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**MANAGEMENT OF THE “DECLARATION OF ETHICAL PRINCIPLES AND CODE OF PROFESSIONAL CONDUCT” AND THE WHISTLEBLOWING LINE AT CEMIG - COMPANHIA ENERGÉTICA DE MINAS GERAIS**

Replaces IO-07  
from April 3, 2012

1. OBJECTIVE

- 1.1 Establish procedures to be adopted by Cemig’s Ethics Commission, entities, subsidiaries and wholly-owned subsidiaries for the management of activities necessary in maintaining the Company’s “Declaration of Ethical Principles and Code of Professional Conduct” and the “Whistleblowing Line”, while complying with the provisions in the “Code of Ethical Conduct for Civil Servants and Upper Administration of the State of Minas Gerais”, Decree No. 43.673 of December 4, 2003 in those aspects regarding the Company’s attributes.

2. DEFINITION

- 2.1 **CEMIG’S Ethics Commission:** Commission created by CEMIG to coordinate the actions of the Company, its subsidiaries, and its wholly-owned subsidiaries in relation to the management of CEMIG’s “Declaration of Ethical Principles and Code of Professional Conduct” and monitor the investigation of complaints or inquiries received on irregular practices conflicting with the Company’s interests.
- 2.2 **Whistleblowing Line:** Channel set up by the Company and available on CemigNet where the workforce may choose to provide identifying information or remain anonymous in making complaints or inquiries about operational, non-operational, or ethical matters.

3. REFERENCES

- 3.1 **“Code of Ethical Conduct for Civil Servants and Upper Administration”** of the State of Minas Gerais: refers to the Code established by Decree No. 43.673 of April 12, 2003 and Decree No. 43.885 of April 10, 2004.
- 3.2 **“Standard Bylaws for Ethics Committees”:** refers to Resolution No. 5 of March 3, 2005 of the state of Minas Gerais Public Ethics Council, which establishes the standards to be followed by Ethics Commissions.
- 3.3 **Resolutions by the Minas Gerais State Public Ethics Council.**
- 3.4 CEMIG’s **“Declaration of Ethical Principles and Code of Professional Conduct”:** refers to the Company Code for employees, managers, administrators (members of the Board of Directors and Executive Board), and members of the Audit Board, approved by the Board of Directors as per CRCA No. 035/2004 of May 28, 2004.
- 3.5 **UN Global Compact:** initiative that aims to mobilize the international business community to adopt in their business practices fundamental and internationally accepted values in the areas of human rights, labor relations, environment and anti-corruption, expressed in 10 principles, of which CEMIG is a signatory, in accordance with CRD No. 078/2009 of March 24, 2009, and includes a booklet on Corporate Social Responsibility, which features CEMIG’s actions aligned to the ten principles.
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## 4. PROCEDURES

### 4.1 Promoting the dissemination of the Ethical Principles

- 4.1.1 CEMIG’s “Declaration of Ethical Principles and Code of Professional Conduct” and the “Code of Ethical Conduct for Civil Servants and Upper Administration of the state of Minas Gerais” are available as follows:
- a. on CemigNet
  - b. on CEMIG’s website ([www.cemig.com.br](http://www.cemig.com.br))
  - c. on paper, in the Ethics Commission’s Executive Secretariat
- 4.1.2 Internal dissemination of CEMIG’s “Declaration of Ethical Principles and Code of Professional Conduct” and the “Code of Ethical Conduct for Civil Servants and Upper Administration of the State of Minas Gerais” and any updates thereof, must be given to employees periodically through campaigns or other forms of dissemination.
- 4.1.3 The Corporate Communication Superintendence (CE) is in charge of promoting the dissemination of CEMIG’s “Declaration of Ethical Principles and Code of Professional Conduct” and executing items 4.1.1 and 4.1.2 in consultation with CEMIG’s Ethics Commission for the development of the Institutional Communication Plan.
- 4.1.4 The Human Resources (RH) and Employee Relations Superintendence is in charge of providing CEMIG employees with the required training on the importance of ethical conduct and CEMIG’s “Declaration of Ethical Principles and Code of Professional Conduct” and the “Code of Ethical Conduct for Civil Servants and Upper Administration” of the state of Minas Gerais with support from the Ethics Commission Executive Secretariat.

### 4.2 Operations of the Executive Secretariat and Whistleblowing Line

- 4.2.1 The Internal Audit Superintendence (AI) is in charge of the coordination of the Ethics Commission Executive Secretariat, which has the same functional location as the AI, and is in charge of the operation of the Whistleblowing Line.
- 4.3 Procedure for receiving and replying to whistleblowing reports and inquiries by employees as they relate to CEMIG’s “Declaration of Ethical Principles and Code of Professional Conduct”.
- 4.3.1 The Ethics Commission Executive Secretariat may receive whistleblowing reports or inquiries by CEMIG employees’ related to CEMIG’s “Declaration of Ethical Principles and Code of Professional Conduct” and the “Code of Ethical Conduct for Civil Servants and Upper Administration” of the state of Minas Gerais (State Decree No. 43.673 of December 4th, 2003), as long as they are duly instructed within reason. Every report or inquiry of an ethical nature shall, obligatorily, be identified, in compliance with the provisions of the “Code of Ethical Conduct for Civil Servants and Upper Administration” of the state of Minas Gerais. Reports or inquiries may be made through the Whistleblowing Line, by mail addressed to Barbacena 1200, 19º Andar, Ala A1, or by e-mail [comissaodeetica@cemig.com.br](mailto:comissaodeetica@cemig.com.br)
- 4.3.2 When investigating ethical misconduct, the Ethics Commissions shall observe the Standard Bylaws of the Ethics Commission – Resolution No. 5 of March 3, 2005, and Decree No. 43.673 of December 4, 2003 of the state of Minas Gerais.
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4.3.3 Replies to reports or inquiries must be formulated by the Ethic Commission Executive Secretariat based on the findings taking into consideration CEMIG's "Declaration of Ethical Principles and Code of Professional Conduct". They shall be approved by the Ethics Commission prior to communication to the interested party, and must be carried out in accordance with letter "F" under item 4.5 of this Manual.

4.3.4 In conducting activities, receiving and replying to whistleblowing reports and inquiries, as well in its operation (in conformity with item 4.5 of this Manual), the Ethics Commission must take into account that Cemig is a signatory of the UN Global Compact's ten principles, and attention must be given to the Corporate Social Responsibility booklet which includes the following principles:

- Principle 1 - Support and respect the protection of internationally proclaimed human rights.
- Principle 2 - Avoid complicity in human rights abuses.
- Principle 3 - Defend freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4-the Elimination of all forms of forced or compulsory labor.
- Principle 5 - Effectively eradicate child labor.
- Principle 6 - Eliminate discrimination at work, employment and occupations.
- Principle 7 - Companies must support a preventive approach to environmental challenges.
- Principle 8 - – Companies must undertake initiatives to promote greater environmental responsibility.
- Principle 9 - Companies must encourage the development and the dissemination of environmentally sustainable technologies.
- Principle 10 - Combat corruption in all its forms, including extortion and bribery.

4.4 Procedure for receiving and investigating whistleblowing reports or inquires concerning financial fraud and other practices considered illegal

4.4.1 The Whistleblowing Line may be used to make anonymous reports or inquiries on irregular practices contrary to the Company's interests that comprise financial fraud, including adulteration, forgery or suppression of fiscal and accounting documents, misappropriation of assets and resources, receipt of improper benefits by managers or employees, irregular contracts and other practices that are considered illegal. To file these reports, the identification of the whistleblower is not required.

4.4.2 All whistleblowing reports or inquiries received through the means listed under item 4.3.1 shall be forwarded to the Ethics Commission. The Ethics Commission reviews and analyzes all inquiries, which, if necessary, shall request support from the areas involved.

4.4.3 The Ethics Committee shall classify the reports as follows: a) Operational reports: those that are related to operational or routine activities and not related to issues concerning the financial macroadministration of the Company; b) Non-operational reports: those that are related to financial fraud including adulteration, forging or suppression of financial, fiscal and accounting documents, misappropriation of assets and resources, receipt of improper benefits by managers and employees, irregular contracts and other practices that are considered illegal and whose values are related to the financial macro-administration of the Company, and which may have an effect on the Company's financial statements.

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- 4.4.3.1 Reports may be classified according to their ethical nature, provided they are properly identified.
- 4.4.4 All non-operational reports must be forwarded by the Ethics Commission in a memo to CEMIG's Audit Board for processing and analysis and operational reports for their acknowledgement.
- 4.4.5 Operational reports must be forwarded by the Ethics Commission in a memo to the respective Executive Office for analysis, investigation, and response.
- 4.4.6 The Superintendent in charge shall forward responses to whistleblowing reports to the Internal Audit Superintendence (AI). A copy will be sent to the respective Executive Officer for analysis and control within a maximum period of 60 (sixty) days.
- 4.4.7 Exceptional cases that require periods longer than 60 (sixty) days must be reported to the Internal Audit Superintendence (AI) with due justification.

*Note: The procedures for receiving and handling reports described under items 4.3 and 4.4 are shown in the flowchart in Appendix 1.*

**4.5 In fulfilling its duties Ethics Commission Executive Secretariat, the Internal Audit Superintendence (AI) is responsible for the following:**

- a. monitoring, supervising, and controlling the Whistleblowing Line.
- b. receiving reports or inquiries
- c. coordinating the proceedings for the Ethics Commission's monthly meetings including scheduling meetings, preparing reports or inquiries received in the period, drafting the minutes, and forwarding them for investigation
- d. monitoring the progress in the investigation of reports and inquiries made
- e. receiving responses, analyzing their content, conducting further investigations and/or requesting reformulation of responses
- f. updating data on reports or inquiries, notifying the parties involved of the progress of the process, and registration of responses
- g. conduct periodical studies of the statistics around inquiries or reports to present to the Ethics Commission or Audit Board.

- 4.5.1 In cases where necessary, the AI may request the Ethics Commission to analyze responses received and to define the next steps to be taken.

**4.6 In the event the Ombudsman's Office at CEMIG receives external complaints or inquiries that the department does not handle, they shall be forwarded as follows:**

- a. The Ombudsman's Office registers the complaint or inquiry into the Whistleblowing Line registry. The word "Ombudsman's Office" is placed in the field "Name" in order for the whistleblower to remain anonymous. For those cases where it is necessary to identify the person filing the report, it should be noted under the field "Description" that the identity of the person making the complaint is available in the Ombudsman's Office if needed for the investigation.
  - b. the report or inquiry then follows the normal process through the Ethics Commission noting that when a report is forwarded for investigation by the Ethics Commission Executive Secretariat, it must be clearly noted on the memo that it involves an external report or inquiry from the Ombudsman's Office
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c. Once the case/registration number is received, the Ombudsman's Office monitors the investigation process and is responsible for notifying the whistleblower/person making the inquiry once the investigation is over.

#### **4.7 Whistleblowing Line System**

4.7.1 The Whistleblowing Line support system should allow for statistical data to be collected on the number of reports or inquiries received and the number of reports that were responded to for each category. Categories may include the following groups and others as determined by the Ethics Commission:

- a. Health, safety, environment and social responsibility
- b. Laws and corporate governance
- c. Professional integrity and internal public (Company employees)
- d. internal rules, institutional image and relationship with society
- e. Information technology resources and means
- f. Customer commitment
- g. Fraud and misconduct
- h. Complaints with no grounds
- i. Complaints with insufficient information for analysis or investigation
- j. Asset protection
- k. Relationship with suppliers and contractors.

4.7.2 The Information Technology Superintendence has the responsibility of (TI) maintaining the information system providing support for the Whistleblowing Line and programs for collecting statistical data. The department shall also ensure that all information systems guarantee confidentiality of information and the anonymity of those who wish to remain unidentified when making reports or inquiries.

#### **4.8 Formalization of Solemn Commitment**

4.8.1 Whenever an employee takes on a new position, role, office, or signs a work contract, they are given a formal declaration to sign in which they commit to knowing, observing, and abiding by the values and principles in CEMIG's "Declaration of Ethical Principles and Code of Professional Conduct" and the "Code of Ethical Conduct for Civil Servants and Upper Administration" of the state of Minas Gerais (State Decree No. 43.673 of December 4, 2003).

4.8.2 Human Resources (HR) is responsible for giving the formal declaration to all new employees, interns and temporary contractors/workers for signature and formalizing the commitment by all when reviewing the declaration with them.

4.8.3 The General Secretariat (SG) and Corporate Executive Office are responsible for making the arrangements necessary for CEMIG's new Executive Officers and Board members, subsidiaries, and wholly-owned subsidiaries to sign the declaration, and formalizing the commitment by all when reviewing the Declaration. This Office is also responsible for forwarding the "Confidential Declaration of Information" and updates to the Ethics Commission Executive Secretariat, according to the provisions of Articles 13 to 17 of Decree No. 43.885/2004 and Article 2 of Decree No. 44.591/2007 for submission to the Public Ethics Council.

#### **4.9 Procedure for the revisions of CEMIG's "Declaration of Ethical Principles and Code of Professional Conduct"**

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- 4.9.1 The Internal Audit Superintendence (AI) shall be responsible for the revision of CEMIG’s “Declaration of Ethical Principles and Code of Professional Conduct” when requested by the Ethics Committee with support from the SE where necessary.
- 4.9.2 When the proposed revision of CEMIG’s “Declaration of Ethical Principles and Code of Professional Conduct” is approved by the Executive Board, it must then be submitted to the Board of Directors for approval.
- 4.9.3 Once the revision CEMIG’s “Declaration of Ethical Principles and Code of Professional Conduct” has been approved, it is up to the responsible entities to provide and formalize the newly revised Declaration.

**Original signed by:**  
**DJALMA BASTOS DE MORAIS**  
**Chief Executive Officer**

Appendix:

1 - Flowchart of the procedures for receiving and handling reports.

Distribution: General

THE INTERNAL AUDIT SUPERINTENDCE (AI) IS RESPONSIBLE FOR MAINTAINING PERMANENT CORRESPONDENCE BETWEEN THE TERMS OF THIS MANUAL AND THE PROCEDURES IN FORCE.

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