitana Region, or by the one modifying or overriding the aforementioned resolution.
7. **Terms and Conditions:** Reference to this document, corresponding to the set of necessary documents for submitting proposals for the so called *Public Tender for Licensing the Use of Roads in the Business Units No. 1, 4, 6, 7, 8 and 9 for the Provision of Paid Urban Public Transport Services by Buses for Passengers*¹.
8. **Transport Capacity and/or occupancy in a bus:** It is the maximum number of passengers a bus can carry, pursuant to the provisions of the Supreme Decree No. 122 of 1991, by the Ministry of Transport and Telecommunications, which sets size and functional requirements for vehicles providing urban public transport services, or the one modifying or overriding the aforementioned Decree.
9. **Opening and Evaluation Committee:** Committee in charge of receiving the technical and financial proposals, opening and reviewing them; and determining whether any Bidder or Holding shall be immediately discarded, pursuant to the Tender Terms and Conditions. This committee will be responsible for analyzing the technical and financial proposals submitted by the Purchasers and signing the corresponding qualification minute. For this, the Committee may consider the advice of professionals it deems convenient.
10. **Licensee or Licensee Company:** Legal entity that performs services as Transport Operator, incorporated in Chile as a Corporation, whose sole purpose is providing transportation services in the licensed roads in the Metropolitana Region and the related services that have been entered into, under the use of roads license contract, with the Ministry.
11. **Licensing Contract for the Use of Roads, License Contract or Contract:** Ad-Referendum Licensing Contract for the Use of Roads in the city of Santiago for the Provision of Paid Urban Public Transport Services by Buses for Passengers, for each of the Business Units of the Tender that shall be entered into between the Awardee and the Ministry of Transport and Telecommunications. Such instrument shall be approved by administrative act of the Ministry of Transport and Telecommunications, endorsed by the Ministry of Finance.
12. **Transport Credits:** Accounting unit where the balance to be used by the users in the means of access is recorded. Said balance is for the sole purpose of paying transport rates. Each transport credit is

¹ Translator's note: the original name of the document in Spanish is "*Licitación pública para la Concesión del Uso de las Vías de las Unidades de Negocio N° 1, N° 4, N° 6, N° 7, N° 8 y N° 9 para la Prestación de Servicios Urbanos de Transporte Público Remunerado de Pasajeros Mediante Buses*".

equivalent to one Chilean peso (CLP 1) paid by a user to obtain the right to use the transport services of the System.

13. **Days:** Consecutive days. In case a deadline is due on Saturday, Sunday or a public holiday, this will be extended to the next business day.
14. **Business Day:** Every day from Monday to Friday (both included), except for public holidays.
15. **Mode Interchange Station or EIM:** Premises allocated for passengers to change between different transport modes, service and/or vehicle types comprising the public transport system.
16. **Transfer Station:** Integrated system of platforms in the public space, aiming at allowing passengers to change from the different bus lines and other means of transport.
17. **Stage or Trip Stage:** Segment of a trip in a transport service provided by the System, to which the user can access upon validation using the means of access.
18. **Evasion:** Failure to comply with the obligation of paying the fare for using the public transport, established in Law Decree No. 1, of 2009, by the Ministry of Justice, which sets the consolidated, coordinated and systematized text of the Traffic Law, or in the one modifying or overriding such Decree.
19. **Valid Trip:** Trip made by the service-direction, fully complying with the layout and transporting passengers in such trip. It will be understood that it transports passengers when the trip has, at least, ten percent (10%) of the average transactions for the same service-direction-period in the same day of the week (Monday to Sunday). In case of two or more quality indicators where the maximum discount must be applied, the aforementioned percentage may increase up to twenty percent (20%). For the summer period, it must have, at least, five percent (5%) of the average transactions defined above. To calculate the average, the transactions obtained for the same day during the four (4) immediately previous weeks shall be considered. Those trips that do not fulfill the aforementioned, due to Acts of God or force majeure will be analyzed according to the External Events Handbook of the License Contract.
20. **Fleet: Set** of vehicles the Licensee has, to provide the public transport services within the corresponding License for using the roads, whose minimum features and requirements are set forth in the Tender Terms and Conditions.
21. **Holding or Consortium:** Group of people applying to a tender submitting one proposal, being each of them indivisibly and jointly responsible for such proposal.
22. **Consumer Price Index (CPI):** Index determined by the National Statistics Institute in order to measure the price variation experienced by a basket of goods and services purchased by urban homes in the regional capital cities and their conurbations within the borders of the country, according to the definition by the Methodological Handbook for the National Consumer Price Index (CPI) by the aforementioned Institute, or the indicator replacing it.
23. **INE:** Acronym in Spanish standing for *Instituto Nacional de Estadísticas* (National Statistics Institute) or

the body replacing it, as a public organization dependent on the Ministry of Economy, Development and Tourism, in charge of issuing relevant indicators for making decisions in public policy matters.

24. **Commercial Kilometers:** Distance, in kilometers, run and executed within the current Operation Program for transporting people and that, consequently, records economic transactions and generates payments, pursuant to the License Contract.
25. **Settlement or Payment Settlement:** Determination in terms of money of the amount of revenues the Licensee is entitled to for the services provided for a determined period of time, pursuant to the License Contract.
26. **Public Tender:** It is the invitation to submit proposals for awarding the licenses for the use of roads in the Business Units No. 1, 4, 6, 7, 8, and 9.
27. **Means of access:** It is a contactless means embedded or attached to any support duly authorized by the Ministry, that enables access to the transport services of the System and paying the corresponding fare. Other supports authorized by the Ministry that enable fulfilling the same function will be also considered.
28. **Month:** Each of the twelve periods of 28, 29, 30 or 31 days the year is divided into.
29. **Metro:** Empresa de Transporte de Pasajeros Metro S.A., a passenger transport Company, or its successor or replacement.
30. **Ministry or MTT:** Ministry of Transport and Telecommunications.
31. **MOP:** Ministry of Public Works.
32. **Correspondence Office:** Correspondence office of the Undersecretariat of Transport, domiciled at Amunátegui 139, Santiago, Chile, with opening times from Monday to Friday, from 9:00 AM to 1:00 PM.
33. **Transport Operator:** Any provider of Paid Public transport for Passengers in the System.
34. **Bus Stop:** Place determined in the Operation Program for buses to stop, with the sole purpose of picking up and dropping off passengers.
35. **Passenger or User:** Person accessing to the public transport services, upon payment of the corresponding rate, using the means of access defined by the Ministry.
36. **Operation Program or Operation Plan:** Instrument regulating conditions and features of transport services the Licensee shall provide under the License Contract.
37. **Complementary Service Provider:** Legal entity appointed by the Ministry, pursuant to the regulations in force, for the execution, provision, or development of one or more complementary services the Ministry may deem convenient, pursuant to its legal powers.
38. **Route or Layout:** Sequence of roads defined in the Operation Program for the provision of each service

described in the License Contract.

39. **System Resources:** Revenues from the commercialization and top up of the means of access, as well as those revenues from fines applied to the transport operators and complementary service providers — except for those fines that, pursuant to Law No. 18,696, are for public benefit — and possible contributions from the State or other individuals or legal entities.
40. **National Registry or RNSTIP:** National Registry of Public Transport for Passengers, established and regulated by the Supreme Decree No. 212, of 1992, by the Ministry of Transport and Telecommunications, or the one replacing it.
41. **Executive Secretariat or DTPM:** It is the Executive Secretariat of the Metropolitan Public Transport Board, pursuant to the provisions of the Presidential Guideline No.1, of 2003, and its amendments; or the entities succeeding or replacing it. Each time the Terms and Conditions refer to either the 'Executive Secretariat' or *DTPM*, it will be understood it is an action by the Ministry, through the aforementioned Executive Secretariat.
42. **Service:** Set of buses circulating along a defined layout, identified under the same number and name. Those services provided by Metro S.A. will be also understood as Services.
43. **Related Services:** Paid activities which are useful and necessary that the Licensee will be authorized to provide by virtue of the License Contract.
44. **Public transport System or System:** Set of Licensees for the Use of Roads for the provision of Paid Urban Public Transport Service for Passengers by Buses in the city of Santiago; complementary service providers; Metro S.A. and the entities that may legally succeed their roles; as well as any other public transport service provider operating within the regulated area and who has integrated the means of access, or just complies with the latter condition.
45. **Validation System:** Set of items that enable paying the fare and, therefore, the validation of the means of access, including equipment, applications and necessary services for the operation and interconnection.
46. **Fare:** Price, in Chilean Pesos, users must pay for using the transport services provided by the System.
47. **Terminal:** Premises mainly intended for the arrival, departure and stocking of buses that comprise the fleet of those providing Paid Public Transport Services for Passengers by Buses in the city of Santiago. Terminals can be of different kinds depending on their functions, pursuant to the applicable regulations.
48. **Transactions:** For the purposes of these Terms and Conditions, any validation recorded within the services provided according to the Operation Program in force, which determines the beginning of a trip stage, shall be considered a transaction. They may be financial or technical. The financial transactions are those where the means of access is used or a trip was granted through any other payment method or payment product, whereas the technical transactions are those used for the control of processes and operations, as well as for downloading products into the Means of Access.

49. **Transactions valid for payment:** Any financial transactions made in services of a Business Unit, excluding all those transactions not valid for payment. In addition, the following transactions are recognized as valid for payment: (i) all transactions to be allocated to a Business Unit because they were recorded in validation machines of the used Pay Zone, and (ii) all transactions recorded in validation machines installed on buses of the business unit providing services requested by the Ministry, to support other Business Units, excluding in both cases ((i) and (ii)) those transactions not valid for payment.
50. **Transactions not valid for payment:** Transactions made when beginning a trip stage in a service provided by a Business Unit, whose immediately previous trip stage was performed in a service provided by the same Business Unit, unless the time gap between both transactions is longer than the maximum time ('time window') defined by the Ministry through the corresponding administrative act, which in no case may exceed one hundred and twenty (120) minutes.
51. **Unidad de Fomento (Chilean developmental unit, U.F.):** Accounting unit set by the Central Bank of Chile, adjustable according to the inflation. For the purposes of this tender, the *Unidad de Fomento* value shall be the one set by the Central Bank of Chile, pursuant to the powers granted by article No. 35, Section No. 9 of Law No. 18,840, *Ley Orgánica Constitucional del Banco Central de Chile* (Organic Constitutional Law of the Central Bank of Chile), published in the Official Gazette. In case, in the future, another body is enabled by law to set and/or publish the value of *Unidad de Fomento*, such value shall be considered. In case the *Unidad de Fomento* is terminated, the Consumer Price Index (CPI) variation between the last day of the second last month when the *Unidad de Fomento* was terminated and the last day of the second last month of the payment date will be applied in substitution. The baseline for applying this variation will be the value of the *Unidad de Fomento* in Chilean Pesos on the last day of the previous month that *Unidad de Fomento* was terminated.
52. **Business Unit:** It is the set of Paid Public Transport Services for Passengers by Buses provided by a Transport Operator, pursuant to the requirements and conditions established in the Tender Terms and Conditions.
53. **Validation:** The act of touching the Validation Machine with the means of access, which allows to discount Transport credits according to the fare defined for the corresponding service.
54. **Validation Machine:** Piece of equipment installed in the Access Control Points for transport services, whose main function is discounting transport credits according to the corresponding fare, notwithstanding its capability to perform other functions.
55. **Trip:** One-way journey of a user in the System, using consecutively up to three (3) different transport services, regardless of their direction, each of them being accessed through one validation. The time gap between the first and the last validation cannot exceed the maximum gap time ('time window') determined by the MTT through the corresponding administrative act, which in no case may exceed one hundred and twenty (120) minutes. These restrictions may be modified by the Ministry through the corresponding administrative act.
56. **Paid Roads:** Set of roads within the regulated area for the circulation of any motor vehicle, for which a toll must be paid. These may be licensed roads pursuant to the provisions of *Ley de Concesiones de Obras Públicas* (the Public Works Licenses Act)— whose consolidated, coordinated and systematized

text was set by Supreme Decree No. 900, of 1996, by the Ministry of Public Works — or other roads.

57. **Regulated Routes:** Set of roads within the regulated area, used by the services for operation, pursuant to Article 3 of Law No. 18,696.
58. **Pay Zones:** Areas located either in mode interchange stations, transfer stations or bus stops, whose boundaries are delimited by physical elements that establish entry and exit ways of the areas. Validation machines are installed so users can only enter upon fare payment, using the means of access, in order to later board the corresponding bus.

3. General Principles of the Public Transport System

a) Principle of the Coordinating Role of the System

The Public Transport System is comprised of a set of Public Transport Service Providers and Complementary Service Providers whose ultimate purpose is providing an efficient, permanent, safe and quality service for users. To fulfill said purpose, the Ministry will perform the necessary arrangements for each of the System participants to comply with their obligations in a suitable and timely manner, in such a way that operations of one participant do not affect, impede or hinder the proper service provision by the other participants.

By virtue of this role, the MTT will exert, through the Contract Manager, the following functions: (i) deliver in a formal and timely manner the necessary instructions for the proper provision of services, through the mechanisms it deems appropriate for that purpose; (ii) order delivering the information the MTT deems necessary for the analysis, follow up, management, control and inspection, as long as it is related to the provision of services; (iii) supervise the development of the different services in the System, being entitled to perform the audits it deems necessary in order to safeguard such purpose; and (iv) provide all the Participants of the System with the collaboration, information, and necessary items for them to comply with the services under contract, within the scope of its powers.

b) Principle of Quality in the Provision of Services

Transport needs of a City are not only satisfied by a proper coverage, but also by a series of items that altogether conform the user experience and gather the desired quality standard to be provided. This includes the actual provision of the services, regular bus frequency, that buses actually stop in the corresponding bus stops, and introducing the user assistance standard in the service provided, for the journey experience as well as the quality of the vehicles.

The obligations by the Licensee under these Terms and Conditions aim at delivering a quality service for users, improving incentives for the proper Licensed Public Service Provision and, consequently, at the execution of the services according to the Operation Program. This is to achieve an adequate passenger transport, considering minimum coverage, maximum waiting times and limits to the occupancy or overcrowding rates in buses. All these aspects are relevant in the good quality of users' journeys.

In order to safeguard the aforementioned, additional indicators have been established, that altogether safeguard compliance with the required quality standards of the Service.

c) Principle of Active Participation of the Licensee

The provision of the services subject of these Terms and Conditions must be performed by the Licensee, and the functions of each party are structured around that definition. Thereby, the Licensee has an active involvement in the definition, implementation and planning of all the necessary items for an efficient execution of services to be provided under the License Contract. Likewise, the Licensee shall report to the Ministry such improvements and/or optimizations that the Licensee identifies during the service provision, in order to deliver a better-quality service, to satisfy the uncovered transport needs or any other relevant reason for the transport service provision, for the user or for the system efficiency. Lastly, this principle identifies and focuses the responsibility of organizing, regulating, and supervising the development of its business activity on the role of the Licensee, considering the interest of users, notwithstanding the intervention by the corresponding authorities in regulatory, service control and public order matters.

d) Principle of Flexibility and Integration

Public Transport is a dynamic activity which is not performed on proprietary goods but on national public goods, under conditions that make impossible foreseeing all the circumstances and/or facts that may arise. This makes necessary having certain degree of flexibility to ensure an adequate response capacity in case of the occurrence of such facts or circumstances.

By virtue of the aforementioned, the License Contract the Awardee shall enter into with the Ministry reflects such requirement through the recognition of the flexibility as a mechanism for, on one hand, adjusting the operation conditions to the changing and dynamic reality and, on the other hand, responding to the quality requirements by the Users. In this line, the License Contract for the Use of Roads enables that during its execution, the parties settle the necessary and appropriate modifications for a better satisfaction of the Public Transport needs of the City.

In addition, the Ministry may instruct modifications rendered to be necessary and appropriate for the best satisfaction of the needs and services under the Contract. Thereby, with the purpose of adapting the services to the Public Transport reality of the regulated area, the Ministry may instruct modifications (i) without changing the nature and main features of the services, i.e. the transport services; and (ii) maintaining the economic-financial balance of the Contract, if applicable. Yet, the alterations, changes or modifications made under the margins allowed by these Tender Terms and Conditions and the Contract shall not be considered as modifications.

Furthermore, the modifications instructed by the Ministry under the scope of this principle shall adhere to opportunity, reasonableness and prudence criteria, to not to jeopardize the regular operation of the System.

e) Principle of System Interrelation

The License Contract the Awardee shall sign, as a result of these Tender Terms and Conditions, is introduced and bound to the Public Transport System, comprised of a set of Transport Operators and Complementary Service Providers.

This way, the proper functioning of the System involves a proper and harmonic integration among all participants, and coherence between the acts and contracts comprising and/or regulating these interrelationships. With such purpose, the License Contracts, their modifications and those instruments, subscribed among the different participants affecting the services and/or the System, must be approved by

the Ministry or by the corresponding succeeding authorities in charge of the administration and inspection of such acts and contracts. For these purposes, any act causing an alteration or change on these services, or imposing a levy or condition on them, will be considered as an impact on the services and/or system.

This principle also shall guide any other act or contract related to the services subject of these Terms and Conditions. In consequence, the Licensee must safeguard that the acts or contracts it enters into, are coherent with this License Contract.

Finally, if other complementary service providers were to join the System during the validity of the Contract to be entered into, the Licensee shall sign any necessary contract, upon timely requirement by the Ministry, including the provisions indicated by the Ministry, and pursuant to the conditions that at that moment the different providers comprising the system date are bound to.

f) Principle of Continuity of Services of the System

It is the role of the Ministry, as governing body for traffic and Public Transport matters, to take the measures, pursuant to the regulations in force, and give the instructions it deems necessary in order to ensure continuity and availability of the Transport Services and the Complementary Services required for suitable operations.

By virtue of this principle, the License Contract has established tools that safeguard the maintenance and continuity of Transport Services upon the termination of the Contract, for any reason.

The aforementioned, notwithstanding the powers set in Article 3, section 13, of Law No. 18,696, which grants the Ministry with powers to take the necessary measures in order to guarantee the continuity of public service provision and safeguard the rights of the users to such services, and the rights of the employees of the corresponding Licensee, being entitled to request, by the action of the Ministry of Domestic Affairs and Public Security, the aid of public forces for the full compliance with its orders, instructions and resolutions.

g) Regulated Market

The Public Transport system operates under the framework of a License for Use of Roads, granted under the provisions of Law No. 18,696, in such a way that the access to Public Transport of Passengers activity provided by Buses in the Province of Santiago, in the municipalities of San Bernardo and Puente Alto, is restricted; and the development of this activity is regulated under the terms and conditions set forth in the corresponding License Contracts and the applicable regulations.

4. Description of the License

The purpose of the Tender for the Use of Roads is to grant the Licensee with the right to use roads, whether with priority or not, for the provision of the paid urban transport services for passengers by buses, considering the following Business Units exclusively:

Business Unit
Business Unit 1 (U1)

Business Unit 4 (U4)
Business Unit 6 (U6)
Business Unit 7 (U7)
Business Unit 8 (U8)
Business Unit 9 (U9)

- a) **Pay Zones and Terminals.** In addition, and as part of its contract obligations, the Licensee shall implement, maintain, and operate the Pay Zones defined in the Tender Terms and Conditions, and also shall maintain and operate the land allocated for Terminals that the System puts at the Licensee’s disposition. Lastly, the Licensee may execute, develop, or provide related services, for which it may charge and receive revenues, pursuant to the License Contract.
- b) **Complementary Services:** The structure and operation related to the Transport System has considered, from its inception, not only the provision of the services inherent to the License for the Use of Roads, but also the implementation and execution of activities and/or actions related to the proper development of the subject of the contract, as a necessary condition for operation of the System.

Thus, the design of the transport plan did not only consider the award of the license for the use of roads for the provision of the transport services, but also required the provision of the following complementary services:

- Issue and commercialization of the means of access
- Provision of the top-up network for the means of access
- Commercialization, provision, and installation of the necessary equipment for the validation and record of the journey stages
- Administration of the monetary resources necessary for the payment of the provision of the transport services and complementary services, and their distribution among the different components of the System.
- Collection, process, and distribution of the validation and positioning information generated by the transport system, which are necessary for the operational management of the System.
- Other complementary services the Ministry may hire or mandate, pursuant to the legislation.

- c) **Infrastructure.** For the operation of the Business Units, the System has the following elements: **(i) Mode Interchange Stations**, which are units designed as links of the transport system, allowing for smooth transfers between different means of transport, such as the Metro and the bus systems; **(ii) Transfer Stations** are smaller infrastructure units that facilitate integration in points where a large amount of transfers are made. They will be mainly implemented in public areas, which makes the difference with the Mode Interchange Stations.

Furthermore, the system considers a **(iii) bus stop network**, which is part of the basic infrastructure and allows for the temporary stop of the buses, with the sole purpose of picking up or dropping off passengers.

It also considers the presence of **(iv) Public transport-only roads, bus lanes, and bus corridors**, which are the infrastructure for exclusive use of Public Transport, aiming at reducing the effects of congestion on the

operation of the transport services, as well as improving the frequency of the services and the performance of the buses and allowing for the presence of strategic road connections.

The **(v) Pay Zones** are also incorporated as an optimization mechanism of the Public Transport services, which are areas located interchangeably in mode interchange stations, transfer stations, or bus stops with a high flow of users, intended for the payment of the fare outside of the vehicle by the users and to control evasion.

- d) **Financing of the System.** The provision of the transport services is financed with resources from users of the System and the State, or any other available source of financing.

Contribution from the users is made up by the fares they pay to access the System, which is set by a Panel of Experts created by Law No. 20,378, pursuant to the methodology stipulated in Supreme Decree No. 140/2009 by the Ministry of Transport and Telecommunications, or in any Decree that may amend or replace it. In the event the Panel of Experts were to cease to exist, the fare shall be determined by whomever legally succeeds it, or by the Ministry if there were not stipulations in the Law. In the latter case, the procedure to determine the adjustment shall be set through and Exempt Resolution by the Ministry, which must seek out a balance between the revenues and costs of the System.

Furthermore, pursuant to the provisions of Law No. 20,378, and based on the amounts considered for each year by the Budget Act, in addition to what users pay, there will be room for a remunerated subsidy for paid urban Public Transport for passengers provided by buses in the Province of Santiago and the municipalities of Puente Alto and San Bernardo. The subsidy amount shall be transferred to the accounts that manage the resources of the System, based on what it requires and according to what is reported and foreseen by the Ministry.

Lastly, it is considered that the System can be financed with other resources from any available source authorized by the current regulations or this license contract.

- e) **Validity of the License Contract.** The License Contract shall be valid for a period of ten (10) years from the commencement of the services indicated in the License Contract, notwithstanding the grounds for early termination stipulated in the Tender Terms and Conditions.

5. Tender Process

5.1. Bidders

The tender shall be public, and foreign or national legal entities may participate, considered individually as the Bidder or within a Holding that comply with the requirements set in the Tender Terms and Conditions.

The Bidders or Holdings must submit their proposals for each Business Unit to which they are applying separately and independently, under the terms and schedules stipulated in the Terms and Conditions.

Each Bidder or Holding can submit only one proposal for each business unit to which it is applying, without limitations regarding submitting Proposals for the other tendered business units, except in terms of the rules described in the Tender Terms and Conditions.

- **National Legal Entities.** All national legal entities meeting all the requirements of the technical and financial suitability stipulated in the Tender Terms and Conditions may participate in this tender. The same legal entity shall not make up part, either directly or indirectly, of more than one Consortium or Holding, nor apply individually for the same Business Unit if they are simultaneously part of a Consortium or Holding. Likewise, no partner and/or shareholder of a bidding legal entity with more than 10% of capital stock or of the shares may be linked, either directly or indirectly, to another Bidder or Holding at the time of submitting proposals for the same Business Unit. Furthermore, no partner and/or shareholder who is part of the board of directors of a bidding legal entity may be linked, either directly or indirectly, to another Bidder or Holding at the time of submitting proposals for the same Business Unit.
- **Consortium or Holding.** Consortia or Holdings may participate in this tender process, which shall be understood as a group of legal entities, either national or international, that are applying for a tender all together with only one proposal, with joint and indivisible liability. Thus, the actions, events, or omissions that may arise during the course of the tender shall affect equally all members of the Consortium or Holding. The legal figure of the so-called 'Consortium' or 'Holding' is purposed to allow Bidders, who do not individually meet the requirements, to participate in this tender together with other companies from the transport sector, enabling them to jointly fulfill the requirements and demands stated in the Terms and Conditions. In any event, the members of the Consortium or Holding must accredit that at least one (1) of their member companies has provided passenger transport services in a project of a similar magnitude and technical characteristics. If the proposal is submitted under this mode, along with the other information requested in the Terms and Conditions, they must submit the agreement of collaboration, promise, or similar document through which the association of interests of the legal entities members of the partnership created for this purpose, was produced. The Consortium or Holding may apply for this Tender, even if they have not been incorporated yet, by appointing a representative or common agent with sufficient powers and domiciled in Chile, submitting a deed signed by all legal representatives of the legal entities of the Holding, thus accrediting said role. Furthermore, they must fulfill all and each of the requirements and legal formalities required in the Terms and Conditions, particularly the technical and financial requirements. Regarding the performance bonds, the Holding or Consortium must attach them pursuant to the provisions of these Tender Terms and Conditions. Said bonds may be issued by any of the member companies of the Consortium or Holding. Lastly, the members of the Holding or Consortium must expressly state that they shall be incorporated in Chile with the sole purpose indicated in the Tender Terms and Conditions, and also must state the share that each member of the legal entity will have for the service provision contract subject of this Tender. The inclusion of legal entities, a Consortium or Holding that are individually participating in this Tender Process for the same Business Unit, or who may be a member of another Consortium or Holding for the same Business Unit shall be a reason for immediate disqualification. If this were to occur, all related proposals shall be disqualified. In the event the proposal is awarded to a Consortium or Holding, this entity must be legally incorporated before signing the corresponding license contract, therefore, this new partnership shall be legally liable before the Ministry. In case of dissolution of the Consortium or Holding, or if it is not incorporated within the required schedules frames and terms, the Ministry shall immediately cash in the performance bond(s) that is in their power.

- **Foreign Legal Entities.** All foreign legal entities meeting all the requirements of the technical and financial suitability stipulated in these Terms and Conditions may participate in this tender. The same legal entity shall not take part, directly or indirectly, of more than one Consortium or Holding, nor apply individually for the same Business Unit if they are simultaneously part of a Consortium or Holding. Likewise, no partner and/or shareholder of a bidding legal entity, that holds more than 10% of capital stock or of the shares, may be linked, either directly or indirectly, to another Bidder or Holding at the time of submitting proposals for the same Business Unit. Furthermore, no partner and/or shareholder who is part of the Board of Directors of a bidding legal entity may be linked, either directly or indirectly, to another Bidder or Holding at the time of submitting proposals for the same Business Unit. Finally, in the event the proposal is awarded to a Foreign Legal Entity, said entity must be legally incorporated before signing the corresponding license contract, therefore, this new partnership shall be legally liable before the Ministry.

5.2. Participation Restrictions

The following individuals or entities shall not be entitled to participate in the tender process:

- a. Natural persons or individuals, in accordance with provisions of Article 3 bis, of Law No. 18,696.
- b. Current Complementary Service Providers.
- c. Legal entities or Consortium or Holding that have complementary services provider as one of their partners at the moment of the submission.
- d. Legal entities or Consortium or Holding with direct participation in one or more companies that provide complementary services. The same restriction shall apply for legal entities or Consortium or Holding in which any of their partners, who hold capital stock or shares, as applicable, may have a direct interest in the company or companies or legal entities that provide complementary services.
- e. Legal entities or shareholders or owners who hold more than 10% of capital stock or the shares, that may be linked, either directly or indirectly, to more than one Bidder or Holding at the time of submitting proposals for the same Business Unit.
- f. Legal entities who may have been convicted, by final sentence, to any of the penalties established in Article 8 of Law No. 20,393, which sets the Criminal Responsibility of Legal Entities for Crimes of Asset Laundering, Financing of Terrorism and Bribery.
- g. Legal entities where one or more of their directors, managers, assistant managers, senior executives and/or the people acting as such, have been convicted, by final sentence, for crimes of enrichment from fraud in detriment of the System, the Treasury of Chile, and/or the Ministry of Transport and Telecommunications. As an example, but not limited to, crimes described from Article 467 to 473 of the Criminal Code, shall be considered as crimes of enrichment from fraud.
- h. Legal entities with tax debts on the date of the submission of proposals;
- i. Any legal entity whose license may have expired on the grounds stipulated in the tender terms and conditions for licenses for use of roads and complementary services, pursuant to the provisions of Law No. 18,696.

5.3. Value of the Tender Terms and Conditions

The value of the Terms and Conditions is three hundred thousand Chilean pesos (CLP 300,000), and they can be purchased at the Correspondence Office of the Undersecretariat of Transport, presenting a copy of the deposit slip to the current account of the Undersecretariat of Transport, No. 901265-1 at Banco del Estado de Chile, and under the conditions reported on the website. At the time of purchase of the Terms and Conditions, the following information must be indicated in writing; the name of the purchaser, domicile including street, number, municipality, and telephone number, an email address for the purpose of receiving notices, and the name of the responsible person(s) who will be the contact person(s).

5.4. Language of the Proposal

The Proposals, their appendices, and all documents that must be submitted for the public tender must be written in Spanish. The documents issued in any language other than Spanish must be submitted together with their corresponding translation, done by a competent translator.

Done by a competent translator should be understood as a translation that fulfills any of the following requirements:

- Official translation done in the country of origin, pursuant to its internal regulations.
- Translation done in the country of origin by a translator validated by the authority from the country in which it is granted, or a recognized and/or validated translator at the Chilean Consulate of the country.
- Translation done in Chile by an expert registered on the Expert Roster of any Court of Appeals of Chile.
- Translation done in Chile by a translator and/or interpreter member of the Chilean Translators and Interpreters Association (COTICH), in the corresponding field.

In the event a document that has been translated into Spanish is submitted, without fulfilling any of the aforementioned requirements, an affidavit in Spanish language must be attached to said translation, which has been signed in witness of a Certifying Officer by the legal representative(s) of the Bidder or member of the Holding submitting the document, stating that said translation is accurate, truthful, and sufficient, thereby assuming responsibility for its content and possible errors, omissions, or flaws therein.

Consequently, no information in a foreign language, without the corresponding translation in accordance with the provisions, will be taken into account, therefore, all documents delivered in a language other than Spanish shall be considered as not submitted.

5.5. Submission of the Technical Proposal

- a) The following documents must be included in the envelope or package entitled Technical Proposal:
 - **Document No. 1. Letter of Acceptance of the Terms and Conditions.** Letter in which the interested party must express their wish to participate and accept in full these Terms and Conditions.

- **Document No. 2. Identification of the Bidder or Holding.**

1º Chilean legal entities must attach the following documents, in their original form or an authenticated copy:

- i) Public deed of incorporation of the partnership or current consolidated text, if applicable, or of the certificate of updated articles of association issued by the Companies and Associations Registry for companies that adhere to Law No. 20,659.
- ii) Registration of the incorporation excerpt in the corresponding Trade Registry, which shall not be older than six (6) months. (It is not a requirement for companies adhering to Law No. 20,659).
- iii) Publication of the incorporation excerpt in the Official Gazette. (It is not a requirement for companies adhering to Law No. 20,659).
- iv) Amendment deeds of the articles of association, if any, from the last four (4) years, or for the time the company has existed if this were to be less than 4 years, with its corresponding registrations and publications.
- v) Document reporting, through optical or magnetic registraci3n, that is up to date at the time of submitting the proposal, about the shareholders or partners of the bidder. The identification of partners must at least contain their full name and Chilean I.D. number (R.U.T.) or taxpayer I.D. number, and their shares in the company.
- vi) Public deeds with a record of the legal capacity or legal representative.
- vii) Certificate of Good Standing of the company issued by the Trade Registry of the Real Estate Registry, issued within the last six (6) months prior to the submission of the proposal or certificate of good standing issued by the Companies and Associations Registry, for companies adhering to Law No. 20,659.
- viii) Certificate of records issued by the Companies and Associations Registry, for companies adhering to Law No. 20,659.
- ix) Legal report summarizing the life of the company, including the date of incorporation, amendments, purpose, capital, management, and legal representative, in which it is accredited that the company currently holds legal status. This report must be elaborated by a lawyer belonging to the same company.
- x) Domicile of the company, telephone numbers, and email address.
- xi) Chilean agencies from foreign corporations must submit documents that accredit their incorporation in Chile, in accordance with Articles 121, 122, 123, and 124 of Law 18,046 on Corporations.

Legal entities not included in the previous points must be subject to the specific legal and regulatory standards that may apply to them for the purposes of submitting the information that is the equivalent of the aforementioned. Appendices, affidavits, or other documents will be required in the same terms.

2º Foreign Legal Entities without agencies in Chile shall submit the deeds and other documents that accredit their incorporation pursuant to the laws of the origin country and the document that records the power of the legal representative, including a certificate of good standing no older than six (6) months. All these documents must be duly authenticated in the country or in accordance with Article 345 of the Code of Civil Procedure. In addition, they must attach a legal report summarizing the life of the company, indicating the date of incorporation, amendments,

purpose, capital, management, and legal representative, in which it is accredited that the company currently holds legal status. This report may be elaborated by a lawyer belonging to the same company.

3º Consortia or Holdings must include the necessary documentation to accredit legal status, good standing, and the legal capacity of the legal representative(s) for each member of the Consortium, for the case of national or foreign legal entities.

- **Document No. 3. Affidavit of Absence of Incompetence and Liability of the Bidder.** Document signed by the legal representative of the bidding legal entity, or by all the legal representatives of the legal entities of a Consortium or Holding, as applicable. This document can be signed in Chile or abroad. If in Chile, it must be signed before a Notary Public; if abroad, it must be signed before a competent certifying officer according to the country's legislation in which it is signed, and also be duly legalized according to Article 345 of the Code of Civil Procedure.
- **Document No. 4. Appointment of the Representative before MTT.** Private deed undersigned before a Notary Public by the legal representative of the Bidder or by the legal representatives of the member companies of the Bidding Holding, where there is record of the appointment of a representative or agent before the Ministry of Transport and Telecommunications, with residence in Santiago of Chile, for this Tender purposes, telephone number and email address. The undersigned of this document in representation of the Bidder or the companies which comprise the Bidding Holding must accredit proper power for their appointment, including certificate of good standing that is no older than six (6) months. This document may be signed in Chile or abroad. If in Chile, it must be signed before a Notary Public; if abroad, it must be signed before a competent certifying officer according to the country's legislation in which it is signed. In the latter case, the document must be authenticated pursuant to Article 345 of the Code of Civil Procedure. All communications between the Bidder and the Ministry shall be through the appointed representative, and through the reported email address.
- **Document No. 5. Bid Bond.** The Bidders or Holdings shall include one or more bid bonds, which must be issued in Santiago of Chile, by a bank with local branch offices; it must be nominative, non-endorsable, irrevocable, payable on demand only by the Undersecretariat of Transport for the amount of U.F. 20,000 (twenty thousand *Unidades de Fomento*). The validity of the bond shall not be less than two hundred and forty (240) days, starting from the date of Submission of Proposals. This bond shall state: '*Para garantizar la seriedad de la oferta en la Licitación de Vías 2017, Unidad de Negocio No. []*'. ('To guarantee the seriousness of the proposal in the Tender for Roads of 2017, Business Unit No [].')

This bond shall be cashed in, in case of non-compliance with the obligations of the bidder, and specially, in the following cases:

- a) If the Bidder or Holding withdraws their proposal after it has been submitted.
- b) If the Bidder or Holding does not incorporate the Company under the terms and schedules set in the Tender Terms and Conditions.

- c) If, upon award of the tender, it does not provide the necessary information for drafting the contract, or does not sign the contract in the schedules set by these Tender Terms and Conditions.
- d) If it would not submit the bonds referred to in the Terms and Conditions, in a timely manner.
- e) If it would not extend the validity of the Bid Bond or if it does not take out a new Performance Bond under the same conditions in which the first was taken out in the event the date of expiration of the original bond is near.

If the tender is not awarded within one hundred and eighty (180) days from the date of submission of the proposal, the interested parties must renew their bid bond fifteen (15) days prior to its expiration, under the same aforementioned conditions, for periods of one hundred and twenty (120) days, maintaining their validity throughout the tender process. The bonds delivered initially shall be returned within twenty (20) business days from the date of receipt of the new bond. Non-compliance with such renewal will constitute a withdrawal of the proposal that it guarantees, and thus the bond shall be cashed in.

In the event the tender is declared void, bid bonds that are in the possession of the Undersecretariat shall be returned in twenty (20) business days from the date of completion of the processing of the corresponding administrative act.

The bid bond shall be returned to the Awardee within ten (10) business days after verification of the delivery of performance bond of the contract indicated in the Terms and Conditions. Bonds of participants who were not awarded the contract shall be returned no later than twenty (20) business days after the completion of the processing of the administrative act approving the contract.

- **Document No. 6. Affidavit of Consortium.** For Holdings, an affidavit before Notary Public from the members of the Bidding Consortium or Holding must be submitted, in which their commitment to act jointly is stated, along with their fantasy name, pursuant to the form included in the Terms and Conditions. In addition, a public deed must be attached, which states the agreement to participate in this manner, the contributions from each member of the Consortium or Holding, the joint responsibility among the parties regarding the obligations with the Ministry and the requirement of being incorporated in the country in the event of resulting the Awardee.
- **Document No. 7. Promise of Incorporation of the Licensee Company.** The Bidder or Holding shall submit a private deed signed before Notary Public to promise to incorporate a corporation, subject to two linking conditions, which must be included in such promise: the first one shall be that the Bidder or Holding is awarded with the License, and the second one, that they have delivered a new Bid Bond for the Proposal with the same characteristics set in the Terms and Conditions. If the private deed of promise is signed by one or more agents, they shall accredit to have the proper powers, providing a certificate of good standing that shall not be older than six (6) months. The incorporation deed must be recorded in this promise, according to the provisions of Article 4 of Law No. 18,046 on Corporations, and meeting the minimum requirements specified in these Tender Terms and Conditions.

- **Document No. 8. Financial Information of the Bidder or Holding**

a) **Minimum Equity.** The Bidders or Holdings that participate in the tender must accredit accounting equity for a minimum of two hundred thousand *Unidades de Fomento* (U.F. 200,000) in the last accounting tax year before the date of submission of the proposals. For the calculation of minimum equity, the subscribed and unpaid capital shall be deducted from the accounting equity. For companies that prepare individual and consolidated financial statements, the calculation of equity shall be based on the individual financial statements of the same company that is applying. Chilean agencies of foreign companies duly incorporated in Chile that are applying individually for the Tender, or as part of a Holding, may accredit their equity through the Parent Company. This shall not be applicable to subsidiaries of companies that comprise a Holding or Consortium. For recently-formed companies (less than three years), that cannot accredit this equity by themselves, the Financial Statements of their direct partners shall be taken into account, that is, those holding a percentage of the shares or stock capital equal to or greater than 10%. For Holdings, the financial statements of the companies comprising the Holding shall be considered. For these purposes, equity shall be calculated as the sum of the consolidated, weighted according to the participation defined in the company or the Holding. This information shall be delivered in accordance with the Form included in the Tender Terms and Conditions.

b) **Financial Statements.** The Bidder or Holding shall submit the last financial statement, before the proposal submission. If they are not that recent, financial statements for the period on which it has information must be provided. This information must be submitted in accordance with the standards stipulated by *Superintendencia de Valores y Seguros* (Securities and Insurance Commission in Chile). If minimum equity is accredited through the Parent Company, the individual or consolidated financial statements must be provided, as applicable, of the last three years. These financial statements, if any, must include the notes to the financial statements and the expert opinion of the auditors. In this case, certificate of the auditors' registration in *Superintendencia de Valores y Seguros* (SVS) must also be provided. Furthermore, the Bidder or Holding must present their financial history, according to the model provided in the Tender Terms and Conditions, which must be printed and also in a magnetic (Excel 97 or higher version spreadsheets) or optical media. If the financial statements were not expressed in Chilean pesos, a summary chart must be provided expressed in national currency and also containing the information of the exchange rate used (exchange rate by the Central Bank by December 31st of the year before the submission of the Proposal). In case the financial statements were expressed in a foreign currency not traded in Chile, i.e. with no exchange rate in the Central Bank, the financial statements must be translated into US Dollars, according to the official exchange rate in the country of origin on the requested date and duly expressed.

- **Document No. 9. Experience Information.** The bidder must include in its proposal supporting information proving the experience of the Bidder or Holding related to the provision of the service in paid Public Transport services for passengers. For such purpose, the Bidder must prove its technical suitability according to the following rules:

i) In case the Bidder or Holding includes a transport operator partner in the System, the technical suitability will be accredited according to the Frequency Compliance Index (ICR, as per Spanish acronym, standing for *Índice de Cumplimiento de Regularidad*) on its average for the last twelve

(12) months starting on December 31st from the year prior to the submission of the proposal or the last twelve (12) months since the end of the provision of services, if it were a Licensee within the maximum term stated on the following paragraph, both reported by the Metropolitan Public Transport Board and calculated according to the corresponding contracts. For the purposes of the previous paragraph, a System Transport Operator shall be those who have had that role for at least three (3) uninterrupted years, for a maximum period of ten (10) years before the submission of proposals. In case the Bidder or Holding is the holder or has a holder of one or more licenses, the lowest ICR of them will be allocated (only ICR-I is considered for current operators), reported by the Metropolitan Public Transport Board.

- ii) In case the Bidder or Holding is not a System Transport Operator, but among its partners there is one or more shareholders from the current System Transport Operator companies holding more than 10% of the capital stock of those companies, the lowest average ICR for the last twelve (12) months will be allocated (only ICR-I is considered for current operators), starting from December 31st of the year prior to the presentation of proposals, reported by the Metropolitan Public Transport Board of the companies where the referred shareholder participates.

For provisions of section (i) and (ii) above, a compliance level higher than or equal to 0.8 must be proven, otherwise the proposal shall be disqualified.

- iii) In case the Bidder or Holding does not fulfil the aforementioned conditions, the technical suitability shall be evaluated considering the shareholder that holds the highest percentage, who shall prove having operated fleets of paid public transport for passenger, of at least 150 buses simultaneously on rural, urban or interurban public transport, for at least three (3) uninterrupted years, within a maximum period of ten (10) years before the submission of the proposals. For these purposes, the average of the fleet operated by the holder of the social capital or controlling shareholder, shall be considered, regarding whom this aspect is assessed. If there were two or more people fulfilling this condition, the lowest number of proven buses will be allocated.

The previous circumstance will be accredited by the provision of an original document stating the corresponding authorizations and registrations granted by the corresponding transport authority, or the certificate such authority, national or foreign, provides for this purpose, which must state the number of buses it operated in the three-year period required.

- **Document No. 10. Integrity Agreement.** The Bidder or Holding will sign a document stating that, by the sole act of participating on this tender, expressly accepts the integrity agreement, being liable to comply with each condition stated therein, notwithstanding those present on these Tender Terms and Conditions.
- **Document No. 11. Average Expenditure per Bus.** Bidders shall include in their proposal a document called *Del Personal de Conducción* (About Drivers), stating the yearly Average Minimum Expenditure per Bus (GPB as per Spanish acronym, standing for *Gasto Mínimo Promedio por Bus*) per year, on driving personnel. For this purpose, the expenditure on driving personnel shall include gross salaries, incentives and training.

- **Document No. 12. On the Fleet.** A description must be provided, including the number and features of the buses being considered for operation on each business unit being applied to. This description must include.
 - Number of buses, indicating the fleet to which they correspond (Base/Reserve). If the proposed base fleet is not sufficient to fulfill the Operation Program, the proposal shall be rendered inadmissible.
 - Occupancy (number), indicating the fleet to which they correspond (Base/Reserve). If the proposed occupancy for the base fleet is not sufficient to fulfill the Operation Program, the proposal shall be rendered inadmissible.
 - Typology of the proposed buses.
 - Propulsion technology and emission standards, as applicable.
 - Special features of the buses. It shall indicate how many buses, out of the total, have comfort and technology features considered as special attributes, as defined in the Tender Terms and Conditions.
 - Type of possession (ownership, rental, leasing, etc.)
 - Age. If the proposed fleet does not fulfil the age required in the Tender Terms and Conditions, the proposal shall be rendered inadmissible.

The Bidder or Holding shall decide on the number and capacity of buses that best fit the requirements of demand and quality, according to the Reference Operation Program for the Business Unit to which it is applying, and the requirements set forth on Supreme Decree No. 122, of 1991, by the Ministry of Transport and Telecommunications; on Supreme Decree No. 142, of 2010, by the Ministry of Social Development, about signaling, seats and sufficient space for disabled people, considering the restrictions presented in the Terms and Conditions for this purpose.

The Awardee for Business Units 6 and 7 shall accept the cession of Provision Contracts approved by the Ministry, complying with the conditions reported on the website at the moment of the publication of these Terms and Conditions. In consequence, the Awardee shall consider as a part of its base operating fleet those buses introduced as allocated goods through a provision contract, which are identified in the Terms and Conditions, and shall use them until the end of their useful life, complying with every obligation set forth in the aforementioned Provision Contract.

Finally, in order to properly structure the fleet, the Bidder or Holding must include in its proposals the buses comprising the Business Unit to which it is applying. In fact, the Ministry of Transport and Telecommunications declared to be in favor of the Provision Contract(s) entered into by the companies Redbus Urbano S.A. and Servicio de Transportes de Santiago S.A. Therefore, the personal rights arising from the corresponding Provision Contracts were considered as goods necessary to the License, along with the goods themselves, and they were registered on the registry of allocated goods established in Article No. 3, number 9, of Law No. 18,696.

5.6. Financial Proposal

In the Financial Proposal, the Bidder or Holding will indicate the value of the tender factor defined in the Tender Terms and Conditions for each Business Unit to which it submits a proposal.

For this purpose, it must provide the following information, independently and separately, for each business unit to which it is applying:

- **Document No. 13. PCF Statement.** As a part of the Financial Proposal for the Business Unit to which it is applying, the Bidder or Holding must provide a statement detailing the values for each bus proposed on Document No. 12 of the Technical Proposal, which were used to obtain the value of the Payment per Fleet (PCF) factor indicated in the Tender Terms and Conditions. The content of the statement must include, at least, the following.
 - i) Considered fleet, with a breakdown including typology, technology and emission standard, which must be consistent with Document No. 12 in the Technical Proposal in these Tender Terms and Conditions;
 - ii) Cost of each bus, with a breakdown including typology, technology and emission standard;
 - iii) Considered Interest rate;
 - iv) Amortization term;
 - v) Equivalent monthly instalment in USD and CLP;
 - vi) Equivalent annual instalment in USD and CLP;
 - vii) Documents supporting the terms and conditions provided by manufacturers, suppliers and/or financing parties;
 - viii) PCF Value.

- **Document No. 14. Financial Plan.** As a part of the Financial Proposal, the Bidder or Holding must detail its financial structure, which will be used to execute the project during the validity term of the Contract. This plan shall not imply any acceptance from the State or the MTT in terms of data, assumptions, profitability or estimations included therein. For this purpose, the Bidder must present its Financial Model in electronic version, in an Excel 97 or higher version spreadsheet, in magnetic or optical media. As a general rule, all terms for flows and forecast must be presented in columns, and concepts in rows. The spreadsheet must include all sheets of the Financial Model with their corresponding formulae and references to an assumptions sheet. Amounts must be expressed in Chilean pesos by December 31st, 2016. An explanatory document with the assumptions used, estimated costs, related financing, estimated revenue, estimated investment, and any other economic parameter required for the execution of the Project must be attached to said Financial Model. This will be verified during the validity of the contract, as well. The Financial Model must allow estimating every flow necessary for the assessment and execution of the Project, estimate sensitivities on investment, financial and operating costs; to present the main financial indicators of the Project, and be consistent with the corresponding tender variables on its Financial Proposal, otherwise it shall be disqualified.
The Financial Model must include, at least, the following sheets:
 - i) Cover: identifying the corresponding Business Unit and the applicant.
 - ii) Assumptions: Variables to be considered and their values must be identified.

- iii) Annualized flow: Corresponding to the Cash flow for the entire contract validity term.
 - iv) Main profitability indicators.
 - v) Tender Variables of the Financial Proposal.
- **Document No. 14. Prioritization of Business Units.** The Bidder or Holding must fill in and deliver the form indicating its preference and prioritization of the Business Units to which it is applying. In case it is applying to more than one Business Unit, it must deliver the same Form for each Business Unit.

5.7. Obligations of the Awardee

- a) **Incorporation of the Licensee Company.** Within thirty (30) days, starting on the date of the administrative act stated in the Tender Terms and Conditions, the Awardee must legally incorporate a Chilean listed or unlisted corporation, committed in its Technical Proposal, under which the License Contract will be understood as entered into. The committed Company will be incorporated once the requirements established in the current applicable legislation are complied with. Every company incorporated for this purpose shall have different management, equity and legal representation, despite they may be related to another company in the System.

Notwithstanding the provisions of Law 18,046 on Corporations, the public deed of the incorporation of the company must include, at least, the following:

- i) Name, profession and address of the shareholders attending its granting, including those who are not part of the Bidder or Holding, expressly stating the powers they have.
- ii) Business name and address of the Company. The name must include the words *Sociedad Concesionaria* (Licensee Company).
- iii) The company must have the following exclusive purpose, “provision of paid urban Public Transport services for passengers by buses on the roads of the Province of Santiago, municipalities of San Bernardo and Puente Alto, on the Business Unit [], as well as the implementation, operation and maintenance of mandatory Pay Zones; to maintain and operate lands allocated to Terminals that will be made available to the Licensee by the System, and the other Related Services authorized by the corresponding license contract which are necessary for the proper execution of the project and provision of the services.”
- iv) The duration of the corporation shall be, at least, the License validity term plus two years.
- v) The capital of the Licensee Company must not be less than the value of U.F. 200,000 (two hundred thousand *Unidades de Fomento*) in Chilean pesos, by the date of incorporation. When undersigning the Licensee Company incorporation deed, the capital of the company must be completely subscribed and paid, at least, in the equivalent value in Chilean Pesos, for U.F. 40,000 (forty thousand *Unidades de Fomento*). Only the movable and immovable property for the provision of the transport service of the awarded Business Unit will be considered as part of the capital.

vi) The remaining balance to complete U.F. 200,000 (two hundred thousand *Unidades de Fomento*) shall be paid within 12 (twelve) months, starting from the date of the incorporation public deed of the Licensee Company. The capital payment must be accredited by bank certificate or another statement suitable to prove the fulfilment of the requirement. Failure to comply with the requirement of completing the capital within the established terms shall be grounds to terminate the License due to serious breach of the obligations imposed on the Licensee Company.

vii) Commitment of the Awardee to subscribe and pay a minimum of shares of the company equivalent to 51% of the stock capital of the Corporation. The remaining percentage may be subscribed and paid by the Bidder or Holding or other shareholders. Holdings shall determine the ownership percentage each of their members will have on the company.

Yet, the legal entity, whether national or foreign, with experience in transport operations, being presented in the Awardee proposal, must subscribe at least 30% (thirty percent) of the capital or voting shares of the Licensee Company, at the moment of the incorporation, and maintain this minimum percentage during the entire validity term.

- b) **Performance Bond for the Contract.** The Awardee must always keep the Bid Bond current and valid, until it is replaced by the Performance Bond for the Contract. Within 30 (thirty) days from the date of the administrative act stated on the Tender Terms and Conditions, the Licensee must provide the Performance Bond for the License Contract, and the Additional Performance Bond for the License Contract, if applicable.
- c) **Signing of Contracts for the System Integration.** Before entering into the License Contract, the Licensee Company sign the necessary contracts for the integration of the Transport System with the complementary service operators, all of this under the terms and conditions stated on the Tender Terms and Conditions.
- d) **Signing of the License Contract.** Once the fulfilment of the Tender Terms and Conditions has been verified, at the MTT's conformity, the License Contract shall be signed. The license contract originated due to this process shall meet the text in the Tender Terms and Conditions, and shall be entered into by the Licensee Company and the Ministry of Transport and Telecommunications. Likewise, such instrument shall be approved by the corresponding administrative act. The Licensee, within five (5) business days from the date it is communicated the contract is available for signature, must attend to sign said instrument, upon delivery of the Performance Bond and the corresponding supporting information and documents at full satisfaction of the Ministry, this, in order to prove the compliance with the conditions offered in their proposal. In particular, it must present a Work Plan, considering the schedules for the final implementation, having in mind, at least, the following:
- An Implementation and Commissioning Plan for the services, according to the basic considerations contained in the Tender Terms and Conditions, its Appendices and the Proposal by the Bidder or Holding, stating the human and material resources available to perform them, as well as the activities to be performed in order to comply with that Plan.
 - A Gantt-Chart-Style Activity Timetable, stating the opportunity for the performance of the activities and the execution of the works considered in the License Contract, indicating commencement and

end dates, their duration and considering the maximum terms stated in the Tender Terms and Conditions and other documents comprising the Tender Terms and Conditions.

The previously stated term could be extended by the Ministry of Transport and Telecommunications, upon grounded request by the Awardee/Licensee.

If the Licensee fails to provide the necessary information to elaborate the contract, fails to incorporate the Corporation with a single line of business, fails to sign the contract within the terms established, or fails to deliver the bonds in a timely manner, or fails to legally incorporate the company in Chile in case this is a requirement; the Ministry shall cash the Bid Bond in, and may award the Tender to the next best score, and so on, or declare it void.

If the Licensee fails to sign the License Contract within the schedules established in these Terms and Conditions, the Bid Bond will be cashed in, withdrawing the award, and the proposal will be entirely dismissed.

In this case, the Ministry will award the License to the Bidder or Holding in the next position in the list recorded in the Qualification Minute, and so on, without calling for a new bid.

If, notwithstanding the application of the aforementioned rule, materializing the award of the awarded Business Unit is not possible, the Ministry may call for a new bid or, if required by the service continuity, may directly hire the provision of the service.

6. Specifications of the License Contract

6.1. General Aspects

- a) **Subject of the Contract.** By this License Contract and according to the powers granted by Law No. 18,696, the Ministry grants the Licensee the right to use the roads of the city of Santiago, identified in this instrument and the conditions provided herein; for the provision of paid urban Public Transport services by buses for passengers.

Additionally, and as a part of its obligations, it shall implement, maintain and operate the Mandatory Pay Zones defined in this License Contract. The operation and maintenance of the lands allocated for Terminals that may be put at disposition of the Licensee by the System, are also part of its obligations.

The Transport Service Provision is inherent to the License granted hereby to the Licensee, and therefore, failure to comply with the obligations arising from this License Contract entitles the Ministry to (i) fine or terminate the License, in the cases and conditions stated in this Contract, and (ii) cash the Performance Bond in, if applicable; except for duly proven force majeure situations or acts of God.

- b) **Related Services.** Notwithstanding the purpose of this License Contract, the Licensee may perform, develop, or provide other related activities, for which it can charge and receive, with whom it agrees so,

a price. Likewise, the Licensee may develop programs or pilot plans related to the provision of transport services. Related activities include, for sole explanatory purposes and not limited to, the following:

- Advertisement inside and outside the buses. The space, size and features of the advertisement graphics installed inside and outside the buses must respect the standards set by the Ministry.
 - Participation on Compensation Systems and/or Emission Trading Permits related to the Atmosphere Decontamination and Prevention Program of Metropolitana Region; or other current standards; and in exchange of carbon credits related to agreements signed and approved by the Country.
 - Installation, construction, maintenance and/or use of Pay Zones of the System, provided that it has the corresponding authorization according to the current regulations.
 - Other activities authorized by the Ministry upon request by the Licensee.
- c) **Complementary Services.** The Public Transport System of the city of Santiago comprises, as a necessary condition for its operation, the provision of the following complementary services:
- Issuance and trade of the means of access.
 - Provision of the top-up network for the means of access.
 - Commercialization, provision, and installation of the necessary equipment for the validation and record of the trip stages.
 - Administration of the monetary resources necessary for the payment of the provision of the transport services and complementary services, and their distribution among the different members of the System.
 - Capture, processing, and distribution of the validation and positioning information generated by the transport system, which are necessary for the operation management of the System.
 - Other complementary services the Ministry hires or requires, according to current regulations, such as the provision by the System of dedicated infrastructure for Public Transport in order to allow temporary parking of urban public Transport vehicles, once a round trip or route has been completed and vehicles are ready to be dispatched again.

Before signing the License Contract and as a condition of the service provision, the Licensee must sign the contracts necessary for the proper operation of the services, under the conditions set forth herein. The modification of said contracts may only be performed and enter into force upon authorization by the Ministry.

- d) **Validity and Term of the Contract.** The License Contract shall be valid from the date of completion of the processing of the administrative act approving it, and shall have a term of ten (10) years, starting on the commencement of the services as stated in the Contract, notwithstanding the termination causes set in the Contract and its Appendices.
- e) **Cession of the License.** The Licensee may partially or totally relinquish the License upon authorization from the Ministry. The cession of the License may only be in favor of one or more legal entities proving to strictly fulfill the requirements established for the bidders in the Tender Terms and Conditions and the conditions in this Contract. The procedure and requirements for the cession approval will be determined by the Ministry, through the corresponding administrative act, which will consider the information that must be included, and the schedules for the actions. The term to determine the appropriateness of the authorization must not exceed sixty (60) days from the date of submission of the request. The cession

can only be rejected by grounded resolution. Once the cession has been verified under the planned conditions, the payments, discounts and applicable accrued fines have been settled, and the assignee have provided the bonds at full satisfaction of the Ministry, the Ministry will return the assignor company the bonds provided, within the following fifteen (15) business days, in case of total cession.

- f) **Powers of the Ministry.** Notwithstanding other powers the legal system grants to the Ministry and the provisions in this License Contract, the Ministry is entitled to:
- Regulate Public Transport services for passengers.
 - Define the quality standards for service provision.
 - Supervise the transport providers, as well as the development of tasks aiming at ensuring the proper provision of services, notwithstanding the inspection powers other competent entities may be entitled to.
 - Apply the corresponding fines, according to the procedure set in the License Contract.
 - Instruct unilateral modifications in the License Contract, provided that one of the following causes is met: (i) It is required for the public interest, (ii) to maintain the continuity of the transport services, (iii) to safeguard the efficient and proper transport service provision, and (iv) to guarantee safety in the service provision. When this power is enforced, the economic balance of the Contract must be maintained, if applicable. In any event, the instructions causing relevant changes or modifications performed within the boundaries allowed by the Contract herein shall not be considered as unilateral modifications.
 - Require from the Licensee the information considered as necessary to verify the proper execution and to inspect the compliance with this License Contract, and the System in general; and
 - Coordinate the different participants within the System.
- g) **Obligations of the Licensee.** It is the Licensee's task to provide the transport services and to define both the necessary business model and the management criteria to reach quality in execution of these services, during the entire term of the License Contract; as well as to implement, operate and maintain mandatory Pay Zones, and to comply with all obligations arising from the complementary service contracts entered into or the Ministry instructs to enter into, in order to ensure the proper operation of the System. Notwithstanding the applicable legal obligations and obligations in this License Contract, as well as acts of God and force majeure situations duly qualified as so by the Ministry, the Licensee must:
- Be incorporated as a valid corporation according to the Chilean law, domiciled in the city of Santiago, whose purpose is to provide paid urban Public Transport services by buses for passengers on the roads under license in the Metropolitana Region, of the Business Unit No. [], and to provide the Related Services included in the contract. Companies incorporated for this purpose shall have a different management, equity and legal representation, despite being related to another company in the System.
 - Be ruled by the regulations on Corporations, pursuant to article 2, paragraph 7 of Law No. 18,046 and article 7 of Law No 18,045, as applicable.
 - Maintain, during the validity of the License, a subscribed and paid share capital no less than U.F. 200,000 (two hundred thousand *Unidades de Fomento*). This obligation will be enforceable after twelve (12) months starting from the date of the public deed of incorporation of the Licensee Company.

- The Licensee Company and its shareholders shall not have a direct interest in the company or companies providing complementary services, unless the Ministry awarded the provision of all or a part of these complementary services to the Licensee Company.
- The Licensee Company shall not possess a base and reserve operating fleet representing more than 20% of the base and reserve operating fleet of the entire System.
- The total occupancy of all buses of the base and reserve operating fleet of the Licensee Company, by itself, shall not exceed 20% of the total occupancy of the buses of the base and reserve operating fleet of the System.
- The total sum of the fleet or the occupancy of all buses of the base and reserve operating fleet of the Licensee Company, together with its related companies, shall not exceed 30% of the fleet or the total occupancy of all the buses in the base and reserve operating fleet of the System. This standard is not applicable for Licensees related to the companies providing services in Business Units 2, 3 and 5. For these purposes, related companies is understood as: (i) companies joint with other operator or operators for the use of roads in the city of Santiago (parent companies); (ii) the branches and parent companies of other operator of use of roads in the city of Santiago; or (iii) the corporate holdings and related entities, under the terms established in Laws No. 18,045 and 18,046.
- The Licensee Company cannot be convicted, by final sentence, to any of the penalties established in Article 8 of Law No. 20,393, which sets the Criminal Responsibility of Legal Entities for Crimes of Asset Laundering, Financing of Terrorism, and Bribery Crimes.
- One or more directors, managers, assistant managers, senior executives and/or the people acting as such from the Licensee Company cannot be convicted, by final sentence, for enrichment from fraud in detriment of the System, the Treasury of Chile, and/or the Ministry of Transport and Telecommunications. As an example, but not limited to, crimes described from Articles 467 to 473 of the Criminal Code, shall be considered as crimes of enrichment from fraud.
- Provide the Public Transport Services with the quality, permanence, frequency and safety standards established in the License Contract.
- Comply with the legal, regulatory and contractual regulations governing the transport service provision, in particular those regulating the safety conditions when driving and assisting passengers.
- Implement, operate and maintain the compulsory Pay Zones according to the operation standards defined in the License Contract. This, notwithstanding the additional Pay Zones the Licensee may propose according to the provisions of the License Contract.
- Operate and maintain the lands allocated for Terminals that may be put at the Licensee's disposition by the System.
- Request authorization to the Ministry for any modification of the articles of association of the Licensee Company that may imply a change of the legal purpose of the Company or a decrease of capital stock. The Ministry will decide on such request within sixty (60) days from the date the corresponding request was received.
 - Develop the schedule and execute the operation of services in the way established in this License Contract, in order to provide a suitable coverage, not exceeding the maximum waiting times expected, and prevent overcrowded buses, all the above under the terms and conditions established in the Contract.
 - Present to the Ministry measures or procedures allowing to improve and/or reestablish the quality of service when the levels established in the License Contract are not achieved.
 - Perform the control of the service operation.

- Agree with the Ministry, the establishment and development of action plans or protocols in order to safeguard the compliance with quality indicators and support the Licensee activities, in particular regarding evasion control.
- Fulfil and respect the instructions and procedures dictated by the Ministry, through the Contract Manager.
- Adhere to the corresponding legal acts and maintain the relationship with the complementary service providers under the terms established in the License Contract or the terms mandated by the Ministry.
- Make permanently available the corresponding fleet, pursuant to the current License Contract; and assume at its own cost and risk the financing and operation of such fleet.
- Safeguard that the fleet fully complies with the requirements established; and maintaining the vehicles in good operating, safety and cleanliness conditions.
- Have the necessary terminals in order to ensure a proper management of the transport services.
- Have and maintain in good condition the equipment on buses, terminals, and Pay Zones, as well as equipment necessary for validation and positioning system (if applicable) operation, according to the provisions of the License Contract.
- Manage the timely and correct data download and delivery regarding the validation machines installed in its fleet and in the Pay Zones under its management, if applicable, according to the provisions of the complementary service contracts.
- Take the necessary measures, insurance and safeguards for any act or contract entered into with third parties, which is related to the services subject of the this contract, do not to impact on the sustainability of the Licensee during the validity of the License.
- Pay salaries, social security contributions and health insurances, as well as any compensation of any kind that the Licensee's personnel are entitled to, pursuant to the law and the corresponding employment contracts.
- Send to the Contract Manager a copy of all communication about an essential fact that must be reported to the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros*), within the next three (3) days from the date such communication shall be submitted.
- Provide the Ministry, through the Contract Manager, with all the information the Ministry requires related to the execution of the current License Contract and the obligations imposed by this Contract, which shall be submitted under the terms and schedules specified in the request, as may be reasonably determined, taking into account the nature and the amount of information required.
- Grant free access to the Contract Manager, and any people the Contract Manager may appoint, to all the information and movable or immovable property necessary to inspect and control compliance with the obligations pursuant to the License Contract, as well as to obtain relevant information for the System. The Licensee must waive to express opposition based on copyright ownership or non-disclosure agreements, whether internal or entered into with third parties, that may impede or limit the right of the Ministry to access such information.
- Grant access to the Inspection personnel of the Ministry and/or whoever the Ministry appoints to gather and analyze information for the purposes specified in the Contract, to buses, Pay Zones, Terminals and premises used by the Licensee to develop the services subject of this License Contract. Such personnel must show their corresponding identification and the temporary access will be limited to the execution or development of their corresponding tasks, as applicable.

- Fulfill the obligation established in the Contract of reporting to and keeping the Ministry informed regarding all material circumstance impacting on the regular provision of services, as soon as it occurs. For these purposes, it will be understood as material circumstance any fact that the Ministry or the system supervisor may reasonably require in order to assess its operation.
- Regarding contractors that may be involved, the Licensee must strictly fulfil the provisions in Article 183 A et seq. of the Labor Code, which regulates Labor under Subcontracting Regime.
- Implement a health and safety policy for workers, encompassing, at least, aspects related to addiction control, sleep hygiene, and diet.
- Periodically provide, throughout the License Contract validity, the necessary resources to respond in case of labor indemnities that the Licensee may have to pay at the end of the License.
- Inform users regarding relevant modifications in the operation of services, together with the Ministry.
- Manage and respond in a timely manner to suggestions and complaints from users, pursuant to the provisions of the License Contract.
- Take all the actions and/or arrangements within the scope of its powers, to discourage evasion, complying with the regulation in force.
- Observe the policies on service operation inside the Licensed Infrastructure, established by the holder of that license, if any. In particular, the Licensee shall comply with the Service Regulation of the Current Work of the Public Work License Contract.
- In general, observe all laws and regulations in force, as well as the instructions or communications sent by the Ministry, through the Contract Manager, pursuant to the License Contract.

h) **Rights of the Licensee.** The License Contract grants the Licensee the following rights:

- To use of the roads under the terms established in the License Contract.
- To profit from the paid transport for passenger by buses in the city of Santiago, on the roads comprising its License, according to the terms and conditions established in the current Contract, the Technical Sheet and the Appendices, which are understood to be part of the Contract.
- To develop the related services established in this License Contract under the terms established.
- To sign any the contracts and perform any operations the Licensee deems useful for its interests, with no further limitation than observing its line of business, regulations and principles, the conditions in the License Contract and those regulations established by the legislation in force.
- To freely receive and use the revenues arising from the service provision and from related services under the terms and conditions established in this License Contract. This right shall not be applicable in relation to the payment per fleet (PCF) granted by the System, which shall be only used by the Licensee in order to fulfill the obligations entered into, such as rental, leasing, purchasing, or any other, for use the buses comprising the fleet.
- To receive any other economic benefit that this License Contract establishes on its favor.
- To make proposals in order to optimize the global operation, both concerning services and operation, as well as those related to the System operation.
- To agree with the Ministry on modifications to the License Contract, always observing Principle of System Interrelation.
- To obtain a timely response by the Ministry.
- To have a proper administrative process in the application of administrative sanctions established in the License Contract, as well as in the conduction of any other applicable contestation.

- To the strict application and observation of the License Contract regarding the aspects concerning the amount and origin of payments.
- To enforce all the remaining rights granted by the regulation in force and the License Contract.

6.2. Assets allocated for the Provision of Services

- a) **Fleet.** The Licensee must have the necessary fleet in order to provide the transport services demanded by the Operation Program, complying with the quality standards defined by the Ministry and the procedures and methodologies established in the Contract. The holding type and mode of buses the Licensee chooses must be oriented to the service quality and continuity.

To safeguard the Transport System users' safety, and to make the operational management by the Licensee easier, the Licensee shall implement Certified Maintenance Shops, an Annual Maintenance Plan (PAM, Spanish acronym standing for *Plan Anual de Mantenimiento*), a Maintenance Quality Assurance System (MQAS) and complementary audits, which altogether allow for the timely identification of deficiencies in the corresponding operation conditions and technical specifications. Likewise, the Licensee shall implement the preventive and corrective measures oriented to optimize the service management and planning.

- b) **Terminals provided by the System.** The system will provide Licensee with different lands, to operate and maintain, at its entire charge, cost and responsibility, the public transport terminals to comply with the Operation Program, or any other kind of premises with existing infrastructure. In this case, the transport operator will be responsible of operating and managing the infrastructure provided. The infrastructure and the corresponding facility delivery will be carried out through a communication from the Contract Manager to the Licensee. Within seven hundred and thirty (730) days, starting from the infrastructure delivery, the Licensee shall accredit, by the corresponding Regional Ministry Secretariat, the provision of the authorization to operate the public transport terminals, regarding the facilities provided by the System. Exceptionally, and upon duly grounded reasons, the Licensee may request to the Ministry an extension to prove the obtaining of the RAF for any of these premises. The Ministry shall assess it, and accordingly, it may reject the request. In such premises, the necessary equipment to collect and transmit the information related to the means of access to the transport services must be hosted, which will be provided by the corresponding Complementary Service Provider. Upon termination of the License, for whatever reason, the right to use such lands terminates, being the Licensee Company forced to return the land and the infrastructure in proper preservation state, considering their age and use. For this, a committee must be reported on the infrastructure, equipment and premises used by the Business Unit for the operation of the corresponding Services, for which the Licensee must provide the MTT with all the procedures, guidelines and mechanisms comprising the operation of the Licensee, regarding the corresponding terminals, no later than two (2) months before the termination of the License. After that, the MTT and the Licensee shall agree upon protocols to transfer such premises to the new service provider or whoever it may apply, in order to perform a planned transfer, as not to affect the operation and quality of the Transport Services. In case not reaching an agreement, the provisions by the MTT will prevail. Additionally, the MTT will call for a bid for the Complementary Services for the Provision of Terminals, which will allow to obtain dedicated infrastructure for Public Transport for the temporary parking of urban Public Transport vehicles after a round trip or route has been completed and they are

ready to be dispatched again. In case such Tender is duly awarded, the System will provide the Licensee with the licensed vehicle terminals, which shall be compulsorily used by the Licensee Company. In this regard, the Licensee shall be responsible for maintaining and operating the delivered infrastructure and premises, at its sole expenses and cost, for the proper operation, all this starting from the infrastructure delivery date, as it may be deemed appropriate by the MTT.

c) **Terminals of the Licensee.** Notwithstanding the above, the Licensee must have at its sole charge, cost and responsibility, the type and number of additional terminals required for the provision of transport services. At least thirty (30) days before the service commissioning date established in the Contract, the Licensee shall provide the Ministry, through the Contract Manager, with the information related to:

- Number of terminals per type, if applicable.
- Location for each of them, including municipality and land size.
- Operational information (size of the fleet served by each terminal).
- Title enabling the Licensee to, at least, use the lands, such as rental, leasing, or purchase.

Within seven hundred and thirty (730) days from the License Contract commencement, the Licensee must accredit that the corresponding Regional Ministry Secretariat approved the operation of the necessary bus depot for the operation of services (RAF). Lastly, terminals must be equipped with the necessary devices to allow for the collection and transmission of the information related to the means of access to the transport services, which will be provided by the corresponding Complementary Service Provider.

d) **Pay Zones.** To improve efficiency in the operation of services and as an active measure to reduce evasion, the Licensee must implement, operate and maintain, at least, twenty (20) movable Pay Zones, according to the standards established in the License Contract.

Within sixty (60) days, at most, after the Contract enters in force, the Licensee shall propose the location of the movable Pay Zones and their operation schedules to the MTT, delivering all the necessary information accounting for the location and operation, including, at least, the number of passengers to be served and the bus services, and other items supporting the proposal.

The Licensee must arrange, obtain and sustain, against the relevant agencies, all the permits, authorizations and license payments, if applicable. The Licensee shall be fully responsible for delays produced by delayed arrangement of these permits or authorizations.

The Movable Pay Zones shall operate under the operation conditions established along the entire license period. The Licensee shall be fully responsible, at its own cost and expenses, for necessary personnel and supplies for the proper operation.

e) **Allocated Goods for the license.** For the purposes of this License Contract, movable and immovable property indicated below are considered to be necessary for the basic provision of services, therefore they are classified as allocated for the license:

- Buses comprising the base and reserve operating fleet defined in the License Contract.

- Terminals
- Personal rights arising from the Provision Contracts under the terms established therein.
- Any other movable or immovable property that the parties agree to be necessary for the basic provision of services.

At least thirty (30) business days before starting to make use of the License, the Licensee shall present a registration request to the unit or division of the Undersecretariat of Transport appointed for such purpose, if any, with the list of all such property, either movable or immovable, and personal rights, in their case, that are necessary for the basic provision of the services under license, identified above, which will be subject to the regulations elaborated pursuant to the Article 3, number 9, of Law No. 18,696; and they will be subject to the provisions of those regulations.

Notwithstanding the causes to deallocate goods from the license, included in the dictated regulations pursuant to provisions of Law No. 18,696, it will be considered that the necessary condition for deallocating a particular is fulfilled when any of the following conditions is met:

- License termination, due to the expiration of the validity term.
- Replacement, at the Ministry's satisfaction, of the good to be withdrawn for another one fulfilling the requirements established in the current License Contract and in the applicable regulations.
- Destruction of the asset or damage to the extent it cannot fulfil the requirements established in the current License Contract and the applicable regulations, notwithstanding the obligation of the Licensee of replacing such asset for another of similar or better characteristics.

The procedure for withdrawing the goods shall observe the provisions of the aforementioned regulation.

- f) **Provision Contracts.** In order to provide the transport services subject matter of the Contract herein, the Licensee may enter into any contract — hereinafter 'Provision Contract' — that enables the Licensee to, at least, use and enjoy the necessary assets for the service provision. The Ministry shall review and give judgement on the conditions and requirements the Licensee may introduce in the Provision Contract or Contracts it may enter into with third parties, upon request by the interested party. This, in order to seek the service continuity.

For that, the Ministry will give judge on, among other items, the following: (i) whether the Provision Contract or Contracts authorize the registration, as allocated goods for the License, of the personal rights arising from it (them) and the ulterior provision of the same or better conditions to other licensees; (ii) Whether the third party has rights over the assets subject of the Provision Contract; (iii) whether the Provision Contract ensures the availability of assets during their useful life; (iv) whether the Provision Contract includes responsibilities of the parties, in particular of third parties, regarding preventive and corrective maintenance; (v) whether values and conditions expressed in the aforementioned instrument are duly justified; (vi) that the parties are bound to partially cede the Provision Contract to another System Operator, in case the reduction of service sanction is applied. The number of buses and obligations assigned to third parties must be in line with the fleet used to provide the service on which the sanction is being applied, according to the Operation Program. In the particular case of buses, it must be expressly considered that the manufacturer of the vehicle or brand representative in Chile certifies on a quarterly basis that the maintenance of each bus, regarding the bodywork and chassis, has been

performed by the Licensee or whoever the Licensee appoints, pursuant to the PAM. These certifications shall be delivered to the MTT not later than thirty (30) days from the date they are issued, under warning of losing the provision contract condition of the specific bus, but not the condition of being allocated for the License Contract.

In case the MTT declares to be in favor of the conditions submitted to its judgement, the personal rights arising from the corresponding Provision Contracts will be considered as allocated goods for the License and shall be registered in the registry of allocated goods established in Article 3, number 9 of Law No. 18,696, pursuant to the provisions of the corresponding regulations.

In case the personal rights arising from the Provision Contract are registered as allocated goods for the License, the MTT is irrevocably and unconditionally mandated to require in the Tender Terms and Conditions, in the License Contracts, and in general in any legal instrument by virtue of which a person obtains the right to provide Transport Services for Passengers instead of the Licensee, for the period immediately after the License period, as applicable, the acceptance of the cession of the Provision Contract, if offered, provided that the assets subject of such Provision Contract are in proper conservation condition, taking into account their age and use. In the case of buses, it will be understood that this condition is fulfilled if all the procedures established in the License Contract for fleet maintenance purposes have been fulfilled, and the maintenance items pointed out in the Provision Contract have been also fulfilled, particularly, the aforementioned quarterly certification.

- i) **Transition Period.** In addition, prior to the License termination, for whatever reason, a transition period will be set in order to verify the condition of the assets in the Provision Contract. This transition period will start one hundred and twenty (120) days before the License termination, and it will end sixty (60) days after the termination of the current License. In case of early termination, along with the application of the expiration penalty, a transition period will be started, notwithstanding the pending administrative or legal recourses.

Prior to this period, and notwithstanding the routine inspection the Ministry may carry out in order to ensure the proper conservation of the assets, the Undersecretariat of Transport will appoint a committee comprised of three professionals, which shall lead the inspection process on the conservation status of the aforementioned assets.

In case it is detected the works requested by the aforementioned committee were not performed, the Ministry will not be obliged to transfer them to the new service provider.

- ii) **Additional Guarantees for Buses.** The Licensee must present a maintenance and conservation guarantee for the aforementioned assets, which shall be submitted ninety (90) days before the termination of the License Contract, with a validity of one hundred and twenty (120) days after the aforementioned term. Such guarantee must be valued in one hundred *Unidades de Fomento* (U.F. 100) per bus, which may be a bank guarantee note or sight note, issued by a commercial bank with offices in Santiago of Chile. The aforementioned guarantee may be an immediately enforceable guarantee insurance policy, without adjuster, issued in the city of Santiago of Chile by an insurance company with local operations, as applicable, payable to the Undersecretariat of Transport, with the aforementioned description. The guarantee may be cashed in by the MTT in case of detecting any breach in the works or maintenance that the Operator shall perform

according to the minute issued by the Committee or in case of detecting latent defects on the inspected item after the License Contract is terminated.

6.3. Staff and Subcontracting

The Licensee shall have the necessary staff in order to fulfill the obligations undertaken by virtue of this License Contract, and it shall strictly comply with the personnel hiring, training, insurance and equipment requirements established in the License Contract.

The Licensee may execute by its own means or through a third-party contractor part of the obligations established in this instrument.

In case of transport service provision, subcontracting can only be exerted, at most, for 65% of the total services subject of this License Contract, and 65%, at most, of the occupancy related to those services in the period of higher offer established in the Operation Program for regular season.

In case of choosing subcontracting transport services, the Licensee shall strictly comply with the provisions in Article 183 A et seq. of the Labor Code, which regulates Labor under Subcontracting Regime. Any breach observed in this regard will be reported to the corresponding authorities.

Notwithstanding the above, the Licensee will be the only responsible for fulfilling this License Contract. In consequence, the Licensee will be liable for any act or omission incurred by its administration or by its contractors in complying with its obligations, pursuant to this License Contract, except for acts of god or force majeure situations, which will be duly assessed by the MTT.

In order to safeguard compliance with the current License Contract, the Licensee shall supervise the activities under its administration or its contractors', provide technical support, and establish policies, standards and guidelines for them to fulfill.

6.4. Financial Conditions of the License Contract.

The Licensee will be entitled to receive payment for the transport services for passengers provided, pursuant to the Operation Program in force. This payment will be paid through the Finance Administration Complementary Service Provider, and the amount will be determined according to the following:

- a) General Formula: The payment to the Licensee for the transport services will be mainly comprised of four factors:
 - The first is determined by the multiplication of transactions valid for payment by the price per transported passenger (PPT).
 - The second factor is determined by the multiplication of the commercial kilometers determined in the Operation Program corresponding to the payment period by the price per kilometer of the Business Unit (PK). At the same time, this factor will be multiplied by the Frequency and Occupancy Compliance Index (ICFP).

- The third factor is related to an amount that will be added or discounted for the application of the Indicator Compliance Incentive (ICI), comprised of the quality assurance mechanisms provided in the License Contract.
- The fourth factor is determined by the Fleet Payment (PCF), amount related to the amortization of the rolling stock the Licensee shall have to fulfill the Operation Program.

To the amount calculated through these factors, other amounts to be paid for other concepts will be added (other payments).

This way, the Licensee revenue per each payment period or settlement (Y_t) will be expressed by the following formula:

$$Y_t = PPT_T * q_t + \sum_j PK_{j,T} * (km_{j,t} + 0.33 * [kme_{j,t} + kma_{j,t}]) * ICFP_t + ICI_t + PCF_t + Others_t$$

Where,

- | | | |
|--------------------------------------|---|---|
| PPT_T | : | Payment value per transported passenger, corresponding to the settlements of the Month T . |
| q_t | : | Transactions valid for payment in settlement t . |
| $PK_{j,T}$ | : | Payment value per kilometer corresponding to j -type buses in the month T . |
| $km_{j,t}$ | : | Commercial kilometers of the j -type buses entitled for payment in the settlement t . This includes the kilometers per special services, supporting services and unscheduled dispatches. |
| $0.33 \cdot (kme_{j,t} + kma_{j,t})$ | : | Additional payment for the commercial kilometers for special and supporting services performed during the payment period, corresponding to the settlement period t , provided by j -type buses. |
| $ICFP_t$ | : | Frequency and Occupancy Compliance Index corresponding to the settlement t . |
| ICI_t | : | Incentive or discount associated with the compliance of the service quality indicators corresponding to the settlement t . |
| PCF_t | : | Payment related to the amortization of the rolling stock that the Licensee operates in this License Contract in the settlement t . This shall correspond to fifty percent (50%) of the monthly PCF. The PCF Value corresponding to the month T shall be calculated using the U.F. value indicated on the Technical Sheet, updated on the date of payment. If the cession of rights is not considered, payment for this concept shall only be carried out if the ICFP is equal to or greater than 50%. |
| $Others_t$ | : | Other payments or adjustments that must be carried out in the settlement t , pursuant to the provisions of this License Contract (payments for tags, incentives, fines, among others). |

- b) **Calculation of the PPT.** The price per transported passenger corresponding to the settlements of the month T (PPT_T) shall be expressed in Chilean pesos (CLP) with two (2) decimal points, without rounding, and shall be calculated according to the following formula:

$$PPT_T = PPT_0 \cdot MAC_{T-1}$$

Where,

- PPT_0 : Initial value of the Price per Transported Passenger.
 MAC_{T-1} : Mechanism of adjustment for costs calculated in the month T-1, according to what is described in the License Contract.

- c) **Calculation of distance to be paid (in kilometers).** The commercial kilometers corresponding to the payment period encompassed in the settlement t for the j -type bus ($km_{j,t}$) shall be calculated based on the promised commercial kilometers, which is understood as the sum of buses-kilometer established in the current Operation Program(s) (OP) during the payment period corresponding to the settlement t , according to the following formula:

$$km_{j,t} = \sum_i kmp_{i,j,t} \times D_{it} + kme_{j,t} + kma_{j,t} + kmy_{j,t}$$

Where,

- $km_{j,t}$: Total kilometers to be paid in the settlement t for j -type buses.
 $kmp_{i,j,t}$: Commercial kilometers programmed for a type i day, for the j -type buses defined in the current OPs during the payment period corresponding to the settlement t .
 D_{it} : Number of i type days in the current OP(s) during the payment period corresponding to the settlement t .
 $kme_{j,t}$: Commercial kilometers of special services performed during the payment period corresponding to the settlement t for j type buses.
 $kma_{j,t}$: Commercial kilometers of supporting services performed during the payment period corresponding to the t settlement for j type buses.
 $kmy_{j,t}$: Commercial kilometers of additional and unscheduled dispatches requested by the Contract Manager or DTPM and performed during the payment period corresponding to the settlement t for j -type buses.

- d) **Calculation of the PK.** The price per kilometer of the j type buses corresponding to the settlements from the month T ($PK_{j,T}$) shall be expressed in Chilean pesos (CLP) with two (2) decimal points, without rounding, and shall be calculated according to the following formula:

$$PK_{j,k,T} = PK_{j,k,0} \cdot MAC_{j,k,T-1}$$

$$PK_{j,T} = \frac{\sum_k (PK_{j,k,T} \cdot b_{j,k,T-1})}{b_{j,T-1}}$$

Where,

- $PK_{j,k,T}$: Price per kilometer associated with the j bus typology, k propulsion technology, adjusted for the month T .
- $PK_{j,T}$: Price per kilometer associated with the j bus typology, adjusted for the month T .
- $b_{j,k,T-1}$: j -type buses, k propulsion technology, which comprise the base operating fleet registered in the RNSTP at the end of the month $T-1$.
- $b_{j,T-1}$: Total of j -type buses, which comprise the base operating fleet registered in the RNSTP at the end of the month $T-1$.
- $MAC_{j,k,T-1}$: Mechanism of adjustment for costs calculated in the month $T-1$, for the j -type buses with k propulsion technology, according to what is described in the License Contract.

e) **Frequency and Occupancy Compliance Index (ICFP).** Aiming at paying the kilometers provided effectively and in a timely manner, the commercial kilometers established shall be multiplied in the current Operation Program(s) during the payment period corresponding to the settlement $t(\sum km_{j,t})$ for the Frequency and Occupancy Compliance Index (ICFP) of this settlement t . The Frequency and Occupancy Compliance Index (ICFP) of the Business Unit is made up based on the kilometers offered, the programmed kilometers, a Frequency Compliance Index (ICF) and an Occupancy Compliance Index, as presented below.

i) **Frequency Compliance Index (ICF).** The Frequency Compliance Index (ICF) aims at ensuring that user waiting times do not increase due to a lower quantity of buses in circulation than what had been planned. For each service-direction-period, this indicator compares the number of valid trips actually carried out by the licensee to the number of trips planned according to the corresponding Operation Program. This indicator will measure the performance of the frequency of all services-directions-periods during all days of the settlement period. Based on their results, the level of compliance of the service shall be determined. The indicator ICF_{jpd} seeks to safeguard the transport offer of all the services-directions in each period of a specific day. For these purposes, the performance of each service-direction j shall be determined in each period p for each day d of the settlement t ($d \in t$), thereby quantifying the trips made ($b_{j,p,d,t}^{obs}$) regarding the trips planned in the corresponding Operation Program ($b_{j,p,d,t}^{prog}$), as follows:

$$ICF_{j,p,d,t} = \text{Min} \left\{ 1; \frac{b_{j,p,d,t}^{obs}}{b_{j,p,d,t}^{prog}} \right\}$$

ii) **Occupancy Compliance Index (ICP).** The Occupancy Compliance Index (ICP) aims at ensuring that the occupancy offered to users do not decrease due to a lesser amount of buses in circulation, and/or buses with a lower capacity, than what had been planned. For each

service-direction-period, this indicator compares the occupancy of the valid trips effectively provided by the Licensee to the occupancy planned according to the corresponding Operation Program. This indicator will measure the performance of the occupancy offer of all services-directions-periods during all days of the settlement period, and the level of compliance of the service shall be determined based on their results. The indicator ICP_{jpd} seeks to safeguard the transport occupancy offer of all the services-directions in each period of a specific day. For these purposes, the performance of each service-direction j shall be determined in each period p for each day d of the settlement $t(d \in t)$, thereby quantifying the observed occupancy ($p_{j,p,d,t}^{obs}$) regarding the occupancy planned in the corresponding Operation Program ($p_{j,p,d,t}^{prog}$), as follows:

$$ICP_{j,p,d,t} = \text{Min} \left\{ 1; \frac{p_{j,p,d,t}^{obs}}{p_{j,p,d,t}^{prog}} \right\}$$

$$p_{jpd}^{prog} = \sum_i \text{plazas}_{ijpd}^{prog}$$

$$p_{jpd}^{obs} = \sum_i \text{plazas}_{ijpd}^{obs}$$

Where,

plazas_{i}^{prog} : is the occupancy of the bus of the i^{th} trip programmed in the service-direction j , in the period p , on day d of the measurement period $t (d \in t)$.

plazas_{i}^{obs} : is the occupancy of the bus of the i^{th} dispatch performed in the service-direction j , in the period p , on day d of the measurement period $t (d \in t)$.

1. **Correction in border periods.** For the purpose of calculating the ICF and ICP, the last valid trip dispatched up to 5 minutes before the start of the scheduled period of operation of the service shall be considered. Likewise, the first valid trip dispatched up to 5 minutes after the start of the scheduled period of operation of the service shall be considered. Both trips as part of the start and end periods of the scheduled period of operation.

In addition, and to prevent that potential delays or advances in dispatches carried out in the border of two periods entail a decline in the ICF and ICP , the following shall be applied for each service direction j , period p , and day d on which $(b_{j,p,d,t}^{obs}) > (b_{j,p,d,t}^{prog})$:

- o If, for the same service-direction j and day d , in the previous period $p-1$ it is jointly fulfilled that (i) $ICF_{j,p-1,d,t}$ and that (ii) there is a trip carried out in the service-direction j within the first 5 minutes of the period p , the first trip performed in the period p shall be assigned to the period $p-1$, only for the purpose of determining the intervals

observed from the period $p-1$, and the value of $b_{j,p,d,t}^{obs}$ shall be reduced by one (1), and the value of $b_{j,d-1,d,t}^{obs}$, shall be increased by one. The same rule shall be applied to occupancy corresponding to this trip.

This correction shall be made only for the valid trip for each service direction j , period p , and day d .

The new $ICF_{j,p-1,d,t}$, $ICP_{j,p-1,d,t}$, $ICF_{j,p,d,t}$ and $ICP_{j,p,d,t}$ will be recalculated with these new values for trips and occupancy.

- If, it continues to be true that $(b_{j,p,d,t}^{obs}) > (b_{j,p,d,t}^{prog})$ despite the previous correction, it shall be verified if for this same service-direction j and day d , in the subsequent period $p+1$ it is jointly fulfilled that (i) $ICF_{j,p+1,d,t} < 1$ and that (ii), there is a trip carried out in the service-direction j in the last 5 minutes of the period p , the last trip performed in the period p shall be allocated to the period $p+1$, only for the purpose of determining the intervals observed from the period $p+1$, and the value of $b_{j,p,d,t}^{obs}$ shall be reduced by one, and the value of $b_{j,p+1,d,t}^{obs}$ shall be increased by one. The same rule shall be applied to occupancy corresponding to this trip. This correction shall be made only for the valid trip for each service direction j , period p , and day d .

The new $ICF_{j,p+1,d,t}$, $ICP_{j,p+1,d,t}$, $ICF_{j,p,d,t}$ and $ICP_{j,p,d,t}$ will be recalculated with these new values for trips dispatches and occupancy performed.

The indicated corrections may not, under any circumstances whatsoever, cause the $ICP_{j,p,d,t}$ for the same period from which a trip is deducted, result to be less than one (1) after being applied. If this happened, the correction cannot be applied, and thus, be rendered ineffective.

2. **Programmed Distance, in Kilometers ($km_{j,p,d,t}^{prog}$).** The programmed distance for each service-direction-day in the settlement period t is as follows:

$$km_{j,p,d,t}^{prog} = L_{j,p,d,t} * b_{j,p,d,t}^{prog}$$

Where,

$L_{j,p,d,t}$: Is the length in kilometers of the service-direction-period.

$b_{j,p,d,t}^{prog}$: Is the number of scheduled trips for that service-direction-period-day.

3. **Observed Distance, in Kilometers ($km_{j,p,d,t}^{obs}$).** Once the indicators of the $ICF_{j,p,d,t}$ and $ICP_{j,p,d,t}$, previously described are calculated, for each service-direction j , period p and day d , the observed distance shall be calculated, only considering the valid trips, the minimum value between the frequency compliance indicator and the occupancy compliance indicator, multiplying the length and the executed trips.

$$km_{j,p,d,t}^{obs} = \text{Min}\{ICF_{j,p,d,t}, ICP_{j,p,d,t}\} * km_{j,p,d,t}^{Prog}$$

4. **Frequency and Occupancy Compliance Index (ICFP).** Finally, the determination of the ICFP from the settlement period t for each Business Unit shall be determined by the following formula:

$$ICFP_{\square} = \frac{\sum_{j,p,d} km_{jpd}^{obs}}{\sum_{j,p,d} km_{jpd}^{prog}}$$

For the purpose of this indicator, aggregation is allowed to different levels as necessary or as required by the DTPM; the last aggregation level shall be the $ICFP_T$, which shows the effective supply provided by one Business Unit in the month T .

Compliance of a service-direction-month shall be assessed according to the following formula:

$$ICFP_{j,T} = \frac{\sum_{pd} Km_{j,T}^{obs}}{\sum_{pd} Km_{j,T}^{prog}}$$

- f) **Cost Adjustment Mechanism (MAC).** The Cost Adjustment Mechanism for a j -type bus, with propulsion technology k , for the month T ($MAC_{j,k,T}$) shall be based on the application of a cost indexing vector, according to the typology and propulsion technology of the buses used by the Licensee. Thus, the MAC shall be defined as follows:

$$MAC_{j,k,T} = (1 + \Delta VIP_{j,k,T})$$

Where,

$MAC_{j,k,T}$

The Cost Adjustment Mechanism calculated in month T for a j -type bus, and propulsion technology k .

$\Delta VIP_{j,k,T}$

The cost indexing vector, adjusted for month T for a for a j -type bus, and propulsion technology k .

To calculate the variation in the price indexing vector, the DPTM shall consider the observed fluctuations in the variables (indices and prices) which comprise this indexer, and which are indicated below, from its value published in November 2016 until the day of the effective calculation of the cost indexing vector, taking the values observed in the previously mentioned days as the values for the calculation basis of the subsequent adjustments.

- *Consumer Price Index (CPI):* Index estimated and published by the INE (National Statistics Institute).
- *Employment Cost Index (ECI).* Index that estimated and published by the INE.

- *Price of Diesel Oil (Diesel)*. Index estimated and published by the INE in the wholesale price series, corrected item 224, additional series.
- *Price of Natural Gas (GNC)*. Index estimated and published by the INE in the wholesale price series, in item 1C 1110 21 GAS NATURAL.
- *Kilowatt-Hour Price (\$/Kwh)*. Average price published by the electricity distribution company Enel Distribución Chile S.A. (or whoever may replace its duties) at the beginning of each month of operation for the item Demand Maximum Peak for the BT-4.3 rate.
- *Maintenance Materials (MTO)*. Index estimated and published by the INE in the wholesale price series, in item 34 343 3430 49129 4912901 of parts, pieces, and accessories for automobiles.
- *Transport Employment Cost Index (ECI-T)*. Index estimated and published by the INE per economic activity “Transport, Storage, and Communications.”
- *Observed Dollar Value (DO)*. Monthly average reported by the Central Bank of Chile (or whoever may replace them in their duties).

In the event that one or more of the aforementioned price indices are modified or replaced for others which compile the same or similar elements, the variation in the cost indexing vector shall be calculated based on the new indices or prices that the corresponding authority or institution establishes for that purpose.

If one or more of the aforementioned indices or prices were removed or modified by a different one, the DTPM shall determine the applicable indices or prices and inform the Licensee beforehand. For this, the Licensee will have a reasonable period (which under no circumstances shall be less than ten (10) business days) to send their comments regarding the index (or indices) or price(s) that should be applied, and the grounds on which their proposal is based. They may be considered by the Ministry for the final definition of the indices to be applied. The Ministry’s definition shall be reported to the licensees through Official Notice by the DTPM.

The percentage variation of the value of each index or price X (“factor”) regarding the value published in November 2016, shall be defined as:

$$\Delta X_T = \frac{X_T}{X_0} - 1$$

Where,

- X_T : Is the last (most recent) value of the index or price X published in month T .
- X_0 : Is the value of the index or price X published in November 2016, specified in the Technical Sheet of this License Contract.

Then, the variation of the cost indexing vector for the month T , for a j -type bus, and propulsion technology k , shall equal to:

$$\Delta VIP_{j,k,T} = a_{j,k} \cdot \Delta IPC_T + b_{j,k} \cdot \Delta ICMO_T + c_{j,k} \cdot \Delta DIESEL_T + d_{j,k} \cdot \Delta GNC_T + e_{j,k} \cdot \Delta (\$/kWH)_T + f_{j,k} \cdot \Delta MTO_T + g_{j,k} \cdot \Delta ICMOT_T + h_{j,k} \cdot \Delta DO_T$$

After estimating the variation in the indexer of the j -type bus, propulsion technology k , the DTPM will determine the cost indexing vector, pursuant to the following formula:

$$\Delta VIP_{j,T} = \frac{\sum_k \Delta VIP_{j,k,T} \cdot b_{j,k,T-1}}{b_{j,T-1}}$$

$$\Delta VIP_T = \frac{\sum_j km_{j,T-1} \cdot \Delta VIP_{j,T}}{\sum_j km_{j,T-1}}$$

Where,

- $b_{j,k,T-1}$: J-type buses, propulsion technology k , which comprise the base operating fleet registered in the RNSTP by the end of the month $T-1$.
- $b_{j,T-1}$: Total of j-type buses, which comprise the base operating fleet registered in the RNSTP by the end of the month $T-1$.
- $km_{j,T-1}$: Total commercial kilometers to be covered by j-type buses in the month $T-1$, defined in the Operation Program(s) during the month $T-1$.

Thus, the MAC can be calculated as well at a j-type buses level:

$$MAC_{j,T} = (1 + \Delta VIP_{j,T})$$

And at the Business Unit level:

$$MAC_T = (1 + \Delta VIP_T)$$

These weightings may be modified by the DTPM upon consultation to the Ministries or corresponding institutions. Likewise, for buses with a propulsion technology and/or typology not considered in the referenced table, the DTPM shall create the corresponding cost structure, in a reasonable period. In the meantime, these buses shall be integrated into the type of bus with the greatest similarity, at the DTPM's opinion.

The review of weightings may also be conducted in case of legal modifications that alter the cost structure of the industry and/or indices on which the mechanism is designed, after a well-founded request from the Licensee.

The factors of the cost indexing vector may be modified by the DTPM based on the studies and other sources of information that may provide the grounds for it, at any moment of the validity of this License Contract upon consultation to the Ministries or corresponding institutions.

To carry out these modifications, the DTPM shall notify the licensees, by Official Notice, the adjustments in the weightings, factors, vectors, or other item, along with their reasoning, including the date of implementation of the said adjustments.

g) Other Payments and Adjustments.

- i) **Payment for the Use of Paid Roads.** The Licensee will be entitled to a payment for the scheduled use in the corresponding Operation Program of the roads provided under the license by the Ministry of Public Works, or any other road for which a toll is charged for its use (Paid Roads).

The tolls for the use of the Paid Roads shall be paid to the Licensee in the terms expressed below. The payment shall be calculated based on a theoretical forecast considering the commercial trips included in the Operation Program, according to the number of scheduled trips and the time of departure of each trip, all of which shall be detailed in the Operation Program. Payment for this concept will be subject to the compliance with the Operation Program. Therefore, only the toll costs related to trips effectively carried out shall be paid, in compliance with the conditions of the Operation Program in terms trip schedule and fulfillment of the defined layout. This can be verified with the Frequency and Occupancy Compliance index (ICFP) corresponding to the respective service-direction-period. Also, the toll cost shall also be recognized and paid for unscheduled trips that have been requested by the Ministry, and that were carried out and provided in a timely manner by the Licensee, pursuant to the conditions set by the Ministry in the corresponding request. The use of Paid Roads shall not be paid in case of non-commercial, unless the Ministry had given instruction of this to the Licensee to use these roads and it is confirmed in the corresponding Operation Program. The rates associated with the use of the Paid Roads shall be published by the Ministry of Public Works, or whoever applies, for each collection point, day, time, and direction of circulation.

- ii) **Payment for the Use of Another Licensed Infrastructure.** In the framework of the corresponding Operation Program, the Licensee shall have the right to receive payment from the System resources, for the charges yielded using the infrastructure provided in the license by the Ministry of Public Works and/or the Ministry of Housing and Urban Planning, other than the Paid Roads. These payments shall be made directly to the holder of the infrastructure license for the corresponding amounts according to the use of said infrastructure, and they shall be made with the available resources of the System.
- iii) **Payment for the Use of Another Non-Licensed Infrastructure.** The Licensee shall have the right to receive payment, from the System resources, for the charges yielded from the effective use of the non-licensed infrastructure that may be necessary for the provision of the transport services of the System. This right shall only be applicable for charges of access to buses using the infrastructure, upon request from the licensee and written authorization from the Ministry, provided that the use of the referenced infrastructure occurs within the framework of the corresponding Operation Program. The licensee must submit the request for reimbursement of the corresponding payments that may have been carried out for this reason to the Contract Manager within thirty (30) days after they took place, and must attach the corresponding invoice and the corresponding backups. The reimbursement shall be carried out with the available System resources on the corresponding dates, in accordance with what is stipulated in the license contract.
- iv) **Good Operational Performance Incentive.** The Licensee shall be entitled to a monetary incentive for good operational performance. Furthermore, and in the framework of their powers, the Ministry may provide the Licensee with non-monetary incentives.
- h) **Payment Dates.** The payments for the provision of the transport services shall be carried out twice a month on the 10th and 25th of each month. If the 10th and/or 25th day is not a business day, the payment date will be pushed forward to the first following business day.

- i) **Review of the Amount of the Payments.** The Licensee may request the review of the payment calculation carried out in each settlement. To this end, within the first thirty (30) days of validity of this License Contract, the DTPM shall define one or more review procedures, which shall only consider three stages: i) review request; ii) information analysis; and iii) the response. The review stage shall begin with the Licensee's written request posed to the Contract Manager, which must be accompanied by the information on which it is based. The Licensee will have a period of thirty (30) days to submit their objections, starting from the date of the notification of the incident that gave rise to the objection. Objections sent after this period shall not be considered. When the same settlement or bimonthly payment brings forth different objections, they must be grouped together and presented jointly in only one request. The objections must be presented observing the determined format and incorporating standard information, which will be defined by the DTPM in a timely manner. After the review request(s) has been submitted, the DTPM shall analyze the available information and the attachments included by the Licensee. The resolution shall be informed in accordance with their merit and the technical reports that may have been required. The Contract Manager shall notify in writing the Licensee of the response. If the outcome of the review results in a difference either for or against the Licensee, the indices shall be recalculated and the corresponding adjustment in the payment shall be reflected in the following settlement.
- j) **Cession of Rights.** If, pursuant to the provisions of Articles 1901 et seq. of the Civil Code, the Licensee assigned or transferred all or part of the rights and actions considered in the contract to a third party, and this party accepted and acquired them for themselves, the MTT shall set the corresponding measures for the payments to be carried out according to the provisions of this cession of rights, from the time this information is duly reported to the Contract Manager. Notwithstanding the foregoing, the MTT may object to the cession of one or more rights or shares within ten (10) days after this information is notified, when information regarding assignees is not clear enough, or when the MTT is burdened with charges or new costs to fulfill the payment obligations. The cession shall be accepted and valid once the objections have been solved. After the cession of rights has been accepted, the applicable payments pursuant to the provisions of this License Contract, and only up to the sum stated in the cession of rights, shall be paid to the assignee, or whoever may be duly empowered or appointed by them to collect such amount. Yet, the Licensee shall require the prior authorization of the MTT if the cession represents over 50% of the rights or shares.
- k) **Reestablishment of the Contractual Equation.** To ensure sustainability of the System, for reasons of public interest, the MTT may review the validity of the assumptions that were considered to establish the values of the economic conditions of the Contract. For this, exceptional review instances shall be established, intended to reestablish the contractual equation through the incorporation of the adjustments into the economic variables on which the business model of the License Contract was built, or other elements.

The review instances shall consider the following aspects:

- Increases in the base operating fleet that are greater than 5% by requirement of the MTT. The capacity (occupancy) of the base operating fleet established in their Proposal shall be considered for the calculation of this percentage.
- Modification of one or more factors comprising the price indexer.

- Expansion or introduction of new Metro lines or trams or other means of railway transport that significantly modify the trip structure of the users of the System (by 3% of more). For the purposes of the Contract, exceptional reviews may not be requested for the implementation and operation of lines No. 3 and No. 6 of the Empresa de Transporte de Pasajeros Metro S.A., nor for the introduction into the System of the Alameda-Nos Train.

The combined effect that these aspects have on the economic balance of the contract shall be considered in each review, and the outcome of the analysis may result in an adjustment to the contract, considering the following alternatives in this order of priority:

- Assignment of a new service or another one that is currently provided on the tendered roads. For the first alternative, the corresponding limitations stipulated in the contract shall apply, and the second alternative shall only be carried forward when there is a tender process for the use of roads within twelve (12) months following the start date of the exceptional review, which allows for the provision of additional services.
- An increase, decrease, or maintenance of any of the factors comprising the formula for calculating payment to the licensees.
- Payment or deduction of a single lump sum for the purpose of adjusting the license contract to the new conditions.

The Ministry shall determine the alternative and, based on this, the review process will be developed.

As long as they prevail over time, the reviewed aspects shall be considered as part of the base scenario in the subsequent instances of review. Therefore, the same event shall only result in an adjustment one time.

The Licensee may ask the Ministry to require a review when it has been verified that significant changes have taken place in some of the described assumptions of origin. Likewise, the MTT, through the DTPM, shall notify the Licensee when, in their opinion, a review of the contract is appropriate, pursuant to the articulated rules.

- l) **Taxes.** The parties agree that the revenues of the Licensee coming from the provision of the transport services include the payment of the applicable taxes, and thus, the Ministry shall not reimburse the Licensee for the taxes they must pay pursuant to the law, nor will they be grounds for an exceptional review. Likewise, the Ministry shall not have the right to request any reimbursement whatsoever for the loans or tributary compensations that the Licensee may receive.

6.5. Supervision and Control

- a) **Duty to Report.** The Licensee must submit the information below to the Contract Manager in a timely manner and in the terms established for each case:
 - Updated copy of the Shareholders Registry within the first ten (10) days of validity of this License Contract, as well as within the first ten (10) days after any changes in said registry.

- The following documents, no later than ten (10) days from the date of occurrence of the corresponding events:
 - Amendment of the articles of association of the Licensee Company.
 - Any legal acts and/or contracts that may modify the management of the Licensee Company.
- Monthly financial information of the Licensee Company, presented in the FECU format required by the SVS (*Superintendencia de Valores y Seguros*). This information must include the general balance sheet, income statement, cash flow statement, and explanatory notes on the financial statements. In the notes of these statements, the use revenues shall be broken down, identifying the source of these revenues. The use costs must be presented detailing each operation costs (such as salaries, subcontracts, service use, amortization of investment); conservation costs (such as infrastructure, equipment and systems maintenance costs) and others (detail the more significant items). Financial statements must express the type of debt (currency, terms, interests, amortization table and any other financial condition established in the loan). The year end information must include a report made by the external auditors to the Licensee Company.
- To report to the Ministry on any essential fact affecting the Licensee Company, as well as any other information that a reporting company must provide to the SVS, within five (5) days after being reported to the SVS.
- Monthly report on any defaulting commercial obligation with third parties lasting over sixty (60) days starting on its maturity or alleged maturity, indicating the amount, third parties involved (creditor, guarantors, co-debtors, etc.), cause, reason for of default, description of the objection to the charge or demand, as applicable, and any information to be reasonably provided to the Ministry, for the proper understanding of the situation, as well as any claim or charge, whether judicial or out-of-court, brought by third parties against the Licensee Company due to unpaid liabilities of any kind. The report must be delivered within the first fifteen (15) days of the month, and shall refer the information of the previous month.
- Financial management indicators monthly report. This report must account for the Licensee cash flow, identifying the inflow and outflow sources for resources, including at least an analysis of the economic-financial ratios for debt, liquidity, profitability and results of the use against results out of the use. These reports must be delivered within thirty (30) days after the end of the month. The detail must be provided according to the form prepared by the DTPM, elaborated from the biannual report data, plus the information provided by the Licensee itself.
- Annual report on subcontracts and suppliers related to the main items related to the operation of the services (buses, fuel, maintenance, drivers), including name and Tax ID Number (RUT) of the contractor or supplier; and reporting whether the contract relation will be maintained during the next year. This report must be submitted within the first fifteen (15) days of January each year. If the Licensee enters into a new subcontract, it must be reported to the DTPM in order to update the report presented at the beginning of the year.
- Quarterly report, by March 31st, June 30th, September 30th and December 31st, about drivers, stating the number of hired and subcontracted drivers. Additionally, the number of unions must be included, stating the number of drivers and administrative staff who are members, and the dates of the last and next negotiation. These reports must be submitted within thirty days (30) days after the end of the quarter.
- Monthly affidavit of the legal representative of the Licensee Company, on the compliance with the payment of salaries, social security contributions and health insurances, payments of the

insurance primes for drivers and the compensation provisioning. This information must be submitted within the first fifteen days (15) days of the month following the reported period.

- Monthly report on subcontracts of transport services, including name and Tax ID number (RUT) of the subcontractor, and the identification of the service subject of the subcontract. This report must be submitted within the first fifteen days (15) days of the following month to the reported period.
- Monthly report on the status of the vehicle inspections, describing for each bus of the fleet the plate number, certificate number, date of the current technical inspection and the date of the next technical inspection. For these purposes, it is requested to provide every piece of information at the beginning of the contract — and then, in the monthly reports, only such information which have been renewed.
- Monthly information on complaints made by users to the Licensee, identifying the user, content of the complaint, date, response from the Licensee and the measures taken, if applicable. This report must be submitted within the first fifteen days (15) days of the following month to the reported period.
- Information about the organization structure and Senior Executives of the Licensee once it is incorporated and every time any changes occur. For these purposes, it is requested to provide every piece of information at the beginning of the contract — and then, in the monthly reports, only when there have been changes.
- The Licensee must provide every month, within the first twenty (20 days) of the following month of the reported period, a Management and Operation Report, including every Service stated on this License Contract, which must include at least the following information:
 - Description of the Mandatory Services being provided under the License and its modifications, identifying the services being used by the Licensee, directly or through third parties, including name, Tax ID number (RUT), address and organizational structure of each subcontractor.
 - Description of the Related Services being provided under the License and its modifications, indicating the services being used by the Licensee, directly or through third parties, stating name, Tax ID (RUT), address and organizational structure of each subcontractor.
 - Monthly revenues of the Licensee received by the provision of the Complementary Services, and the breakdown for each of them.
 - Total operation and maintenance monthly costs the Licensee has spent for the provision of the service.
 - For each Service comprising the Business Unit, the Licensee must provide the following cost information itemized, monthly:
 - Fuel Cost: Operation and Dead Running (in kilometers).
 - Remunerations: Drivers (Full time), Drivers (Part time), Operations, Maintenance, Others.
 - Bus Maintenance: Preventive, Corrective.
 - Evasion Control
 - Bus Rental
 - Operation and maintenance costs of Terminals
 - Operation and maintenance costs of Pay Zones

- Financial Expenses
 - Other Operational Expenses
 - For each Service comprising the Business Unit, the Licensee must provide the following Operational information itemized, monthly:
 - Total buses per type: buses owned by the Licensee to date.
 - Average buses the Licensee had available for the provision of the service, identified per type of fleet.
 - Kilometers traveled, differentiated between commercial and dead, for both the operation and to perform other activities.
 - Kilometers traveled per type of bus, broken down as stated in the previous point.
 - Liters consumed per type of bus, broken down as stated in letter c).
 - Number of employees per area: Full-time drivers, part-time drivers, operations, maintenance, administration, others.
 - Number of terminals, square meters, buses using such infrastructure.
 - Number of fines (administrative and/or judicial) and their equivalent amount in the period.
 - Description of the problems and corrective measures implemented.
 - Preventive measures and other measures implemented to improve the quality of the service.
- b) **External Audit.** The Licensee must contract, at its own expense, a renowned auditing company for the review of the financial statements, which must be registered in the record of the SVS. The auditing company must be able to prove a minimum experience of three (3) years as external audit provider of at least one company subject to the SVS inspection. This, notwithstanding the audits that the MTT may require for the same purpose. No later than thirty (30) days from the date this License Contract enters into force, the Licensee must provide the Contract Manager with the names of the external auditors for said company and provide an authenticated copy of the certificate proving the auditors are registered in the records of the SVS. The obligation contained in this section will be enforced during the whole validity term of the License Contract, and any modification in the company exerting these functions must be reported to the MTT, with notice of at least a thirty (30) days. The MTT may reject the decision if the contracted company fails to meet the aforementioned requirements. The Licensee is responsible for requesting the auditing company to provide the MTT with copies of the final reports or expert opinions of the audits, on the same dates they are delivered to the Licensee.
- c) **Supervision Mechanisms.** The Ministry, directly through the DTPM, may supervise, verify and/or control the activities of the Licensee related to the execution of this License Contract, by any of the mechanisms described below.
- **Watchers.** The MTT, through watchers appointed from its personnel or third parties hired for this purpose, may perform analysis, financial, operational and/or technical diagnosis, and supervise the different obligations of the Licensee. According to the results of these activities and the recommendations made by the watcher(s), the DTPM may request the Licensee to develop and implement action plans aiming at solving or introducing improvements in its

internal and operational procedures. The Contract Manager will supervise the implementation of these action plans, and their results.

- **Fiscal Inspectors.** The MTT, through its inspectors, as well as Municipal Officers and *Carabineros de Chile* (Chilean police forces), as the case may be, will control the compliance with the conditions and requirements stated in this License Contract, as well as those required by law.
 - **Technological systems for operation control.** The MTT, through the DTPM, has information and control technological systems which allow to obtain on-line information on the operation of the Licensee's vehicles and the provision of the scheduled services. The information provided by these systems shall be considered as a valid means of evidence for the purposes of supervision and control of the Licensee's operation.
 - **Citizen participation.** The MTT, through its Regional Ministry Secretariat of Metropolitana Region, the Information, Complaints and Suggestions Office (OIRS as per Spanish acronym standing for *Oficina de Información, Reclamos y Sugerencias*) and/or the DTPM, will implement means to address inquiries or complaints from users, report them to the Licensee and follow-up the management of solutions and responses, within mutually agreed terms.
 - **User Surveys.** The MTT may contract the development of surveys for the System users. The results will be useful to determine potential incentives for good performance of transport operators, among others.
 - **Others.** Any other mechanism or procedure established by the Ministry, which renders to be suitable to control the execution of this License Contract, which will be timely communicated to the Licensee for acknowledgement and provision of facilitators for supervision and control.
- d) **Penalties.** Failure to comply with the obligations may result in penalties, according to the procedure established in the contract, notwithstanding the supplementary application of Law No 19,880, and the cashing in of the Performance Bond, if the Undersecretariat of Transport deems appropriate. Penalties are applicable to the Licensee, even though the failure is personally attributable to the action or omission of a driver, service personnel, or the owner of the vehicle or contractor. Therefore, the Licensee shall be the direct and non-delegable responsible for any aspect involving the good service under this License Contract, and for breaches that may arise during the provision of services.

6.6. Early Termination of the License Contract

As a general rule, this contract will be terminated due to maturity of the validity term of the License.

a) Causes for Early Termination.

- **Mutual Agreement.** In case of termination for the License Contract by mutual agreement, as long as there is no maturity cause, the Licensee must keep providing the service for a period of at least six (6) months from the date the termination resolution is entirely processed, or a lower period determined by the Ministry in case the service continuity is ensured. In any case, the signed agreement must expressly describe the labor situation and social security obligations of the

employees, accrued until the last day of the month prior to the agreement. In case of unpaid debts, the Licensee shall be directly liable, and the amount owed shall be deducted from any amount received from the State for this concept. There shall not be mutual agreement until social security contributions are fully paid.

- **Expiration** determined by the Ministry according to the provisions of the License Contract.
- **Settlement or Rearrangement of the Licensee**, pronounced by final sentence of the relevant Court.
- **Serious and repeated breach** by the Licensee regarding the labor and social security laws towards its workers. For these purposes, breach will be understood as:
 - Delays or omissions in payments of salaries, exceeding three (3) monthly periods, as determined by the Labor Directorate or the competent Justice Courts, with the corresponding fine or final executed sentence.
 - Delays or omissions in the payments of social security contributions and health insurance, exceeding three (3) monthly periods, as determined by the Labor Directorate or the competent Justice Courts, with the corresponding fine or final executed sentence.
 - The existence of five (5) or more final binding court sentences, on each of the following matters, namely:
 - Five (5) or more final court sentences in one calendar year, due to infringement of the Fundamental Rights of Workers.
 - Five (5) or more final court sentences in one calendar year, due to infringement of the regulations on working hours, salaries, social contributions and holidays.
 - Five (5) or more final court sentences in one calendar year, due to infringement of the regulations on maternity protection.
 - Five (5) or more final court sentences in one calendar year due to union-busting practices or infringement of regulations on freedom of association.

For the purposes of this section, only trials and procedures arisen from facts or behaviors occurred during the validity of this License Contract shall be considered.

- **Supreme Decree** grounded on the public interest, issued by the Ministry in the terms and conditions set forth in article 3 number 7 of Law No. 18,696. The corresponding compensation shall be determined according to the procedure established in provisional article 1 of Law No. 20,504.
- **Change of Controller.** In case of changing the stock ownership of the Licensee carried out during the validity term of the License, involving, by itself or together with one or more previous transfers, a change in a controller, and considering the terms set forth in article 97 of Law No. 18,045, without the Ministry's authorization, the MTT shall be entitled to cash the Performance Bond in of this License Contract. The MTT will authorize or reject the stock transfer involving a change in a controller, by grounded resolution within thirty (30) days, from the reception of the corresponding request. The current prohibition of stock transfer will be recorded in the registry of shareholders of the Licensee Company, according to article 23 of Law No. 18,046, on Corporations.

- **Reduction of Social Capital without the previous authorization of the MTT**, in whose case the MTT may also cash the License Contract Performance Bond in. The MTT will authorize or reject the reduction of capital by grounded resolution within thirty (30) days, from the reception of the corresponding request.
- **Related Companies.** In case the Licensee (i) is allied with one or other Licensees for the use of roads in the city of Santiago (parent companies), (ii) is the branch or main office of other Licensee(s) for the use of roads in the city of Santiago, (iii) belongs to a holding group or it is related to other Licensee(s) for the use of roads, under the conditions set forth on Laws No. 18,045 and No 18,046, when the total number of base and reserve operating fleet and the corresponding registered occupancy in favor of the allied, branch or related companies, as a whole, exceeds 30% of the total base and reserve operating fleet and the corresponding occupancy in the System, without prior authorization of the MTT. The MTT will authorize or reject the authorization for maintaining the relationship by grounded resolution within thirty (30) days, from the reception of the corresponding request. In case there is no response in said term, the relationship shall be understood as authorized.
- **Limits on market share.** If the Licensee Company increases the base and/or reserve operating fleet, involving exceeding the limits set forth in the License Contract.
- The Licensee Company having been convicted by final and executed sentence to any of the penalties established in Article 8 of Law No. 20,393, which sets the Criminal Responsibility of Legal Entities for the Crimes of Asset Laundering, Financing of Terrorism, and Bribery.
- One or more directors, managers, assistant managers, senior executives and/or the people acting as such from the Licensee Company, for the validity of the License Contract, cannot be convicted, by final sentence, for enrichment from fraud in detriment of the System, the Treasury of Chile, and/or the Ministry of Transport and Telecommunications. As an example, but not limited to, crimes described from Articles 467 to 473 of the Criminal Code, shall be considered as crimes of enrichment from fraud.

The Ministry may consider the compromised public interest, continuity of services, suitability of and need for the measure, the behavior of the Licensee, the size of the company and number of workers, among other aspects.

- b) **Continuity of services in case of termination.** In case of verifying the early termination of the license, the Licensee Company is bound to provide the services covered in the Operation Program in force, under the terms and during the reasonable period defined by the Ministry, starting from the date the administrative act that sets the early termination is firm. The Licensee acceptance shall be required if such period exceeds twelve (12) months. During this period, the Licensee is entitled to receive the corresponding revenues arisen from the service provision, discounting the corresponding amounts for fines, if any.
- c) **Service provision with provisional manager.** According to article 3, number 9, of Law No 18,969, in case the allocated assets remain at a provisional manager's disposal, who is appointed by the Ministry, the use of allocated assets shall not give rise to any compensation in favor of the Licensee or corresponding service provider, since such situation arises from or is caused by a serious contract breach by the party bound to provide the transport services.

6.7. Bonds of the License Contract

- a) **Performance bond for the license contract.** To safeguard the compliance with all obligations referred to the use of the services subject of this License Contract, the Licensee shall provide the bond described below. When signing this License Contract, the Licensee will provide Bank Guarantee Bonds payable at sight, drawn by the Licensee and issued in Santiago of Chile by a Bank with branches in Santiago of Chile, or an Immediately Enforceable Guarantee Policy, without adjuster, issued payable to the Undersecretariat of Transport, for a total amount of 110,000 U.F. (one hundred and ten thousand *Unidades de Fomento*).

The description of the performance bond shall be: '*Para Garantizar el Cumplimiento del Contrato de Concesión para la Prestación de Servicios de Transporte Público Urbano Remunerado de Pasajeros mediante Buses de la Unidad de Negocio N° []*' (In Order to Guarantee the Compliance with the License Contract for the Service Provision of Paid Public Urban Transport of Passengers by Buses of the Business Unit No. []).

If the Licensee decides to provide an Immediately Enforceable Guarantee Policy, without adjuster, it must prove the full payment of the prime for the policy validity term.

This bond shall be provided in parcels. In the case of Bank Guarantee Bonds, they must be comprised of ten (10) Bonds, each of them for the same amount. For Guarantee Policies, they must allow to be cashed in for the total or partial insured amount.

The minimum validity term of the Performance Bond for the License Contract shall be twelve (12) months, starting from the commencement of the License Contract.

Every serious breach attributable to the Licensee regarding the provision of the services covered in the Contract herein, will entitle the Ministry to immediately cash the Performance Bond(s) in, that the Ministry has. Notwithstanding the aforementioned, the bond shall be particularly cashed in, in the following cases:

- Failure to replace or renew the Performance Bond, which is a requirement.
- In case the Licensee fails to pay the fines applied pursuant to the License Contract and/or when applicable due to the expiration of the License.
- Amendment of the articles of association of the Licensee Company, without the express authorization from the MTT.
- Modifications of the social capital, as set forth in the License Contract.
- Delivery of false or incomplete information, which alters or changes any of the economic conditions of the License Contract, by itself or through third parties, more than once.

In any case, this bond represents a prospective valuation of the damages for the State, as a consequence of the non-compliance with the License Contract by the Licensee. Only a certificate issued

by the Undersecretariat of Transport shall suffice for cashing the bond in, as the Licensee has committed to enforce the bond, which must be stated in said document.

These provisions apply notwithstanding any other fine or penalty arising from any non-compliance or breach of this License Contract.

- b) **Performance Bond for Labor Obligations.** When the Labor Directorate, Social Security Institutions, Courts of Justice or any other competent body determine that there is a non-compliance of the obligations of paying one or more salaries or labor and social security contributions and health insurances, for the Licensee's workers, as stated in their corresponding employment contracts, the Ministry may enforce the bond described below.

Before commissioning of the services and upon satisfaction of the Ministry, the Licensee shall provide a performance bond for labor obligations, amounting to U.F. 11,000 (eleven thousand *Unidades de Fomento*).

At least U.F. 4,000 (four thousand *Unidades de Fomento*) must be guaranteed by Bank Guarantee Bonds payable at sight, drawn by the Licensee and issued in Santiago of Chile by a Bank with branches in Santiago of Chile. The remaining amount to complete the total of the bond stated in the foregoing paragraph, may be comprised of Bank Guarantee Bonds payable at sight, drawn by the Licensee and issued in Santiago of Chile by a Bank with branches in Santiago of Chile, or an Immediately Enforceable Guarantee Policy, without adjuster.

The Guarantee Bonds and/or Policies must be issued payable to the Undersecretariat of Transport, by the corresponding amount, with the description: "*Para Garantizar el Cumplimiento de las Obligaciones Laborales y de Seguridad Social derivadas del Contrato de Concesión para la Prestación de Servicios de Transporte Público Urbano Remunerado de Pasajeros mediante Buses de la Unidad de Negocio No.[•]*" (In Order to Guarantee the Compliance with the License Contract for the Service Provision of Paid Public Urban Transport of Passengers by Buses of Business Unit No.[•]).

If the Licensee decides to provide an immediately enforceable Guarantee Policy, without adjuster, it must also prove the full payment of the prime corresponding to the policy validity term.

The minimum validity of the Performance Bond for Labor Obligations shall be twelve (12) months, from the commencement of this License Contract.

In case of verifying the non-compliance with the obligation of paying salaries or labor and social security contributions and health insurances, as determined by the Labor Directorate, Social Security Institutions or competent Courts of Justice, by the corresponding fine or final court sentence, for the Licensee's workers by the application of the conditions agreed in their employment contracts, and before cashing the bond in, the Ministry shall require the Licensee to pay the unpaid salary/salaries and/or contribution(s) and insurance(s), within the next five (5) days after their notification. After this time, if the Licensee has not presented evidence of payment for the aforementioned unpaid items, the Ministry is entitled to cash the bond(s) in.

- c) **Additional performance bond for the license contract.** Additionally, and in order to protect the public interest involved in the contract of the public service herein, in case of an undervalued bid — i.e. an offer whose value is too far from the lowest price, in the proportion set forth in this section — the Licensee must additionally provide the bond described below. When signing this License Contract, the Licensee will provide Bank Guarantee Bonds payable at sight, drawn by the Licensee and issued in Santiago of Chile by a Bank with branches in Santiago of Chile, or an Immediately Enforceable Guarantee Policy, without adjuster, payable to the Undersecretariat of Transport, for the total amount of U.F. 200,000 (two hundred thousand *Unidades de Fomento*), when the offer is 10% lower or more compared to the average of the proposals submitted by the other bidders for the same Business Unit. In case there is only one Bidder, this 10% is calculated regarding the highest proposal submitted. Finally, if there are no more bidders, such 10% shall be calculated regarding the maximum values described in the Tender Terms and Conditions for their financial proposal.

The description of the aforementioned guarantee shall be: *“Para Garantizar la sostenibilidad del Concesionario conforme las reglas del Contrato de Concesión para la Prestación de Servicios de Transporte Público Urbano Remunerado de Pasajeros mediante Buses de la Unidad de Negocio N° []”*. (In Order to Guarantee the sustainability of the Licensee according to the provisions of the License Contract for the Service Provision of Paid Public Urban Transport for Passengers by Buses of the Business Unit No. []). If the Licensee decides to provide an Immediately Enforceable Guarantee Policy, without adjuster, the Licensee must prove the full payment of the prime corresponding to the policy validity term. The minimum validity of the Bond shall be twelve (12) months, starting from the aforementioned date. Likewise, the Licensee commits to maintain this Bond for a total term of thirty-six (36) months.

In case the Ministry detects a lack of financial sustainability of the Licensee to comply with the obligations set forth in the License Contract, and according to the values the Contract herein was awarded, the Ministry shall be entitled to immediately cash the Additional Performance Bond in, under the possession of the Ministry, and to early terminate the License Contract. The information on lack of sustainability of the company may be obtained from the reports that the operator needs to provide, the information that other institutions may have about the company, and any other information allowing the Authority to determine such condition.

In any case, this bond represents a prospective valuation of the damages for the State, as a consequence of the non-compliance with the License Contract by the Licensee.

Only a certificate issued by the Undersecretariat of Transport shall suffice for cashing the bond in, as the Licensee has committed to enforce the bond, which must be stated in said document.

6.8. Miscellaneous Provisions

- a) **Modifications to the License Contract.** Notwithstanding the modifications to this License Contract required or instructed by the Ministry, the Licensee may propose modifications to the Contract in order to improve and/or optimize the transport service provision, improve the quality of the service, to satisfy the uncovered transport needs or any other relevant reason for the provision of transport services, for users or for the system efficiency.

- b) **Liability Against Third Parties.** The contractual and non-contractual civil liability of the Licensee against third parties shall be ruled by the applicable regulations in each case. The Licensee shall be accountable for the damages caused by itself, its employees, its movable and immovable assets, or those under its administration, arising from the operation caused by its hired or subcontracted personnel, under any modality and for any purpose; or by its contractors or subcontractors.

The Ministry and the DTPM shall not be liable to third parties for any obligations that the Licensee were to assume or must assume towards them, and thus, the contracts signed by the licensee shall not be legally binding for the State. Likewise, the State shall not be responsible for any damages caused by the licensee, either directly or indirectly, during the course of their management, nor its employees, agents, representatives, contractors, subcontractors or goods.

Furthermore, the Licensee shall hold the Ministry harmless from any expense or compensation arisen from an incident or omission by the Licensee.

- c) **Approval.** Pursuant to the provisions of current legislation, this License Contract is *ad Referendum*; and, as such, its validity is subject to the approval of the competent authority and the thorough processing of the corresponding administrative act.
- d) **Absence of a labor relationship between the licensee and the Ministry.** The Licensee is an independent provider and shall not be considered an employee, agent, or representative of the Ministry or the Undersecretariat of Transport. Accordingly, the Licensee's staff shall have a sole labor relationship, exclusive with the Licensee Company. Their hiring under this document does not give rise to any relationship whatsoever, neither present nor future, with the Ministry, the Undersecretariat of Transport, or the DTPM.

7. Roads and Conditions of Use

The right of the Licensee to use the roads provided in the license is structured on the basis of a preference system and not on the basis of an exclusive use system. The determination of the priority use of the roads is an explicit expression of the Principle of System Interrelation, which implies the proper integration of the participants and consistency between the acts and contracts that comprise it. Thus, the roads of the regulated area shall have only one licensee with priority right of use, while the other transport operators can use these roads on a non-priority base, observing the limits and conditions set. This priority system is built based on the use situation of the routes included during the validity of the previous licenses, and it acknowledges the operating conditions of the existing Public Transport services at the time of signing this license contract (initial situation), also considering the level of service offered by each licensee for the creation of new services.

For all purposes, the municipalities of the regulated area shall be grouped together and named according to what is indicated in the following table:

Grouping of municipalities into areas

Area	Municipalities
A	Santiago
B	Independencia, Huechuraba, Quilicura, Recoleta, Conchalí and Renca
C	Lo Barnechea, Providencia, Las Condes and Vitacura
D	Peñalolén, La Reina, Macul and Ñuñoa
E	La Florida and La Granja
F	Puente Alto
G	San Bernardo, La Cisterna, San Ramón, La Pintana and El Bosque
H	Pedro Aguirre Cerda, San Joaquín, San Miguel and Lo Espejo
I	Estación Central, Cerrillos and Maipú
J	Quinta Normal, Cerro Navia, Pudahuel and Lo Prado

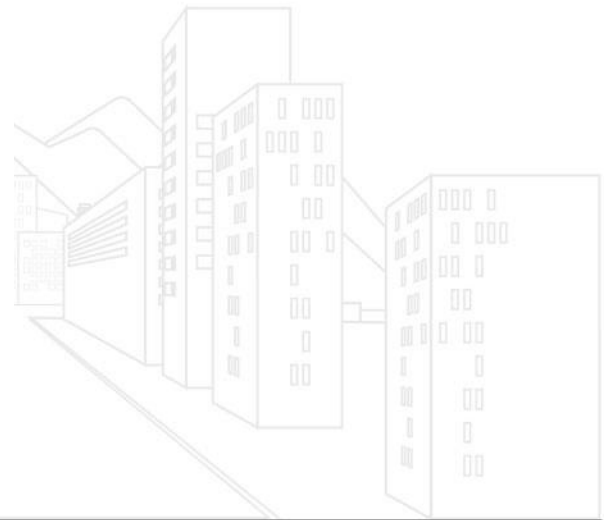
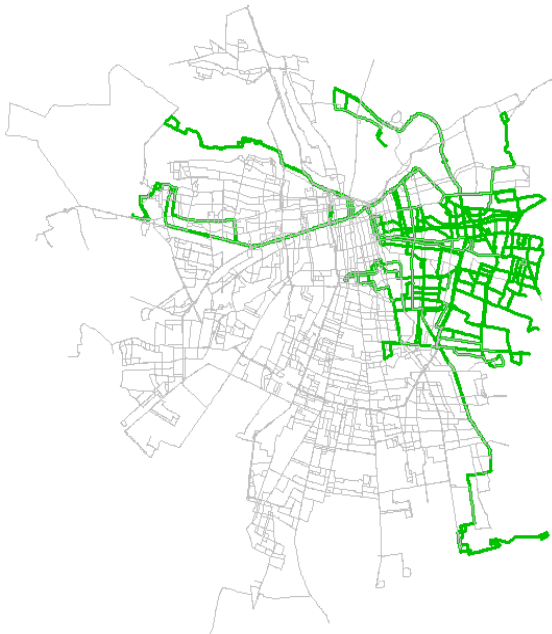


7.1. New Business Units

NEW BUSINESS UNIT No. 1 (U1)



NEW BUSINESS UNIT No. 4 (U4)



NEW BUSINESS UNIT No. 6 (U6)



NEW BUSINESS UNIT No. 7 (U7)



Final Text



NEW BUSINESS UNIT No. 8 (U8)



NEW BUSINESS UNIT No. 9 (U9)



Water Text



7.2. Roads part of the license

- a) **Roads for Priority Use.** The Licensee will have the priority, non-exclusive right to use all roads that are part of the base scenario.

The priority use of the roads grants the Licensee the right to:

- Use the roads;
- Hold the first option to provide new transportation services, if the Licensee has priority use of the highest number of kilometers in the proposed layout, after applying the correction factor for quality of service;
- Have the use, by other operators, of the roads provided for priority use of the Licensee quantified and limited.

- b) **Roads for Non-Priority Use.** The Licensee will have the non-Priority use of:

- Roads located within areas A, B, C, D, and F, which comprise the regulated area, not awarded for priority use to another Licensee, to be used exceptionally by the Licensee in the aforementioned cases and conditions.
- Other Roads. Through this act, the Ministry provides a license for the use of the remaining roads that comprise the regulated area, to be used exceptionally by the Licensee in the aforementioned cases and conditions.

- c) **Exclusions.** The following roads and types of roads will be awarded for the non-priority use of all System transport operators:

- The express lanes for the licensed roads or paid roads of the regulated area, either current or future.
- The roads designated as current or future public transport corridors of the regulated area corresponding to Business Units No. 1, 4, 6, 7, 8, 9.
- The roads that constitute the sole available access to the geographic area, according to the following Table:

Road Segments for non-priority use of all System operators:

Main Road	Municipalities	From	To	Length [Km]
AV. CARDENAL JOSÉ MARÍA CARO	SANTIAGO	AV. VICUÑA MACKENNA	BANDERA	1.72
AV. AMÉRICO VESPUCIO BYPASS (VESPUCIO HIGHWAY LOCAL ROADS)	HUECHURABA / VITACURA	AV. EL SALTO	AV. SANTA MARÍA	3.00
AV. AMÉRICO VESPUCIO BYPASS (VESPUCIO HIGHWAY LOCAL ROADS)	QUILICURA	LO CAMPINO	AV. PRESIDENTE EDUARDO FREI MONTALVA	1.66
AV. CONCHA Y TORO	PUENTE ALTO	AV. SAN CARLOS	ARTURO PRAT	1.77
AV. LOS PAJARITOS	MAIPÚ	AV. ARGENTINA	AV. AMÉRICO VESPUCIO BYPASS	1.48

Main Road	Municipalities	From	To	Length [Km]
AV. MATUCANA	SANTIAGO / ESTACIÓN CENTRAL / QUINTA NORMAL	AV. CARRASCAL	AV. DEL LIBERTADOR BERNARDO O'HIGGINS	2.65
AV. TENIENTE CRUZ	PUDAHUEL / LO PRADO	RICARDO VIAL	AV. LAGUNA SUR	2.38
ROAD TO MELIPILLA	MAIPÚ	AV. 3 PONIENTE	PARQUE CENTRAL PONIENTE	3.13
GRAN AVENIDA JOSÉ MIGUEL CARRERA	LA CISTERNA	AV. AMÉRICO VESPUCIO BYPASS	RIQUELME	1.04
JOSÉ MANUEL BALMACEDA	PUENTE ALTO	AV. CONCHA Y TORO	DOCTOR EDUARDO CORDERO	0.90
MANUEL ANTONIO MATTA	QUILICURA	LO CAMPINO	AV. PRESIDENTE EDUARDO FREI MONTALVA	1.09
SAN CRISTOBAL TUNNEL	HUECHURABA / RECOLETA / PROVIDENCIA	AV. AMÉRICO VESPUCIO BYPASS	AV. LOS CONQUISTADORES	1.83
AV. LIBERTADOR BERNARDO O'HIGGINS (ALAMEDA)	SANTIAGO	AV. MANUEL RODRÍGUEZ	AV. VICUÑA MACKENNA	2.57

7.3. Allocation over the priority use of the roads part of the license

To guarantee service where the need for public transport has been identified, the provision of service by one or more operators will be exceptionally allowed, as set forth on the regulations below, on some of the roads or segments of the road indicated in the previous section. The allocation over the priority use of the Licensee shall not result in compensations of any kind.

- a) **Mechanism to prevent allocation to the priority use.** The priority use of the Licensee and the other System transportation operators shall be protected through a 'Reserve for Allocation of Priority Use', or 'Reserve' mechanism. The Reserve represents the maximum allocation (measured in occupants-kilometer) to the priority use of roads throughout the license period. The Initial Reserve shall correspond to seven point five (7.5%) of the total commercial slot-kilometer defined for one business day of the regular season in the Operation Program of the beginning of the License Contract. The value of the Initial Reserve is established in the Technical Sheet.

Within a one-year period, the Licensee may be affected by maximum of a third of their Initial Reserve, except for the first year of validity of the license contract, during which, said allocation may be a sixth of their Initial Reserve. However, in the event of a new Licensee entering into the System, or the occurrence of a new tender process for licensing the use of the roads, as of the date of entry into force of the new license contract(s), an allocation of up to half of the Initial Reserve shall be allowed.

- b) **Calculation of the allocation and the available reserve.** During the validity of the license contract and every time there are changes in the definition of any service, pursuant the faculties of the Authority, that may affect the use of the licensed priority roads, a calculation of the allocation to the priority use shall be carried out and the available amount of the Reserve shall be updated.

This calculation shall be made by quantifying the commercial occupants-kilometer that may be provided by other transportation service operator(s) on the defined roads, and according to what is stipulated in their corresponding Operation Programs for a business day in the regular season (occupants-kilometer of allocation), without considering those defined in the initial situation.

Based on the aforementioned, the amount of the Available Reserve at any moment t of the validity of the license contract ($ResDisp_t$) shall be calculated according to the following formula:

$$ResDisp_t = ResDisp_0 - PkmAfect_t; ResDisp_t \geq 0$$

It must also be considered that $ResDisp_0$ corresponds to the Initial Reserve, and that the occupants-kilometer of allocation ($PkmAfect_t$) must consider the annual maximum limits.

Notwithstanding the aforementioned, the commercial occupants-kilometer provided by other transport operators on any of the roads indicated as non-priority shall be understood as initial conditions, and, thus, will not be counted as allocation to the priority use of the Licensee.

- c) **Exceptions to allocation.** The use of one or more roads (or segments of the roads) specified in the previous section shall not be considered as allocation to priority use:
- On a continuous segment that is equal to or less than eight hundred (800) meters.
 - If necessary for accessing a Mode Interchange Station.
 - To perform Special Services, according to the License Contract.
 - To perform Support Services, according to the License Contract.
 - To perform services with dispatch between 10:00 pm and 6:00 am on the following day.
 - When the licensee resigns their right of priority use.
 - When there is a transference of the service(s) to another transport operator due to the implementation of a penalty stipulated in the license contract.
 - Due to changes in routes due to supervening causes.
 - When used by a licensee who does not have priority use, as long as they do not have any bus stop assigned to the service performed on the road used, or at least four hundred (400) meters away from it.

Furthermore, the right to priority use of the licensee or any other operator shall not be recognized in the following situations:

- When it has been proven that a transport operator has incurred in a systematic non-compliance of the performance indicators of level of service. In this case, and within a period of up to one year from the report of the systematic non-compliance, the Ministry may arrange for other operators to conduct the services on any of the operator's roads of priority use for a period stipulated by the MTT. Therefore, the new services or modifications would not necessarily reinforce the services that incurred in the non-compliance; instead, they could have any other layout for the non-compliant licensee to be able to have additional resources to reinforce the affected services. In this regard, the occupants-kilometer of one or more services of the licensee that may have been reinforced with the new services or modifications defined by the DTPM could be reduced, without any right to compensation. In any event, the new services or modifications of existing services may have a maximum total number of commercial occupants-kilometers lower than or equal to the commercial occupants-kilometer of any of the services that incurred in the non-compliance, which shall not be counted as having an impact for the purposes of the described calculations. For the purposes of this point, systematic non-compliance shall be understood as presenting any of the following conditions, either the same or a different one, in any service-direction-month, during three (3) consecutive months: (i) For those measured in at least one period with ICR-E: an indicator of waiting time in excess for a service-direction-month ($TEE_{j,T}$) that is greater than 2.5 minutes and/or $ICFP_{j,T}$ lower

than 80%; (ii) For those services-direction-month measured in at least one period with ICR-P: a ICR $P_{j,T}$ indicator lower than 60%. It is worth highlighting that the results from a specific month can be considered as part of an instance of non-compliance one single time.

- When it has been proven that during three (3) consecutive months a transport operator has recorded levels of non-compliance in any of the following conditions, either the same or a different one, at the level of the business unit: (i) Obtains a maximum discount for the indicator ICR-E; (ii) Obtains a maximum discount for the indicator ICR-P; (iii) Obtains a $ICFP_T$ less than 85%. In this case, and within a period of up to one year from the report of the non-compliance, the Ministry may arrange for other transport operators to conduct the services using the roads of priority use of the operator that incurred in this level of non-compliance for a period stipulated by the MTT. These new services or modifications of existing services may have a maximum total amount of commercial occupants-kilometer of up to a third of the Initial Reserve or lower than or equal to the service with the greatest amount of occupants-kilometer of the Licensee, which shall not be counted as having an impact for the purposes of the described calculations. In this regard, the occupants-kilometers could be reduced from one or more services of the licensee that exhibited the levels of non-compliance indicated in this section, without any right to compensation and without restrictions. It is worth highlighting that the results from a specific month can be considered as part of an instance of non-compliance one single time.
- d) **Agreement between transport operators.** Upon approval from the Ministry, the Licensee may agree with other transport operators the use of roads for which the Licensee has priority use, or for the Licensee to use roads for which another operator has priority use. Likewise, the Licensee may agree with other operators regarding the reciprocal allocation of roads, upon approval from the Ministry. Both instances of agreement may also be requested by the Ministry. In this case, the occupants-kilometer associated with these services shall not be considered for the calculation of allocation to the priority use of the Licensee, nor of the other transport operators who may undersign the agreement.

7.4. Conditions and Procedures for the allocation of priority use

Allocation of the priority use of the roads shall adjust to the conditions and procedures described below, both for the Licensee and for the other transport operators of the System.

- a) **New Services.** The Licensee and the Ministry may propose the provision of a new service, and the first option for providing this service shall belong to the operator with the greatest number of kilometers with priority use on the proposed layout, weighted by the level of service provided by each licensee.

Once the request for the creation of a new service has been received, the kilometers must be calculated with the priority use of each licensee on the proposed layout, and then this value shall be multiplied by the correction factor for quality of service, as such:

$$factor\ calidad = \frac{3 * f_{ICFP} + 3 * f_{ICR} + f_{ICA} + f_{ICV} + f_{IDP} + f_{Usuarios}}{10}$$

Where the factor f of the indicators ICR, ICA, ICV, and IDP is built as follows:

$$f_{indicador} = \frac{\overline{ID\%_{indicador}} - DescuentoMáx_{indicador}}{IncentivoMáx_{indicador} - DescuentoMáx_{indicador}}$$

Where,

$\overline{ID\%_{indicador}}$: The incentives and discounts for the business unit associated with a compliance indicator in percentage of their base revenues, conducted for the concept of the indicator in the settlements corresponding to the average of the last six (6) months.

$DescuentoMáx_{indicador}$: Maximum discount, in a percentage of the base revenues of the operator, that can be applied for the concept of the indicator. For the IDP, the maximum discount shall be the C_{IDP} described on the technical sheet.

$IncentivoMáx_{indicador}$: Maximum incentive in percentage of the base revenues of the operator that can be applied for the concept of the indicator.

Thus, the factor f_{ICFP} is formed as such:

$$f_{ICFP} = \max\left(\frac{\overline{ICFP_T} - 85\%}{100\% - 85\%}, 0\right)$$

Where,

$\overline{ICFP_T}$: ICFP for the average payment to the operator in the settlements corresponding to the last six (6) months.

Lastly, the factor $f_{usuarios}$ is formed as such:

$$f_{usuarios} = \max\left(\frac{\overline{NotaUsuarios} - 4}{7 - 4}, 0\right)$$

Where,

$\overline{NotaUsuarios}$: Score from one (1) to seven (7), obtained on the most recent User Satisfaction Survey conducted periodically by the DTPM.

In any event, if the information is not available to form any of these factors f for one or more licensees, the average of this same factor f from the rest of the system operators shall be employed. If there is no available information for the other factor f for any system operator, it shall be considered equal to zero point five (0.5) for all of them.

Next, the different operators shall be sorted on a preference list according to their score on the previous calculation (multiplication between kilometers with priority use of proposed layout and $Factor_{quality}$), from highest to lowest. Operators who do not have a right of priority use on any kilometer of the proposed layout shall also be included at the end of the list and sorted from highest to lowest only by their $Factor_{quality}$.

Once the preference list indicated by the Ministry has been completed, they will simultaneously consult with all System operators and request the provision of the service. The operator that is highest on the

list who does not resign their right to priority use or is subject to any of the indicated exceptions, shall be awarded the new service. In the event the service is proposed by a licensee who, after creating the priority list, is in first place on the list, it shall not be necessary to consult with all the operators, and this licensee in first place shall be granted the new service.

For the purposes of this section, the transference of services from a transport operator to another due to the implementation of the penalties stipulated in the license contract shall be considered as a new service and shall result in the implementation of this mechanism. For these cases, it shall automatically be considered that the operator subject to the penalty will resign their right of priority use, and they may not be selected to provide the service under any circumstances.

If all the system transport operators resign their right of priority use, or they are subject to the indicated exceptions, the Ministry may stipulate that the service be provided by the operator who has the priority use of the greatest number of kilometers of the proposed layout, regardless of whether they are first on the preference list or not.

- b) **Modification of the layout of an existing service provided by the Licensee.** Both the Licensee and the Ministry may propose the modification of the layout of one of their services to cover a specific transport need.

If this pertains to the modification of a layout of an existing service provided by the Licensee, they will have the first option for covering the transport need in the modified layout. In the event the Licensee resigns their priority use in terms of this modification, or is subject to any of the exceptions, the Ministry may request the coverage of the segment corresponding to the modification from any other operator. If there is another operator interested in providing the service on the segment corresponding to the modification, the corresponding occupants-kilometers of allocation to the priority use of the Licensee shall not be counted for the purposes described in the License Contract. If there is not another operator interested in providing the service, the Ministry may arrange for the service to be provided by the Licensee that had the first option of covering the layout, regardless of whether they have resigned their priority use. Lastly, in the event the Ministry were to decide that the segment that encompasses the modification of the layout should be covered through a service provided by another transport operator, regardless of who may have requested the modification, and to ensure the best quality of service for the users, this shall consider an allocation to the right of priority use of the Licensee, and thus, the corresponding occupants-kilometer shall be counted for the purposes indicated in the contract.

- c) **Other modifications to existing services provided by the Licensee.** In the event of a modification in the number of accommodations-kilometer of a service provided by the Licensee being necessary, whether an increase or reduction of the supply, which does not include a modification to the layout, they shall continue providing the service, which must be done while considering the initial reserve and the provisions of the Contract. If a modification is necessary to the number of occupants-kilometer of a service provided by the Licensee, with a layout containing roads on which the Licensee does not have priority use, the Ministry shall review the availability of occupants-kilometer of allocation for those transport operators who have priority in the use of the roads defined in the modification of the service.
- d) **Removal of services.** In the event a service is removed, the corresponding occupants-kilometer shall be returned to the Reserve for allocation of priority use of all transport operators that may have been affected.

8. Services per Business Unit

Pursuant to the license contract, the Licensee is bound to provide the public transport services stipulated in the Contract to all passengers. Under no event nor circumstance may the buses of the Licensee's fleet provide a service other than those considered in the contract, neither private nor public, unless otherwise authorized or by express request, in writing, by the Ministry.

The Licensees must commission the services on the date stipulated in the License Contract. The commissioning date of the services may only be postponed through a grounded resolution from the Ministry, notifying the Licensee of this with due anticipation from the originally scheduled date for its commissioning. This postponement shall not yield any compensation to the Licensee. This postponement may imply the change of the commissioning of one or more services, thus, it could be total or partial.

The complete and timely compliance of the commissioning of the transport services shall be the exclusive responsibility of the Licensee, and their total or partial non-compliance could result in the charging of fines stipulated in the License Contract. Non-compliance may not be justified through the responsibility or absence of third parties under no circumstances, except in situations that have been duly justified as an act of God or force majeure by the Ministry.

9. Operation Program

The Operation Program, hereinafter also referred to as the OP, is the instrument that defines and regulates the conditions and features of the transportation services that the Licensee shall provide within the framework of this License Contract and the instructions issued by the Ministry.

The services are characterized by several aspects, such as the identification of the code and name, and other aspects related to the provision of the service, namely: details of the layouts, frequencies, transport capacities, bus departure times, distances and speeds of the services, sequence of bus stops, extraordinary departures, etc.

The degree of compliance with the contract in operational matters shall be measured based on the Operation Program. Thus, the provision of the services of the Licensee must be adjusted to the defined OP.

The creation, approval, and modification of the OPs, as well as the procedure and evaluation criteria for changing the defining parameters are specified in this document.

9.1. Basic Elements of an Operation Program

a) **Operation Schedule: basic unit and definition of periods.** The OP must consider a daily schedule for each of the services that it operates, structuring around one basic minimum unit of time: a half of an hour, which shall be understood as a lapse of 30 minutes. Notwithstanding the foregoing, the basic unit of time may be regrouped by determination of the Ministry. The definition of these new periods, whether to group or ungroup the half hours, shall be done with the aim to adjust the supply of services to the specific demand of each period or type of the day, which must be reported to the Licensee at least thirty (30) days before the date of submission of the following Operation Program through the DTPM office, the unique limitation being that the basic unit of time may not be lower than a half of an hour.

b) **Types of Days.** Four types of days shall be identified in the formulation of the Operation Program:

- i) Business Days: Monday, Tuesday, Wednesday, Thursday, and Friday, except for when these correspond to holidays.
- ii) Saturdays
- iii) Sundays
- iv) Special Days: the days that require different treatment from business days, Saturdays, and Sundays, given the uniqueness of the structure of demand. For these cases, the definition of the required supply must be based on historical information of the demand, if this were to be available, with the purpose of appropriately adjusting the supply to the specific features of these days.

In the event the business days correspond to a holiday, the Operation Program defined for Sundays shall be adopted by default for this day, unless it is defined as a special day as aforementioned.

In order to adjust the supply of services to the specific demand of certain days through DTPM, the Ministry, ex-officio or by request of the licensee, may:

- For a Holiday, exceptionally and due to well-founded reasons, stipulate the implementation of the Operation Program defined for a Business Day or Saturday, or define it as a Special Day and create a specific Operation Program, which shall be reported to the Licensee with due anticipation and be implemented in a timely manner.
- During *pre-emergencia* (high pollution level) and *emergencia* (critical pollution level) days, and the special traffic-restricted roads enter operation, predefine as a Special Day, and a specific operation program shall be created for these purposes, which must be implemented by the Licensee in a timely manner.
- Establish the need to distinguish business days in subcategories, so that the Operation Program has different operating features between business days of the same week, which must be reported to the Licensee at least thirty (30) days before the date of submission of the following Operation Program.

Notwithstanding the foregoing, the Operation Program may establish a different classification of days to be used, to adjust the programmed supply to the demand.

c) **Seasons.** The OP must be created based on the following seasons for the provision of services.

- i) **Regular Season.** The regular season corresponds to the period between March and December, both months included.

Notwithstanding the foregoing, there are periods, dates, or holidays during the regular season that influence the behavior of the demand, which are known in advance and predictable, and thus, must be introduced into the regular planning of the OP. For instance, some of these events are:

- Beginning of the regular school/university period and/or end of summer vacations.
- Holy Week.
- School/university winter break.
- Chilean National Holidays

- Christmas, Year End, and New Year's Eve.
- Days of possible public disturbance (September 11th, May 1st, March 29th, May 21st, etc.).

The changes in operation for these events shall be considered as an integral part of the OP during regular season; and their planning must be based on historical information of demand, if available, with the purpose of appropriately adjusting the supply to the specific features of these days.

- ii) **Summer Season.** The summer season encompasses January and February. Notwithstanding the foregoing, the Ministry may vary the start and end dates of the Summer Season for well-founded reasons, which shall be defined in the process of submission and approval of the corresponding Operation Program. The transport supply may be reduced during the summer season, based on available information of historical demand, and on the percentage of reduction of demand in relation to the demand during regular season. However, it must be considered that the frequency of operation of each service must satisfy the transport demand for these seasons. Likewise, it is necessary that the OP breaks down the summer season in, at least, two sub-seasons, reflecting possible variations in transportation service demand, which will need the generation of, at least, two different sub-programs, recognizing this fact: the first, where demand experiences a moderate drop (during January), hereinafter *Summer 1*, and the second, where demand experiences a more notorious drop (February), hereinafter *Summer 2*.

9.2. Description of the Operation Program

a) **Components.** The Operation Program (OP) may have three components:

- i) One base component is called the Basic Operation Program (BOP), which contemplates the amount of buses, occupancy, the number of kilometers in the commercial kilometers (and probably in the non-commercial kilometers) which are critical for providing the regular transportation services required in order to ensure service quality and continuity. This component will be always considered in the OP. The BOP includes service scheduling per day.
- ii) A first additional component, named Integrated Operation Program (IOP), contemplates the new roads or road extensions proposed by the Licensee which are not critical for providing the transportation services required by the Ministry. Therefore, the associated distance is not commercial, will not be paid nor will it be considered for payment adjustment. This component will exist upon requirement by the Licensee and approval by the Ministry. When introducing this component, the Licensee should take into consideration that in the future it will not be able to request the removal of these additional roads, except for those cases with grounded reasons to do so. The Ministry will

decide on the appropriateness to approve such request, considering the validity of reasons exposed and the social impact that removing that service may represent.

- iii) A second additional component, called Special Operation Program (SOP), comprises the services the Ministry may require. The distance in kilometers associated to the services defined thereby will be considered as commercial kilometers, except for the distance corresponding to non-commercial returns or positioning routes. Likewise, the Licensee may propose under the SOP standardized Special and Supporting Services in order to cover known or recurrent requirements, such as people leaving soccer stadiums after high attendance matches, among others. These components (BOP, IOP, SOP) conform a single OP which that, initially, will be proposed by the Licensee and assessed by the Ministry. Nevertheless, when the Ministry has the operational and technological tools in order to do so, the Ministry, through the DTPM, will coordinate and communicate the OP to be executed by the Licensee. This OP shall be reported to the Licensee at least thirty (30) before the date of submission of the following Operation Program, where the operational and technological availability to perform said operations will be reported. The compliance measurement on the operation will be performed on the current OP, considering the BOP and IOP components.
- b) **Contents.** The Operation Programs are comprised by a series of sections where service structuring and planning aspects are specified. The general content of these sections, or *OP-Appendices*, is detailed below:
- i) OP-Appendix No. 1: Services. This OP-Appendix will contain the Business Unit Service Description, identifying (i) unmodified existing services (ii) existing services experiencing some modifications, (iii) new services, (iv) removed services, and (v) services removed in previous Operation Programs. The information contained in this OP-Appendix must reflect aspects such as service code, name, relevant administrative information, operation beginning and ending time details.
 - ii) OP-Appendix No. 2: Layouts. In this OP-Appendix the starting points (for both directions); the layout (street by street) for both directions at municipality level; and the detail of the text to be displayed in the information signs, for both directions, will be described. Regarding the layout for the different services, it is required that the Operation Program considers different variants of such services (reversible roads or others), since they result in different route length.
 - iii) OP-Appendix No. 3: Operation Parameters per Service-Direction. This OP-Appendix contains a set of parameters describing — for each service-direction-period of the Business Unit, where the period is the specific half-an-hour or clustering of several half-an-hour periods — for each kind of day: (i) the operation speed, (ii) the layout distance, (iii) the layout travel time, (iv) the number of dispatches, (v) the transport capacity, and (vi) the maximum fleet estimation for half an hour. In the case of the fleet, in addition to the service-direction-period detail, the total fleet estimation requirement shall be presented for the complete Business Unit.

- iv) OP-Appendix No. 4: Stop Sequences. In this OP-Appendix the stops for each service-direction arranged in sequence shall be determined, indicating in detail the location of each stop (street, corner, geographical coordinates, stop code, among others). The Licensee shall report whether the proposed location has already any bus stop infrastructure. Otherwise, it shall report about the need of deploying a new stop. In the latter case, the Licensee shall attach a descriptive minute reporting on the technical feasibility of deploying a stop in the proposed location.
- v) OP-Appendix No. 5: Checkpoint Times. In this OP-Appendix the service-direction checkpoint times throughout the layout are defined, for punctuality and synchronization measurement purposes in those services reporting bus schedules to users. These checkpoints will be defined by the Ministry, through the DTPM.
- vi) OP-Appendix No. 6: Use of paid roads. This OP-Appendix will detail, for applicable services, the infrastructure usage for which the Licensee must incur in a payment. Toll gates to be used in each service using a section of paid roads and the pass frequency through those toll gates must be specified, to allocate the corresponding toll rate. Likewise, the Mode Interchange Station usage shall be indicated. In this OP-Appendix, the Licensee may also include — as an option and for information purposes only — circulation through paid roads corresponding to buses in non-commercial layouts, due to positioning or dead running, although in these cases passing through toll gates will not generate payments for the Licensee, unless the Ministry has instructed the Licensee to use such roads for better fleet usage. Likewise, in this OP-Appendix, the Licensee shall introduce, for information purposes, the use of any other private infrastructure being accessed through a rate payment per usage, although in these cases using such infrastructure will be at Licensee's discretion and it will not generate payments to the Licensee, unless the Ministry has instructed the Licensee to use such infrastructure.
- vii) OP-Appendix No. 7: Information Campaign and Service Implementation Plan. In this OP-Appendix, an Information Campaign Plan considering aspects and terms defined by the DTPM through guidelines will be presented, detailing all the means to be used in order to report users about new services and/or modifications to the proposed services, indicating the amount of material to be used, terms, and criteria considered. Among the information channels that may be considered are:

- Printed material for distribution
- Printed material to be installed in bus stops.
- Publications on Licensee's web site and social media
- Signs: Review and surveying of potential problems during commissioning

Likewise, a Service Implementation Plan shall be submitted, which will indicate the measures planned for commissioning the new services and/or their modifications, considering adjustment points, training for drivers, human resources and physical resources, among others.

viii) OP-Appendix No. 8: Timetables. This OP-Appendix contains a set of records describing, for each service-direction of the Business Unit, the departure times, type of bus and transportation capacity for each dispatch and type of day.

ix) OP-Appendix No. 9: Detailed Operation Program. This OP-Appendix shall describe all movements of buses, whether they are providing commercial or non-commercial kilometers services, clustered per logic bus, fleet required (number of buses) per each service-direction and for the complete Business Unit, among other variables related to the service scheduling.

Yet, if the Ministry possesses the operational and technological tools to develop the OP by itself, along with the corresponding communication to the operator, it will report the OP-Appendices to be used — considering them, at least, for the Planning process OP-Appendix No. 3 and for the Programming process OP-Appendix No. 9. In addition, it will indicate the information the Licensee should develop and the submission format, as well as the information to be developed by the Authority, along with the terms related to such activity.

9.3. Operation Program Development.

The Licensee must develop the Operation Program considering the Service Level indicated and the base operating fleet subscribed, among other planning factors. In addition, it shall comply with the guidelines provided by the DTPM regarding service definition, transportation offer and coverage.

a) **OP Technical Report.** To possess an OP development proposal submission standard from the Licensee, it shall submit a technical report containing the items listed below. The format to be used will be provided by the DTPM from the License Contract commencement:

- General information of the proposal.
- Detailed information of the current situation.
- Detailed information of the situation with the proposal in place.
- Implementation and user information plan.
- Technical Sheet summary.

b) **Quality standards on the service provision.** The transportation needs of the City are not only satisfied by a suitable coverage, they must also answer to a series of items that, altogether, conform the user experience and reflect the desired quality standard. The Licensee must consider that the System is oriented to the transportation of people; in consequence, the obligations it will assume are focused on providing an efficient, safe and high-quality service for users. For that, the following general guidelines shall be considered as relevant aspects for quality, which will be part of the goals to be achieved in the medium term:

i) **Coverage:** Converging to one public transport stop or station (buses, metro and/or train) not further than 600 meters away from each home, and to one stop or station not further than 300 meters away 90% of homes in day time.

- ii) **Waiting times (minimum frequencies):** Converging to waiting times not longer than 12 minutes for users during most of the day. This means offering services with at least 5 buses per hour in rush hours. Likewise, in those services defined with lower frequencies, converging to reporting stop times to users, if feasible, to suitably report users and reduce waiting times.
 - iii) **Occupancy rate or overcrowded buses:** Converging to not to exceed 90% of the demand/offer ratio in its most overcrowded section, for any service-direction. This will be safeguarded through a suitable Operation Program design, considering allowances across the design at 85% demand/offer ratio, and through on-site service performance inspections.
 - iv) **Transfers:** Converging to maximum two transfers for any origin-destination pair for 90% of users.
 - v) **Express bus routes:** Converging to the development of express services that allow users to move from one point of the city to another point in the shortest time possible, analyzing the stop location for those services according to the demand, as well as the use of public transport corridors and express roads.
 - vi) **Synchronization:** Converging to synchronized transfers to other transportation services, especially during night hours, for those users using services with timetables.
- c) **Operation Program Submission and Approval process.** The Licensee will develop an Operation Program, whose review and approval procedure will comprise three Reviewing Stages:
- i) **Acceptability Stage.** The first stage is oriented to general guideline provision and general submission of proposals for modifying the current Operation Program. The presentation shall indicate the reason for the proposal, the expected result, and the technical foundations supporting it. This stage is framed within the System Planning process.

The Ministry, through the DTPM, will provide the general guidelines to be addressed in the next Operation Program, considering the service definition, transportation offer and coverage.

The Licensee will submit the Modification Proposals for the current Operation Plan to the Ministry, considering the guidelines exposed. For this, a technical form summary will be submitted per each modification proposal.

Also, the DTPM may declare inadmissible those proposals with Technical Sheet summaries not complying with the format, not containing the required information, or not related to the guidelines exposed.

Finally, the DTPM may introduce additional proposals to the ones stated in the previous number, and/or OP modifications or adjustments it deems necessary. Their performance by the Licensee will be compulsory, notwithstanding the non-binding observations the DTPM may perform.

- ii) **Review Stage.** The second stage is oriented to review specific and detailed aspects in the Operation Program for the next period, and to further the analysis of such Program, in addition to the approval of the services to be modified, that will be included in the next Operation Program.

Regarding the proposals deemed acceptable and those introduced by the DTPM, the Licensee shall submit the following documents to the Ministry:

1. Section 2 of the Technical Report for each modification proposal.
2. All OP-Appendices.

The Ministry, through the DTPM, will analyze the information received and may either, (a) make observations, (b) require clarifications, and/or (c) request additional information that is reasonably considered necessary to complement the information initially submitted by the Licensee.

If there are observations by the Ministry, the Licensee shall present the corresponding clarifications and/or additional backgrounds requested.

If the Licensee fails to submit the new information and/or fails to submit the information in the period indicated in the corresponding guideline, the penalties set forth in the contract may be applied, notwithstanding that the Operation Program with the observations by the Ministry will be considered to have been approved by the Licensee.

Rejected modifications and/or service removals will not be executed; in consequence, those services will be maintained under the conditions established in the current Operation Program. Likewise, implementing new services will not proceed when such modification was rejected per the dispositions of the foregoing paragraph.

Regarding the OP adjustments of modifications introduced by the DTPM that have been observed by the Licensees, these will be introduced in the Operation Program and shall be executed by the Licensee, provided they are beneficial for users and their operation is feasible, according to the fleet size the Company possesses.

iii) **Information Stage.** The third stage will be focused on delivering information to users and disclosing the Operation Program, for which the following actions shall be performed:

1. The DTPM will inform the acceptance of all the OP-Appendices, per the dates established in the guidelines, and then it will publish those Appendices on its website.
2. The Ministry will disclose to the public the final Operation Plans for the next period, publishing the corresponding information on DTPM's official website.
3. The Licensee will execute the Information Campaign Plan to inform users about the new services and/or service modifications that will be performed.

If the Ministry possesses the operational and technological tools in order to develop the OP by itself, and communicates the Licensee about such situation, only the Review and Information Stages will be applicable, with the following adjustments:

During the Review Stage, the Ministry will send to the Licensee, through the Contract Manager, the OP-Appendices No. 3 and No. 9 for each modification proposal; and the Ministry will have them published on the DTPM's website within the next five (5) business days after submission of the request. If the Ministry possesses the operational and technological tools to do so, it may deliver other information or format that enables to prove the Operation Program feasibility.

The Licensee shall have a reasonable period, to be informed through a guideline, from the request reception date, for analyzing and replying in writing, whether accepting or making well-founded observations. Both in the case of accepting the request as well as making observations, the Licensee shall develop, in the same time frame, the remaining OP-Appendices that allow to fully develop the Operation Program, or another format and way the Ministry disposes, in order to prove the Operation Program feasibility. The documents indicated in this letter will be published on the DTPM's website.

If there are observations from the licensee, they will be reviewed together. In case no agreement between the parties is reached, the Ministry may demand the execution of the OP under the required terms, provided it is to benefit users and is under conditions of being operated according to the fleet size the Company possesses. In case the Licensee fails to satisfy the requirements in number ii) or it fails to submit the information in the time frame indicated, this fact may trigger the penalties established in the Contract, notwithstanding the Operation Program communicated by the Ministry will be considered completely approved by the Licensee.

The Information Stage will occur in the same manner.

To develop the Operation Program, the current or the initial Operation Program, accordingly, will be used as reference, including the innovations or format changes in the OP-Appendices instructed by the Ministry that may arise.

Given the relevance for the service operation, the Licensee is mandated to fully and promptly submit the documentation corresponding to each review Stage, whose submission time frames and formats will be identified in the Presentation and Acceptance Guidelines for the OP, issued by the Ministry for such purposes, through the Contract Manager.

Notwithstanding the foregoing, if the Licensee fails to submit the corresponding documents requested for each of the aforementioned stages, the Ministry may consider the Operation Program in force as a proposal up to that date and introduce the Ministry's interest proposal and/or the ones submitted by other entities for such purposes.

For this section purposes, service modification shall be understood as any alteration or adjustment to an already existing service by the Licensee, authorized by the Ministry, through the DTPM, as well as the proposal of a new service not considered in the current Operation Program when submitting the proposal for the next period.

d) Required Fleet. The Licensee's fleet will be comprised by three components: Base Operating Fleet, Reserve Fleet, and Auxiliary Fleet. The Basic Operation Program (BOP) shall be developed considering the use of the Base Operating Fleet.

To operate the services in the Integrated Operation Program (IOP), the Licensee may use buses in the Reserve Fleet or the Auxiliary Fleet, if 100% of the Base Operating Fleet is used in the BOP.

For this, and for appropriately sizing the fleet requirements for fulfilling the Operation Program, the Licensee shall comply with and respect the fleet and speed calculation methodologies, which will be included in a manual to be developed by DTPM and submitted to the Licensee no later than fifteen (15) days after service commissioning.

- i) **Fleet Calculation Methodology.** The fleet calculation methodology required for each operation period will contain, at least, the following items:
1. **Calculation Source:** The Operating Fleet calculation methodology required for the Basic Operation Program (BOP) will use information contained in *OP-Appendix No. 9: Detailed Operation Program*, which describes all bus movements (commercial and noncommercial) clustered by Logical Bus.
 2. **Events:** Each movement of the logical bus, from the beginning of day operations until the end of day operations (i.e. dead running from and to the bus depot, commercial dispatches, adjustments in terminals, inactive in depot, among others), shall be detailed for all kind of days in the OP-Appendix No. 9.
 3. **Operation Parameters for Logic Bus Calculation:** The parameters defining the operation of each logic bus event (i.e. times, speeds and distance, among others) shall be detailed in the OP-Appendix No. 9.
 4. **Operational Rules:** The DTPM will define in the calculation methodology the operational rules to be considered when developing the OP-Appendix No. 9, for instance:
 - o Maximum and/or minimum time restrictions for terminal adjustment, for adjustments in depot, for entry to and exit from a depot, for line change, among others.
 - o Restrictions for time used in non-commercial movements in relation to commercial movements.
 - o Rules associated to event sequence, to ensure a logical sequence of such events.
 - o Other rules defining fleet calculation may be introduced in the methodology, such as inter-road resources, road association to one or more depots, among others.
 5. **Maximum Fleet Requirement Calculation:** The maximum fleet requirement calculation will be calculated considering the number of logic buses in movement (depending on the event the logic bus is performing), with the maximum fleet requirement being the period of the day with the largest number of buses in movement.

The methodology shall include, at least, the following:

- o Definition of the events to be considered to measure the number of buses in movement for maximum fleet calculation purposes.
 - o Time frame definition to be considered for the maximum fleet calculation (movements per second, per minute, among others).
 - o Other definitions that may be introduced that have an impact on the calculation, such as the type of bus, fleet per depot, among others.
- ii) **Methodology for travel times and speed for fleet calculation.** The time and speed calculation methodology for the System must seek to obtain statistically reliable and robust data, in order to perform a proper definition of logical buses, based on information from the GPS systems on-board from the corresponding Complementary Service Provider. In order to do so, the methodology issued by DTPM shall consider, at least, the following:

1. **Information Sources:** Calculation from the information obtained from the GPS systems, retrieving the data in a report, whose format will be provided by the DTPM or whomever it appoints for said purpose.
2. **Sample Size and Seasonality:** Definition of the period to be considered (days, weeks or months), to obtain the minimum amount of data required for a proper evaluation of times and speeds at service, direction, period and type of day levels. Besides, it shall include representative data, according to the seasonality of the Operation Program under analysis.
3. **Statistical Procedures.** The process shall consider statistical data that allow for:
 - Data debugging and removal of atypical values through a statistical method.
 - Data variability analysis. The methodology will include some sort of calculation mechanism introducing data variability analysis. This mechanism may introduce the use of percentiles, standard deviations, or another method.
 - Better representing the seasonality of data, for them to be aligned to the period under assessment. The methodology will define the mechanism to be used, whether through time and speed forecasting, or another mechanism.
 - The methodology may introduce other necessary statistical analyses to better represent times and speeds, such as, curve smoothing analysis for the speed per service, direction and type of day.

This methodology shall be used for commercial speed calculation, dead running speed calculation, and adjustment times calculation. Besides, it could be fully or partially used to obtain other time measurements, such as transfer times, road change times, terminal entry and exit times, among others.

- e) **Support Technical information.** The Operation Program shall be developed considering the demand/offer ratio in the most crowded section of each service-direction, not exceeding in design 85% of the transport capacity.

In case the Base Operating Fleet available is not enough as to operate the Operation Program under the occupancy conditions established, buses from the Reserve or the Auxiliary Fleets may be used, if they are available, notwithstanding the usage limitations established in the License Contract. In case there are no buses available to operate the Operation Program under the terms defined, the Licensee will propose to the Ministry adjustments in the frequency defined for some services that enable releasing buses for reallocating them to the most critical services, which shall be approved by the Ministry prior to the execution. Notwithstanding the above, this restriction shall be considered in order to analyze the necessary adjustments in the fleet size during the review instances of the current License Contract. In case the Ministry determines the transportation capacity of the Base Operating Fleet and the Reserve Fleet is not enough as to reach the desired occupancy rate, the Ministry may require the Licensee to increase their fleet and/or request adjustments to the BOP in order to redistribute the available fleet.

The considerations regarding the occupancy rate of buses shall be supported with actual demand information expressed as load profiles, that enable performing a suitable service-direction-period planning. The load profile measurement may be carried out manually or through technological means, which will be at Licensee's discretion. Notwithstanding the above, the Ministry may review the measurement methodologies and request modifications if they were not statistically reliable or had methodological problems.

The load profiles for each service-direction-period shall be periodically updated, whether through new load profile measurements or adjustments through occupancy rate measurements in the most crowded sections.

The demand history to be considered shall not be older than twelve (12) months in the case of load profiles, and six (6) months in the case of updates through occupancy rate measurement, from the date of OP proposal submission and back, unless the parties agree that substantial changes have been recorded in the commute structure that make necessary to possess more updated information.

- f) **Reliability of the OP Proposal and Responsibility.** The OP Proposal development and submission shall be based in the quality of service to users and the operational feasibility. Therefore, it becomes enforceable that this submission is based on a detailed operation program, according to the format and way indicated by the Ministry through the DTPM.
- g) **Observation Reception.** According to what is indicated in section c), the progress status of the OP proposals will be periodically published on the DTPM web page, in order to inform and gather comments from other transport operators of the System.
- h) **Corrections to the OP-Appendices Comprising the current Operation Program.** The DTPM may correct the contents of the OP-Appendices comprising the Operation Program, which are defined in Section D, until the OP implementation, on its own initiative or upon Licensee's request. For such purposes, all those amendments correcting copy, reference or numeric calculation errors expressly appearing in the aforementioned OP-Appendices will be considered corrections. Before implementing an ex-officio modification, the DTPM shall report the Licensee about the grounds for the modification, for them to present their objections within five (5) days, if there were any. In case the Licensee makes use of this right, there will be no amendment, and modifications will be only performed on the Operation Program under the conditions set forth in section F.
- i) **Role of the Municipalities and Regional Government on the Operation Program.** The municipalities and the Regional Government may actively participate on the development of the Operation Program regulating the transport services, and this way they may propose amendments regarding regularity, layout and coverage of the services. In order to comply with the aforementioned, they shall promptly report the DTPM about their proposals, for them to be technically and economically assessed, as well as to analyze their implementation feasibility. For this purpose, the DTPM will provide every player with a standard format for the Reports and Records that need to be submitted, as well as the supporting information for their requirement.

9.4. Modifications to the Operation Program

For public interest or common welfare reasons, and/or to ensure the continuity of the public transport service, the Ministry and the Licensee may propose changes to the current OP. The amendment proposals from the Licensee must be subject to the terms and conditions set forth in the Presentation and Acceptance Guideline for the OP. At any moment during the validity of the OP, the Licensee may propose partial amendments to the current Operation Program, considering as a priority the proposal adjustments for items concerning speed and/or demand.

The modifications to the current OP must be formally requested to the DTPM. The request needs to include the supporting Technical Report, which shall be submitted in a digital media and optionally printed; proving the operational feasibility or another supporting information or format the DTPM communicates, fulfilling the same purpose.

For public interest or common welfare reasons, and/or to ensure the continuity of the public transport service, the Ministry may require the Licensee to modify the current OP, by official notice or third-party request.

The Ministry, through the Contract Manager, will agree with the Licensee on the implementation date for the accepted modification(s). When determining the implementation date, both parties need to consider the urgency of the measure, the feasibility of execution by the Licensee, the requirements for the installation of signaling or structure at bus stops, the need to release information campaigns for users, among other aspects. For the modifications proposed or instructed by the Ministry, or affecting speed and/or demand, the DTPM will indicate the implementation date.

The Ministry may implement changes on the OP if any of the following conditions is verified: street closure, road works, changes in transit direction, transit ban, access to new Mode Interchange Stations or any cause of similar nature.

To properly adapt the service to temporary changes in the transport supply and/or demand, arising from circumstantial causes affecting the mobility of the city inhabitants; the Ministry, through the DTPM, may require the Licensee to provide new services (hereinafter *Special Services*) or strengthen existing services from other Licensees in the use of roads (hereinafter *Support Services*). These requirements will be temporary and may be requested even in the same day the events justifying them occur, notwithstanding those already planned as a part of the SOP.

Notwithstanding the extraordinary dispatches to be planned, and under the context of contingencies of the daily service operation; the Ministry, through the DTPM, may request **additional dispatches or unscheduled dispatches** to the Licensee in order to strengthen the services considered in the current Operation Program, in order to reestablish or recover the operation levels stated in the OP.

9.5. Limits in the Modification of the Operation Programs

To achieve the quality and efficiency goals of the system, the total Commercial kilometers may vary during the first twenty-four (24) months of operation up to ten percent (10%) compared to the initial status, understood as the total commercial kilometers defined for an average month in the Operation Program during normal season at the beginning of the License Contract.

For the following years, the total commercial kilometers in the OP for the normal season may vary up to five percent (5%) compared the total of commercial kilometers defined for an average month in the last normal season OP from the previous year.

Nonetheless, the maximum reduction of commercial kilometers during the whole License validity term will not exceed twenty percent (20%) compared to the initial conditions, whether it affects one or many services. This rule may be applied if the execution of the OP is feasible with the available operating fleet for the corresponding time frame.

9.6. Operation Program Validity Term

Operation Programs will have an annual validity, in other words, from August 1 of each year, until July 31 the next year. This includes summer Programs, with reduced supply, compared to the Operation Program in force that year.

The validity of the first OP will be from the beginning of the services until the next July 31st.

For good service reasons, the DTPM may advance or postpone for up to thirty (30) days from the entering into force of a new OP. On the second case, the current OP expiration date will be extended until the new OP enters into force. The foregoing will not be applicable if introducing modifications to a current Operation Program. In this case, the modifications will be applied from the date reported by the Ministry, through the Contract Manager.

The modifications to an Operation Program shall become a constituent part of it, and their validity shall be extended until the validity of the corresponding Operation Program. If the entering into force has been postponed, it will be extended until the end of the extension date. Nonetheless, the modifications accepted after the acceptance date of the Operation Program for the immediately next term shall be automatically introduced in this new Operation Program.

9.7. Proposal Assessment Criteria

The Ministry, to safeguard the public interest and with well-founded reasons, may request modifications to the OP or reject the modifications proposed by the Licensee, according to the criteria set forth in this section.

The Ministry will analyze the Operation Program proposals and the OP modifications requested by the Licensee — from the technical, operational, financial, and social standpoints — considering the following assessment criteria:

- Operational feasibility in terms of infrastructure, services and available fleet management.
- Systems costs, economic feasibility and source of funding, if required.
- Potential improvement in user service levels, mainly in terms of reduction in commuting times and transfers.
- Competition control in the use of roads. Safeguarding that, in the allocation of services, the priority right on the usage of roads the Licensee possesses is respected, pursuant to the Contract. Likewise, the priority right on the roads usage of other transport operators will also be safeguarded, pursuant to what is set forth in the corresponding contracts.
- Maximization of fleet use efficiency.
- Other relevant aspects at the time of the assessment.

The OP modification requests meeting any of the following conditions may be rejected:

- Those OP modifications involving leaving an area of the city without an adequate public transport supply.
- Those requests where the proposed modification significantly modifies the original layout structure, unless the modification effectively optimizes the public transport road grid for the city of Santiago, and the quality of service for users.
- Those OP modifications resulting in exceeding the maximum limits for market concentration defined by the Ministry, according to what is established in the License Contract.
- Those modifications involving larger amounts of money for the Licensee, which are inconsistent to the expected enhancement in the transport service quality.
- Those modifications involving reductions in services showing low frequency compliance indicators.
- Other considerations to be defined by the Ministry with well-founded reasons.

9.8. Dispute Settlement

Every proposal and modification request to OP accepted for processing, and their supporting information, will be published on the DTPM website, in order to report and gather comments from other transport operators, Metro, or any other organization that may consider themselves to be affected by them.

Metro and any transport operator in the System who deems that a service modification request accepted for process may affect them beyond the boundaries set forth in the corresponding contracts, may communicate their comments or complaints in writing to the DTPM within ten (10) days from the publication date, for OP proposals, or the publication reporting the acceptability of the request in case of OP modifications.

In order to sustain the observations or complaints submitted, the claimant shall present technical support the reasons for such observations. The backup technical information must be provided on digital media. If the complaint fails to meet this requirement, it will not be accepted for process.

After the aforementioned ten (10) days and if there have been no comments, the Ministry may decide on whether to implement the OP and/or requested modification or not, without ulterior complaint instances.

If there were any claims against the modification proposal, the existing differences between the proposed modification and the well-grounded and contrary statement by the complainant will be discussed in technical meetings coordinated and led by the Contract manager, where the complainant and the interested party may attend together. These technical meetings shall begin within seven (7) days from the date the observations were received.

Complaints or comments shall be analyzed, and the Ministry shall notify the ultimate decision on the modification through the DTPM web site — whether completely or partially accepting the observations, or dismissing them in full for well-founded reasons.

In any case, the Ministry shall safeguard the priority right of every transport operator, or the proper quantifications of the affectation of rights.

9.9. Payment Method for the Services.

- a) The commercial kilometers corresponding to the services established on the Base Operation Program will be called *scheduled commercial kilometers* (kmp) and will be paid per the payment method described in the License Contract.
- b) The commercial kilometers corresponding to Special Services (kme) will be entitled to a thirty-three percent (33%) surcharge in the value of the price per kilometer of the business unit (PK) for the settlement those services should be paid, according to the method described in the License Contract.
- c) The commercial kilometers corresponding to Support Services (kma) will be entitled to a thirty-three percent (33%) surcharge in the value of the price per kilometer of the business unit (PK) for the settlement those services should be paid, per the method described in the License Contract.
- d) The Commercial kilometers corresponding to Additional Dispatches and Unscheduled dispatches (kmy) requested by DTPM will be accounted per the distance effectively covered — from the injection point in the service layout to the end of the road. These kilometers shall be paid per the payment method set forth in the License Contract, without considering any surcharge in the price per kilometer (PK), as they were required due to problems observed in the Licensee operation.

9.10. Action Protocol for Contingencies

Considering the public transport system is constantly subject to events and incident which are difficult to predict, it is necessary for the system participants to work in a coordinate fashion, in order to provide quick response and solutions to the problems arising in the operation.

Currently, transport operators supervise the performance of their own services through their Fleet Operation Centers (COF). Likewise, the DTPM, through the Bus Monitoring Center (CMB), keeps constant supervision on the operation of every public transport service in the System. Therefore, it is essential to generate effective and efficient communication and coordination channels between these participants.

In order to achieve effectiveness and promptness in contingency resolution, the Licensee needs to consider the Action Protocol for Contingencies (PAC) which will be provided by the DTPM, from the beginning of the license and until commissioning of the service, which regulates the communication procedure between the Bus Monitoring Center (CMB) of the DTPM and the Fleet Operation Center(s) (COF) of the Licensee, as well as the actions the latter needs to perform in a contingency, which must be executed according to the aforementioned Protocol or Manual.

Notwithstanding the foregoing, the Licensee may propose modifications or adjustments to the PAC. In case the Licensee requests adjustments to the PAC, it will be reviewed by the DTPM, who shall communicate the decision within the following sixty (60) days in terms of the content, whether approving or rejecting the amendments.

The Action Protocol for Contingencies (PAC) shall be considered a dynamic document, which will be modified during the validity of the License Contract, according to the instructions of the Ministry, in order to enhance the communication and joint action mechanisms.

The activities, procedures, and/or any action arising from the PAC shall be mandatory for the Licensee; and in case a non-compliance with any of these actions is proven, it will be considered as an infringement with fines associated, as set forth in the License Contract.

Additionally, and for enhancing the communication and joint action, the Licensee shall appoint at its own expense a professional or technician in the Bus Monitoring Center (CMB) of the DTPM to perform activities such as control and management of the operation, among others, as required by the authority.

9.11. Methodology Aspects

a) Content of the Technical Reports. Every OP modification request, both by the Licensee and the Ministry, must be supported with technical information justifying the proposal, where the real need of the requested modification is clearly stated. This information shall be presented as a part of a Technical Report, which will have two sections:

i) Section 1 - Summary Technical Sheet, which will cover at least the following aspects:

- Basis for the request. Description of the problem or present need sought to be solved through the modification.
- General description about the type of modification(s) proposed.
- Identification of the services to be modified.
- Identification of the roads involved.
- Variation on the commercial kilometers against initial situation.
- Maximum and minimum frequencies proposed.
- Estimate on the affected stops, both existing and new.

- Other items proving to be relevant to support the proposal.

ii) **Section 2 - Detailed Information**, covering different aspects and variables to be considered in the analysis, namely:

- Identification of the main operation variables, such as commercial length (kms), commercial kilometers, maximum required fleet during rush hours, actual fleet used during rush hours, occupancy (pas/h), maximum and minimum frequency (bus/h), expected passenger per kilometer index (IPK), speed (km/h), number of affected stops, number of transfers generated or removed, demand in most loaded segments (pas/h), average transactions, average commute time for users, last quarter average ICPF, last quarter average ICR, expected ICFP for the modification, expected ICR for the modification, effect on priority roads for other Units (kms).
- Information about the effect on users and the community, such as: number of complaints in the last quarter, number of requirements by the municipality, number of requirements by users, users affected by removing stops, potential users experiencing the benefits from the modification, whether there is support from the municipality.
- Information about current demand: This information may be preferably presented as load profiles for the whole road, or at least for the most loaded segment for each service-direction-period. Critical points and time frames must be identified, and they may be complemented with information of transactions and/or any other information deemed relevant to describe the demand.
- Information about future expected demand. Submission of information allowing to evaluate, at least in terms of order of magnitude, the expected demand after the modification. This information may be supported with any other information allowing to describe the expected demand, and if possible, to report the expected variation on load profiles, highlighting critical points, if applicable.
- Operation program proposal for the services modified, per the expected demand.
- Quantification of required accommodations and commercial kilometers, and the difference compared against the current OP.
- Identification of other services (both own and from other Licensees for road usage) which will be affected by the modifications, whether operationally or in terms of demand; and a description of the expected effects.
- Information of compliance indicators of the services to be modified, for the last quarter.
- User complaint or requests reports supporting the requested modifications, if any.
- Other information deemed relevant for the technical analysis.

Technical Reports and Records submitted by Licensee must be provided on magnetic or optical media. Likewise, every figure describing layouts, stops and other items alike must be submitted on GIS format (Geographic Information System).

The Ministry will provide the Licensee a standard format for the Technical Report and Records within sixty (60) days following the beginning of the validity term of the License Contract. Furthermore, in the same term, the information from this letter that is not necessary for Operation Program modifications with low impact in the services operations will be communicated. Modifications to this format and the information to be presented, per the Ministry, will be notified to the Licensee in advance.

- b) **Reference Methodologies on the Manual Measurement of Load Profiles.** The load profile must be understood as an estimation of the average use level for each service, in a specific direction and time frame. The resulting information allows to evaluate and design the best way for operating the service, in terms of the required capacity and opportunity of providing it. The reference

methodology for the manual measurement of load profiles will be provided by the DTPM to the Licensee, within sixty (60) days from the beginning of the validity term of the License Contract.

- c) **Reference Methodology for Transaction Distribution in Mixed Pay zones.** The theoretical user distribution among the services using a pay zone, also considering the transfers generated when the user boards a service within the pay zone, will be determined through a reference methodology which will be provided by the DTPM to the licensee, within fifteen (15) days after service commissioning. If there are no tools to implement the methodology, transactions will be distributed considering the recorded transactions ratio resulting from the comparison of the service frequency against the total number of services recorded in operation which must use a mixed pay zone.

9.12. Operation Program for the Beginning of the License Period

The Ministry will provide within thirty (30) days from the beginning of the License Contract validity term the OP-Appendices No. 1, 2, 3 and 4; as well as the checkpoints in the layout, for the Licensee to generate the Operation Program per the aforementioned information, for the final DTPM approval.

Along with this, time frames and formats will be reported, for the Licensee to consider them, in order to comply with the review and information stages, considering a total time of at least sixty (60) days for the approval of the initial Operation Program, which may be modified or adjusted according to the roads defined.

10. Fleet of the Licensee

The Licensee shall possess the fleet necessary to provide the transportation services set forth in the current Operation Program, complying with the quality standards described on the License Contract.

Likewise, the type and mode of possession for the buses shall be oriented to the quality and continuity of service.

- a) **Definitions.** Notwithstanding the definitions in the License Contract, the words below will have the meaning determined for each case, notwithstanding their use in singular or plural, masculine or feminine, capital or low case, or the grammar forms and functions being used for proper composition, understanding and interpretation of the License Contract herein.

- **Transportation Capacity of a service:** aggregate capacity for transportation from the buses in a service, during a specific period.
- **Total Transportation Capacity or Total Occupancy:** represents the aggregate capacity for transportation from all the vehicles comprising the fleet of a Business Unit.
- **Fleet:** set of buses the Licensee has for providing public transport services within the corresponding license for roads usage. The Licensee's fleet will be comprised by three components:
 - Base Operating Fleet: number of buses sufficient to provide the services contemplated in the Operation Program.
 - Reserve Fleet: additional buses the Licensee needs possess, in addition to the Base Operating Fleet, for replacing the buses from the Base Operating Fleet, if any of these is not suitable for providing the contracted services.
 - Auxiliary Fleet: number of buses the Licensee may have, at its own expense, in addition to the Base Operating Fleet and Reserve Fleet, to provide additional services to those defined in the

Operation Program or to replace the buses from the Base Operating Fleet, when the buses required from the Reserve Fleet are not enough.

- **Bus Typology or Class:** Corresponding to the classification of a bus, per length in meters and bodywork physical features.
- **Total Kilometers of a Bus:** Corresponding to the number of kilometers a bus records from the manufacturing year. This information is stored on the on-board computer of the vehicle or in the record system the MTT will provide for such purpose.
- **Graphic Guidelines or MNG:** guidance instrument for the implementation of the User Information System.

b) Restrictions

- Reserve Fleet.** The Licensee must define the size of the Reserve Fleet according to its requirements, considering, as a restriction, that it must represent at least 5% of the buses from the Base Operating Fleet, during the complete License period. Any increase over the percentage proposed by the Licensee during the validity term of the contract will require an authorization from the Contract Manager.
- Type of Vehicles.** There will be no restrictions established for the fleet composition in terms of the type of vehicles, except for those reported by the DTPM for the Operation Program execution, considering the road infrastructure available and the required service quality for the users of the System. In that sense, using high-floor, A1 type, B2P type, C2 type and D type vehicles may be restricted. A1 type vehicles may be exempt from this restriction as long as they have a platform with a lift complying with the requirements set forth in the Supreme Decree No. 122/91 from the MTT, or if they have at least one low-floor door.
- Modifications to bodywork.** The structure of the bodywork or chassis cannot be modified by the Licensee without the express authorization from the manufacturer, having to prove that condition before the Ministry. Modification shall be understood as any change on the size and/or the relocation of the structural components in the bodywork or chassis, relocation of the engine, gearbox and steering. Structural components on the chassis shall be understood as struts and crossbars; and in the case of bodywork, the columns and any point of structural fixture the manufacturer determines.

c) Buses

- General requirements.** The buses comprising the Licensee fleet may be new or used, and must comply with Supreme Decrees No. 212/1992 and No. 122/1991, both from the Ministry of Transport and Telecommunications; and the other requirements set forth herein.
- Holding mode on fleet.** The Licensee must own a genuine deed granting, at least, use and enjoyment of the buses comprising the fleet, such as rental, leasing, or purchasing.

- iii) **Enabling for provision of services.** Every bus comprising the fleet must be registered on RNSTP for providing the services set forth on the License Contract. The Auxiliary Fleet can only be subscribed in the RNSTP once all vehicles comprising the Base and Reserve Operating Fleets committed by the Licensee are subscribed in the aforementioned record.
- iv) **Determining the transportation capacity of the buses.** Buses will have the transportation capacity that the Vehicle Control and Certification Center (3CV) has determined for each model during the certification process, according to Supreme Decree No 122 from 1991, of the Ministry of Transport and Telecommunications. If the bus capacity calculation methodology was modified during the validity of the License Contract, there will be no changes on the number of vehicles the Licensee is required in this License Contract at the moment of the modification; and the occupancy originally stated will be considered.
- v) **Service life.** According to the propulsion technology used, a bus in the Fleet of the Licensee shall be considered as completing its service life when it reaches the limits stated in the following Table in terms of the maximum kilometers traveled; according to the calculation methodology or maximum age understood as the years from manufacturing according to the record in the Motor Vehicles Registrar, whichever occurs first. This condition will be applied to the new vehicles requesting their first registration in the RNSTP since the beginning of the validity term of the License Contract herein. In the case of buses used until the date of the beginning of validity term of the license contract herein, the maximum age will be applied, which is understood as the years from the manufacturing according to the record in the Motor Vehicles Registration, according to the following Table:

Service life for the Vehicles in the Fleet

Propulsion Technology	New Vehicles Kilometers or years, whichever occurs first		Used Vehicles Years, only
	Maximum kilometers traveled	Maximum age (years from manufacturing)	Maximum age (years from manufacturing)
Diesel Engine	900,000	10	10
Compressed Natural Gas (CNG) engine	1,000,000	12	12
Hybrid engine (Diesel-electric; Plug-in)	1,000,000	12	12
100% electric engine	1,200,000	14	14

Once its service life has been reached, the buses will be cancelled from the RNSTP to provide services in the Regulated Area, and it will not be possible to register them in any Fleet of any business unit of the System.

1. Estimation Methodology for Kilometers Traveled

The calculation of traveled kilometers for each bus in the fleet of the Licensee will be determined with the technological tools the DTPM has available, by which each bus is identified by its Unique Number Plate (PPU).

According to this, the kilometers traveled by each bus will correspond to the commercial kilometers traversed during the actual operation of each vehicle during the month T, commercial kilometers traveled during Special Services, Support Services, and Unscheduled dispatches, performed during the month T, as well as the kilometers acknowledged from the review (reprocessing) or objection of the information; and every vehicle movement necessary for the service provision and maintenance, in other words, non-commercial kilometers.

The determination of the number of kilometers traveled by the buses shall be conducted using the following procedure:

- The distance traveled by each bus of the Business Unit, identified by its PPU during the calculation month T, shall be determined in the following manner:

$$KmsPPU_{n,T} = KmsPPU_{n,T}^{reporte} + KmsPPU_{n,T}^{RI}$$

Where,

$KmsPPU_{n,T}$: Kilometers traveled by the bus/PPU of the Business Unit n in the month T.

$KmsPPU_{n,T}^{reporte}$: Kilometers completed by a bus/PPU of the valid Business Unit n during the month T obtained through the reports from the technological systems.

$KmsPPU_{n,T}^{RI}$: Additional kilometers completed by a bus/PPU of the valid Business Unit n arising from reworking or challenges applied by the Ministry during the month T.

- The accumulated traveled kilometers of a specific bus/PPU of the Business Unit n calculated at month T shall be the result of the sum of the accumulated traveled kilometers of this bus/PPU from the month before the calculation (T-1), plus the traveled kilometers of this bus/PPU during the month of calculation, according to the following expression:

$$KmsAcumPPU_{n,T} = KmsAcumPPU_{n,T-1} + KmsPPU_{n,T}$$

Where,

$KmsAcumPPU_{n,T}$: Total kilometers traveled of the bus/PPU of the Business Unit n at month T of the calculation.

$KmsAcumPPU_{n,T-1}$: Total kilometers traveled of the bus/PPU of the Business Unit n calculated at month T-1.

: Kilometers traveled by the bus/PPU of the Business Unit n in the month T.

For the definition of the initial traveled kilometers (meaning when T=0) of a bus/PPU of the Business Unit n, it shall be considered for the new buses to have zero initial traveled kilometers at the time of beginning of the services.

- vi) **Emissions, Power-To-Weight Ratio and Noise Levels.** All buses comprising the licensee's fleet must comply with current legislation on contaminating emissions, power-to-weight ratio, and noise levels. Notwithstanding the foregoing, at the beginning of the license contract, the engines of the new B, C, and

D class buses that request their first registration in the RNTSP must comply with the engine emission standards from the following table:

Minimum required engine emission standard for new buses

Engine	Minimum required emission standard
Hybrid Diesel Electric	Euro V – EPA 2007
Diesel	Euro VI – EPA 2010
Compressed Natural Gas (CNG)	Euro V – EPA 2010

The engines from new buses that enter the licensee’s fleet due to a renewal or extension of the fleet that takes place during the license period must comply with engine emission standard from the previous table, or any standard stipulated by the legislation in force. In any event, the vehicle must comply with the most demanding emission standards at the time of its first registration in the RNTSP.

vii) Buses with Special Features. The licensee must consider thirty (30) new buses with Special Features within their base fleet. For these effects, it shall be considered that a bus has special features when it complies with the emission standards and has any of the following qualities:

- Low floor throughout the bus. Class C buses, according to Article 2 bis, from Supreme Decree No. 122/92 of the MTT, are excluded from this category.
- the space intended for passengers is available in two overlapping levels, whose length is equal to or greater than 11 meters and lower than 13 meters.
- Air conditioning is a standard feature, regardless of its classification, pursuant to Supreme Decree No. 122/92 of the MTT.

It shall also be considered as having special features when the propulsion technologies at the time of its first registration exceed the emission standards defined in the previous table.

In terms of this special bus category, it is worth pointing out that the licensee must include at least fifteen (15) electric buses in each Business Unit to which it is applying, and that they must implement an additional feature of their choice in the remaining fifteen (15) buses, maintaining this condition throughout the validity of the contract.

From the time of the commissioning of the services, the licensee shall have a maximum time frame of nine (9) months to introduce electric buses into their fleet, which, upon well-founded request, may be extended by the Contract Manager for a maximum period of three (3) additional months. Nevertheless, if the licensee were to employ this power, it must complete the total fleet proposed with replacement buses for the entire indicated period, while considering the restrictions presented in the terms and conditions.

If there is confirmation that compliance has not been observed of the requirements of this item, the corresponding penalties shall be applied, according to what is indicated in the license contract. non-introduction of the special feature buses will be considered as a non-compliance of the commissioning of the services.

viii) Requirements of Universal Accessibility. The Licensee’s buses must comply, as may be the case, with the provisions of the Supreme Decree No. 122 from 1991, Supreme Decree No. 212 from

1992, both of the Ministry, with Decree No. 142 from 2010 of the Ministry of Planning in terms of signage, seats, and sufficient space that is easily accessible for individuals with reduced mobility.

The A2, B, C, and D class buses defined in the Supreme Decree No. 122, which comprise the Licensee's Fleet, must have a space reserved to fasten wheelchairs, with mechanisms for notifying stops and alarms which facilitate communication between users with reduced mobility and the bus driver.

The A1 class buses may introduce a space intended for the transport of users in wheelchairs if they have a lift meeting the requirements detailed in Supreme Decree No. 122/91 of the MTT.

ix) **Interior and Exterior Presentation and Advertising.** The interior and exterior presentation of the buses, as well as the interior and exterior spaces that could be designated to advertising, must adhere to current legislation, particularly to the provisions of Exempt Resolution No. 1794 from 2005 of the Ministry, and its amendments.

x) **Equipment on Board**

1. **Basic technological equipment required.** Throughout the validity of the license contract, the buses must at least have the basic technological equipment and a validation system. The buses necessary for operating each of the services must be completely equipped at the time of commissioning of each service.

2. **Access Control System.** All the new buses of the Licensee's Fleet that enter the System must have an access control system at the time of commissioning of the services, which is activated at the time of validation of the means of access. This system shall permit support of the control of evasion that must be done by the corresponding licensee. The Access Control System must at least have the following characteristics:

- Have electronic signals compatible with the service validation, and specifically with the validation machines available on board the buses.
- It must unlock or allow entry when activated by a means of access on the equipment assigned specifically for this purpose by the Complementary Service Provider.
- Have a mechanism that allows individuals to access freely only in the case of emergency.
- It must submit a counting signal of the activations of the device.
- It must be of a proper size to be installed in the front part of the vehicle.
- It must have a homogeneous standard and be integrated harmoniously into the bodywork of the bus.

For those public transport users who are not required to pay to access the vehicles that provide this service, and those defined in Decree No. 122/91 of the MTT as users with reduced mobility, the licensee must create an action protocol instructing drivers regarding the measures they must adopt to permit access to these users in safe and comfortable conditions. This protocol must be reported to the Contract Manager within a maximum time frame of thirty (30) days from the commissioning of the services.

3. **Security Cameras.** At the time of commissioning of the services, all new buses that enter the System must have security cameras as a standard option, in compliance with the following:

i) **Technical Specifications**

- Interior coverage: The number of cameras must allow visual access of the entire interior of the bus in maximum capacity conditions of use by passengers, aimed at the door areas and physical space used by the driver. The camera focused at the driver must have a wide-angle lens (maximum 2.8 mm) to allow the visualization of the entire surroundings of the driver and door of entry to the vehicle. It must also be a high-resolution camera (720p minimum) with audio and video recording capabilities.
- Design: vandal-proof, ideally in a dome or blended into the bodywork of the vehicle.

ii) Technical Specifications

- IP Technology.
- Color recording.
- It must allow audio recording.
- CMOS signal system.
- 1280 x 720 (720p) resolution.
- 0.05 Lux (Color)/F1.2. Minimum Luminosity
- Electronic Back-lighting Compensation.
- Focal lengths may be 2.8 mm or 3.6 mm.
- Automatic White Balance and Automatic Gain Control
- Operating temperature: -10°C to +55°C and 90% maximum relative humidity.

iii) Monitoring Conditions

The vehicle driver must have visual access to the images captured by all cameras on his dashboard. The visualization must be automatic (with signal input), according to the priorities defined below. One connection per cable must be considered in the installation of the device, so that it receives the signal from the doors (either on the left or right side) and the system automatically displays the image of the corresponding doors on the screen when they are open.

iv) Recording System of Images Captured By the Security Cameras

The manufacturer must have a storage system of the images captured by all cameras. This unit must be in a case of the bus especially designated for its safekeeping. It must also comply with the following:

- Storage Capacity: it must allow at least 30 days of operation.
- All cameras installed on the bus must be recorded by the equipment.
- It must allow the connection of the bus cameras.
- The system must be protected against humidity and dust, according to the IP54 standard.
- The DVR equipment must be able to be installed in any position (360°).
- The material of the case holding the camera must allow for its safekeeping.
- It must enable the transmission of recorded images through a Wi-Fi network (to be installed in the future in the garages of operators). If a specific antenna is necessary, it must be installed during the installation of the recording equipment.
- Along with the recorded images, it must record the location of the bus through GPS coordinates. If a specific antenna is necessary, it must be installed during the installation of the recording equipment.
- The images recorded on the hard drive must contain the bus license plate number, name of the company, date, time, camera number, the location of the camera, and the location of the bus.

- It must allow for the transmission of images and data recorded on the hard drive, through a 3G/4G connection, with the future installation of a 3G/4G SIM Card. If a specific antenna is necessary, it must be installed during the installation of the recording equipment.
- The system software must be included in the recording system.
- The supplier must provide all the necessary software for the future online use of the visualization system of the images from the buses and other available information.
- Outputs: ease of use for extracting recorded information and to retransmit the images to a third device (review calibration of equipment or transmit images in real time to control centers).
- It must possess an embedded G-force sensor to be able to monitor breaking, accelerations, or steep slopes of the vehicle.
- It must work considering an operating temperature of -10°C to +70°C and 90% maximum relative humidity.
- It must enable information to be extracted quickly through a USB device with an application for IOS or Android which allows the complete configuration of the equipment to be done, extract images recorded through the SD memory on the USB device, and to have access to the images of the cameras in real time inside the bus without the need for remote control or connection of the equipment to a screen.
- It must provide video output to allow the driver to visualize the recorded camera images in the system.

v) Maintenance Conditions:

The maintenance conditions must be specified as an integral part of the bus maintenance manual. Notwithstanding the foregoing, it is worth pointing out that the maintenance and operation of the cameras shall be done by the supplier of complementary services starting on the date indicated by the MTT. Before this, it shall be the responsibility of the licensee.

4. Passenger Counting System

All buses from the licensee's fleet must have a system for counting passengers which provides permanent data on the degree of use of the vehicles, which facilitates the operational planning and allows for orienting the control of the auditing of non-payment of the fare. This System shall be provided by the new supplier of complementary services determined by the Ministry, and, thus, the fleet must have conducts and cables enabling the proper connection of the equipment.

xi) Bus Typologies:

The Licensee must select the quantity and capacity of the buses that is most appropriate for the requirements of demand and quality of the awarded services, in accordance with the OP required by the DTPM.

Thus, the Licensee may constitute their Fleet in the following framework of bus typologies in accordance with their length, according to what is stipulated by the Supreme Decree No. 122/1991 that Sets Dimensional and Operational Requirements for Vehicles that provide Urban Public Transport Services, and the characteristics of their bodyworks:

Bus Typologies According to Length and Characteristics of Their Bodywork

Bus Classes according to S.D. 122/1991	Subclasses of buses	Length in Meters
<u>Class A</u> Equal to or greater than 8 meters and less than 11 meters.	A1	Less than 9 meters.
	A2	Equal to or greater than 9 meters and less than 11 meters.
<u>Class B</u> Equal to or greater than 11 meters and less than 14 meters.	B1	Equal to or greater than 11 meters and less than 12 meters.
	B2	Equal to or greater than 12 meters and less than 14 meters.
	B2P	Equal to or greater than 12 meters and less than 14 meters with service doors on both sides of the bodywork.
<u>Class C</u> Equal to or greater than 14 meters.	C1	Equal to or greater than 14 meters and less than 16.5 meters.
	C2	Greater than 16.5 meters and up to 18 meters.
	C2P	Greater than 16.5 meters and up to 18 meters, with service doors on both sides of the bodywork.
<u>Class D</u> Equal to or greater than 11 meters and less than 13 meters, double-decker.	D	Equal to or greater than 11 meters and less than 13 meters, double-decker.

As the support and technical design of the bodies allow for new bus configurations to be added, the Ministry may include and update the previous table through the corresponding certification of the vehicle before the 3CV.

xii) Buses with Service Doors on Both Sides of Their Bodyworks

The Licensee must include buses with service doors on both sides of their bodywork in their fleet for the operation of services that will transit in an infrastructure with a corridor with a central platform.

The Operation Program shall define the services that must be operated with the indicated buses; and, therefore, the licensee must identify the number of vehicles of this type comprised in their fleet.

xiii) Access to the On-board Diagnosis System of the Vehicles

The licensee must give physical and/or remote access to the information coming from the On-board Diagnosis System (OBD) of the vehicles comprising their fleet, for the DTPM to be able to obtain the information, variables, indicators, and other elements that are considered necessary and basic for the control and management of this license contract, as well as the operation of the buses.

For this purpose, the DTPM shall inform the licensee of the time and manner in which this shall be required. Even so, the parts, pieces, and technological resources of the OBD System that allow to access and download the information, must be in proper conditions when the DTPM requests as such, and, as a result, enable the collection of reliable information.

xiv) Vehicle Maintenance

1. Certified Maintenance Workshops

The Licensee must carry out maintenance at workshops that are under the valid international quality standards ISO 9001 and ISO 14001. For this purpose, the Licensee shall have a time

frame of twelve (12) months from the Commissioning of the Services to obtain the corresponding certifications, and this time frame may be extended by the Ministry through the Contract Manager upon well-founded request of the licensee.

If the commissioning of new workshops after the start of the transport services is required, the same aforementioned time frame shall be applied as of the notification of the start of operation of the new workshop.

To verify compliance with the requirement of certified workshops from the previous paragraph, the Licensee shall submit the Certificates and Audit Reports accounting for the required certifications, certificates of the maintenance of this quality, and of details pertaining to the activities and/or processes declared in *Conformity* and *Nonconformity* no later than 30 days after twelve (12) months have passed since the Commissioning of the Services, as well as the legalized copy of the certificate that confirms that the certifying company is currently accredited at the National Standardization Institute. For the following years, this information must be submitted on the last business day of November of each year, until the end of the contract.

2. Annual Maintenance Plan

In order to ensure the safety of the users of the Transport System and bus drivers, as well as to facilitate the operational management by the Licensee, the Licensee shall implement an Annual Maintenance Plan (AMP) for its entire fleet, allowing the prompt identification of deficiencies in the corresponding operating conditions and technical specifications, and making it possible for the vehicles in the fleet to reach their anticipated service lifespan in appropriate conditions. The AMP of the licensee must consider the bus components in the following table at the very least, thereby describing the programming of the maintenance activities and their frequencies in the corresponding unit of measurement for each month (kilometers, hours, day, etc.), according to the model, year of manufacture, and license plate number of the buses that comprise the Licensee’s fleet.

Minimum components that must be considered by the Annual Maintenance Plan

Chassis Maintenance	
Base Maintenance	Engine Lubrication Refrigeration system Filters Oiling Auxiliary belts and tensioners
Road safety maintenance	Steering system Brake system Dashboard (including speedometer, tachometer, and horn) Articulation bellow Tires Liquid or hydrocarbon leakage verification
Technical and Environmental Safety Maintenance	Compressed air and suspension system Electronic and electric systems Driving assembly Fuel and injection system Verification of opacity and noise emissions Post-combustion systems
Bodywork Maintenance	

Interior Bodywork	Operation and safety of service doors (including bells to request stops) Safety components (extinguisher, first aid kit, emergency window hammers, and emergency exits) Driver seat (including safety belt) Passenger seats Space for wheelchairs (including safety belt) Handles, handrails, and straps Lights and inner mirrors Articulation bellow Transit spaces (including the aisle, steps, floor, and ceiling) Access ramp or lift for users with reduced mobility Cases for electronic equipment, door system, and electric system.
Exterior Bodywork	External Lights Front and back bumpers Condition of the windshield, rear window, and side windows Operation of the windshield wipers External Mirrors Electronic information displays
Conservation	Verification of cutting, protruding, or detached items State of interior signs and paint in accordance with the Graphic Standards Manual Interior and exterior cleanliness (including graffiti)

During the first year of the license, the AMP must be created considering what is indicated in the Guidelines on Maintenance from the vehicle manufacturer, if it were designed as an integral unit, or the Guidelines on Maintenance from the chassis manufacturer and the bodywork manufacturer in the case of buses with a design and construction that were carried out separately. In the exceptional case of buses without maintenance guidelines from the manufacturer, the Licensee must make them for these, using and attaching maintenance guidelines provided for buses with similar features or those that resemble them the most.

Beginning in the second year of the license, the licensee must create an AMP which includes maintenance practices focused on the operational reliability of the fleet, identifying and clearly mentioning the changes in frequencies, procedure, or other elements that may have been deemed as necessary to carry out in relation to the AMP from the previous year.

Any variation that may be caused by the elimination of the minimum requirements stipulated for the creation of the AMP must be approved by the DTPM, and the licensee must attach the supporting technical documentation that justifies its modification or adjustment.

Nonetheless, the AMP that the Licensee submits to the DTPM must be approved and certified by the manufacturer(s) of the vehicle, thereby attaching a letter, document, or declaration from the manufacturer or representative of the brand which accounts for the fact that the AMP proposed by the licensee is adjusted to the Maintenance Guidelines required for the vehicle and which include maintenance considerations focused on reliability.

The Licensee must submit the AMP certified by the manufacturer no later than on the last business day of November each year, and it shall contain the planning corresponding to the next year. Notwithstanding the foregoing, for the first year of license, the AMP must be submitted within a maximum time frame of thirty (30) days from the commissioning of the services.

3. Quality Assurance of the Maintenance System

The licensee must execute and maintain planned and systematic actions, maintenance procedures and resources that guarantee the execution and quality of the maintenance works that were promised in the AMP throughout the entire validity of their license, and through the implementation of a Maintenance Quality Assurance System (MQAS – SACM as per Spanish acronym).

The Licensee must submit an MQAS to the DTPM, whose construction scheme must be based on the valid international quality standard ISO 9001 at the time of its application. This System must at least contain the standardized maintenance procedures, the measurement and monitoring mechanism, the physical resources, and the human resources duly trained in management and technical skills, according to the bus typology of the licensee.

The Licensee must confirm that the MQAS is certified under the aforementioned standard and maintain this condition throughout the license period. To verify this, the Licensee shall submit the Certificates and Audit Reports which account for the required certifications and the details pertaining to the activities and/or processes declared in *Conformity* and *Nonconformity*, no later than thirty (30) days after twelve (12) months have passed since the Commissioning of the Services, as well as the legalized copy of the certificate that confirms the certifying company is currently accredited at the National Standardization Institute. For the following years, the aforementioned information must be submitted on the last business day of November of each year until the end of the contract.

4. Complementary audits

The licensee must consider at least one external audit at their expense, in addition to those already indicated in this section, certifying and informing the Ministry that the maintenance of the bus fleet was carried out in conformity with the AMP and the MQAS submitted by the Licensee. These audits must be carried out each year of the license after eighteen (18) months have passed from the Commissioning of the Services.

These complementary audits must be executed by a company different from the one certifying and auditing the Maintenance Plans and Quality Assurance Systems.

The licensee must instruct the company conducting the Audit to submit a copy of the audit report corresponding to the company's annual review to the DTPM no later than the last business day of May of each year.

The selected company must accredit a minimum experience of five (5) years on the certification of the quality standards, and at least two (2) years on the workshop and vehicle maintenance process certification.

The Licensee must previously inform of the dates established for performing these audits, and the DTPM may reserve the right to attend these audits and/or perform other audits at its expense if they were deemed necessary to verify the compliance of the demanded vehicle maintenance requirements.

Alternatively, for the case of vehicles that may be acquired under a provision contract that was accepted and approved by the MTT, the licensee may submit to the DTPM the quarterly certifications referred in the License Contract regarding the bodywork and chassis, performed

by the bus manufacturer. These certifications shall be delivered no later than thirty (30) days from their issuing.

5. Verification of Maintenance Compliance

The Licensee must send the copies of the certifications, audit reports, and accreditation of required experience to the DTPM through optic media in the terms indicated for this purpose in each of the preceding points.

xv) Auditing and Penalties

If there is confirmation that compliance of the requirements has not been observed, the corresponding penalties shall be applied, according to what is indicated in the license contract.

xvi) Mitigation of Incidents due to Mechanical Failures

If any vehicle of the fleet were to present a mechanical failure that hinders it from transiting once it is already in service, the Licensee must remove the vehicle within a reasonable period, both efficiently and in a timely manner, in order to reduce the obstruction of traffic on the public road. The service for removing the vehicle may be managed internally by the Licensee or be subcontracted to third parties.

Incidents involving vehicles stopped on the public road due to mechanical failures that are not dealt with in a reasonable time frame shall be penalized in accordance with what is indicated in the license contract. The foregoing, notwithstanding the deductions that could apply pursuant to the quality assurance mechanisms considered in the Contract.

xvii) Review of the Technical Conditions of the Vehicles

The DTPM may request the review of the technical conditions of the buses in the 3CV of a random sample no greater than 3% of the fleet per quarter, throughout the validity term of the license contract. With this objective in mind, it may also instruct its staff or designate third parties to support the undertaking of this labor.

This requirement shall be done while minimizing the effects on regular operation of the maintenance services and activities of the Licensee.

xviii) Energy Efficiency

The new buses comprising the fleet of the Licensee that request their first registration in the RNSTP must inform the DTPM of the energy performance of the configuration of the engine and size of the bus, in kilometers per liter (Km/lt) when this pertains to a diesel vehicle or in its equivalent if the propulsion technology is something other than this fuel.

To accredit the energy performance of a new vehicle, the licensee must at least comply with one of the methodologies indicated below, which shall comprise the vehicle certification before the 3CV:

- Through the test cycles of harmonized driving at a world harmonized transient conditions (world harmonized transient cycle or WHTC), and of stationary conditions (world harmonized stationary cycle or WHSC), while also addressing the fuel consumption obtained over measurements conducted on the vehicle as an integral unit (chassis and bodywork) under a driving cycle when this pertains to vehicles that comply with an emission standard Euro VI - EPA 2010 or higher. The aforementioned must be accredited through a technical report issued by an agency or independent laboratory that applies the procedures and criteria stipulated by Regulation (EC) No. 595/2009 from the European Parliament and Council.

- That consumption must be accredited through measurements performed on the vehicle as an integral unit (chassis and bodywork) under a driving cycle that represents the operating conditions of the System and whose features and measurement methodologies shall be determined by the Ministry of Transport and Telecommunications.

The minimum technical requirements described above may be amended throughout the validity of the Contract once the licensee has been informed of this.

The energy efficiency information of the new buses registered in the RNTSP shall comprise a Baseline of Energy Requirements (LBRE as per Spanish Acronym), according to the modality of accreditation for the entire System and whose content detailed below may be requested from the DTPM.

d) Fleet:

- i) **Periodic Review of the Requirements of the Fleet.** The Licensee and the DTPM must conduct a joint review at least once a year of the fleet requirements and accommodations for the following year and/or the remaining period of the license. It must be determined in this review if changes are required to be done on the Base Operating Fleet and Reserve as a result of:

- Buses reaching the end of their service life, according to the criteria stipulated in the Contract, or
- Requirements pertaining to the increase or decrease of the Base Operating Fleet and/or Reserve.

Through the Contract Manager, the DTPM shall notify the time of performance of the minimum annual review, notwithstanding the fact that there may be other instances for review such as the creation of an Operation Program.

Notwithstanding the foregoing, the Licensee may replace buses that are not in operating conditions at any time due to reasons of force majeure, to maintain the number of buses and the transport capacity of the Base and Reserve Operating Fleets. These required replacements due to force majeure must be reported in a timely manner to the DTPM.

Considerations that must be considered when defining a change in the fleet are described in the following sections.

- ii) **Average Age Profile of the Fleet.** At the beginning of the provision of the services, an average age profile of the fleet shall be defined which shall be built based on the time each bus has been in the Base Operating Fleet and Reserve according to the following equation:

$$EPF_t = \frac{\sum_b (e_{b,t})}{Nb}$$

Where,

- EPF_t : Average age of the fleet calculated at year t .
- $e_{b,t}$: Age of bus b calculated at year t , understood as the years passed from its manufacturing until the year t (included), pursuant to the observation in the Motor Vehicle Registrar.
- Nb : Number of buses in the licensee's fleet that are duly subscribed in the RNSTP.

In accordance with what is required in the Tender Conditions, at the beginning of the license, the average age of the licensee's fleet shall not exceed a maximum of 5 years, and no vehicle that comprises part of their fleet may be older than 7 years since the time of manufacturing on the date of submission of the proposal (manufacturing year since 2010).

During the license period, all buses being introduced in the Base, Reserve or Auxiliary Operating Fleets shall not be older than the average age of the fleet (EPF as per Spanish acronym) at the time of subscription in the RNSTP.

Notwithstanding the foregoing, the Ministry may authorize the introduction of buses that exceed the average fleet age to safeguard the continuity of the service.

iii) **Replacement or Renewal.** To the extent that the buses of the Operating, Reserve, and Auxiliary Fleet are complying with their service life, or beforehand if the Licensee deems it necessary, they should be replaced by vehicles that meet the following conditions:

- More recent or similar to the average age of the fleet at the time of registration in the RNSTP.
- Propulsion technology that complies with emissions standards equal to or greater than that of the substituted vehicle, in order to guarantee that the levels of gas emissions of the fleet do not increase.
- Transport capacity and typology that is similar to the substituted vehicle, in order to maintain the transport supply.

Notwithstanding the foregoing, through the Contract Manger, the Ministry may authorize the introduction of buses that do not meet all or part of these conditions in order to safeguard the continuity of the service.

If a bus is required to be removed from the fleet due to its age during the annual joint review between the Licensee and the DTPM, at least three possible cases must be identified:

- The removed bus needs to be replaced by a vehicle with similar transport capacity.
- The removed bus needs to be replaced by a vehicle with a different transport capacity, due to changes in the Operation Program or other well-founded reasons.
- The removed bus does not need to be replaced due to decreases in the supply stipulated in the Operation Programs or other well-founded reasons.

The replacements or decreases of vehicles due to the end of their service life for which the MTT is responsible shall not result in adjustments in the payments to the Licensee.

iv) **Expansion of the Fleet.** During the joint review between the Licensee and the Ministry, it shall be determined whether there is a need to increase the fleet due to new service requirements, an increase in the supply stipulated in the Operation Programs, or other well-founded reasons.

In the event the Ministry determines the expansion of the Base Operating Fleet is required, it must define the number of additional buses required and their corresponding transport capacity, according to the needs emanating from the current Operation Program and the modifications required to be implemented. In such a case, the licensee must increase the bus fleet under the terms mandated by the Ministry, while fulfilling the average age, typology, capacity, and emission standard indicated by the Contract Manager.

If an increase of up to five percent (5%) in relation to the total accommodations of the initial Base Operating Fleet is required, this increase shall not result in adjustments of Revenues. Increase requirements of the fleet that are greater than this maximum indicated percentage shall be resolved in the instances of review of the license contract, in which case it shall be appropriate to only increase the amount received by the licensee for PCF, for those buses that are required over the indicated five percent (5%).

11. Technological Equipment and Features of the Electronic Access System and Fleet Operation Support System.

Operation of the System requires the operational, technological, financial, and fare integration of the different participants involved, as well as automated management and information tools that allow for the improvement of the quality of services offered to users.

Thus, it is a requirement to have, at least, two types of technological services:

- The service of the Electronic Access System which, among its features, includes the on-board validation of the buses and the recording of the transactions that will subsequently be distributed among the transport operators to determine the payment of their services; and
- The services of the Fleet Operation Support System tasked with capturing, processing, and concentrating the operational information coming from the buses that comprise the fleet of the transport operators.

11.1. Provision of Technological Services

The provision of the previously described services shall temporarily continue to be carried out pursuant to the service rules and conditions defined under the current scheme of Complementary Services, in order to ensure a gradual and successful transition of the transport services to the new model of complementary services defined by the Ministry, for which new contracts will be signed.

Thus, the services shall consider the following:

- a) Services of the Electronic Access System on board the buses:
 - At least two validation machines for the means of access and other complementary items such as stoplights that allow for the inspection of the validation.
 - At least one computer on board of each bus for sending and processing the transactions generated by the means of access.
 - Wireless communication systems that allow the exchange of data to perform the downloading of validations, technical transactions, the updating of the equipment on board and loading of dissemination tables of black lists, white list, or others.
 - Antennas, wiring, and connectors for enabling the necessary communication inside the bus

- and with central systems.
- Other items that enable setting up or topping up the means of access by the users.

b) Fleet Operation Support Systems:

- Wireless communication systems that allow to send the information captured by the sensors and the boarded equipment, receiving information from the central systems such as the downloading of relevant data for operation, updating of the equipment, and information intended for the driver or passengers.
- Communication system between the driver and the defined control centers.
- Antennas and necessary equipment for enabling communication with the central systems.
- At least one computer on board each bus for storing, processing, and sending the information captured and generated on board.
- Sensors allowing the capture of information such as positioning data of the bus or other data of interest for the fulfillment of the fleet operation support systems.
- A console or similar device enabling the information to be displayed for the driver and the entry of data and configuration variables, such as the identification of the driver, assignment or load of the service and direction, and other data for the proper operation of the services.

11.2. Adjustments of Complementary Services

The adjustments undergone by the complementary services after the commissioning of the new service scheme shall consider the obligation of the transport operator to enter the contracts that may be necessary for the provision, maintenance, and replacement of the equipment and technological services indicated by the Ministry.

Likewise, the new model of complementary services shall consider the following obligations under the realm of responsibilities transport operator:

a) Staff hired by the Licensee for the driving and operation of the buses and transport service:

- Operation of the console or other devices for the entry of operational information on board the bus.
- Load of the service and the direction.
- Possible route initializations and closings.
- Input of information for the management of in-road reports or message sending.
- Review of the messages received.
- Verification of the proper allocation of buses and drivers according to what is stipulated in the service programming.
- Verification of proper allocation of the service and direction or *service in transit*, on the information panels on the exterior of the bus.
- Verification of proper operation of the validation devices before the bus begins the road.
- Notification to the supplier of the technological services of the anomalies detected in the equipment, services, and information provided by the system in the stipulated time frames and manner.
- Set up of parameters, users, permits, and inherent alarms of its operation according to the user's manual of the support services to exploitation of the fleet.

- Reporting incidents in any of the features provided by the Support Services to the exploitation, and collaborating and verifying the resolution of these incidents.
- Report of deficiencies detected in the map information and geo-referencing of items in the transport network.
- Load of information related to the fleets belonging to the transport operator.

b) By the Licensee:

- Granting of access for downloading information recorded on the validation machines.
- Granting of access and physical space in Vehicle Depots, in Bus Terminals, and on the buses for the Technological Service Operator to perform the necessary installations which allow the technological systems to operate, as well as giving coordination and access facilities for them to perform activities related to corrective and preventive maintenance.
- Granting of installation and electric supplies in the vehicles and terminals, that allow the operation of the equipment to be installed, as well as to allow the introduction of service data antennas into terminals, offices, and depots.
- Disposition of staff to perform the movement of a bus within the terminal and to grant access to all areas of the bus where the Technological Service Provider must operate (racks, battery compartment, etc.).
- Verification of the execution of the preventative and/or corrective maintenance actions and proper operation of the service that received the actions.
- Possibility for the staff to receive necessary training for the operation and minimum care of the equipment they will operate.
- Distribution of operational manuals about on-board equipment of the bus to their staff, as well as any other equipment provided by the Complementary Service Provider.
- Collaboration with the Complementary Service Provider delivering the information and support by their staff throughout the execution of tasks related to development, implementation, transition, and completion of the services throughout the validity of the contract.
- Safeguarding of the proper use of all devices and technological systems, such as the devices on board the buses and those that will be installed on their premises.
- Adoption of safety and precautionary measures with the technological equipment installed on the buses, at the terminals, and in their facilities. Responsibility for the equipment under their custody.
- Responsibility for damages, theft, vandalism, interventions of unauthorized third parties, and improper use of the equipment.
- Maintenance of the components that enrich the information from the fleet management systems, such as odometers.

12. Quality Assurance in the Execution of Services.

The Licensee Company is responsible for the quality of the provision of the transport service, and throughout the validity of the period must safeguard the assurance of this quality.

This section considers the mechanisms for safeguarding the proper execution of the Operation Program and it also sets forth quality indicators in the service provided to the users, the condition of the vehicles, and a bonus system for good performance of the Licensee.

12.1. Indicator of the Level of Regularity Compliance

The Regularity Compliance Indicator (ICR) seeks to ensure that user waiting times are not affected due to irregularity in the times between buses, or the unpunctuality of services. For these purposes, the regularity performance of the operation of all services-directions-periods during all days of the month shall be measured; and based on their results, the level of compliance of the service and the corresponding incentives and deductions shall be determined.

Two types of indicators are established which shall be applied according to the criteria defined in this document and which, to this effect, shall be indicated for each service-direction-period in the corresponding Operation Program:

- i) ICR-E: Regularity Compliance Indicator according to excess waiting time.
- ii) ICR-P: Regularity Compliance Indicator according to punctuality in road.

The ICR-E indicator shall be measured and applied in all the services-directions-periods, except in those services-directions-periods in which the Operation Program indicates that the ICR-P indicator will be measured and applied.

The ICR-P indicator may be applied to the service-direction-period where all the necessary conditions are met for the publication of timetables, which shall be defined in a procedure reported by the DTPM which must at least consider variables such as speed, and a frequency less than or equal to 6 buses per hour, among other things. The ICR-P shall initially be applied to the services indicated in the initial Operation Program.

It is important to highlight that the services-directions-periods to be measured and to which the ICR-P will be applied may change during the license, according to what is defined by the DTPM. Nonetheless, the occupants-kilometer associated with the services-directions-periods that are changed from ICR-E to ICR-P shall not exceed 5% a year in relation to the total occupants-kilometer from the Operation Program from the Regular Season, unless there is a prior agreement between the parties. Furthermore, the services-directions-periods of the ICR-E shall not be changed to ICR-P during the first year of license, unless prior agreement between the parties exist, or the services-directions-periods correspond to night time periods.

For the purposes of the calculation of the regularity indicators, it is worth specifying that each service-direction-period shall be measured by only one indicator. This, with the exception that in the first and last dispatches of each operation timeslot of the service-direction defined in the Operation Program the ICR-P indicator shall also be applied at its first checkpoint. In this case, for the purposes of calculating incentives and deductions, it shall be considered that those prices (from the start and finish of each operation timeslot) are measured for both.

The objective and procedure associated to each of the indicators are detailed in the following sections.

a) Common Basis for the Formulation of the Regularity Indicators

The formulation basis described below shall be applied for the measurement of performance of any of the regularity indicators (ICR-E and ICR-P):

i) Checkpoints

For each service-direction j , a set of checkpoints is defined where the moments buses pass will be recorded, which will determine intervals between them. Each of these checkpoints i shall be identified as $c_{i,j}$, and C_j is the total number of checkpoints for a service-direction j .

For these purposes, the DTPM shall consider at least one checkpoint at the start of each service-direction, an intermediate checkpoint on the road and a checkpoint close to the end of the road. This measurement shall be separate from the mechanisms used by the DTPM to establish when there is a valid trip.

Depending on what is allowed by the technological conditions of measurements, and the operating conditions recommend as such, the DTPM may increase these checkpoints, thereby reporting this situation through the Official Notice. The number and location of these checkpoints may differ between periods for each service-direction j .

ii) Measurement Periods

In terms of the measurement of the indicators of compliance of regularity, *periods* shall be understood as the minimum basic unit of time: half-an-hour, understood as a 30-minute lapse, which can be grouped or ungrouped.

b) Regularity Indicator According to Excess Waiting Time (ICR-E)

The ICR-E indicator aims to prevent too large intervals from being produced, or that these differ in excess from one another, so the waiting times for users are as short as possible. Thus, the scheduled and observed intervals must be identified in accordance with what is indicated below:

i) Scheduled Intervals

According to what is established in the Operation Program of a service-direction j in a period p , buses must depart to transit in the starting point of the road in the moments g (expressed in hours and minutes) $g_{j,p}^{1,prog}, g_{j,p}^{2,prog} \dots g_{j,p}^{L_{j,p},prog}$, where $L_{j,p}$ corresponds to the total scheduled dispatches for the service-direction j in period p .

Scheduled Intervals associated with the service-direction j in period p ($I_{j,p}^{1,prog}$) are defined as:

$$\begin{aligned}
 I_{j,p}^{1,prog} &= g_{j,p}^{2,prog} - g_{j,p}^{1,prog} \\
 I_{j,p}^{2,prog} &= g_{j,p}^{3,prog} - g_{j,p}^{2,prog} \\
 &\dots \\
 I_{j,p}^{l,prog} &= g_{j,p}^{l+1,prog} - g_{j,p}^{l,prog} \\
 &\dots \\
 I_{j,p}^{L_{j,p},prog} &= g_{j,p+1}^{1,prog} - g_{j,p}^{L_{j,p},prog}
 \end{aligned}$$

If in the period after the measurement period p (meaning, the period $p+1$ that may belong to day d or $d+1$) there is no operation program, the last scheduled dispatch from the period

p shall not initiate a scheduled interval and, as a result, there shall be $L_{j,p} - 1$ scheduled intervals for the period p .

It is worth mentioning that the lapse of time between the scheduled dispatch that concludes a scheduled segment of operation and the following scheduled dispatch that defines the start of the next scheduled segment of operation shall not be considered as a scheduled interval.

ii) Observed Intervals

On the other hand, the real operation of a service-direction j shall be observed in each period p and day d at a checkpoint $c_{i,j}$ and the moments g that buses pass shall be recorded (expressed in hours and minutes) $g_{j,p,d}^{1,obs}(c_{i,j}), g_{j,p,d}^{2,obs}(c_{i,j}) \dots g_{j,p,d}^{M_{j,p,d}(c_{i,j}),obs}(c_{i,j})$ where $M_{j,p,d}(c_{i,j})$ it corresponds to total valid trips that are recorded at the checkpoint $c_{i,j}$ for the service-direction j and which are considered dispatched in the period p and day d after having applied the potential border corrections of the periods referred in point 5.3.5.1.5 of the License Contract.

It is worth highlighting that there will be two possible moments g of passing, for the arrival and departure, which are respectively considered as the first and last available information on position. The aforementioned excepting when the checkpoint corresponds to the end of the service-direction, in which case the first available information on position shall always be considered. Furthermore, the non-scheduled dispatches approved by the DTPM shall be considered in $M_{j,p,d}(c_{i,j})$ which are recorded at the checkpoint $c_{i,j}$ for the service-direction j , and which are considered as dispatched in the period p and day d . It is worth mentioning that these non-scheduled dispatches, approved by the DTPM, might not pass all checkpoints of the service-direction, and in this case, the moments of passing g would only be recorded for some of them.

The intervals observed in the service-direction j , period p and day d are defined at a checkpoint $c_{i,j}$ ($I_{j,p,d}^{l,obs}(c_{i,j})$) as:

$$\begin{aligned}
 I_{j,p,d}^{1,obs}(c_{i,j}) &= g_{j,p,d}^{2,obs}(c_{i,j}) - g_{j,p,d}^{1,obs}(c_{i,j}) \\
 I_{j,p,d}^{2,obs}(c_{i,j}) &= g_{j,p,d}^{3,obs}(c_{i,j}) - g_{j,p,d}^{2,obs}(c_{i,j}) \\
 &\dots \\
 I_{j,p,d}^{l,obs}(c_{i,j}) &= g_{j,p,d}^{l+1,obs}(c_{i,j}) - g_{j,p,d}^{l,obs}(c_{i,j}) \\
 &\dots \\
 I_{j,p,d}^{M_{j,p,d,obs}(c_{i,j})}(c_{i,j}) &= g_{j,p,d}^{1,obs}(c_{i,j}) - g_{j,p,d}^{M_{j,p,d,obs}(c_{i,j})}(c_{i,j})
 \end{aligned}$$

If in the period after the measurement period p (meaning, the period $p+1$ that may belong to day d or $d+1$) there is no operation program, the last recording moment of passing from the period p shall not initiate an observed interval and, as a result, there shall be $M_{j,p,d} - 1$ observed intervals for the period p in day d .

It is worth mentioning that the lapse of time between the observed dispatch that concludes a scheduled segment of operation and the following observed dispatch which defines the start of the next scheduled segment of operation shall not be considered as an observed interval.

The observed intervals shall be calculated only based on those valid trips dispatched within the scheduled segments of operation of the service defined in the Operation Program, plus a gap of X minutes in terms of the dispatch schedules of the first dispatch (id) and the last dispatch (ld) of the scheduled segment of operation. Thus, for the calculation of the observed intervals, only those validly dispatched dispatches shall be considered in the context of each scheduled segment of operation considering a gap. In other words, the schedule lapse determined by [id - X; ld + X]. Initially, X=5 minutes shall be considered, which may be modified by the DTPM at their discretion when the technological conditions of measurement and the operating conditions recommend as such.

iii) Calculation of the Indicator

The moments of passing corresponding to the period p and day d (meaning, the set $g_{j,p,d}^{1,obs}, g_{j,p,d}^{2,obs} \dots g_{j,p,d}^{M_{j,p,d,obs}}$) do not necessarily have to be recorded in this period, given the dispatched buses in period p may pass through the checkpoint in a subsequent period, according to what is defined in the Operation Program. The important thing for the ICR-E indicator is that the buses pass through the checkpoint at homogeneous intervals that are consistent with what is stipulated in the Operation Program, and neither the period in which the passing is recorded through the checkpoint nor how long the buses take to arrive there from the heading matter for the sake of the ICR-E calculation. The order in which the buses pass through the checkpoint is not relevant either: it is not necessary for them to pass in the same order in which they were dispatched, thus allowing the Licensee to be able to manage their fleet doing overtaking maneuvers, for example, without this resulting in a worse ICR-E.

In order to do so, first, the scheduled waiting time ($TE_{j,p}^{prog}$) associated with the service-direction j in period p () is defined as:

$$TE_{j,p}^{prog} = \frac{\overline{I_{j,p}^{prog}}}{2} * [1 + (CV_{j,p}^{prog})^2]$$

$$CV_{j,p}^{prog} = \sqrt{\frac{\sum_{i \in L'_{j,p}} \left[\frac{(I_{j,p}^{l,prog} - \overline{I_{j,p}^{prog}})^2}{(\overline{I_{j,p}^{prog}})^2} \right]}{L_{j,p}}}$$

Where,

- $\overline{I_{j,p}^{prog}}$: Average of all scheduled intervals associated with the service-direction j in period p ().
- $L'_{j,p}$: Set of intervals associated with the service-direction j in period p.
- $L_{j,p}$: Number of intervals associated with the service-direction j in period p.

Secondly, the **observed waiting time** ($TE_{j,p,d}^{obs}(c_{i,j})$) associated with the service-direction j in period p, day d and checkpoint C_{i,j} is defined as:

$$TE_{j,p,d}^{obs}(c_{i,j}) = \frac{\overline{I_{j,p,d}^{obs}(c_{i,j})}}{2} * [1 + (CV_{j,p,d}^{obs}(c_{i,j}))^2]$$

$$CV_{j,p,d}^{obs}(c_{i,j}) = \sqrt{\frac{\sum_{l \in M'_{j,p,d}(c_{i,j})} \left[\frac{(I_{j,p,d}^{l,obs}(c_{i,j}) - \overline{I_{j,p,d}^{obs}(c_{i,j})})^2}{(\overline{I_{j,p,d}^{obs}(c_{i,j})})^2} \right]}{M_{j,p,d}(c_{i,j})}}$$

Where,

$\overline{I_{j,p,d}^{obs}(c_{i,j})}$: Average of all observed intervals associated with the service-direction j in period p at checkpoint $C_{i,j}$, for day d .

$M'_{j,p,d}(c_{i,j})$: Set of all observed intervals associated with the service-direction j in period p and day d at checkpoint $C_{i,j}$.

$M_{j,p,d}(c_{i,j})$: Number of all observed intervals associated with the service-direction j in period p and day d at checkpoint $C_{i,j}$.

Considering the aforementioned, the **excess waiting time** ($TEE_{j,p,d}(c_{i,j})$) associated with the service-direction j in period p , day d and checkpoint $c_{i,j}$ is defined as:

$$TEE_{j,p,d}(c_{i,j}) = \max\{0; TE_{j,p,d}^{obs}(c_{i,j}) - TE_{j,p}^{prog}\}.$$

The value of the excess waiting time in each service-direction-period-day ($TEE_{j,p,d}$) shall correspond to the weighed average of the excess waiting times observed at each checkpoint, meaning:

$$TEE_{j,p,d} = \frac{\sum_i (w_{i,j} * TEE_{j,p,d}(c_{i,j}))}{\sum_i w_{i,j}}$$

Where,

$w_{i,j}$: Weighting from the checkpoint $c_{i,j}$

These weights shall not increase along the road, meaning the first group of checkpoints would always weigh more or the same as the following, and so on, throughout the validity of the license.

The weightings w_i , shall be grouped into three groups, with a third of them in each group, according to their position on the road from the dispatch, which shall be named initial weightings, intermediate weightings, and final weightings. The first two years of the license, the sum of the initial weightings should not be less than half of $\sum w_{i,j}$ of the specific service-direction, while the final weightings shall not weigh more than a sixth of the total of the same checkpoints for the same service-direction. The following two years, meaning the third and fourth years of the license, the sum of the final weightings should not be greater than a fifth of $\sum w_i$ of the service-direction. Subsequently, there shall not be any restrictions on weighting at the checkpoints, except for when they are non-increasing along the road. Thus, the excess waiting time percentage for the service-direction j in period p and day d is defined as:

$$TEE\%_{j,p,d} = \frac{TEE_{j,p,d}}{TE_{j,p}^{prog}}$$

On the other hand, the resulting waiting time for the Business Unit for the Measurement Period T will be:

$$ICR E_T = \frac{\sum_{j,p,d} d_p * TEE\%_{j,p,d}}{\sum_{j,p,d} d_{p,d}}$$

Where,

j,p,d : Set of service-direction-period-day to which the $ICR-E$ measurement corresponds, during the measurement period T .

d_p : Period p duration.

iv) Service Families

When determined by the DTPM, two or more service-direction operated by the Licensee may be joint in a service family, provided they are services with related layouts and the operating conditions warrants so. For instance, a family may be conformed between a regular service and its short equivalent or service variants. In no case, regular services may conform a family with express services nor with scheduled dispatches.

In these cases, the service family will be divided in operation segments, according to the number of services of the family pass through each of the corresponding checkpoints.

This way, in the segments where only one service of the family operates, the scheduled

intervals ($I_{j,p}^{l,prog}$) will be the ones defined for that service. On the other hand, in shared segments, the scheduled intervals will be built considering the expected interval between dispatches of all services-directions comprising the family passing through them. The foregoing implies a family of services may have different $TE_{j,p}^{prog}$ for the different operating segments.

In the checkpoints corresponding to segments where only one service of the family operates, the observed intervals ($I_{j,p,d}^{l,obs}(C_{i,j})$) will be built taking in mind dispatches for that service. On the other hand, in checkpoints corresponding to shared segments, the observed intervals will be build considering the dispatches of all services-directions comprising the family passing through them.

Likewise, for this indicator purposes, the regularity performance for each individual service-direction will not be considered, but each family of services will be treated as a single service-direction j .

For that, their checkpoint weight will be determined adding the weights of the services comprising them, accordingly. That is, in the checkpoints corresponding to segments where only one service operates, w_i , weights will be equal to that service weight. On the other hand, the checkpoints corresponding to shared segments, w_i , will be the sum of the weights from all services-directions corresponding to the family passing through them. In these cases, the previous calculations may imply that the weight of the family j are increasing along the road, leaving without effect the regular restriction that they are non-increasing.

v) Incentives or Discounts per ICR-E

Incentives and discounts associated to this indicator ($ID\%_T^{ICR-E}$) for the business unit for the measurement period T , will be the following.

If

$$\begin{aligned}
 ICR E_T \leq X_{E1} &\rightarrow ID\%_T^{ICR-E} = A_{ICR} \\
 \text{If } X_{E1} < ICR E_T \leq X_{E2} &\rightarrow ID\%_T^{ICR-E} = \frac{-A_{ICR}}{X_{E2}-X_{E1}} * (ICR E_T - X_{E1}) + A_{ICR} \\
 \text{If } X_{E2} < ICR E_T \leq X_{E3} &\rightarrow ID\%_T^{ICR-E} = \frac{B_{ICR}}{X_3-X_2} * (ICR E_T - X_{E2}) \\
 \text{If } ICR E_T > X_{E3} &\rightarrow ID\%_T^{ICR-E} = B_{ICR}
 \end{aligned}$$

Where,

A_{ICR} : Maximum incentive per ICR-E, in terms of base revenue percentage.

B_{ICR} : Maximum discount per ICR-E, in terms of base revenue percentage.

X_{E1} : ICR E_T Value from which the maximum incentive is obtained.

X_{E2} : ICR E_T Value where incentives are changed to discounts.

X_{E3} : ICR E_T Value from which the maximum discount is obtained.

Initial values for A_{ICR} , B_{ICR} , X_{E1} , X_{E2} y X_{E3} , will be established in the technical sheet.

In order to illustrate these criteria, incentives and discounts associated to this indicator are graphically presented, as a mere reference, in the Figure below.

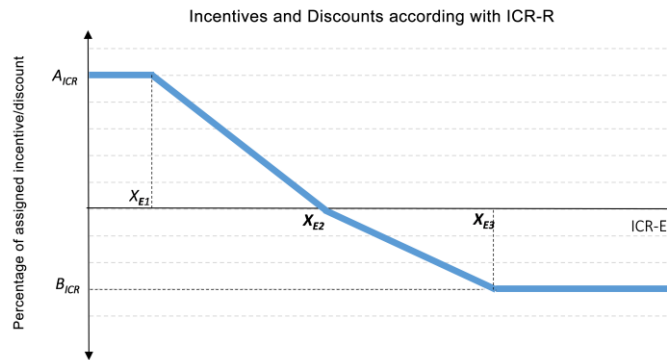


Figure: Payment curve (incentive/discount) associated to the ICR-E indicator.

The compliance of a service-direction-month shall be evaluated according to the following formula:

$$TEE_{j,T} = \frac{\sum_{p,d} d_p * TEE_{j,p,d}}{\sum_{p,d} d_p}$$

Where,

p,d : Set of periods-days for which the ICR-E measurement, for the service-direction j , during the measurement period T corresponds.

j,p,d : Set of services-directions-periods-days for which the ICR-E measurement, during the measurement period T corresponds.

c) Indicator of regularity according to punctuality in road (ICR-P)

Through the ICR-P indicator, the safeguarding punctuality in service provision regarding the timetable reported to users is sought, in the services-directions-periods where it is feasible and the Ministry determines to communicate bus stop timetables to users.

For the ICR-P measurement, a road checkpoint timetable will be initially determined. Then, the effective checkpoint time for each dispatch will be compared per each checkpoint, establishing

asymmetrical allowances between advanced times and delayed times. The scheduled moments $g_{j,b}^{l,prog_salida}(c_{i,j})$ and $g_{j,b}^{l,prog_llegada}(c_{i,j})$ will be those defined by the Operation Program per each scheduled dispatch b in the service-direction j , in the checkpoint $C_{i,j}$.

In order to determine the $g_{j,p}^{l,obs}(c_{i,j})$ observed pass times and to calculate the effective offset, the first positioning information available for the arrival and the last positioning information available for departure will be considered for each dispatch in each checkpoint, except when the checkpoint is the end of the service-direction, in which case the first available positioning information (first GPS data emission) will be considered.

The **effective departure offset** $d_b(c_{i,j}^{SALIDA})$ is defined for a $g_{j,b}^{l,obs}(c_{i,j})$ pass time for a scheduled dispatch b in the service-direction j in the checkpoint $C_{i,j}$ as:

- $d_b(c_{i,j}^{SALIDA}) = 0$, if there is a dispatch whose observed pass time $g_{j,b}^{l,obs}(c_{i,j})$ is within the interval $\{g_{j,b}^{l,prog_salida}(c_{i,j}) - Q_1; g_{j,b}^{l,prog_salida}(c_{i,j}) + Q_2\}$
- If there is no dispatch whose observe pass time $g_{j,b}^{l,obs}(c_{i,j})$ is within the interval $\{g_{j,b}^{l,prog_salida}(c_{i,j}) - Q_1; g_{j,b}^{l,prog_salida}(c_{i,j}) + Q_2\}$, $d_b(c_{i,j}^{SALIDA})$ it will be the difference (in minutes) between $g_{j,b}^{l,prog_salida}(c_{i,j}) + Q_2$ and the following moment a bus passing through the checkpoint is observed.

Initially, $Q_1 = 1$ minute and $Q_2 = 3$ minutes will be considered. As long as the technological and operational conditions warrants so, the DTPM may modify these values, considering they will be values higher than or equal to zero, and that the addition of the Q_1 and Q_2 parameter values will be between 3 and 4 minutes, that is, $3 \leq Q_1 + Q_2 \leq 4$ and that Q_1 will always be less or equal to Q_2 .

In addition, for those checkpoints requiring synchronizing bus passes from different services, allowing users to have enough time for transfer, both the departure time from the stop as well as the arrival time will be safeguarded. In order to safeguard the departure, the foregoing formula will be used; and for safeguarding the arrival, the following formula will be used:

The **effective arrival offset** $d_b(c_{i,j}^{LLEGADA})$ is defined for a pass time $g_{j,b}^{l,obs}(c_{i,j})$ for a scheduled dispatch b in the service-direction j in the checkpoint $C_{i,j}$ as:

- $d_b(c_{i,j}^{LLEGADA}) = 0$, if there is a dispatch whose observed pass time at the checkpoint arrival $g_{j,b}^{l,obs}(c_{i,j})$ is within the interval $\{g_{j,b}^{l,prog_llegada}(c_{i,j}) - P_{1,j,p}; g_{j,b}^{l,prog_llegada}(c_{i,j}) + P_2\}$

- If there is no dispatch whose observed pass time at the checkpoint arrival $g_{j,b}^{l,obs}(c_{i,j})$ is within the interval $\{g_{j,b}^{l,prog_llegada}(c_{i,j}) - P_{1,j,p}; g_{j,b}^{l,prog_llegada}(c_{i,j}) + P_2\}$, $d_b(c_{i,j}^{LLEGADA})$ will be the difference (in minutes) between $g_{j,b}^{l,prog_llegada}(c_{i,j}) + P_2$ and the following time a bus passing through the checkpoint is observed.

Initially, $P_{1,j,p}$ will be considered as one half the average of intervals of the Operation Program for the service-direction-period and $P_2 = 1$ minute. As long as the technological and operational conditions warrants so, the DTPM may modify these values, considering they will be values higher or equal to zero, and that the addition of the $P_{1,j,p}$ and P_2 parameter values will be higher or equal to one half the scheduled interval average for the direction-period, and that $P_{1,j,p}$ will always be higher than or equal to P_2 .

The offset associated to the scheduled dispatch b of service-direction j is defined as:

$$d_{b,j} = \frac{\sum_{c_{i,j}^{SALIDA}} z_{i,j}^{SALIDA} \times (d_b(c_{i,j}^{SALIDA}))^{1,5} + \sum_{c_{i,j}^{LLEGADA}} z_{i,j}^{LLEGADA} \times (d_b(c_{i,j}^{LLEGADA}))^2}{\sum_i z_{i,j}^{SALIDA} + \sum_i z_{i,j}^{LLEGADA}}$$

If no synchronization is scheduled in a service-direction, the associated offset is defined as:

$$d_{b,j} = \frac{\sum_{c_{i,j}^{SALIDA}} z_{i,j}^{SALIDA} \times (d_b(c_{i,j}^{SALIDA}))^{1,5}}{\sum_i z_{i,j}^{SALIDA}}$$

Where z is the relative weight measurement for each i checkpoint of j service-direction. Initially, all checkpoints will be the same value, equal to 1; nevertheless, in case the Ministry deems it necessary to introduce a different weighting, these weights may have values between 1 and 2. The control weighting change will be notified to the Licensee at least thirty (30) days prior to the adjustment.

The offset associated to a Business Unit will be the sum of the offsets of all dispatches performed:

$$Desfase = \sum_{b,j} d_{b,j}$$

The Ministry may instruct, through the Bus Monitoring Center or some technological system implemented for such purpose, delaying, for good service reasons, the operation of a particular dispatch, in which case the scheduled dispatch b corresponding to this delayed dispatch will be considered as fulfilled in the indicator measurement from the next checkpoint $c_{i,j}$ and until the last service-direction j checkpoint.

The ICR-P indicator calculation is comprised by two stages. The first corresponds to determining the total offset time equivalence, in minutes, in a certain number of offsets fulfilling with punctuality. This equivalence is entitled *Equivalent offset for non-compliance of punctuality*, being appointed as dEq , and it is calculated as follows:

$$dEq = \frac{Desfase}{Q_3}$$

Where

Q_3 : it is a conversion factor between 40 and 60. It will be initially 50. This value will be adjusted by DTPM's own initiative, and notified to the Licensee at least thirty (30) days before the adjustment.

The second stage of the ICR-P indicator calculation corresponds to determining the percentage of situations where punctuality in checkpoint passes is fulfilled, discounting the *equivalent offset for non-compliance of punctuality* (dEq) from them.

For a dispatch b , dispatch punctuality IP_b is defined as:

$$IP_b = \frac{\sum_i z_i \ni d_b(c_{i,j}) = 0}{\sum_i z_i}$$

Then, the ICR- P_T indicator for the measurement period T , for the business unit, is calculated according to the formula below:

$$ICR P_T = \frac{\sum_{b=1}^N IP_b - dEq}{N}$$

Where

- N : is the total number of dispatches from all services-directions-periods subject to ICR-P indicator control.
- $\sum_{b=1}^N IP_b$: is the sum of weighting factors from all checkpoints from all services-directions where offset is equal to zero.
- dEq : It is the equivalent discount for non-compliance of punctuality.

This indicator may be calculated at different aggregation levels, for instance for service-direction-period-day (SSIP), up to business unit level.

Incentives and discounts associated to this indicator ($ID\%_T^{ICR-P}$) for the business unit for the measurement period T , will be the following:

$If \quad ICR P_T \leq X_{P2}$	\rightarrow	$ID\%_T^{ICR-P} = B_{ICR}$
$If \quad X_{P2} < ICR P_T \leq X_{P2}$	\rightarrow	$ID\%_T^{ICR-P} = \frac{B_{ICR}}{X_{P2} - X_{P2}} * (ICR P_T - X_{P2}) + B_{ICR}$
$If \quad X_{P2} < ICR P_T \leq X_{P1}$	\rightarrow	$ID\%_T^{ICR-P} = \frac{A_{ICR}}{X_{P1} - X_{P2}} * (ICR P_T - X_{P2})$
$If \quad ICR P_T > X_{P1}$	\rightarrow	$ID\%_T^{ICR-P} = A_{ICR}$

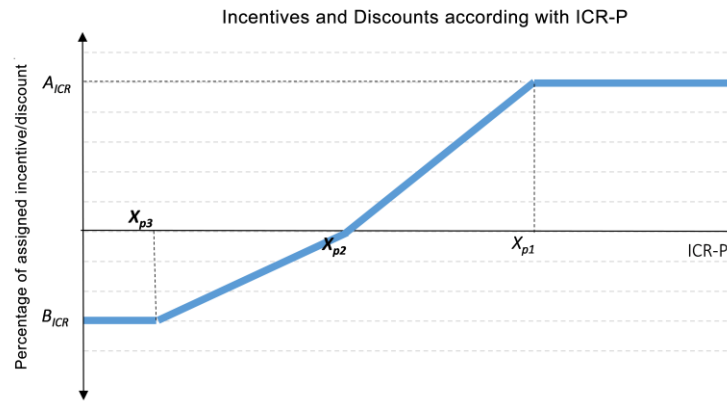
Where,

- A_{ICR} : Maximum incentive per ICR- P_T , in terms of base revenue percentage.
- B_{ICR} : Maximum discount per ICR- P_T , in terms of base revenue percentage.
- X_{P1} : ICR P_T Value from which the maximum incentive is obtained.

X_{P2} : $ICR P_T$ Value where incentives are changed to discounts.
 X_{P3} : $ICR P_T$ Value from which the maximum discount is obtained.

Initial values for A_{ICR} , B_{ICR} , X_{P1} , X_{P2} y X_{P3} , will be established in the Technical Sheet.

In order to help illustrating these criteria, incentives and discounts associated to this indicator are graphically presented, as a mere reference, in the Figure below.



The compliance of a service-direction-month shall be evaluated according to the following formula:

$$ICR P_{j,T} = \frac{\sum_{b=1}^{N_j} IP_{bj} - dEqj}{N_j}$$

- N_j : is the total number of dispatches from service-direction j in the measurement period T , subject to ICR-P indicator control.
- $\sum_{b=1}^N IP_{bj}$: is the sum of weighting factors from all checkpoints of service-direction j in the measurement period T , where offset is equal to zero.
- $dEqj$: It is the equivalent discount of service-direction j in the measurement period T , for non-compliance of punctuality.

d) Regularity Indicator Calculation (ICR)

The final incentive or discount result, accordingly, for regularity ($ID\%_T^{ICR}$) will be calculated as a weighted average of percentages obtained according to their performance in the ICRP-P and ICR-E indicator, according to the formula below:

$$ID\%_T^{ICR} = (1 - \beta_{ICRP}) * ID\%_T^{ICR-E} + \beta_{ICRP} * ID\%_T^{ICR-P}$$

Where,

- $ID\%_T^{ICR}$: Revenue and/or discount percentage per ICR indicator, for the Business Unit, in the measurement period T .
- β_{ICRP} : Total SSPD proportion with ICR-P indicator divided by the total SSPD of the Business Unit. It is worth noting that those SSPD measured by both indicators are accounted for the β_{ICRP} calculation, as 0.5 per each SSPD in this condition.

12.2. Non-Compliance of Stops in Bus Stops (IDP)

In order to seek the proper transportation service provision, the DTPM will supervise transport service stops in bus stops, verifying that buses stop when requested by one or more users willing to step on the bus and the vehicle has available transportation capacity.

Proper stop will be understood as those cases where the driver stops the bus in the corresponding bus stop, open the doors and waits for users requiring the service to step on the bus. Each event where a user requested the bus to stop and those criteria were not fulfilled will be considered as Non-Compliance of Stops in Bus Stops (IDP).

It will not be considered as a Non-Compliance of Stops in Bus Stops if the bus does not stop because there is no room for more passengers, pre-assumption that will be qualified by the Ministry through personnel from the National Inspection Program from the Undersecretary of Transport or through inspectors.

Every time a Non-Compliance of Stops in Bus Stops is detected, a $\frac{700 \text{ UF}}{f_{SSP}}$ discount will be applied, being f_{SSP} the scheduled frequency of the direction-period service where the Non-Fulfillment of Stops in Bus Stops was recorded. The total amount of non-compliances detected in the month T will comprise the IDP_T indicator.

The DTPM will define the observation guidelines and will train its personnel for them to perform each assessment pursuant to objective and standardized criteria. Measurements will be performed in a monthly basis, through on-site inspection or controlling with all the available technological tools, pre-assumptions that will be reported to the Licensee through the Contract Manager.

This indicator will only generate discounts for the Licensee in the measurement period T , considering the following maximum limits:

1. The maximum discount amount from non-compliances detected during the measurement month T corresponds to A_{IDP} .
2. If the discount to be applied on the Licensee exceeds A_{IDP} , during three (3) months, whether consecutive or not, within a twelve (12) month term, the maximum discount limit will be increased to B_{IDP} , for the remaining validity term of the License Contract.

If the non-compliance level persists and the discount to be applied on the Licensee exceeds B_{IDP} , in one opportunity, the maximum discount level will be increased to C_{IDP} , for the whole License period.

12.3. In-Road Provided Quality Indicators

a) User Service Quality Index (ICA as per Spanish acronym)

Different aspects of the in-road user service quality will be measured through the Mystery Passenger method, an appointed inspector pursuant to the License Contract, or by using the available technological tools, in the corresponding cases. In order to comply with the foregoing, the ICA assessment will be performed inspecting two big features directly impacting on the assistance quality perceived by users, i.e., driver's behavior during service provision and the information delivered on board the bus: Driver ICA (ICAc) and Information ICA (ICAI).

Each item may have a different weight (Ω y $(1 - \Omega)$), as well as each feature within each item — for the DTPM to focus on both management as well as inspection during the contract execution on specific aspects showing deficiencies or receiving a higher number of complaints by users.

The ICA index will be calculated per bus, measuring both ICAC and ICAi dimensions, according to the features and the weighting factor described for each of them in the tables below:

Driver ICA		Attribute Value
Attribute		
Driving		60%
A1	The driver drives without sudden braking nor sudden moves	45%
A2	The driver is attentive and does not have distractive behavior	10%
A3	The driver respects the Traffic Law. Paying attention to the conditions of the moment	5%
Stopping		60%
A4	The driver opens and closes the doors when beginning and finishing movement	10%
A5	The driver stops the bus only on authorized stops, every time a user needs to get on or get off	40%
A6	The driver approaches the bus to the stop correctly	10%
Behavior		20%
A7	The driver has an appropriate personal presentation	10%
A8	The driver is kind to users	10%
		140%

- The initial assessment criteria specification for each of the features described will be specified in a manual developed by the DTPM and published on its website, prior to the service provision commencement.

In the ICAC, for each feature, the inspector will indicate a value, “0” if it is not complying and “1” if it is complying, weighting this value with the relevance percentage allocated in the table above.

Then, the average per each feature for the total number of buses evaluated shall be calculated; and finally, a sum of the average result of each of them will be performed, according to the formula below:

$$ICA_{conductor} = \sum_k \left(\frac{1}{n} * \sum_j \beta_k * a_{j,k} \right) - N_{ACC} * \%D_{ACC}$$

Where,

n : Number of buses measured.

j : Bus evaluated.

k : Feature evaluated.

$a_{j,k}$: k feature value of Bus j.

β_k : weight of the k feature.

N_{ACC} : Number of critical features of ICAC, which average result is less than the value established in the Technical Sheet.

$\%D_{ACC}$: Discount percentage per critical ICAC features, established in the Technical Sheet.

ICA information

Signs in Roads		45.0%	
a1	The front sign is in good conditions	10.0%	
a2	The front sign is well placed	5.0%	
a3	The information on the front sign is correct (service direction)	10.0%	
a4	The side sign is in good conditions	5.0%	
a5	The side sign is well placed	5.0%	
a6	The information on the side sign is correct (service direction)	10.0%	
Variable Information Sign		45.0%	
a7	The front sign is on	5.0%	5.0%
a8	The front sign is in good conditions	10.0%	10.0%
a9	The information on the front sign is correct (service direction)	10.0%	15.0%
a10	The side sign is on	4.0%	
a11	The side sign is in good conditions	5.0%	
a12	The information on the side sign is correct	5.0%	
a13	The back sign is in good conditions	2.0%	5.0%
a14	The back sign is in good conditions	2.0%	5.0%
a15	The information on the back sign is correct	2.0%	5.0%
Lower Signs		50.0%	
a16	The information adhesives (SOAP) are in good conditions	5.0%	
a17	The information adhesives (SOAP) are well placed	3.0%	
a18	The information on the information adhesives (SOAP) is correct	3.0%	
a19	The warning adhesives are in good conditions	4.0%	
a20	The warning adhesives are well placed	5.0%	
a21	The reduced mobility adhesives are in good condition	5.0%	
a22	The reduced mobility adhesives are well placed	5.0%	
a23	The operator information (attention channels, plate and brand) is in good conditions	10.0%	
a24	The operator information (attention channels, plate and brand) is well placed	5.0%	
a25	The operator information (attention channels, plate and brand) is correct	5.0%	
		140.0%	

- In the case of the variable information signs on side, it will only be considered in the buses having those deployed. In case it is a model without this information support, the weight is distributed between the front and back signs.
- The initial assessment criteria specification for each of the features described will be specified in a manual developed by the DTPM and published on its website, prior to the service provision commencement.

In the ICA_i, for each feature the inspector will indicate a value, “0” if it is not complying and “1” if it is complying, weighting this value with the relevance percentage allocated in the table above.

Then, the average per each feature for the total number of buses evaluated shall be calculated; and finally, a sum of the average result of each of them will be performed, according to the formula below:

$$ICA_{\text{información}} = \sum_k \left(\frac{1}{n} * \sum_j \beta_k * a_{j,k} \right) - N_{ACI} * \% D_{ACI}$$

Where,

- n : Number buses measured.
- j : Bus evaluated.
- k : Feature evaluated.
- $a_{j,k}$: k feature value of Bus j.
- β_k : weight of the k feature.

N_{ACI} : Number of critical features of ICAi, which average result is less than the value established in the Technical Sheet.

$\%D_{ACI}$: Discount percentage per critical ICAi features, established in the Technical Sheet.

Lastly,

$$ICA_T = \Omega * ICA_{conductor} + (1 - \Omega) * ICA_{informacion}$$

The weighting, features, criteria and their relative weight described in the tables above may be modified throughout the Contract validity term, upon notice to the Licensee, through the corresponding Official Notice, at least thirty (30) days before. For the first six (6) months from the commencement of service provision, Ω will be equivalent to 0.5.

Incentives and discounts associated to this indicator ($\%ID_T^{ICA}$) for the business unit for the measurement period T, will be the following.

$$\begin{aligned} \text{If } ICA_T \geq X_{ICA3} & \rightarrow ID\%_T^{ICA} = A_{ICA} \\ \text{If } X_{ICA2} < ICA_T \leq X_{ICA3} & \rightarrow ID\%_T^{ICA} = \frac{A_{ICA}}{X_{ICA3} - X_{ICA2}} * (ICA_T - X_{ICA2}) \\ \text{If } X_{ICA1} < ICA_T \leq X_{ICA2} & \rightarrow ID\%_T^{ICA} = \frac{-B_{ICA}}{X_{ICA2} - X_{ICA1}} * (ICA_T - X_{ICA1}) + B_{ICA} \\ \text{If } ICA_T \leq X_{ICA1} & \rightarrow ID\%_T^{ICA} = B_{ICA} \end{aligned}$$

Where,

A_{ICA} : Maximum incentive per ICA_T , in terms of base revenue percentage.

B_{ICA} : Maximum discount per ICA_T , in terms of base revenue percentage.

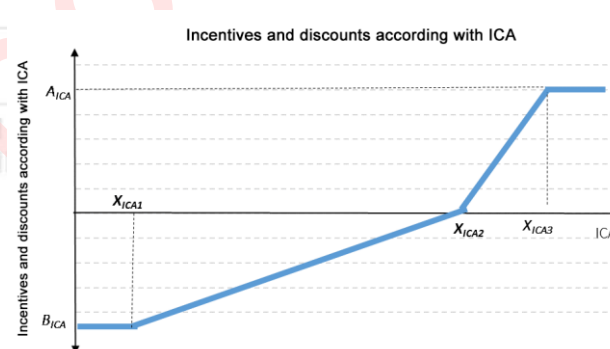
X_{ICA3} : ICA_T Value where the maximum incentive is obtained.

X_{ICA2} : ICA_T Value where incentives are changed to discounts.

X_{ICA1} : ICA_T Value from which the maximum discount is obtained.

Initial values for X_{ICA1} , X_{ICA2} y X_{ICA3} will be established in the Technical Sheet.

In order to help to illustrate these criteria, incentives and discounts associated to this indicator are graphically presented, as a mere reference, in the Figure below:



Lastly, if indices lower than X_{ICA2} are recorded during three (3) months, whether consecutive or not, within a six (6) mobile month period, penalties may be applied, in addition to the discounts referred to in this section.

b) Vehicle Quality Index (ICV)

Different aspects of the service provided to users will be measured, regarding the status of the bodywork of vehicles, as well as the number of buses in the operator’s fleet presenting damage of breakdowns in the road: ICV Bodywork (ICVc) and ICV breakdowns (ICVp).

Each item will have a different weight (Ω y $(1 - \Omega)$), as well as each feature and criterion within each item comprising the ICVc — for the DTPM to focus both management as well as inspection during the contract execution on specific aspects showing deficiencies or receiving a higher number of complaints by users.

The measurement will be performed in a monthly basis, through inspectors attending the Licensee’s terminals, and through the technological tools disposed by the DTPM for detecting vehicles with mechanical failures during the service provision, according to objective and standardized criteria defined by the DTPM.

The ICV index will be calculated per bus, measuring both, the ICVc and ICVp dimensions. The first pursuant to the features and weighting factors described in the table below, and the second pursuant to the formula described later in this section.

Bodywork ICV

Variable No.	Variable	Attribute	Attribute Value
			20.0%
a01	Service doors	1. It must have all the closing seals in good conditions, in its complete length and on each side, so the door closing is hermetic.	5.0%
		2. All doors must open and close correctly.	5.0%
		3. When doors are open, the automatic safety locking device must avoid the bus from going	10.0%
			15.0%
a02	Stop Warning System	4. Every electrical bus bell with their corresponding sound and light signal works properly when actioned by the passenger.	7.5%
		5. Every electrical bus bells, with their corresponding sound and light signal, works properly in the driver's booth, according to DS122/1991	7.5%
			13.0%
a03	Internal lighting	6. 80% of the internal lighting, in the ceiling of the bus, must work correctly.	5.0%
		7. All plastic lamp guards must be in proper position and without damage	8.0%
			20.0%

a04	Windows, glasses and windshield	8. At least 80% of side windows open and close easily (handles are considered for the operativity).	8.0%
		9. Windows, windshield and rear window of the bus must not present damages nor cracks.	6.0%
		10. Every rubber seal in the windshield and window frame must be properly installed.	6.0%
			20.0%
a05	Internal and external condition of the Bodywork	11. None of the bodywork surface can present damage, significant deformations, detachment, protruding or missing elements (including external side plates, bumper, joint area and cover (lids) of the chassis).	6.0%
		12. None of the internal surface of the bodywork can present damage, significant deformations, detachment, protruding or missing elements (including floor, circulation area, steps, ceiling, division panels, wall covers, protective case for door mechanism and ramp for people with reduced mobility).	6.0%
		13. All handles, either upright, horizontal or located at the doors, must be in perfect conditions, with no damage or sharp edges or defective fastenings.	2.0%
		14. All seats and its components must be operative and correctly fastened to the floor, including the driver's seat its regulation mechanism and seat belt, and the components of the wheelchair space.	3.0%
		15. The separation booth for the driver must be fixed to the vehicle structure, not showing any damage, significant deformations, detachment, protruding or missing elements, both on its access door and the cover (glass and walls).	3.0%
			20.0%

a06	Electronic signs	16. The electronic front sign must operate correctly (including power on and brightness).	10.0%
		17. The electronic side and back signs must operate correctly (including power on and brightness).	4.0%
		18. The control unit for electronic signs must be operational to allow for the manual and/or remote display of the service information.	6.0%
			5.0%
a07	Bus signals	19. There must not be signs that do not comply with the standards in the exterior of the bus. Signals different from the specified ones in the Guidelines for Graphic Standards by the MTT and in the current transport regulations, shall be considered as such.	2.5%
		20. All the external signs of the bus, required by the Guidelines for Graphic Standards must be in good conservation conditions, with no damage or tear, or discoloration making it hard to read or understand its content.	2.5%
			27.0%
a08	Cleaning and maintenance	21. The exterior of the vehicle must be clean, free from dirt and traces of vandalism or graffiti.	5.0%
		22. The exterior of the vehicle must be clean, free from dirt and traces of vandalism or graffiti, including floor, ceiling, aisle, walls, steps and joint area).	8.0%
		23. All windows and their components must be in good conservation conditions, without damage nor traces of vandalism or graffiti.	8.0%
		24. All seats and their components must be in good conservation conditions, without damage nor traces of vandalism or graffiti.	6.0%
Total Score			140.0%

- The initial assessment criteria specification for each of the features described will be specified in a manual developed by the DTPM and published on its website, previous to the service provision commencement.

In the ICVc, for each feature the inspectors will indicate a value, “0” if it is not complying and “1” if it is complying, weighting this value with the relevance percentage allocated in the table above.

Then, the average per each feature for the total number of buses evaluated shall be calculated; and finally, a sum of the average result of each of them will be performed, according to the formula below:

$$ICV_{carrocería} = \sum_k \left(\frac{1}{n} * \sum_j \beta_k * a_{j,k} \right) - N_{ACV} * \%D_{ACV}$$

Where,

- n : Number buses measured.
- j : Bus evaluated.
- k : Feature evaluated.
- $a_{j,k}$: k feature value of Bus j.
- β_k : weight of the k feature.
- N_{ACV} : Number of critical features of ICVc, which average result is less than the value established in the Technical Sheet.
- $\%D_{ACV}$: Discount percentage per critical ICVc features, established in the Technical Sheet.

On the other hand, in order to measure the breakdown ICV (ICVp) compliance level, a Monthly breakdown Rate (Tp) will be calculated, based on the number of buses the DTPM detected as presenting breakdowns in the road, during service provision, on the total base fleet in the month measured. According to the foregoing, Tp will be calculated according to the following expression:

$$TP_T = (P / Fc)$$

Where,

- TP_T : breakdown rate expressed in percentage (%) with one decimal point, without rounding, in month T.
- P : Number of failures detected during the month.
- Fc : Number of buses comprising the Licensee’s base fleet.

Then, the breakdown ICV (ICVp) shall be calculated according to the following rule:

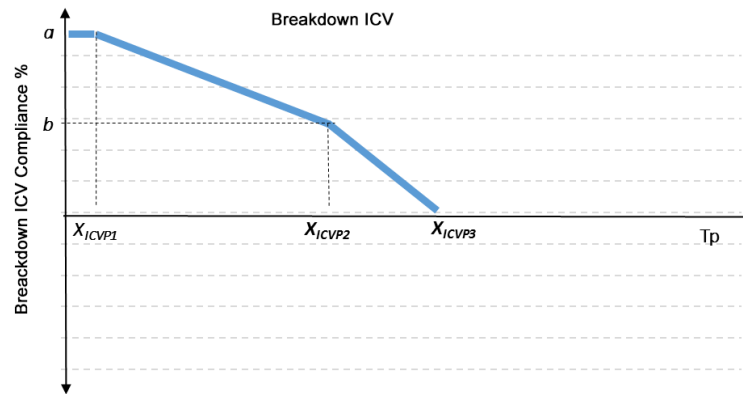
$If TP_T \leq X_{ICVP1}$	\rightarrow	$ICVP_T = a$
$If X_{ICVP1} < TP_T < X_{ICVP2}$	\rightarrow	$ICVP_T = \frac{a-b}{X_{ICVP2}-X_{ICVP1}} * (X_{ICVP2} - TP_T) + b$
$If TP_T = X_{ICVP2}$	\rightarrow	$ICVP_T = b$
$If X_{ICVP2} < TP_T < X_{ICVP3}$	\rightarrow	$ICVP_T = \frac{-b}{X_{ICVP3}-X_{ICVP2}} * (TP_T - X_{ICVP2}) + b$
$If TP_T \geq X_{ICVP3}$	\rightarrow	$ICVP_T = 0$

Where,

- a : Maximum T_p compliance level.
- b : Acceptable T_p compliance level.
- X_{ICV1} : Highest Parameter.
- X_{ICV2} : Acceptable Parameter.
- X_{ICV3} : Lowest Parameter.

Initial values for X_{ICVP1} , X_{ICVP2} y X_{ICVP3} will be established in the Technical Sheet.

In order to help illustrating the result of this indicator, they are graphically presented, as a mere reference, in the Figure below.



Lastly,

$$ICV_T = \Omega * ICV_{carroceria} + (1 - \Omega) * ICV_{pannes}$$

The weighting, features, criteria and their relative weight described in the tables above may be modified throughout the Contract validity term, upon notice to the Licensee, at least thirty (30) days before. For the first six (6) months from the commencement of service provision, Ω will be equivalent to 0.8.

Incentives and discounts associated to this indicator ($ID\%_T^{ICV}$) for the business unit for the measurement period T, will be the following.

$$\begin{aligned}
 \text{If } ICV_T \geq X_{ICV3} & \rightarrow ID\%_T^{ICV} = A_{ICV} \\
 \text{If } X_{ICV2} < ICV_T \leq X_{ICV3} & \rightarrow ID\%_T^{ICV} = \frac{A_{ICV}}{X_{ICV3} - X_{ICV2}} * (ICV_T - X_{ICV2}) \\
 \text{If } X_{ICV1} < ICV_T \leq X_{ICV2} & \rightarrow ID\%_T^{ICV} = \frac{B_{ICV}}{X_{ICV2} - X_{ICV1}} * (ICV_T - X_{ICV1}) + B_{ICV} \\
 \text{If } ICV_T \leq X_{ICV1} & \rightarrow ID\%_T^{ICV} = B_{ICV}
 \end{aligned}$$

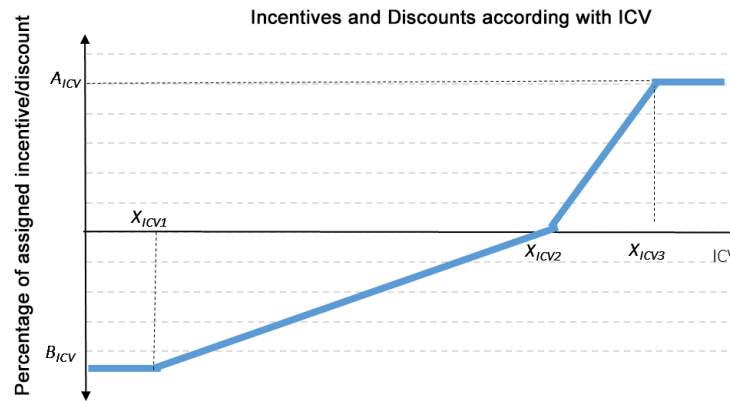
Where,

- A_{ICV} : Maximum incentive per ICV_T , in terms of base revenue percentage.
- B_{ICV} : Maximum discount per ICV_T , in terms of base revenue percentage.
- X_{ICV3} : ICV_T Value from which the maximum incentive is obtained.

X_{ICV2} : ICV_T Value where incentives are changed to discounts.
 X_{ICV1} : ICV_T Value from which the maximum discount is obtained.

Initial values for A_{ICV} , B_{ICV} , X_{ICV1} , X_{ICV2} y X_{ICV3} will be established in the Technical Sheet.

In order to help illustrating these criteria, incentives and discounts associated to this indicator are graphically presented, as a mere reference, in the Figure below.



In addition, if indices lower than X_{ICV2} are recorded during three (3) months, whether consecutive or not, within a six (6) month mobile period, penalties may be applied, in addition to the discounts referred to in this section.

12.4. Indicator Compliance Incentive (ICI)

The Indicator Compliance Incentive represents a payment or discount related to the quality of service provided by the Licensee. The additional revenue of the Licensee for this concept may account for up to ten percent (10%) of the base revenue (*ingreso base* as per Spanish equivalent); and the discount may account up to seven point five percent (7.5%) of the same value. This revenue or discount will be calculated according to the following expression:

$$ICI_t = \frac{1}{2} [(ID\%_T^{ICR} + \%ID_T^{ICA} + ID\%_T^{ICV}) * Ingreso Base - IDP_T]$$

12.5. User Service Channels

The Licensee must comply with the User Complaint and Suggestion System, by which the requirements users present for the licensed services must be served, complying with Exempt Resolution No 2131, of 2013, by the Ministry and its modifications, if any. Furthermore, it must consider for user assistance, at least a web site and a call center allowing to gather complaints and suggestions that may arise.

This administrative act sets forth the terms under which the Licensee must provide a response to those complaints arising from the service provision which are its responsibility — as well as the quality standards for that response, actions implemented by the Licensee in order to correct the issue, and the solution follow up.

Failing to comply with this obligation will result in the corresponding fines, according to the License Contract.

12.6. Good Performance Incentive

An annual incentive will be granted to licensees, according to the results from user satisfaction surveys, which will be held at least once a year by the DTPM. The first survey will be held after at least six (6) months since the provision of services.

On the user satisfaction survey, general variables of the system will be assessed, as well as the particular licensee companies. Surveyed users of the system will evaluate the service provided by each bus operator with a score from 1 to 7, according to their experience and knowledge of the System.

According to the survey results, an incentive will be granted for good performance to transport operators, according to the scores from user satisfaction surveys, from the fines paid by the System operators. In case there is more than one survey during a calendar year, each score will be averaged, for the corresponding licensee, considering two decimal points.

The incentive will be determined in two aspects:

- a) Acknowledging those operators over the average of the system, and granting a part of the fund available for incentives (Incentive 1). For this purpose, the licensee must score higher than the system average and its individual score be higher than X_{ID1} . The available amount for this incentive will be split in two equal parts, between those meeting both requirements.

Thus,

$$Incentivo\ 1 = \frac{\alpha \times MDI}{n}$$

Where,

MDI : Available amount for Incentives (MDI as per Spanish acronym), deducting the good performance incentive granted to the licensees according to the license contracts approved by resolution No. 246 from 2011, No. 1 from 2012, and No. 2 from 2012, from the Ministry of Transport and Telecommunications and the Ministry of Finance.

α : Share of the MDI available for incentive 1.

n : Number of licensees meeting both requirements, in other words, being over the average of the system and scoring higher than X_{ID1} .

- b) Encouraging and rewarding the achievement of a better individual score for those over the average who score higher than X_{ID1} . The total amount to distribute is the remaining amount between the total available for incentive and the amount corresponding to incentive 1 (Incentive 2).

Thus,

$$Incentivo\ 2 = \frac{(1 - \alpha) * MDI}{X_{ID2} - X_{ID1}} * \min\{(Nc - X_{ID1}), (X_{ID2} - X_{ID1})\}$$

Where,

Nc : Score obtained by the licensee in the satisfaction survey performed by the DTPM.

X_{ID1} : Minimum score to obtain the benefit.

X_{ID2} : Score to obtain the maximum benefit.

Initial values for α , X_{ID1} , X_{ID2} , will be established in the Technical Sheet.

In this case, the licensee with the best score will obtain the incentive resulting from the previous calculation. The second-best score will receive an amount according to the score obtained or the remaining amount for incentive 2, after the calculation of the best score incentive, if it is lower and so

forth for those meeting the requirement, and until the available funds for incentives are completely used. It will not be considered as an account receivable if a licensee, still qualifying for the incentive, does not receive it, according to the methodology previously described.

On the other hand, if there is a tie, the same mechanism will be applied, as long as the available amount for incentive 2 is sufficient. In case the available amount for incentive 2 is lower than the necessary amount to grant each licensee according to the previous calculation, it shall be split in equal portions among those with the same score.

The proportion of available amounts for incentives, as well as minimum and maximum score to define the incentive, may be amended throughout the validity of the Contract, informing the licensee previously.

12.7. Acknowledgement of External effects on the calculation of Indicators

The purpose of the quality and performance indicators considered on this License Contract (ICFP and ICR) is to measure the compliance with the transport proposal committed under normal operating conditions. Normal operating conditions shall be understood as any variation a city undergoes which are inherent to the activity of urban transportation for passengers, for which the transport operator has or must have the necessary management capacity to address.

Nonetheless, there are other events, exceptional in nature, whose impact on the operating conditions is higher and demand implementing extraordinary measures, which not necessarily solve the issue, or even situations that are not able to be managed in a timely manner. Examples for these events are: social demonstrations, unscheduled traffic detours, very unusual weather situations, accidents causing high traffic, among others. When these exceptional events occur, quality and performance indicators are affected negatively, without properly reflecting the availability and effort of the transport operator for providing the service.

In order to face this aspect, the DTPM no later than thirty (30) days after the first day of the commencement license contract validity term will establish a procedure which will (i) identify such events, and (ii) establish a system to introduce in the necessary adjustments in the calculation of the quality and performance indicator, in order to reduce the effect of these events in their results.

When establishing this procedure, the following factors will be considered:

- The procedure should consider applying one or more adjustment factors, synthesizing every possible event.
- The impact of the events happening on the streets will not be a releasing factor for the application of the quality and performance indicators. The number and diversity of events that may potentially occur, their duration or size, and other characteristics, do not allow to specify the effect of each of them. Therefore, the handling for these events will be focused on generating standardized adjustments, reflecting average situations.
- The adjustment of the calculation cannot worsen a performance indicator according to its normal calculation.
- In no case these events will consider situations which, despite having an important effect on the buses operation, have a frequency enough not to be considered as extraordinary. Among these situations, we

can mention, for instance, days with special operations such as National Holidays; situations of increased traffic in Christmas Eve, political concentrations on days before elections, etc. Trade fairs (for vegetables and others) are excluded from this criterion. Nonetheless, they may be included in this procedure, if the DTPM deems appropriate.

- This procedure shall only be used for ICFP and ICR indicators. It will not be applied on IDP, ICA and ICV indicators.
- For extraordinary events with a high impact and/or reach, such as catastrophe situation or any other major disorder of the normal functioning of the city, the procedure considered on this section shall not be applied, but the situation will be addressed with a procedure globally reflecting the operation difficulties, relaxing the normal calculation demands, which will be established by the DTPM.
- On the other hand, considering the nature and volume of the related information, the quality indices (ICR-E and ICR-P) and performance index (ICFP) are mostly calculated using data collection, transmission and processing technologies, especially in terms of the observation of the real operation of buses on streets. Provided that every technology may present failures or generate incomplete information, and this can be translated into worse indicators, it is necessary to define a mechanism to address this situation; recognizing, as well, that is useful to separate normal operations from those major or extensive events which are inherent to core systems.

13. Penalties

The ministry may apply a fine, reduce the service or terminate the license, if a non-compliance of any of the obligations accepted by the Licensee in the contract herein is proven; according to the previous sections, notwithstanding the application of other appropriate penalties according to the current regulation.

In cases where the nature of the breach of the Licensee obligations can be amended, the Ministry, through the Contract Manager, may grant a remediation period before applying penalties, for the Licensee to correct the non-compliance within a sensible term stated by it.

13.1. Fines

Considering that not all breaches of the obligations assumed by the Licensee have the same importance, they have been classified in six levels (from 1 to 6), from lower to higher importance (“Levels”), with different ranges of applicable fines.

The ministry will determine the amount of the fine within the corresponding range, in case it determines to start an administrative process. In order to determine the penalty, the Ministry may consider the compromised public interest, continuity of services, suitability and the need of the measure, the behavior of the Licensee, the willingness to repair the damage caused, the size of the company and number of workers, among other aspects.

The fine ranges for each of the Levels are stated below:

Level	Range of fines
Level 1	10 UF
Level 2	From 11 UF up to 50 UF
Level 3	From 51 UF up to 300 UF
Level 4	From 301 UF up to 500 UF

Level 5	From 501 UF to 1,500 UF
Level 6	From 1,501 UF to 3,000 UF

13.2. Expiration

The expiration of the license can be declared based on well-grounded reasons by the Ministry in case of serious breach of the Licensee obligations, in particular but not limited, to the following cases:

- Modification of the company purpose of the Licensee Company without the authorization of the Ministry, unless it is a modification meant exclusively to incorporate or adjust the company purpose to the provision of the complementary services set forth in the License Contract.
- The Licensee Company or its shareholders' possession of interest in a company or companies providing complementary services, unless the Ministry awards the provision of the whole or a portion of these complementary services to the Licensee Company, according to the License Contract.
- Assignment of the License or the license contract, without the express authorization of the Ministry.
- Cessation of the transport services subject to the license contract. Cessation of services will be understood as the absence of frequency in any of the transport services associated to the Business Unit subject matter of the license contract; in a time frame equal to two hours, during two or more consecutive days, whether for the same service, different services or different periods.
- Abandonment of the transport services subject matter of the license contract. Abandonment of services will be understood as the provision of any transport service in frequency conditions lower than or equal to 50% of the scheduled frequency (measured in total number of daily dispatches) and/or with a transport capacity (measured in daily accommodations-kilometer) lower than or equal to 50% the schedule transportation capacity, for two or more consecutive days, for the same or different services.
- Not duly complying with the obligation of delivering, renewing, replacing, or restoring the economic and operational Bonds stated in the License Contract.
- Submitting false or inaccurate information affecting in a relevant manner the main economic and operating conditions of the license.
- Accumulation of fines, whose application is executed, for an amount higher than twenty thousand *Unidades de Fomento* (20,000 UF), within twelve (12) consecutive months — in other words, the twelve (12) months immediately before the date of calculation. For these purposes, fines in terms of the commissioning of service provision will not be considered.
- Accumulation of fines, whose application is executed, for an amount higher than twenty thousand *Unidades de Fomento* (20,000 UF), during the validity term of the license contract, for behaviors related to the maintenance of buses.
- If an actual discount to be applied higher than the effective discount performed on the licensee is obtained, due to the application of ICI, for a term of three (3) months, whether consecutive or not, within a period of six (6) consecutive months.
- In case of presenting a coverage indicator of Service to Debt (RCSD), equal to or lower than 1, for two consecutive years, according to the information reported by the licensee.
- In case of cashing the additional performance bond for the contract.

13.3. Reduction of services provided by the licensee

When it is proven that the Licensee has a systematic breach on the performance indicators at the level of service-direction-month and/or at the level of business unit during the month T, and in order to safeguard the interest of the users; the Ministry may instruct the Licensee to interrupt the provision of that or other services, for them to be provided by other operators within the transport system.

For these purposes, a systematic breach shall be understood as, if during six (6) consecutive months, any of the following conditions is proven, whether it is during the indicated period or not.

- One service-direction-month, measured at a period with ICR-E, shows an excess in a waiting time indicator ($TEE_{j,T}$) higher than 2.5 minutes.
- A service-direction-month, shows a $ICFP_{j,T}$ lower than 80%.
- One service-direction-month, measured at a period with ICR-P, shows a $ICR_{P,j,T}$ indicator lower than 60%.
- The Business Unit gets the maximum discount for the ICR-E indicator in the month T.
- The Business Unit gets the maximum discount for the ICR-P indicator in the month T.
- The Business Unit shows a $ICFP_T$ lower than 85%.

On each service reduction process executed, the services transferred to other transport operator shall not represent more than 10% of the transport capacity of the Base Operating Fleet of the Licensee. This restriction shall not be applied for the cases when only one service is transferred on each process.

Likewise, the service(s) being transferred cannot be on the first quintile of those with more occupants-kilometer of the Business Unit in the last 12 months.

The impact associated to the service reduction due to the application of this penalty shall not be considered for Allocation Reserve purposes. Furthermore, the transfer of the service(s) shall not be considered in the modification limits to the Operating Programs.

The transfer of services to other transport operator(s) will be implemented on the date duly informed by the Ministry, which in any case cannot be lower than ten (10) days, starting on the notification of the administrative act rejecting the reply or terminating the process established in the following section E, as indicated by the Ministry.

Notwithstanding the foregoing, it is worth mentioning that the information by which the breach is determined for a specific month, supporting the application of a service reduction penalty by the Ministry shall not be considered again, both the information as well as the month used, by the authority to start a new penalty process.

13.4. Penalty application procedure and administrative complaint mechanisms

If punishable behavior is proven, the Undersecretary of Transport will present charges against the Licensee. The Licensee will have five (5) days to present its reply.

If the Licensee requests for proof in its reply, the Undersecretary of Transport shall allow them or reject the request, indicating the reason. Yet, the probationary period granted shall not be longer than ten (10) business days.

The ultimate decision shall be made considering the statements and replies of the Licensee; and the Ministry will apply the penalty or will absolve the Licensee, as the case may be. This decision will be made within thirty (30) days from the execution of the last diligence instructed in the file.

The administrative complaint of the penalties imposed will be subject to article 59 of Law No. 19,880.

In the case of fines, these shall be paid by the Licensee, according to the terms and conditions stated in the grounded decision imposing them, once this is executed; i.e., once (i) the time to administratively challenge that decision has been reached without a formal challenge, or (ii) being the decision administratively challenged, according to article 59 of Law No. 19,880, the challenge has been rejected or, in case they were accepted, it modifies only the amount or final reason of the fine, but not its application.

The payment of the fines imposed will be performed by deduction from the revenue the Licensee is entitled to, in an amount equivalent to the value of the fine(s), calculated as per the value of *Unidad de Fomento* (UF) on the day of the actual application of the deduction, and this amount shall be transferred to the corresponding account being used for the payment of the good performance incentive. Yet, failing to pay the fines applied will entitle the Ministry to cash the Performance bond for the license contract, notwithstanding the other actions that may be applicable.

In case of expiration of the License, specifically in terms of the effects of the expiration — among them, the inabilities affecting the corresponding Licensee to participate in future license tender processes for roads use and complementary services — it will be subject to article 3 in the Law No. 18,696.

The resolutions dictated during the procedure regulated in the letter herein must be notified to the address of the Licensee, which is indicated in the license contract.

For anything not covered in this section, the regulations established in Law No 19,880 will be applied.

14. Personnel for the Provision of the Service

The Licensee will count with administrative and driving personnel in a sufficient number to provide the services of the license contract, following the current labor and social security regulations in the date of service provision.

For this reason, for every legal effect and obligations arising from the contract herein, the licensee will be the sole and exclusive responsible for complying with the labor and social security regulations. Likewise, in case of subcontracting services, the licensee will be the sole and exclusive responsible before the Ministry for the compliance with the labor and social security obligations the contractor must follow in regard of its workers, being mandated to follow in both cases the existing and future labor and social security regulation.

The inspection of the above will be performed by the Ministry of Labor and Social Security, and its penalties will be applied.

14.1. Requirements for driving personnel

The driving personnel shall hold a A3 class or equivalent professional driver's license, according to Law No 18,290 and its corresponding modifications. Likewise, they must comply with the other requirements and regulations ruling the service provision for paid public transport services for passengers, according to Law No 18,290, the license contract herein and other regulations ruling the activity.

14.2. Requirements for supporting personnel

The Licensee must permanently have a team of, at least, fifty (50) people, whose only obligation would be to inspect the validation of access to the transportation system, whether on board the buses, at bus stops and/or pay zones, notwithstanding if they are under its management or not. These private inspectors must cover the operation area of the licensee in order to perform all actions and/or arrangements, within the scope of their powers, aimed to discourage evasion. This obligation will be enforced throughout the validity term of the contract.

Within a sixty-(60)-day-term after the Contract enters into force, the Licensee shall propose the MTT a work plan indicating places, operating times, staffing at each point, as well as bus services to be controlled, among other items supporting the proposal. The MTT, through the Contract Manager, may provide its opinion in terms of the information presented by the Licensee, and propose improvements to the plan presented, in every aspect; which must be implemented by the licensee. Probable adjustments or modifications to the approved plan shall be submitted to the MTT for their approval.

Additionally, it may consider hiring additional supporting personnel performing tasks complementary to bus driving, such as helping users with any disability or reduced mobility to hop on or off buses, providing information to the users, and watching for an effective use of the BIP card (means of access).

14.3. Training for driving personnel

The Licensee shall execute training plans for the personnel, in matters related to the development of the activity, efficient driving, customer service and safety on buses, in order to progress towards the professionalism of the activity and the improvements of the transport service provision.

The aforementioned training plans shall consider at least thirty (30) annual hours per driver hired by the company, and they must be executed by Training Technical Organisms (OTEC as per Spanish acronym) complying with Chilean Standard NCh 2728:2015.

In terms of the training hours, the licensee shall conform hours bundles to be used with the total number of hours available per driver, which will be distributed according to the needs of the Plan regulated on this number, always considering a minimum of five (5) hours a year, which will be mandatory for each driver.

For this, the licensed companies shall submit an annual plan for training during December of the previous year. This Plan must establish the positions to be trained, being possible to include personnel different to the driving personnel; the contents of the courses; learning objectives; methodology for addressing the contents; duration of the modules defined; and focus on training personnel on those matters for which most complaints have been received, among other matters.

The training plan shall be submitted to the DTPM in an envelope, attaching 3 physical copies of the files. For the information presented, the DTPM may provide comments, request complementary information and/or propose improvements to the presented plan, in every aspect; which shall be implemented by the licensee.

For drivers' training, the plans must consider at least the following objectives:

- Raising awareness on the risks of driving and maintenance of public transport vehicles.
- Raising awareness on the importance of physical and mental aptitude.
- Having the capacity of assessing emergency situations.
- Introducing efficient driving techniques (which implies safe driving).
- Ensuring safety and comfortability of passengers (quality of service).
- Knowing the regulation ruling urban public transport.
- Quality of service, user assistance and conflict management.

Modifications and/or updates to the training plan must be communicated by written notification to the DTPM, which may review them and request the modifications it deems appropriate to be introduced in order to comply with the requirements.

In a monthly basis, the DTPM may request detailed information on the planning of the courses, in order to control them in field, for which it may use external personnel.

New drivers, coming from professional training courses, who have not had any previous experience as bus drivers, must access an initial training with a minimum duration of 36 hours, before providing commercial services autonomously. This training must be performed despite of the annual planning submitted to the DTPM.

In terms of training, the DTPM may assess the contents provided, by interviews, tests, and audits; allowing to verify the effectiveness of the training provided to the personnel of the licensee; and in case the results are deficient, request or mandate to perform a complementary program allowing to comply with the initially presented objective.

The cost of the training will be sole expense of the Licensee Company, which cannot be transferred to the driving personnel, notwithstanding the possible financing that may be obtained from other sources.

14.4. Insurances

The Licensee must comply with Law No. 16,744; and also, contract and maintain, throughout the validity term of the license contract, an insurance for the driving and supporting personnel, whose purpose will be to insure the personnel in the activity of hired public transport for passengers, according to the risks and coverage amounts defined in the following Table:

Insurance for driving and supporting personnel

Cause	Amount
Death	UF 600
Total and permanent disability caused by an occupational accident or work-related disease	UF 600
Dismemberment	UF 600
Reimbursement for Accident-related Medical Expenses	UF 60
Accidental Bone Fracture	UF 20

Notwithstanding the aforementioned, the insurance must at least cover the conditions established in the policies subscribed in the Registry of Policies of the Securities and Insurance Commission, under the codes

CAD220170015, CAD220131688 and POL320140335. The latter for Reimbursement for Accident-related Medical Expenses and Accidental Bone Fracture.

The insurance may have other conditions, as long as they are equal to or higher than those indicated herein, always having in mind the driver or supporting personnel as the main beneficiary, as the case may be, or their heirs in case of death of the aforementioned beneficiary.

14.5. Personnel equipment

The Licensee commits to provide the driving, inspection and supporting personnel, as the case may be, at its own expense, with the uniform they must wear during their working day; always having in mind the existence of male and female personnel.

In the facilities addressed for the driving personnel (and supporting personnel, if appropriate), there must be at least a resting and eating area for the personnel. In case of having personnel from both genders, there must be separate restroom facilities, and if appropriate, separate dressing rooms. The foregoing, strictly complying with the existing regulation during the provision of the services, and despite of the joint actions the MTT or DTPM may execute with other entities in the area.

14.6. Responsibilities of the Licensee on the compliance with labor and social security regulations

For every legal purpose and obligations arising from the contract herein, the Licensee will be the sole and exclusive responsible as stated in the labor and social security regulations, for its status as employer of administrative, driving, and supporting personnel. Particularly, the Licensee shall safeguard the compliance with the conditions set forth in the Labor Code, in pension and social security regulation, in laws, regulations and bylaws on risk prevention, and others applicable to the hired urban transportation for passenger operations.

Likewise, in case of subcontracting services, the Licensee will be the sole and exclusive responsible before the Ministry and the competent administrative and court authorities for the compliance with the labor and social security obligations the contractor is mandated to regarding its workers.

The Licensee must observe and prove upon request by the Ministry and to its satisfaction; and for other competent authorities, the compliance with the obligations in the Contract.

