
ANTI-FRAUD POLICY

**Replaces NO-02.18,
dated 04/17/2012**

1. INTRODUCTION

The Energy Company of Minas Gerais (CEMIG) operates its activities based on the highest expectations regarding the ethical behavior of its Officers, Employees and Suppliers, and promotes actions for the effective management of organizational performance and accountability to appropriate external and internal areas.

CEMIG does not accept the practice and concealment of acts of Fraud and Corruption, in all their forms, including bribery, extortion, and money laundering. Suspicions and denunciations of such acts shall be strictly ascertained and the disciplinary procedures provided for in the Company's internal regulations and in the pertinent legislation shall be applied. For this purpose, the Company is committed to developing and maintaining control systems, internal rules, procedures, standards and activities aimed at preventing, detecting, reporting and effectively combating irregular practices.

CEMIG also ensures the maintenance of internal and external relationship channels of the Company available to the Society, to its Customers, Suppliers, Officers and Employees, including the Management Body, for receiving complaints, anonymous or identified, of practices considered illegal and contrary to the interests of the Company, its Subsidiaries and Controlled Companies, contrary to the Company's "Declaration of Ethical Principles and Code of Professional Conduct" and to the "Code of Ethical Conduct for Public Servants and Senior State Administration," including Fraud and Corruption.

The Officers of CEMIG and its Wholly-owned and Controlled Subsidiaries cannot fall within the irregularities provided for in Decree No. 45604, dated May 18, 2011 ("Ficha Limpa").

CEMIG also emphasizes its commitment to the principles of the United Nations Global Compact on the topic, especially Principle #10 - "Work against corruption in all its forms, including extortion and bribery."

2. APPLICATION

This Anti-Fraud Policy applies to all Officers and Employees of CEMIG and its Subsidiaries, which are treated as public employees, pursuant to Article 327 of the Criminal Code, as well as to all Suppliers of these Companies.

3. CONCEPTUAL FRAMEWORK

For the purposes of this Policy, the following concepts shall be adopted:

3.1 Officers: Members of the Board and Audit Committee and the Executive Board of CEMIG, and its Wholly-owned and Controlled Subsidiaries.

3.2 **Employees:** Those who have with CEMIG, its Wholly-owned and Controlled Subsidiaries a working relationship and who act on their behalf, regardless of the type of employment contract, such as Employees (including Management Body and Managers), Interns and Contractors under The Temporary Labor Scheme.

3.3 **Management Body:** Refers to the internal nomenclature which includes the Superintendents, Officers and Managers CEMIG, and its Wholly-owned and Controlled Subsidiaries.

3.4 **Corruption:** Offering, promising advantage, receiving, demanding or soliciting, directly or indirectly, any undue advantage or right to influence the actions of any Officer, Employee or Supplier, as well as being compliant with infringing evidence committed by someone who is their subordinate, a violation of the laws in force.

3.4.1 **Concussion:** Require, for themselves or others, directly or indirectly, undue advantage, although outside employment or public function or before assuming it, but because it (Article 316 of the Criminal Code).

3.4.2 **Criminal Condescension:** Let the Officer or Employee, due to leniency, not blame the subordinate who committed violations in the course of employment or public function or when one lacks authority, not take the matter to the attention of the competent authority (Article 320 of the Criminal code).

3.4.3 **Active Corruption:** Offer or promise undue advantage to any of the Officers or Employees, to induce them to perform, omit or delay any official act (Article 333 of the Criminal Code).

3.4.4 **Passive Corruption:** Request or receive to themselves or others, directly or indirectly, although outside employment or public function or before assuming it, but because of its undue advantage, or accepting the promise of such an advantage (Article 317 of the Criminal Code).

3.5 **Denounced:** Any CEMIG's Officer, Employee or Supplier of its Wholly-owned and Controlled Subsidiaries Subsidiaries, reported as responsible for acts of fraud or corruption.

3.6 **Controlled Subsidiaries:** It is considered a controlled company that in which the controlling company is holder of the rights that entitle it, permanently, preponderance in corporate resolutions and the power to elect the majority of officers.

3.7 **Wholly-owned Subsidiaries:** It is considered a wholly owned subsidiary a company which has a single shareholder.

3.8 **Supplier:** Generic name that encompasses the executor of works, the service provider or the provider of materials, including legal and physical persons providing goods or services to CEMIG, and its Wholly-owned and Controlled subsidiaries.

3.9 **Fraud:** Intentional deception, misappropriation of funds (Article 168 of the Criminal Code) or data manipulation that results in advantage or disadvantage to a person, business or entity, by making use of inside information for their own benefit or that of others.

3.10 **United Nations Global Compact - Principle #10:** Initiative which aims at mobilizing the international business community to adopt in its business practices, fundamental and internationally accepted values in the areas of human rights, labor relations, the environment and fight against corruption, reflected in 10 principles, among which, Principle number 10 states: "Businesses

should work against corruption in all its forms, including extortion and bribery." CEMIG has been a signatory of the UN Global Compact since 05/12/2009.

3.11 Administrative Inquiry: Procedure through which information is gathered to provide enlightening elements of certain acts or facts, in order to document the determination of the liability and the extent of a possible irregularity, subject to the right to the contradictory and full defense of the Denounced, for the possible application of a sanction, and must be completed within thirty (30) days from the initiation, and the right of appeal is guaranteed in accordance with IP-1.2.

3.12 Kinship Relations: It is considered, for purposes of the Anti-Fraud Policy, the degrees of kinship definitions set out in the Civil Code, including the spouse. Thus, they are related by consanguinity or affinity, in a straight or collateral line, up to the third degree: mother, father, children, father-in-law, mother-in-law, daughter-in-law, stepmother and stepfather (in 1st degree); brothers, grandfathers, grandchildren and brothers-in-law (in 2nd degree), uncles, nephews, great-grandchildren and great-grandparents.

4. WAYS OF PREVENTING AND COMBATING FRAUD AND CORRUPTION

4.1 Principles

The principles governing the Anti-Fraud Policy of CEMIG, its Wholly-owned and Controlled Subsidiaries and that guide its wide and effective application, are:

- **Proactive approach:** Emphasis on proactive prevention activities against reactive detection, investigation and punishment activities.
- **Integration and coordination:** Systematic set of internal controls, rules, procedures, standards and integrated activities aimed at the prevention, detection, investigation of complaints and combat against Fraud and Corruption, in alignment with risk management, corporate governance practices and socio-environmental responsibility.
- **Transparency:** Environment of transparency and internal and external relationship channels, adequate to encourage the reporting of reasonable suspicions of irregularities, as well as the formalization of complaints.
- **Defense guaranteed by the right to contradictory and full defense of the Denounced:** Guarantee to the Denounced, during the Administrative Inquiry, the right to produce all the evidence admitted in law, and to avail themselves of their right to appeal.
- **Confidentiality:** Institutional guarantees of rights protection for all those involved in complaints, observing the legislation in force.
- **Diligence:** Investigation of all reports and complaints briefly for the purpose of any fair and proportionate sanctions in accordance with the applicable law.
- **Right to Appeal:** Instrument through which the punished Officer and Employee requires the restoration or grant of a right which has been suppressed or denied by CEMIG, and its Wholly-owned and Controlled Subsidiaries, during the Administrative Inquiry.

4.2 Internal Controls

The Anti-Fraud Policy of CEMIG and its Wholly-owned and Controlled Subsidiaries is an integral part of the Internal Control System.

CEMIG and its Wholly-owned and Controlled Subsidiaries have an Internal Control System that, properly structured and monitored, contributes effectively to the identification and mitigation of risks of Fraud and Corruption.

In this sense, the structure of internal controls of CEMIG and its Wholly-owned and Controlled Subsidiaries follows the methodology of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), a nonprofit organization that published the document “Internal Control - Integrated Framework” to help businesses and other organizations to assess and improve risk management and improve their internal control systems through ethics, corporate governance and the effectiveness of internal controls. This methodology was chosen because it is a globally recognized structure and incorporated into policies, rules and regulations of large companies, as suggested by the US Securities and Exchange Commission (SEC), for certification purposes of the controls, in compliance with Section 404 of the US Sarbanes-Oxley Act.

In line with the elements of the COSO and the requirement of the Sarbanes-Oxley Act, CEMIG, through the Superintendency of Internal Audit (IA), maintains and monitors a Risk and Control Map, whose structure includes prevention against the risk of Fraud and Corruption, in accordance with the policies, rules, procedures, standards and activities of CEMIG and its Wholly-owned and Controlled Subsidiaries.

4.3 Conflict of Interest

CEMIG and its Wholly-owned and Controlled Subsidiaries, in pursuit of the ethical behavior of its Officers, Employees and Suppliers and of the effective management of the organization's performance, shall endeavor to avoid the practice of acts in which the conflict of interest makes possible the occurrence of Fraud and of Corruption.

There is a conflict of interest when the idea of independence on the part of the Officer or Employee is compromised in relation to the matter under analysis, and its decision may be influenced by interests distinct from those of CEMIG and its Wholly-owned and Controlled Subsidiaries, and there is also the possibility of Fraud or Corruption.

In addition to the obligation to comply with the current legislation and specific instructions applicable to its business and its industry, CEMIG and its Wholly-owned and Controlled Subsidiaries do not admit, among other practices, in order to avoid conflicts of interest:

4.3.1 The disclosure or leakage of information by the Officers or Employees that is strategic, confidential or reserved to CEMIG and its Wholly-owned and Controlled Subsidiaries.

4.3.2 The execution of any external professional or voluntary activity by its Officers or Employees, in which their attitudes or actions will interfere with their duties or the activities of CEMIG and its Wholly-owned and Controlled Subsidiaries, and may result in damages to these Companies, Fraud or Corruption.

4.3.3 The practice of nepotism under the terms of the Binding Precedent 13 of the Federal Supreme Court.

4.3.4 The hiring, by exemption or waiver of bidding, of spouses or relatives of Officers or Employees, by kinship or affinity, in direct or collateral line to the third degree, or even companies where spouses or relatives, by kinship or affinity, in direct or collateral line to the third degree, participate, for the provision of services, execution of works or supply of materials, equipment and products.

4.3.5 The hierarchical or functional subordination, direct or indirect, between Officers or Employees and their spouses or relatives, by kinship or affinity, in a direct or collateral line, up to the third degree, except when it is not possible to place the employee, already belonging to the Company or admitted by public tender, in an area that removes the subordination in question.

4.4 Political Contributions and Donations

In compliance with the current legislation, in particular Law No. 9504, dated September 30, 1997, CEMIG and its Wholly-owned and Controlled Subsidiaries are not allowed to donate, direct or indirect, any kind of money or assets in cash, goods, services, including by means of publicity, that have a political objective with favor to political parties or their affiliates, whether or not they are in active militancy.

5. OPERATIONALIZATION AND ACCOUNTABILITY

5.1 The Management Body and Company Managers are responsible for internal controls to prevent and combat Fraud and Corruption, including the corresponding training program for Employees according by their scope of action. All members of the Management Body should be alert to signs of irregularities within their area of responsibility.

5.2 All Officers and Employees have a duty to report their own suspicions or information provided to them regarding the possibility of fraudulent or corrupt activities involving CEMIG and its Wholly-owned and Controlled Subsidiaries, including the relationship of the Companies with Suppliers. Any person who has reasonable grounds to believe that fraudulent or corrupt acts have occurred must immediately report these suspicious acts and not attempt to conduct any investigations, interviews or interrogations on their own.

5.3 Allegations of Fraud and Corruption may be reported to any of the parties listed below, which shall immediately submit them to the Company Ethics Committee:

- Immediate superior;
- CEO;
- Internal Audit;
- Ombudsman.

5.3.1 Complaints may also be reported directly to the Ethics Committee through the Reporting Channel, anonymously or in identified form, as well as correspondence may be addressed to the Secretary of the Ethics Committee or to the email comissaodeetica@cemig.com.br.

5.4 The Ethics Committee, upon learning of an irregularity, shall propose the CEO the establishment of an Administrative Inquiry where there is certainty of irregularity, but uncertainty of authorship.

5.4.1 The CEO may set up committees of Administrative Inquiry which shall be comprised of representatives of the Superintendency of Internal Audit (IA), the Corporate Legal Superintendency (JC), the Strategy and Infrastructure Management (GE/IF) and of the Body where the Employee denounced is placed.

5.5 The Ethics Committee shall inform the Company's Supervisory Board on allegations of Fraud and Corruption that it takes notice.

5.6 In case the internal verification proves Fraud or Corruption committed by an Employee, by guidance of the Ethics Committee or the Superintendency of Internal Audit and, where applicable, by the Corporate Legal Superintendency, the body where the Employee is in placed shall apply the procedures provided in IP-6:14 - Disciplinary Penalties, being assured the Right to Contradiction and Broad Defense and the exercise of their Right to Appeal, under the terms of IP-1.2.

5.7 The establishment, on its own or through a complaint, of an Administrative Inquiry for the determination of evidence of Fraud or Corruption committed by a member of the Ethics Committee of CEMIG and its Wholly-owned and Controlled Subsidiaries shall be by the Executive Board; by the **CEO**, it shall be the responsibility of the Board of Directors; and by members of the Board of Directors or of the Fiscal Council, it shall be the responsibility of the respective members. In this case, after 30 working days from the knowledge of the complaint by the Board Members and not being authorized to initiate the Administrative Inquiry, the General Meeting, at the request of the Fiscal Council, shall decide on this matter. These bodies will also be responsible for applying the applicable penalties.

5.8 In the event that there is evidence of possible Fraud or Corruption committed by a Supplier, as determined by the Ethics Committee and, as appropriate, by the Corporate Legal Superintendency, CEMIG's centralized procurement agency, and of its Wholly-owned and Controlled Subsidiaries, shall initiate a Punitive Administrative Proceeding, immediately after authorization of the Executive Board or the Management Board (DGE), in accordance with the IJ-04 - Procurement of Works, Services, Leases, Insurance, Acquisition and Sale of Assets, Signing of covenants, Partnerships, Agreements and Practice of Inherent Administrative Acts, in the scope of the Energy Company of Minas Gerais (CEMIG), and its Wholly-owned and Controlled Subsidiaries.

6. IMPLEMENTATION AND MONITORING

6.1 The Board of Directors and the Fiscal Council shall ensure the implementation of this Policy, and the Executive Board shall monitor it, in addition to executing it.

6.2 With regard to actions aimed at preventing, detecting and combating Fraud and Corruption, it is the responsibility of the Internal Audit to establish procedures to verify the effectiveness of controls to mitigate the risks of these infractions.

6.3 The Internal Audit, in addition to the scheduled work, will perform special audits at request of the Officers, the Ethics Committee or to meet the demands of External Control Bodies, in order to evaluate the origin of complaints or to ascertain facts disclosed.

6.4 In addition, CEMIG has an Anonymous Reporting Channel, available on the Intranet, exclusively for use by its Officers or Employees, through which it receives operational, non-operational and ethical complaints, which are ascertained by the Ethics Committee.

6.5 CEMIG also has an Ombudsman, corresponding to a communication channel for use by consumers, suppliers and society at large, with access through the website: www.cemig.com.br.

7. FORMALIZATION AND DISCLOSURE

This Anti-Fraud Policy was approved by the Executive Board and made available on the Intranet, to all Officers and Employees, as well as externally accessible in Portuguese and English, to the Wholly-owned and Controlled Subsidiaries, the society, customers, suppliers and shareholders on the Internet, at the website: www.cemig.com.br.

All Officers and Employees shall receive copies of this Policy, the "Statement of Ethical Principles of the Code of Professional Conduct" of CEMIG and the "Code of Ethical Conduct of Public Servants and Senior State Administration", including amendments thereto, and shall provide formal accession statements to the principles, values, commitments and criteria contained in these documents.

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Chief Executive Officer