

## **INDEMNITY AGREEMENT**

By this private instrument, the parties identified below, on the one hand,

**CTEEP – Companhia de Transmissão de Energia Elétrica Paulista**, with principal place of business at Avenida das Nações Unidas, 14.171, Torre Crystal, 7º andar, inscribed in the corporate taxpayers register (CNPJ/ME) under no. 02.998.611/0001-04, hereby represented as per its Bylaws ("ISA CTEEP" or "Company") and, on the other,

**[Name and identification]**, ("Beneficiary"), both jointly referred to hereinafter as "Parties",

WHEREAS the regular exercise of activities and functions by the Beneficiary at ISA CTEEP and all its subsidiaries and/or affiliate companies where the Beneficiary holds management positions may result in the assignment of responsibilities that involve obligations of payment of diverse indemnities and/or penalties to third parties;

WHEREAS the directors and officers liability insurance taken out by the Company ("D&O Insurance") has limited coverage, exposing the Beneficiary to the risk, under certain exceptional circumstances, of personally bearing, among other obligations, costs and expenses related to arbitral or administrative proceedings and lawsuits, including investigations, in Brazil and abroad, in order hold them liable for exercising their functions;

WHEREAS article 33 of the Bylaws of the Company assures the Company's managers defense in lawsuits and administrative proceedings involving facts resulting from regular management actions taken while exercising their legal or institutional duties, with the need for a specific regulation of these rights;

WHEREAS, as a way of ensuring market conditions compatible with the function performed, the Company decided to create conditions for members of the Board of Directors and Executive Board to exercise their functions with greater security, and the Company undertakes, through this instrument, to hold them harmless,

during and after the time they serve in such position/function, from actions taken during the time they held such position/function;

WHEREAS the Parties wish to establish and regulate the procedures for the Company to bear the expenses related to arbitration or administrative proceedings and lawsuits involving actions taken by the Beneficiary while exercising their duties or powers, since the start of the contractual relationship with the Company, pursuant to CVM Guidance Update 38 of November 25, 2018;

NOW THEREFORE, the Parties agree to execute this Indemnity Agreement ("Agreement"), which will be governed by the following clauses and conditions:

## **1. INDEMNITY**

1.1. The Company undertakes to guarantee the payment of all and any amounts, indemnities, charges, legal and administrative expenses, costs, judicial deposits, fees of attorneys, retained experts, expert examination assistants, arbitrators and other specialists hired in accordance with market practices and any other amounts the Beneficiary is condemned to pay, including by way of liability for environmental damages ("Expenses") that may be evidently brought against the Beneficiary by virtue of complaints, inquiries, investigations and administrative or arbitration proceedings or lawsuits, in Brazil or any other jurisdiction, that aim to hold the Beneficiary liable for any regular management actions taken exclusively while exercising their functions ("Proceedings"), subject to the procedures and conditions envisaged in this Agreement, especially the procedures in case of condemnation established in item 4.9.

1.2. Regular Management Action. The Beneficiary will be fully guaranteed and indemnified by the Company for any effects of Proceedings that originated from regular management acts, i.e. decisions, technical opinions and actions taken diligently, in good faith, in the best interests of the Company and in compliance with their fiduciary duties, provided:

**(i)** they are taken from the beginning of the contractual relationship to its termination;

- (ii)** they are carried out by the previous management, in case the Beneficiary was not complicit with such actions or negligent, pursuant to article 158, paragraph 4 of Federal Law 6,404/76; and
- (iii)** the Beneficiary seeks indemnity during the term of this Agreement.

1.3. Asset Freezing. The Company will pay the Expenses resulting from Proceedings that involve the seizure of the Beneficiary's property, even if the property is jointly owned with their spouse, partner or any other family member, provided the freezing demonstrably arises from Proceedings filed against the Beneficiary only with regard to actions taken by or attributed to the Beneficiary and that such actions pertain to a Regular Management Action, for dismissal, reversal, amendment and annulment of any judicial or administrative order in the context of the Proceedings.

1.3.1 In case of any type of seizure or freezing of assets or funds owned by the Beneficiary, the Company will, within thirty (30) days of submission of the documents proving the seizure/freezing, pay the Beneficiary a monthly compensation corresponding to up to one hundred percent (100%) of their monthly salary regularly paid by the Company for as long as the effects of the seizure/freezing last, to enable the Beneficiary to pay for their daily and routine expenses that cannot be honored due to the seizure/freezing.

1.3.2 The payment to Beneficiary will be made through a formal representative, expressly designated by the Beneficiary, through a deposit into the representative's checking account.

1.3.3 The Beneficiary will reimburse the Company for all payments made pursuant to item 1.3 and its sub-items, within thirty (30) days from the date the funds are unfrozen in their bank accounts, irrespective of the outcome of the proceeding that led to the freezing.

1.4. The option to sign any **(i)** judicial or extrajudicial settlements, **(ii)** statements of commitment or consent decrees, or **(iii)** any other settlement or transaction involving any government, regulatory, legislative, judicial, arbitral or administrative authority, in Brazil or abroad ("Settlements") remains with the Beneficiary and will be considered as indemnifiable Expense if ISA CTEEP has

expressly approved in advance the proposal of such Settlement and if the same was deemed reasonable and within the standards applied to similar cases.

## **2. EXCLUSIONS**

2.1. The Beneficiary will not be entitled to the indemnity rights envisaged in this Agreement in any of the following cases, if proven:

- (i)** if coverage is available by the D&O Insurance contracted by the Company, as formally recognized and implemented by the insurer;
- (ii)** actions taken outside the scope of the regular exercise of duties or powers of the Beneficiary;
- (iii)** commission of act in bad faith, with intent and gross fault (voluntary violation of a duty of care in a disproportionate and grossly serious manner), including, but not limited to fraud, simulation, money laundering, tax evasion, unlawful enrichment, undue advantages, crime against the tax system, cash smuggling, embezzlement, misrepresentation, smuggling, forgery of documents or products, as well as any other intentional unlawful acts committed by the Beneficiary;
- (iv)** disclosure of strategic and confidential information against the Company's interests;
- (v)** action taken in own or any third-party's interest to the detriment of the Company's interests;
- (vi)** obligation to pay indemnities resulting from action for civil liability against the Beneficiary, envisaged in article 159 of Federal Law 6,404/76, or reimbursement for losses through a Commitment signed with the Securities and Exchange Commission of Brazil (CVM), pursuant to article 11, paragraph 5, II, of Law 6,385/76;
- (vii)** execution of judicial or extrajudicial settlements, consent decrees, statements of commitment and similar instruments by the Beneficiary without prior written consent from the Company;
- (viii)** other cases in which there is a conflict of interests with the Company.

### **3. TERM**

3.1. This Agreement will be effective from this date to the date of one of the following events, whichever occurs last: **(i)** the end of the fifth (5<sup>th</sup>) year after the Beneficiary ceased to exercise the function/position, for whatever reason; **(ii)** lapse of the time necessary for the final and unappealable decision to be given on any Proceeding in which the Beneficiary is a party due to a Regular Management Action; or **(iii)** lapse of the statutory period of limitation under law for events that could create indemnity obligations for the Company, including, but not limited to, the applicable criminal limitation period, even if such period is imposed by administrative authorities, as established herein.

3.1.1 The Agreement will cover Regular Management Acts carried out **(i)** since the beginning of the contractual relationship with the Company; and **(ii)** by the previous management, for which the Beneficiary is investigated under article 158, paragraph 4 of Federal Law 6,404/76.

3.1.2 In the case of sub-item (iii) of item 3.1, the Company must ensure the coverage envisaged in this Agreement until the final and unappealable court or administrative decision or the arbitration award that recognizes the lapse of the statutory period of limitation of the concrete case is given.

3.2. The Agreement will be cancelled automatically when the sum of amounts paid by the Company to indemnify all Beneficiaries who are signatories to Indemnity Agreements, irrespective of the date when such amounts were paid, reaches the maximum overall limit of one hundred million reais (R\$100,000,000.00).

### **4. PROCEDURE FOR PAYMENT OF EXPENSES**

4.1. Whenever the Beneficiary becomes aware, through letter, summons, notification, notice or any other written means, of any Proceeding, they must notify the fact, in writing, to the Company within seventy-two (72) hours from the date of acknowledgment of such fact, submitting, whenever possible, any document

and information related to such Proceeding so that ISA CTEEP can prepare their defense to exempt them from any liabilities.

4.2. The Beneficiary may choose to use the legal services contracted by the Company or appoint another lawyer to handle their defense, who must be previously approved by the Company, based on the principles of reasonability, proportionality and morality, and provided that the attorney's fees are compatible with market practices and that the applicable laws permit so.

4.3. ISA CTEEP undertakes to pay the Expenses to the Beneficiary or third parties, under this Agreement, within fifteen (15) business days from the receipt of the written request from the Beneficiary accompanied by all documentary evidence of the Expenses.

4.4. The Beneficiary may request advances to cover the costs of defense included in the Expenses, and ISA CTEEP must reasonably advance to the Beneficiary the amount requested, in accordance with market practices for said purpose.

4.5. All requests for payment of Expenses will be evaluated by the Board of Directors of ISA CTEEP to confirm their suitability for the coverage envisaged in this Agreement, with independence and always in the best interests of ISA CTEEP, including the reasonability of the amounts involved.

4.5.1 The decisions of the Board of Directors in this regard must be supported by facts and evidence available at the time of deliberation, as well as an opinion to be issued by the Executive Board at least five (5) business days before the Board of Directors' meeting that will deliberate on the proposal for payment of Expenses.

4.6 The Beneficiary must not participate in any meeting or discussion that deliberates on the matter, in compliance with article 156, head provision of Federal Law 6,404/76 (Brazilian Corporations Law). Such deliberations, including justifications to authorize the payment, must be formalized in minutes, filed at the head office of ISA CTEEP.

4.7. ISA CTEEP, at its sole discretion, may adopt additional governance procedures that reinforce the independence of decisions, such as forwarding requests for

payment of Expenses to impartial and independent external professionals for analyzing the Regular Management Actions or the exceptions envisaged in this Agreement, and these procedures must necessarily be used if: **(i)** more than half of the Beneficiaries of this Agreement, considering Beneficiaries from the same collective decision-making body, are direct beneficiaries of the deliberation on payments; **(ii)** the financial exposure of the Company is significant, considering the amounts involved; or **(iii)** in other cases that the Company finds pertinent.

4.8. ISA CTEEP will in no way be obliged to indemnify the Beneficiary for loss of profits, loss of commercial opportunity, interruption of professional activity, pain and suffering or indirect damages claimed by the Beneficiary, with indemnity or reimbursement being limited to the events envisaged in this Agreement.

4.9. In case of a final and unappealable condemnation for wrongful action or action committed with gross fault in a criminal lawsuit, public-interest civil action, action for misconduct, citizen suit, action filed by a third party or shareholders in favor of the Company, or an unappealable administrative decision, not subject to judicial suspension, concluding that a wrongful action or gross fault action was committed, the Beneficiary undertakes to, irrespective of any statement by the Board of Directors of ISA CTEEP, reimburse the Company for all amounts spent by the Company in connection with this Agreement, including all Expenses and costs related to the Proceeding, within thirty (30) days from the applicable notification.

4.10. It is hereby established that all the amounts in this Agreement will be considered, in their calculation and payment, as net of any taxes applicable, which will be borne exclusively by the payer, which will provide to the creditor the gross-up amount sufficient for paying the applicable taxes, and no taxes will be withheld on the amounts and payments established in this Agreement.

## **5. SUBROGATION**

5.1. If the Company makes any payment directly to the Beneficiary or third parties under this Agreement, the Company will be immediately subrogated in any and all reimbursement to which the Beneficiary is entitled, including any D&O civil liability policy. Furthermore, the Beneficiary will sign all the documents necessary

and take all actions to guarantee such rights to the Company, including the signing of any documents that enable the Company to file an appeal on behalf of the Beneficiary.

## **6. MAXIMUM GUARANTEE LIMIT**

6.1. The maximum overall limit is hereby established at one hundred million reais (R\$100,000,000.00) for all indemnities to all Beneficiaries considering all Indemnity Agreements signed by the Company, as well as any cost or expense resulting from the execution of this Agreement.

## **7. GENERAL PROVISIONS**

7.1. Notifications. All notifications, consents, requests and other communications envisaged in this Agreement will be deemed valid and effective only if in writing and sent via letter with notification of receipt or by registered mail, fax or e-mail with confirmation of receipt, and should be sent to the Company at the following address:

Avenida das Nações Unidas, 14.171, Torre Crystal, 7º andar, São Paulo/SP,  
Cep: 04794-000  
Telephone: (55) (11) 3138-7000  
E-mail: gerenciasocietaria@isacteep.com.br  
Att.: Gerência Societária

7.2. Irrevocability. This Agreement is irrevocable and the obligations assumed hereunder by the Company, and when accepted by the Beneficiary, will also bind their successors on any account.

7.3. The rights envisaged in this Agreement are established in addition to others guaranteed by law, the Bylaws or other corporate instruments of the Company, as well as the D&O Insurance.

7.4. Any amendment to the Indemnity Agreement signed by the Company will not produce any effects on actions already taken.

7.5. If any provision of this Agreement is deemed null or void by operation of law, the other provisions will continue to bind the Parties which, in good faith, will agree to replace the null or ineffective provisions so as to achieve the purposes therein.

7.6. The fact that any of the Parties fails to require, at any time, compliance with any provision in this Agreement or fails to comply with any obligation or exercise any right herein will not imply novation or waiver of other rights and obligations established in this instrument.

7.7. Any modification or change to this Agreement will be made and bind the Parties only if in writing and through an express amendment duly signed by them.

7.8. Governing Law. This Agreement will be governed by and interpreted in accordance with the laws of the Federative Republic of Brazil.

7.9. Jurisdiction. The Company and Beneficiaries hereby elect the courts of the City of São Paulo to settle any issue arising from this Agreement.

7.10. The Parties declare that they are aware that this instrument will be made public, as established in CVM Guidance Update 38 of November 25, 2018.

In witness whereof, the Parties sign this Agreement in two (2) copies of identical content and form, in the presence of the two (2) undersigned witnesses.

São Paulo, , 2020.

CTEEP - Companhia de Transmissão de Energia Elétrica Paulista

**[Name of Beneficiary]**

Witnesses:

1 – Name:

RG:

2 – Name:

RG: