



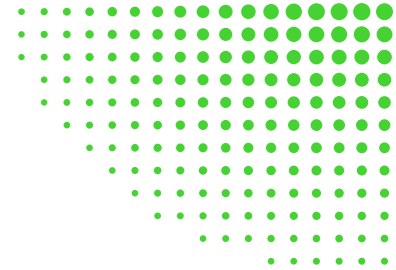
CEMIG

2021

ANNUAL AND

# SUSTAINABILITY

REPORT



2021  
ANNUAL AND  
**SUSTAIN  
ABILITY**  
REPORT



R\$ **13,224**  
MILLION

invested in internal and  
external social indicators

**564,434 KM**  
of distribution networks

NET PROFIT  
R\$ **3,753**  
MILLION

**8,884 million**  
Consumers in 2021

# ABOUT THIS REPORT

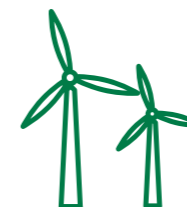


## RAS 2021

Cemig, Companhia Energética de Minas Gerais, presents its Annual Sustainability Report (RAS), regarding the 16th edition of the report, which has been reported on an annual basis since 2006. The information shared herein refers to the period from January to December 2021. **GRI 102-1; 102-50; 102-51; 102-52**

The annual disclosure of the RAS contributes to Cemig's transparent dialogue with its stakeholders, providing relevant information on its activities, environmental, economic, and social impacts, and the Company's performance in these aspects, as well as relevant information on governance. **GRI 102-45; 102-56**

The companies identified in the Cemig Group's organizational chart, under the holding's operational control, are considered for the accounting data herein presented, which can be verified in chapter 4, "Who We Are". Possible exceptions will be mentioned throughout the instrument. Data consolidation was carried out according to criteria established in the Brazilian legislation and previously audited by Ernest & Young Auditores Independentes S.A.



The Financial Statements, available on the Company's website, are presented following the International Financial Reporting Standards (IFRS), in thousands of R\$(except as otherwise indicated in another unit). For non-accounting data, this document may encompass other subsidiaries of the Cemig Group, indicating when it occurs.

The names "Cemig" or "Company" are used as a reference to the holding company, Cemig, and its subsidiaries, Cemig Distribuição S/A (Cemig D), and Cemig Geração e Transmissão S/A (Cemig GT). The term "Parent company" is the name used as a reference to the Cemig holding company (Cemig H), as an individual company, excluding subsidiaries. **GRI 102-51; 102-54**

The 2021 Annual Sustainability Report was prepared in accordance with the GRI Standards Essential option, aiming to fully adopt the GRI Standards and ensure the continuity and comparability of data and information presented in previous reports.

The Company was inspired by integrated reporting guidelines from the International Integrated Reporting Council (IIRC), including the presentation of information regarding the integration between the Company's programs and projects, as well as its contributions to the Sustainable Development Goals (SDG), of the United Nations (UN). **GRI 102-56**

This document went through independent external verification, carried out by Bureau Veritas, generating the Statement of Assurance (assurance or guarantee) that can be verified in the exhibit at the end of the document.

The greenhouse gas (GHG) emission data were also audited by Bureau Veritas within the scope of the Cemig 2021 GHG Emissions Inventory.

In case of need to update or review information provided in previous reports, they will be informed, as well as the motivation for the review. **GRI 102-53**

In case of doubts, suggestions, or further information regarding this report, please send an email to the Corporate Sustainability Superintendence ([sustentabilidade@cemig.com.br](mailto:sustentabilidade@cemig.com.br)) or to the Investor Relations Superintendence ([ri@cemig.com.br](mailto:ri@cemig.com.br)).



## THE COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization (WHO) declared the situation of the spread of Covid-19 as a pandemic worldwide, reinforcing the recommendations of restrictive measures as a strategy to fight against the virus. These measures, mainly embodied in social distancing, have had a negative impact on many entities, affecting their production processes, disrupting their supply chains, causing labor shortages, and closing stores and facilities, requiring the development of measures for fighting against it, and reducing the effects of the economic crisis caused by the pandemic.

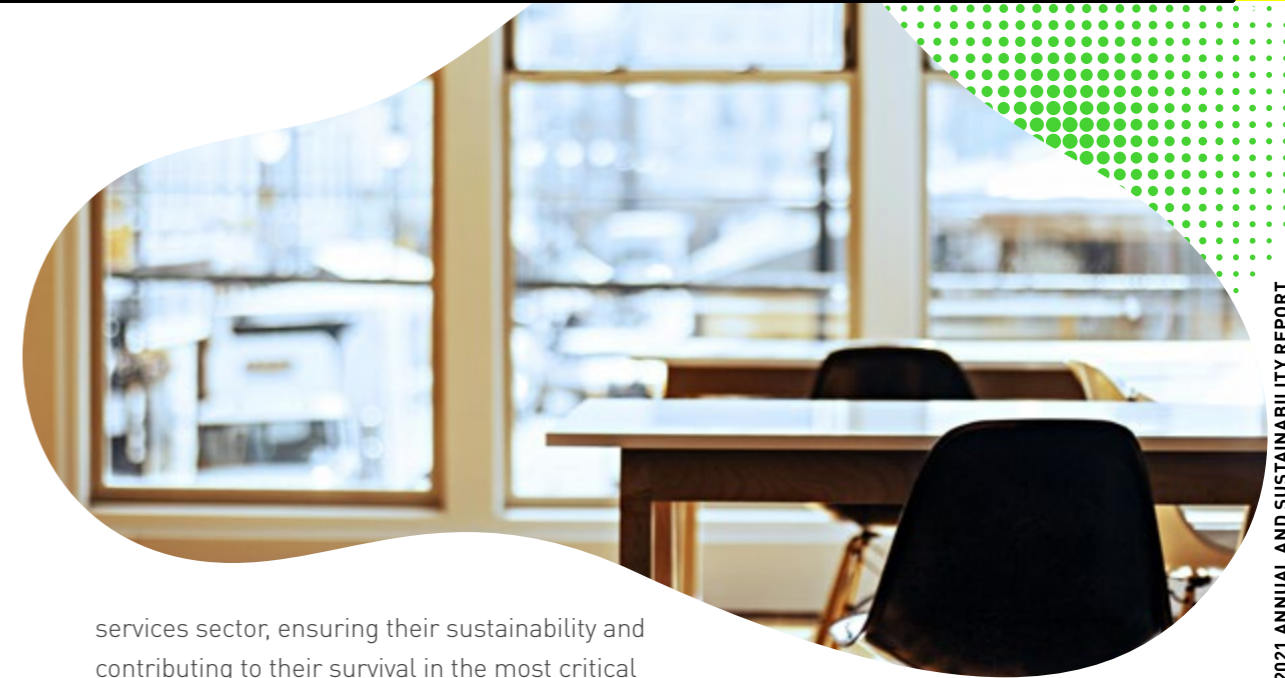
On March 23, 2020, the Company created the Coronavirus Crisis Management Steering Committee, with the purpose of ensuring greater agility in decision-making, in view of the rapid evolution of the scenario, which has become more comprehensive, complex and systemic.

In line with the recommendations of the World Health Organization (WHO) and the Ministry of Health, with the purpose of contributing to the efforts of the population and the Brazilian authorities to mitigate the risks of spreading the disease, the Company implemented an operational contingency plan and a series of preventive measures to maintain the health and safety of your workforce, including: daily contact *"in loco"* with the teams in

service by Safety and Nursing technicians, daily integration with the social service of the contractors to monitor the evolution of suspected cases, change and scheduling of shifts to reduce agglomerations, restriction of domestic and international travel, use of remote means of communication, implementation of home-office for a significant portion of employees, with a gradual return by January 2022, distribution of masks to employees who perform activities in their facilities or when working externally, and demands for contracted companies to implement the same procedure.

The Company also implemented the following measures, with the purpose of contributing to society:

- Flexibility in the flow of payments and installments of amounts collected for specific clients, pursuant to of the programs launched by the Company during 2020.
- Launch of a negotiation campaign, on April 20, 2021, allowing for the installment of the debt of defaulting consumers served in "Low Voltage" of the commercial class, in up to 12 interest-free installments, including the exemption of the financial update not yet registered in the invoice, in effect for 45 days, with the purpose of maintaining the payment flow of small businesses and the



services sector, ensuring their sustainability and contributing to their survival in the most critical period of the Pandemic.

- Adherence to the civil society movement *"Unidos Pela Vacina"* (United for the Vaccine), in order to effectively collaborate with the vaccination process of the population of Minas Gerais, with direct support to 425 municipalities. The Company's participation took place through the voluntary participation of its employees in supporting the transportation and displacement of professionals from various municipalities to take vaccines to rural regions, to bedridden people, in addition to the donation of inputs in the amount of R\$2,783, with the purpose of helping to promote access to the vaccine to fight Covid-19 in municipalities in the State.

Cemig has adhered to the civil society movement **"Unidos Pela Vacina"** (United for the Vaccine), in order to effectively collaborate with the vaccination process of Minas Gerais population, with direct support to 425 municipalities.



**Cemig upholds its solidity,  
with stability in financial results  
and reduced risks in the face of  
adverse scenarios.**

In the challenging scenario caused by the pandemic, Cemig has shown resilience and sustainability of its operations, enabling the supply of quality energy to society, ensuring uninterrupted service to hospitals and other public services. As an integrated company, with business diversification in the energy generation, transmission, commercialization, and distribution sectors, Cemig upholds its solidity, with stability in financial results and reduced risks in the face of adverse scenarios.


On December 31, 2021, upon observing the economic effects of the pandemic, the Company assessed the assumptions used to calculate the fair value and recoverable value of its financial and non-financial assets, with the main impacts described as follows:

- The subsidiary Cemig GT evaluated whether the greater pressure on exchange rates combined with the lack of liquidity in the financial market will have a negative impact on the debt and on the derivative financial instrument contracted to protect its operations from the risks arising from the foreign currency variation. Given current market conditions, exposure to the foreign exchange variation of the principal of the debt and the variation in the fair value of the derivative instrument, which considers future projections of exchange rate and interest, as well as the semi-annual settlements of the “swap”, generated a net financial expense of R\$892 million for the year 2021. The long-term projections indicate a depreciation of the dollar in relation to the current exchange rate, which, if confirmed, will represent a decrease in the Company’s foreign exchange variation expenses. Seeking the prudent management of its liabilities and the reduction of the liquidity risk and exposure to the dollar, on August 5, 2021, Cemig GT settled the tender offer for debt securities in the foreign market of its issuance, with maturity in 2024, compensated at 9.25% per year, in the principal amount of US\$500 million. Additionally, on June 7 and 8, 2021, the partial cancellation of the contracted derivative financial instruments was carried out, in the amount of US\$500 million, determining, in favor of the Company, the amount of R\$774 million.

- Upon measuring the expected loss with doubtful accounts, the Company assessed the circumstances of the Covid-19 pandemic and the measures implemented to reduce the impact of the economic downturn on delinquency. The Company intensified measures to mitigate delinquency risks, with a specific campaign to negotiate with clients, individualized judicial collection actions, expansion of negotiation channels, and diversification of means of payment. The Company understands that the measures adopted mitigated the effects of the economic crisis on the raising of funds. It should be noted that Aneel Resolutions No. 928 and No. 936 extended the suspension of energy supply of the low-income residential subclass consumers and that of certain other consumers until December 31, 2021;
- The assumptions used by the Company in determining the recoverable amount of its significant investments in subsidiaries, jointly-owned subsidiaries, and affiliates were not significantly influenced by the Covid-19 pandemic, since the cash flows of these investees are mainly derived from long-term economic exploitation of commercial operation rights of regulated activity. Therefore, no adjustments were recorded to impairment of its investees, subsidiaries, affiliates, and jointly-owned subsidiaries, due to the current economic scenario;

- Despite the uncertainties related to the long-term developments of the crisis, the Company does not expect the negative effects on the projections to compromise the feasibility of realizing its deferred tax assets;
- The Company assessed the behavior of interest and discount rates that are the basis for the calculation of Post-Employment Obligations, and understood that these are not significantly affected by short- and medium-term conjunctural issues, since the main assumptions used are on a long-term basis;
- The Company's Management carried out a sensitivity analysis of the fair value of financial assets and liabilities, reflecting the current projected market conditions and rates.
- With regard to the electricity market, the energy billed to captive customers and the energy transported to free customers and distributors, with access to Cemig D's networks, presented an increase of 5.1% in 2021, in relation to the same period in 2020, reflecting the measures adopted to ease the conditions of social isolation. This result is the composition of a 0.6% growth in the consumption of the captive market, and 10.3% in the network use by free customers.

The impacts of the Covid-19 pandemic were based on the Company's best estimates and no significant impacts from the pandemic are expected in the long term.



**The energy billed to captive customers and the energy transported to free customers and distributors, with access to Cemig D's networks, presented an increase of 5.1% in 2021.**



## MESSAGE FROM THE PRESIDENCY GRI 102-14

The year 2021 will be marked in Cemig's history as a year of transformation and achievements. In parallel with the review of the Company's strategic planning, with the purpose "to focus and win" and to prioritize investments in Minas Gerais, there were important advances in the operational efficiency, in the financial results, and in the quality of the services provided to customers, a source of pride for all of us who work in the Company.

Our profile as an integrated company, with business diversification in the energy generation, transmission, commercialization, and distribution sectors, brings us solidity, reduced risks when facing adverse scenarios, and provides greater stability in results.

Reynaldo Passanezi Filho,  
Chief Executive Officer

**We ended the year with  
the highest nominal  
profitability in our history.**

Net profit of  
**R\$3,753 million**  
Ebitda of  
**R\$8,000 million**



In terms of financial results, we ended the year with the highest nominal profitability in our history: a net profit of R\$3,753 million (31.04% higher than 2020), and an Ebitda of R\$8,000 million (40.50% higher than 2020).

Our financial indebtedness, measured by the net debt/adjusted Lajida ratio, was of 1.2 times, which demonstrates the Company's financial strength and provides support for the implementation of the ambitious investment program for the coming years. We reduced our foreign exchange exposure, with the repurchase of US\$500 million of the bonds with maturity expected for 2024, which also contributed to a better profile of our debt.

Operational efficiency is a priority for the Company. In 2021, we repeated the result obtained in the previous year of having our transmission and distribution operating expenses fully covered by regulatory revenues. The implementation of additional efficiency measures, such as reducing delinquency and bringing technical/non-technical energy losses within regulatory limits, also contributed to this year's Ebitda, for the distribution business, being above the regulatory benchmark.

The excellent financial results were in line with an increasing quality of service provided to customers. The DEC (index that measures the duration of energy interruptions) registered was of 9.46 hours, another reduction, comprising the best result of the historical series. These results provided for a continuous improvement in our rating by the rating agencies. In 2021, we had our credit ratings upgraded by Fitch and Standard&Poors, reaching AA+ on the Brazilian national scale, also Cemig's best risk rating in history.

This scenario caps a year in which the largest investment plan in the Company's history was announced, a forecast of R\$22.5 billion by 2025, focusing on distribution, transmission, and generation concessions through renewable sources. Reversing a previous trend, Cemig is once again prioritizing its core businesses and focusing on Minas Gerais. To focus and win, as already pointed out.

The Company seeks customer satisfaction in the digitalization and transformation of relationship processes, with agile, efficient, and always safe management. It is noteworthy that these investments planned for the coming years - with new substations and reinforcement of the distribution network - will allow for a greater supply and access to energy, a key



**The largest investment plan in the Company's history was announced, a forecast of R\$22.5 billion by 2025.**

factor for improving the quality of life of the people served by the Company.

The year of 2021 was a year of achievements in the regulatory scenario, the renegotiation of the hydrological risk was concluded, due to the costs assumed by the generators between 2012 and 2017. As a result of this agreement, which eliminated the legal discussion of the matter, Aneel approved the extension of several generation concessions granted to Cemig, highlighting those related to the Nova Ponte and Emborcação plants, which have an extension of approximately 2 years in relation to the original maturity in 2025 (not including the expected renewal of the concession agreement), which represents a relevant generation of additional cash for Cemig.

All these achievements took place in a particularly challenging scenario, in which the society continued to deal with the significant effects of the Covid-19 pandemic, which also had an impact on our business. Cemig took over a leading role in the pandemic, reinforcing its vocation as a company with strong social responsibility. We prioritized the uninterrupted service to hospitals and other public services, in addition to the firm adherence to the civil society movement “Unidos Pela Vacina” (United by the Vaccine), of effective collaboration with the vaccination process of the population of Minas Gerais, directly supporting 425 municipalities.

Cemig’s operation took place through the voluntary participation of its employees in supporting the transportation and displacement, with Company’s vehicles, of professionals from various municipalities to take vaccines to rural regions, to bedridden people, in addition to the donation of inputs, with the purpose of helping to promote access to the vaccine to fight Covid-19 in municipalities in the State.

The safety and health of the people who work for the Company were also a main factor, and the established protocols were strictly observed. Unfortunately, even with the adoption of such practices, there was still the loss of employees due to the pandemic, which brings us sorrow and a feeling of solidarity with the families.

**Cemig took over a leading role in the pandemic, reinforcing its vocation as a company with strong social responsibility.**

We are determined in pursuing sustainable practices in our operations, creating value for our shareholders, and contributing to the well-being of society. We are the only company in the electricity sector outside of Europe to be part of the Dow Jones Sustainability Index (consecutively for 22 years), which selected only 7 companies in the sector worldwide, in addition to having a prominent position in several other national and international sustainability ratings. We are also the biggest promoter of culture in the state of Minas Gerais.

The year 2022 brings additional challenges concerning the international and national situation and the effects of the pandemic, which we hope can be mitigated due to the progress of vaccination of the population. However,

the expressive results obtained in recent years, due to the commitment of the Management and the talent of the people who work at Cemig, allow us to be optimistic about the future of the Company.

We thank our employees, shareholders and other stakeholders for their convergent effort to maintain Cemig’s recognition as a company of relevance and prominence in the Brazilian electricity sector.

**The ONLY COMPANY in the electricity sector outside of Europe to be part of the Dow Jones Sustainability Index.**



# MATERIALITY

GRI 102-46; 102-49

The 2021 Materiality follows the 2020 plan considering the adaptations imposed by Covid-19. Therefore, a few current challenges generated by the pandemic were addressed, as a way of complementing Materiality, as follows:

- Consultation with Cemig's senior leadership: focus on the Covid-19 context;
- Use of the results from consultations with stakeholders' managers, carried out for the RAS of 2019;
- Review of the sustainability context;
- Prioritization of topics (application of Materiality Principle tests - GRI).

As of this year, the Company has kept its relationship and understanding of priority issues updated for stakeholders related to its activities.

The engagement for the sustainability report, and/or for the definition of material topics, was carried out in 2020, and Cemig established a progressive approach.

The stakeholders' engagement occurs through an internal procedure<sup>1</sup> of identifying, selecting, and prioritizing stakeholders, named Stakeholder Mapping.

This procedure describes the actions and methods used by the Company to identify Cemig's main stakeholders, based on the criteria of: (i) responsibility; (ii) influence, (iii) proximity, (iv) dependence, (v) representation, (vi) statement of strategy and policies.







<sup>1</sup> Cemig SE/AS Procedure - 0012/2010.

Based on these criteria and on the Communication Policy, Cemig defined the following groups as stakeholders for its Sustainability Report: government authorities; shareholders and investors; clients; consumers; suppliers; press; community in general (NGOs, society, universities, etc.); employees. **GRI 102-21; 102-40; 102-42**

The external references that guided the identification of the most relevant topics for companies in the electricity sector supported the consideration of Cemig's relevant and significant topics. This also served to indirectly determine the topics of interest and potential impacts on the following categories of stakeholders: own and third-party workforce, critical suppliers, shareholders and investors, corporate customers, captive customers, communities potentially impacted by activity and operation, regulatory entities, investors. **GRI 102-43**

**PRIORITY MATERIAL TOPICS RAS 2019, 2020 AND 2021**

The list of priority material themes and topics, and the description of their relevance is updated below: **GRI 102-44; 102-47; 103-1**

PRIORITY MATERIAL TOPIC	STAKEHOLDERS INTERESTED IN THE TOPIC	DESCRIPTION – GRI 103-1	GRI TOPIC	TOPIC LIMIT		SDG
				Internal Impact	External Impact	
<b>Biodiversity and Habitat Protection</b>	Specialists and Organizations of the Sector	<p>The Company's activities are mainly in 2 Brazilian biomes, the Cerrado and the Atlantic Rainforest. The impacts on biodiversity and habitat protection are mainly related to activities of energy generation and transmission.</p> <p>Additionally, the Company manages freshwater reservoirs of more than 3,500 km<sup>2</sup> in length.</p>	Biodiversity (304)		✓	
			Environmental Compliance (307)	✓		
<b>Compliance and Ethical Conduct</b>	Senior Leadership	<p>The Brazilian business context has been marked by proven cases of unethical conduct in the public and private sectors. Compliance, ethics, and transparency initiatives have been introduced and implemented. Cemig, as a government-controlled company, engages and endorses these initiatives with a high degree of priority.</p>	Ethics and Integrity (102- 14 and 102-15)		✓	
	Sustainability Committee		Anti-corruption (205)			
	Workforce		Socioeconomic Compliance (419)			
<b>Combating Losses</b>	Sustainability Committee	<p>Energy losses impact (i) the safety of the population (when they result from clandestine connections); (ii) the environment, (iii) the Company's results, in view of unearned revenues and operational inefficiency; and (iv) customers, due to the effects on the quality of supply. In addition, the greater the losses in the transmission and distribution of electricity, the greater the need for energy generation and distribution, leading to an increase in indirect greenhouse gas emissions.</p>	Economic Performance (201)		✓	
			Indirect Economic Impacts (203)			
			Energy (302)			
			Emissions (305)	✓		
			Customer Health and Safety (416)	✓		


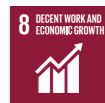
PRIORITY MATERIAL TOPIC	STAKEHOLDERS INTERESTED IN THE TOPIC	DESCRIPTION – GRI 103-1	GRI TOPIC	TOPIC LIMIT		SDG	
				Internal Impact	External Impact		
Local Communities	Senior Leadership	Cemig has heavily invested in the efficiency of its management. As a government-controlled company, Cemig's results are of public interest and directly impact the government and citizens of the State of Minas Gerais. In this sense, Cemig's management is committed to promoting the Company's operational efficiency, reliability, and resilience.	Governance (102-18 to 102-39)		✓		
	Captive Customers		Economic Performance (201)	✓			
	Sustainability Committee Specialists and Organizations of the Sector						
Media							
Financial Performance	Senior Leadership;	In general, financial performance is essential for the continuity of any business. One of Cemig's goals is the generation of wealth and value for the society through its activities and investments, so it is important that the company does not have problems with its collection and revenue.	Desempenho Econômico (201)		✓		
Human Rights	Experts, Investors and DJSI, and Organizations of the Sector	Cemig started processes of Human Rights consideration in its activities in 2017, when it carried out an exercise to identify and assess impacts on the Company, in its operations, and in its business relationships (for example, in the supply chain). It has guided its processes by the UN Guiding Principles on Business and Human Rights, and other related references. This includes strict legal compliance with regulations on child labor, forced labor, health and safety, non-discrimination, among other legal frameworks that aim to protect certain human rights. It has sought to improve its processes to ensure proper management of its business partners in terms of preventing adverse impacts on human rights.	Non-discrimination (406)				
			Forced or Slave-like Labor (409)	✓	✓	 	
			Safety Practices (410)				
			Human Rights Assessment (412)				
Management Efficiency	Senior Leadership; Specialists and Organizations of the Sector; Investors.	Cemig has heavily invested in the efficiency of its management. As a government-controlled company, Cemig's results are of public interest and directly impact the government and citizens of the State of Minas Gerais. As a way of guaranteeing these results, Cemig's management is committed to promoting operational efficiency, reliability and resilience.	Governance (102-18 to 102-39)		✓	 	
			Economic Performance (201)				

PRIORITY MATERIAL TOPIC	STAKEHOLDERS INTERESTED IN THE TOPIC	DESCRIPTION – GRI 103-1	GRI TOPIC	TOPIC LIMIT		SDG
				Internal Impact	External Impact	
Regulatory Framing	Senior Leadership; Specialists and Organizations of the Sector.	The electricity sector is linked to the regulatory environment, which justifies its weight in the strategy and its level of influence on Cemig’s management, the focus of which has been on efficiently dealing with corporate risks involving regulatory aspects in the sectorial scenario.	Environmental Compliance (307)	✓	✓	  
		Being aware of the importance of its business to society, the regulatory compliance and adherence is an essential guideline for Cemig.	Socioeconomic Compliance (419)			
Promoting the Energy Transition	Senior Leadership	The risks and opportunities arising from climate change, and technological innovations, drive the energy sector’s transition to a low carbon economy. This transition is characterized by new possibilities for the provision of services and energy alternatives, which include elements such as the smart grid, distributed generation, trends towards electrification of the economy and energy storage.	Strategy (102-14 and 102-15)			     
	Corporate Customers		Economic Performance (201)			
	Sustainability Committee	In addition, with almost 100% of electric power generation made up of hydro-electric power plants and with the imminence of water crises, the challenges of security and energy efficiency are accentuated for Cemig.	Energy (302)	✓	✓	
	Specialists and Organizations of the Sector	Its operations impact and are impacted by the energy transition, which makes this topic significant.	Emissions (305)			
Suppliers Management	Senior Leadership	The environmental, economic, and social impacts arising from the activities carried out by Cemig’s suppliers are considered indirect impacts of the Company’s operations, which is why the supply chain management is essential for Cemig.	Supplier Environmental Assessment (308)	✓	✓	 
	Suppliers		Supplier Social Assessment (414)			

PRIORITY MATERIAL TOPIC	STAKEHOLDERS INTERESTED IN THE TOPIC	DESCRIPTION – GRI 103-1	GRI TOPIC	TOPIC LIMIT		SDG
				Internal Impact	External Impact	
Management of Water Resources	Sustainability Committee; Investors; Specialists and Organizations of the Sector; Media (media universe).	With almost 100% of the electricity generated by hydroelectric power plants, the management of water resources is essential for Cemig’s operation. The forecast for the intensification of drought events resulting from climate change brings significant risks to Cemig’s business and highlights the substantial nature of the issue for the Company.	Economic Performance (201)	✓	✓	
			Water (303)			
Risk Management	Senior Leadership; Specialists and Organizations of the Sector.	Risk management enables the insertion of diversified perspectives, in case of changes in the economic, political, institutional, regulatory, etc. context.  Risk management at Cemig is based on a structured governance, it supports decision-making, and has focused on aspects such as the health and safety of employees, suppliers, customers, the general population, and the environment, among others.  Cemig addresses risk management with a high degree of priority and relevance.	Strategy (102-14 and 102-15);	✓	✓	
			Governance (102-18 to 102-39)			
			Economic Performance (201)			
People Management	Senior Leadership  Sustainability Committee  Specialists and Organizations of the Sector  Workforce	People management is essential to the fulfillment of Cemig’s mission and vision. The Cemig’s people management model is based on strategic planning, as well as on the Human Resources Policy, guiding initiatives and programs aimed at people management, with the goal of adding value to the business, aiming at gaining efficiency and guaranteeing quality and availability of personnel to serve the consumers and the population of Minas Gerais. People management comprises aspects such as training and increased productivity, meritocracy, accountability, and the health and safety of its employees. It is highly relevant for the Company, which seeks to add value to the business through it.	Employment (401)			
			Training and Education (404)	✓		
			Diversidade e Igualdade de Oportunidades (405)			
			Não discriminação (406)			

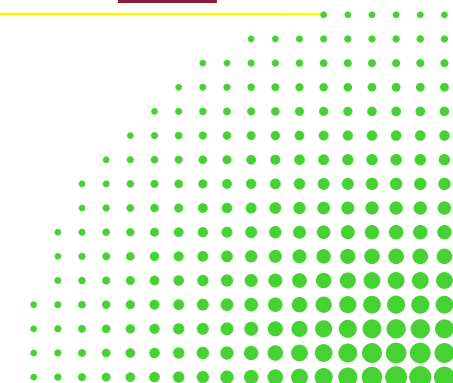


PRIORITY MATERIAL TOPIC	STAKEHOLDERS INTERESTED IN THE TOPIC	DESCRIPTION – GRI 103-1	GRI TOPIC	TOPIC LIMIT		SDG
				Internal Impact	External Impact	
<b>Governance of ESG Aspects</b>	Senior Leadership; Specialists and Organizations of the Sector; Investors.	The focus of Cemig’s strategy is to enable a balance between economic-financial, environmental, and social aspects, with the aim of continuously contributing to the sustainable development. This is supported by a structured governance and aims to contribute to the improvement of its relationship with shareholders, customers, employees, the society, and other stakeholders.	Governance (102-18 to 102-39) Economic Performance (201) Indirect Economic Impacts (203)	✓		  
<b>Research, Development and Innovation</b>	Specialists and Organizations of the Sector	The development of innovations in products and processes is a fundamental part of Cemig’s activities, which is of great importance in the research and technological development of solutions for the generation, transmission, and distribution of electricity. The positive impacts that these solutions have on the electricity sector and on the society make this a substantial topic for the Company.	Indirect Economic Impacts (203)	✓	✓	 
<b>Quality of Energy, Customer Satisfaction and Loyalty</b>	Senior Leadership; Captive Customers; Corporate Customers; Sustainability Committee.	The supply of energy is Cemig’s core business; and the quality of the service offered is an essential condition for the continuity of the business. The quality of the energy is measured by indicators of energy supply interruption and expected from its customers. In addition, with the increasing migration of customers from the energy sector to the free market, there is greater decision-making power over the purchase of energy.  In this sense, the quality of the energy, as well as the customer satisfaction and loyalty, is a significant topic for Cemig.	Organization profile (102- 1 to 102-13) Strategy (102-14 and 102-15) Economic Performance (201) Indirect Economic Impacts (203) Local Communities (413) Customer Health and Safety (416) Customer Privacy (418)	✓	✓	  

PRIORITY MATERIAL TOPIC	STAKEHOLDERS INTERESTED IN THE TOPIC	DESCRIPTION – GRI 103-1	GRI TOPIC	TOPIC LIMIT		SDG
				Internal Impact	External Impact	
<b>Cyber Security</b>	Specialists and Organizations of the Sector	<p>Cyber security is a set of actions, tools, and processes aimed at the protection against cyberattacks, and is fundamental for the Company and its stakeholders.</p> <p>As previously mentioned, due to its role as the main energy supplier in the State of Minas Gerais, Cemig has access to data on thousands of individuals and legal entities. Ensuring the protection and the integrity of this data is essential, even more so because the protection of your digital processes helps in the prevention of cyberattacks that harm its controls and systems.</p>	Customer Privacy (418)	✓	✓	
<b>Safety of the Population</b>	Specialists and Organizations of the Sector; Media.	<p>The safe use of energy is an issue of relevance to Cemig, for it includes health and safety issues for customers and the population. Cemig is aware of the risks and dangers inherent to the population's use of the electrical system, and is dedicated to preventing and monitoring the occurrence of accidents throughout its concession area. Respect for life is one of its values, and efforts to promote the safety of the population are a priority for the Company.</p>	Customer Health and Safety (416)		✓	
<b>Workforce Health and Safety</b>	Senior Leadership  Sustainability	<p>Transmission and distribution networks pose a high risk to the safety of their operators. The health and well-being of the workforce are impacted by Cemig's operations and impact the Company's results. In this context, promoting the health and safety of the workforce is a significant topic for Cemig.</p>	Occupational Health and Safety (403)	✓		 

The GRI index, located at the end of the document, presents the sections and pages where these topics are included. **GRI 102-49**

The next table highlights a comparison of the set of significant topics for Cemig [2019 RAS and 2020 RAS]. It is noteworthy that there were no significant changes with regard to the limits of impacts related to the topics in the 2021 RAS.



**PRIORITY MATERIAL TOPICS RAS 2019, 2020 AND 2021:**

PRIORITY MATERIAL TOPICS 2019 RAS	PRIORITY MATERIAL TOPICS 2020 RAS	PRIORITY MATERIAL TOPICS 2021 RAS
Biodiversity and Habitat Protection	Biodiversity and Habitat Protection	Biodiversity and Habitat Protection
Compliance and Ethical Conduct	Compliance and Ethical Conduct	Compliance and Ethical Conduct
Development of Local Community and Risk Management	Combating Losses	Combating Losses
Management Efficiency	Local Communities	Local Communities
Energy Efficiency	Financial Performance	Financial Performance
Promoting the Energy Transition	Human Rights	Human Rights
Suppliers Management	Management Efficiency	Management Efficiency
Management of Water Resources	Regulatory Framing	Regulatory Framing
	---	Suppliers Management
Research, Development, and Innovation	Suppliers Management	Management of Water Resources
Protection Against Losses	Management of Water Resources	Risk Management
Quality of Energy	Risk Management	People Management
Customer Satisfaction and Loyalty	People Management	Governance of ESG Aspects
Cyber Security	Governance of ESG Aspects	Research, Development, and Innovation
Workforce Health and Safety	Research, Development, and Innovation	Quality of Energy, Customer Satisfaction and Loyalty
---	Quality of Energy, Customer Satisfaction and Loyalty	Cyber Security
---	Cyber Security	Safety of the Population
---	Safety of the Population	Workforce Health and Safety
---	Workforce Health and Safety	---

# Our 2021 Numbers

The historical series of the main indicators is as follows:



General Data	2019	2020	2021
Number of Consumers (millions)	8,537	8,695	8,884
Number of Employees	5596	5254	5,025
Number of Municipalities Served	774	774	774
Concession Area (km)	567,478	567,478	567,478
FEC - Equivalent Frequency of Interruption per Consumer Unit (Number of Interruptions)	5.05	5.07	4.60
DEC - Equivalent Duration of Interruption per Consumer Unit (Duration of Interruptions in Hours)	10.61	9.71	9.46
Number of Plants in Operation	88	89	67
Installed Capacity (MW)	6,020	6,086	5,754.7
Extension of Transmission Lines (km)	4,927	4,927	4,937
Total Extension of Distribution Networks (km)	539,807	545,706	564,434
Urban Extension of Distribution Networks (km)	109,977	111,995	123,108
Rural Extension of Distribution Networks (km)	429,830	433,711	423,620



Environmental Context	2019	2020	2021
Funds Invested in the Environment (R\$ million)	55	36.5	37.2
Fuel Consumption of the Fleet (GJ)	144,916	128,026	115,148
Installed Capacity Free of GHG Emissions (%)	100	100	100
Total Water Consumption (m <sup>3</sup> )	254,094	172,672	249,195
Direct CO <sub>2</sub> Emissions (tCO <sub>2</sub> e)	51,938	11,419	12,847
Investments in Environmental R&D (R\$ million)	22	7	4



Social context	2019	2020	2021
Average Training Hours per Employee	55.52	14.85	64.9
Total of Funds invested in Internal and External Social Indicators (R\$ million)	13,597	12,146	13,224
Accident Frequency Rate - TFA (Own Employees)	1.14	1.31	1.66 <sup>2</sup>
Accident Frequency Rate - TFA (Contracted Employees)	1.76	1.75	1.06

<sup>2</sup> Data includes own employees and workers

# AWARDS, RECOGNITIONS, AND VOLUNTARY COMMITMENTS



Sustainability is part of Cemig's mission and values, and in order to fulfill this commitment, the Company supports several frameworks related to the theme at national and international levels. They are:

### ***Dow Jones Sustainability World Index - DJSI World***

Cemig has been on the select list of the Dow Jones Sustainability Index (DJSI World) for 22 consecutive years. It is the only company of the electricity sector in the Americas to be listed, jointly with six other companies of the sector, all European, in the Dow Jones Sustainability Index (DJSI World 2021/2022). Based on the performance analysis of the sustainability pillars, the DJSI lists companies that stand out for their social, environmental, and economic management practices. In addition, the company was also included in the DJSI Emerging Market index, which encompasses companies that have stood out in emerging markets. Access: [spglobal.com](http://spglobal.com)

### **Corporate Sustainability Index - ISE B3**

The Corporate Sustainability Index - ISE B3 includes Cemig in the composition of its portfolio in force in 2022, recognizing the company's commitment to good sustainability and corporate governance practices. It has been on the ISE B3 for 17 consecutive years. The new portfolio brings together stocks from 34 institutions in 15 sectors. Together, these companies add up to R\$2 trillion in market value, which represents 44% of the market value of companies with stocks traded on the B3, based on the closing of November 2021. Access: <http://iseb3.com.br/>

### **Carbon Efficient Index - IC02**

from January to April 2022. The index, rebalanced every four months, is composed of stock from companies participating in the IBrX100 index, assessed and selected for transparent practices in relation to their greenhouse gas (GHG) emissions. Access: [https://www.b3.com.br/pt\\_br/market-data-e-indices/indices/indices-de-sustentabilidade/indice-carbono-eficiente-ico2.htm](https://www.b3.com.br/pt_br/market-data-e-indices/indices/indices-de-sustentabilidade/indice-carbono-eficiente-ico2.htm)

### **CDP – “A” List**

The company was recognized for its leadership in corporate sustainability when it achieved the maximum rating on CDP's "A List" for the third consecutive year in the management of water risk. The company is one of a select number of global companies that have achieved an "A" rating from CDP, a non-profit global environmental organization that assesses and provides data to investors regarding the management of water and climate risks from more than 13,000 organizations. Go to <https://www.cdp.net/en/>

### Top 100 Green Utilities

Cemig holds the 24th position in the ranking of the 100 main energy generation companies that have practices focused on renewable sources and reduction of greenhouse gas emissions. Access on: <https://www.energyintel.com/2021-green-utilities-report>

### Standard & Poor's Global Sustainability Yearbook 2021

Cemig was listed in the bronze category of the Sustainability Yearbook 2021, one of the world-renowned publications in corporate sustainability. The 2021 selection had a record of 7,032 participating companies, distributed across 61 sectors. Cemig ranked 15th, and 220 companies in the electricity sector were assessed. The scores obtained in the assessment carried out by S&P Global are also a key factor in selecting the DJSI. Access: [spglobal.com](http://spglobal.com)

### Troféu Transparência Especial 25 Anos

Cemig was awarded with the Troféu Transparência Especial 25 Anos (25-Year Special Transparency Trophy) in the category "Publicly Traded Companies with Net Revenue higher than R\$8 billion", held by the Associação Nacional dos Executivos de Finanças, Administração e Contabilidade (National Association of

Finance, Administration and Accounting Executives) (Anefac), with a technical analysis carried out by Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras (Accounting, Actuarial and Financial Research Institute Foundation) (Fipecafi). The winning companies in both categories – with net revenue higher than and up to R\$8 billion – were selected after analyzing the quality of their financial statements.

Held consecutively since 1997, the award celebrated its 25th anniversary in 2021, during which time Cemig was awarded in 17 editions. Access: <https://www.anefac.org/trofeutransparencia2021>

### Abradee Award – Performance Evolution Category

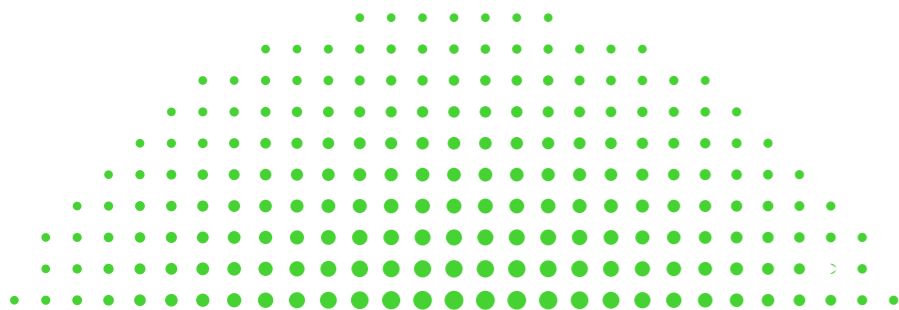
Cemig Distribuição ranked second nationwide in the Performance Evolution category, which assesses the current performance of electricity distributors across the country in comparison with the last three years. The Abradee Award, held annually, aims to guide and improve the management model of electricity distribution concessionaires, promoting improvements for the development of the sector.

In the last year, the Company won 8 awards. A recognition of all the work that is done annually to achieve excellence and commitment to sustainability. Access: <https://www.abradee.org.br/vencedoras-premio-abradee-2021/>

### Voluntary Commitments

Cemig is a signatory, supporter, and participant in different national and international initiatives, with the purpose of reinforcing its commitment and contribution to sustainable development, guiding the practices of its managers, tax advisors, employees, interns, contractors and subcontractors, business partners, suppliers, and service providers. The following voluntary commitments stand out:

- Since 2007, Cemig has been a participant in the Carbon Disclosure Project (CDP)
- Since 2009, Cemig has been a signatory to the letter of adherence to the United Nations (UN) Global Compact;
- Since 2017, Cemig is a signatory of the Business Pact for Integrity and Against Corruption by the Ethos Institute;
- In 2020, the Company joined the Alliance for Climate Action (ACA-Brazil). It is a coalition of actors from different sectors of society, such as business leaders, investors, and state and municipal governments, to strengthen the subnational climate agenda.



Present in

**26**  
STATES

GENERATING  
**5,025**  
direct jobs

THE TOTAL  
INSTALLED  
CAPACITY WAS  
**5,826.7 MW**

**4,936.8 km**  
extension and counts  
with 39 substations



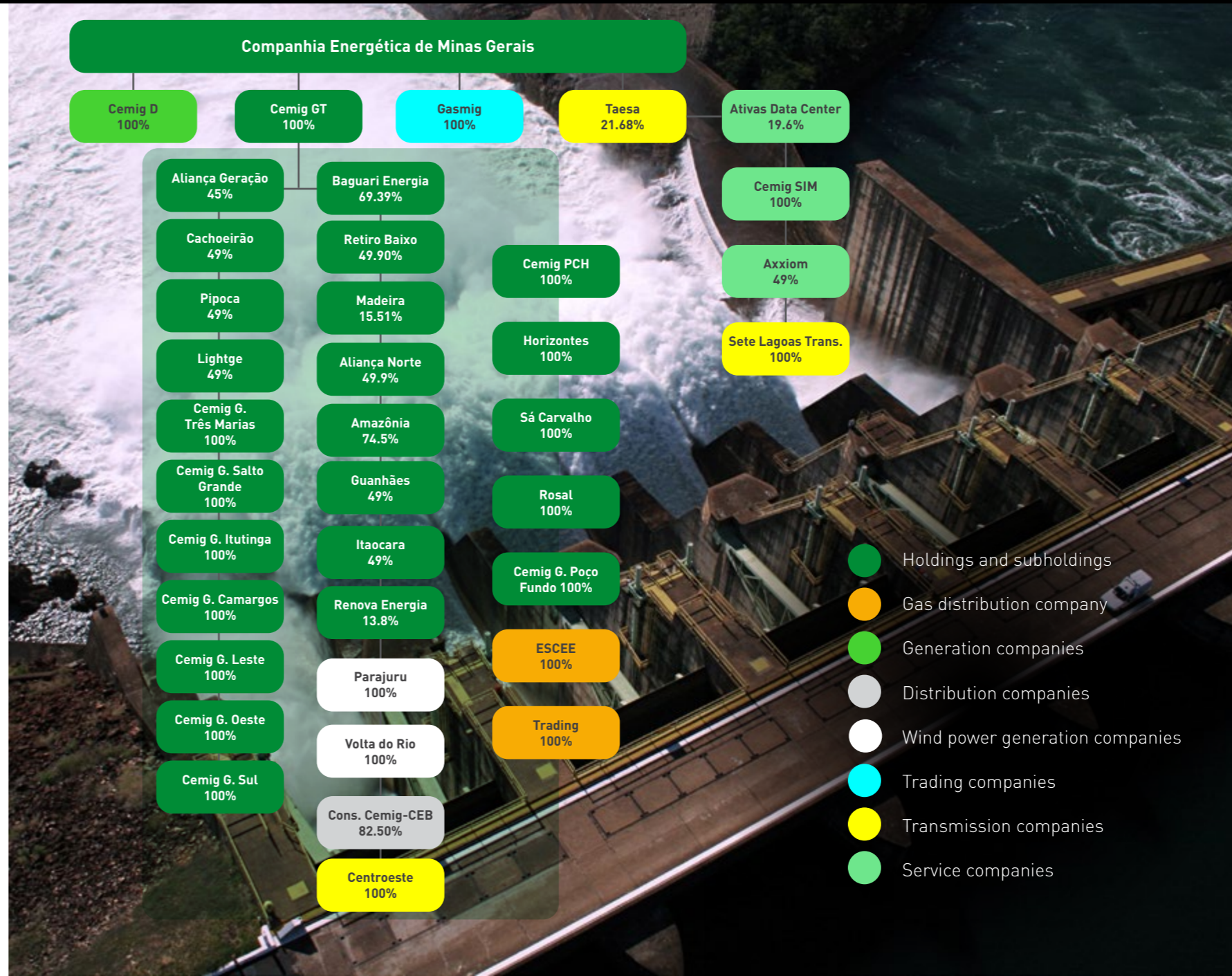
**CEMIG**

# ABOUT US

## Business Model

For almost 70 years, Companhia Energética de Minas Gerais S.A. – Cemig, with its principal place of business in Belo Horizonte – MG (State of Minas Gerais), is responsible for generating, transmitting, distributing, and selling electricity and distributing natural gas to several municipalities in the states of Minas Gerais and Rio de Janeiro. It currently holds the position of largest energy trader for free customers in the country and is one of the largest generating groups composed of 185 companies, 09 consortia, and 02 Private Equity Investment Funds (FIPs), and has assets and businesses distributed in 24 Brazilian states and in the Federal District. **GRI 102-1; 102-2; 102-3; 102-4; 102-5; 102-6; 102-50**

At the end of 2021, the Cemig Group consisted of the holding company Cemig, the wholly-owned subsidiaries Cemig Geração e Transmissão S.A. (Cemig GT) and Cemig Distribuição S.A. (Cemig D), totaling 162 Companies, 9 Consortia and 2 FIPs (Private Equity Investment Funds), with assets and businesses in several Brazilian states. As follows:




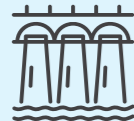












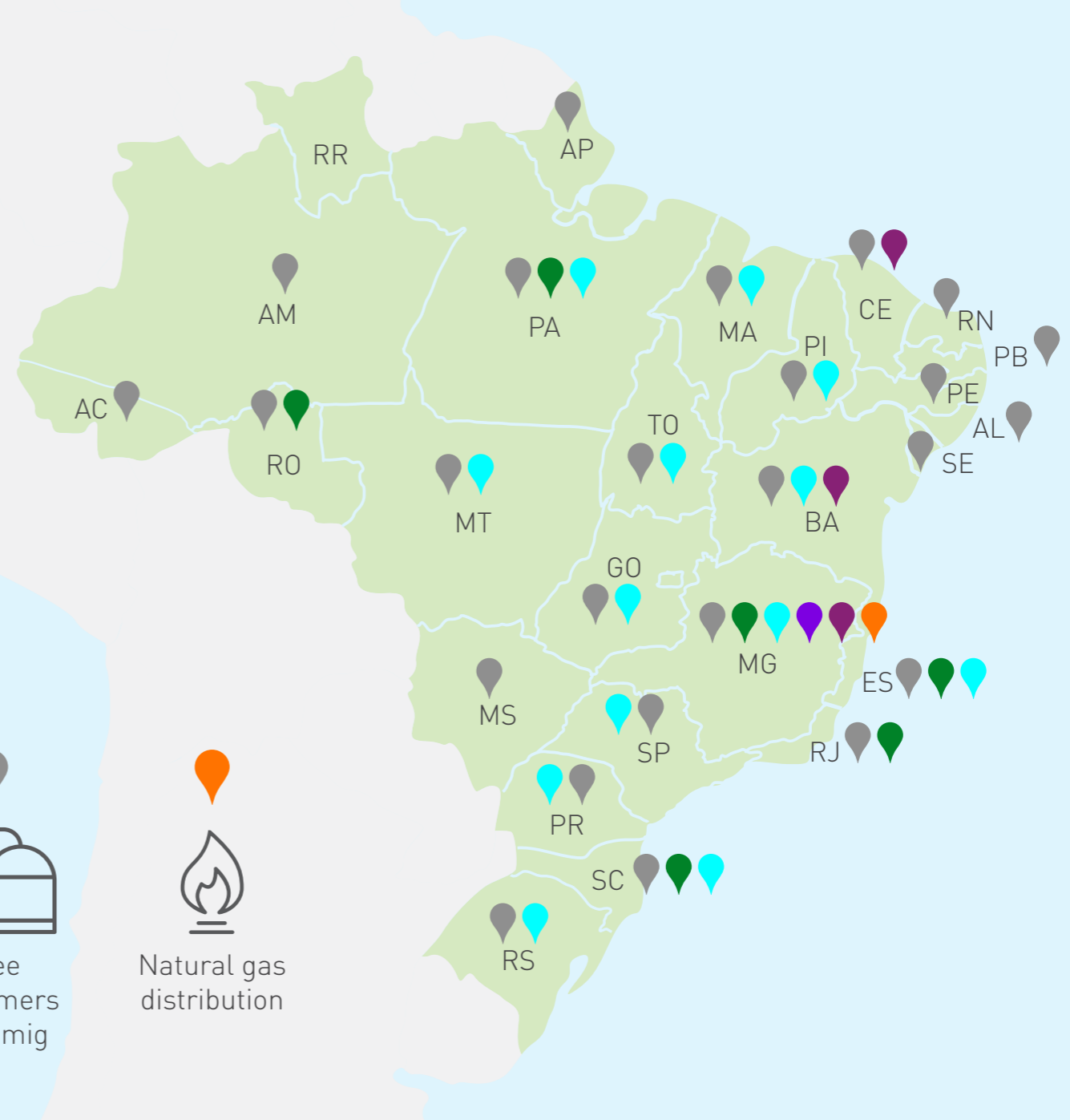
Cemig is a publicly traded government-controlled company, its stocks are traded on the São Paulo, New York, and Madrid Stock Exchanges, 61.9% of which is controlled by the State, with 50.9% of the common shares belonging to the State of Minas Gerais, and the other 11% correspond to the Federal Government's portion by means of BNDS Participações S.A. **GRI 102-4**

Cemig is the largest company integrated into the electricity sector in Brazil, and it accounts for 96% of the concession area in Minas Gerais, operating in 774 municipalities with 8,884,978 billed customers.

**RENEWABLE SOURCES:**  
**100%**  
**of our energy**  
**matrix**

**PRESENT IN 26 STATES**

-   
  
 Generation
-   
  
 Transmission
-   
  
 Distribution
-   
  
 Wind over generation
-   
  
 Free customers of Cemig
-   
  
 Natural gas distribution



**The Company currently:**

- Is the largest energy supplier to free customers in the country;
- Is among the three largest generator groups;
- The second largest transmitter group;
- Largest distributor group in Brazil.

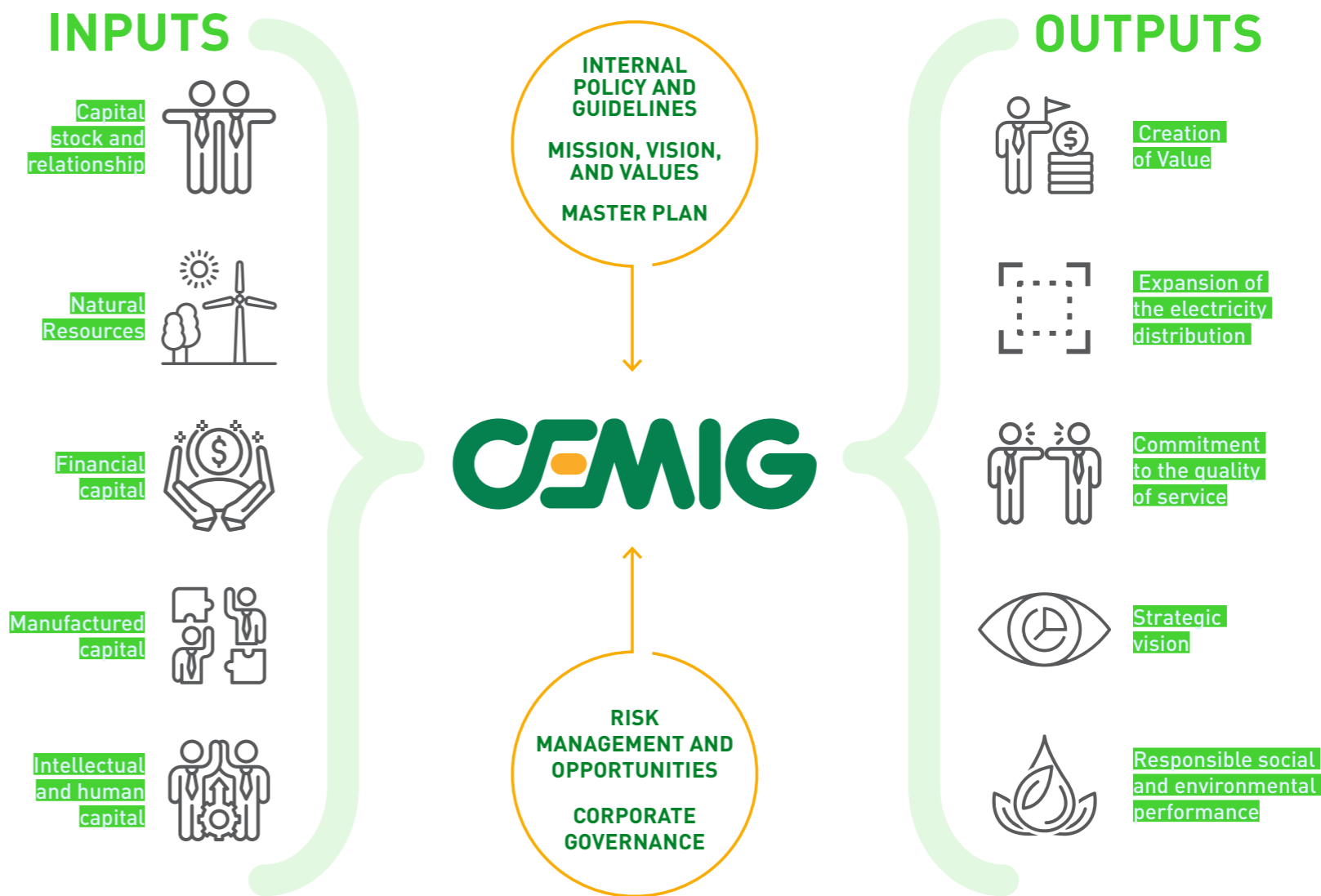
The Company's purpose is to create value for all stakeholders in its business (shareholders, employees, suppliers, and the society), thus, it carries out investments in expansion of the energy distribution, reaffirms the commitment to quality in customer service, and the importance for Cemig's strategic vision. Always based on the principles of sustainability and social and environmental responsibility.

**Cemig considers the following elements as a differential:**

- The technical capacity and quality of its workforce, nationally and internationally recognized for its expertise;
- Natural resources, especially water, as most of its installed capacity originates from hydroelectric power plants;
- Financial resources from the government and from other shareholders that are necessary for the development of the business;
- The inputs provided by the suppliers and the preference of their customers, consumers, and the local community.

**The following diagram demonstrates how Cemig generates value today:**

**VALUE GENERATION DIAGRAM:**



# Operations





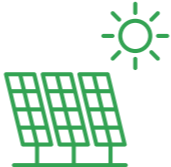
In 2021, the Company had 67 hydroelectric Power Plants (HPPs), Small Hydroelectric Centers (SHPs) and Hydroelectric power centers (CGHs), 1 photovoltaic plant, and 6 wind farms, in addition to 18 solar farms owned by Cemig Sim. The total installed capacity was 5,826.7 MW, with a 5% lower performance compared to 2020.

**In 2021, Cemig carried out the following divestments, in line with the Strategic Planning "To Focus on Minas Gerais and Win":**

- **Light:** On 01-22-2021, Cemig concluded the disposition of all its interest in Light S.A., by means of the public offering of its shares in that company.
- **Renova:** On 11-11-2021, Cemig GT entered into a binding agreement with AP Energias Renováveis for the disposition of all its interest in Renova Energia S.A. The closing of the transaction is subject to the fulfillment of the conditions precedent. **GRI 102-10**

The installed capacity by energy source can be consulted below: **GRI EU-01**


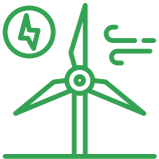
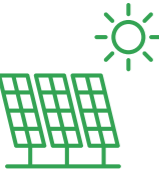
## Installed capacity, by primary source of energy (MW)

Primary source	2019	%	2020	%	2021	%
	5,903.40	98.06%	5,969.40	98.08%	5,638.10	96,76%
	115.2	1.91%	115.2	1.89%	115.2	1,98%
	1.4	0.02%	1.4	0.02%	73.4	1,26%
<b>Total installed capacity</b>	<b>6,020.00</b>	<b>100%</b>	<b>6,086.00</b>	<b>100.00%</b>	<b>5,826.70</b>	<b>100.00%</b>

The total installed capacity was **5,876.7 Mw**

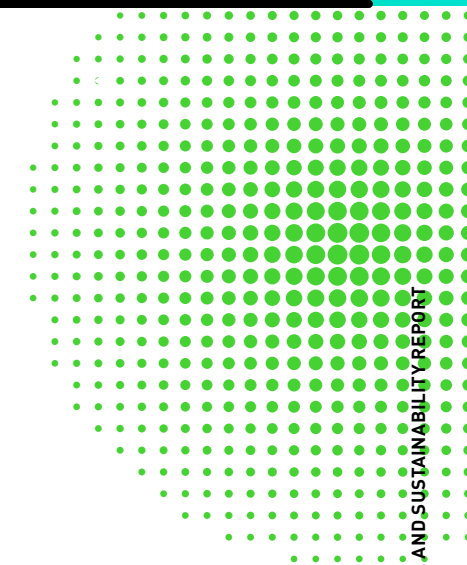
In 2021, the Company had a net generation of 15,490,337.9 MWh of electricity, an increase of 21.8% when compared to 2020:

### Net generation by source generating energy (MWh)

Primary source	2019	%	2020	%	2021	%
	13,208,158	99%	12,549,147	99%	15,069,777.50	97%
	152,818	1%	157,295	1%	419,119.20	3%
	1,381	0%	1,112	0%	1,441.20	0%
<b>Total generation</b>	<b>13,407,445</b>	<b>100%</b>	<b>12,707,554</b>	<b>100%</b>	<b>15,490,337.90</b>	<b>100%</b>

As aforementioned, the installed hydraulic capacity decreased due to the sale by Cemig of its equity interest in Light, and the sale by Renova (a company in which Cemig is a shareholder) of its equity interest in Brasil PCH. In turn, the hydraulic generation directly depends on the flows affluent to the hydroelectric power plants throughout the year, as well as on variations in the levels of the regularization reservoirs. In this regard, it is noteworthy that, in 2021, the HPPs of the Paranaíba river (Emborcação) and the Araguari river (Nova Ponte, Amador Aguiar 1 and Amador Aguiar 2) generated less than half of what they had generated in 2020, due to the unfavorable hydrology in these rivers last year. As for wind power generation, it is worth mentioning that, in 2021, EOL Volta do Rio generated about 80% more than it had generated in 2020, mainly due to the greater availability of its wind turbines. **GRI EU1; EU2**

	2019	2020	2021
Self-generation - GWh	5,669	11,361.6	6,986.2
Energy Self-production	0	0	0
Energy Affiliated Companies - GWh	1,223	10,948.8	8,931.6
Basic Network Generation Losses	-136.0	- 611.5	- 427.4
Cemig Sim – Distributed Generation (GWh)	0	0	96.8
<b>Energy produced</b>	<b>6,756.0</b>	<b>21,698.8</b>	<b>16,014.6</b>



Energy availability is measured using the FID indicator (generation availability factor), a dimensionless value, limited to more than 1. Therefore, the higher the FID, the better the Company's performance.

Below, you can analyze the availability factor per generating unit:

**Availability factor (FID)**

	<b>DEZ/20</b>	<b>DEZ/21</b>
HPP Camargos	1.0577	1.0640
HPP Itutinga	1.0089	1.0146
HPP Rosal	0.9868	0.9882
HPP Sá Carvalho	1.1033	1.1210
HPP Salto Grande	1.0582	1.0583
HPP Irapé	1.0323	1.0437
HPP Queimado	1.1825	1.1578
UHE Três Marias	1.0230	1.0444
UHE Emborcação	1.0289	1.0546
UHE Nova Ponte	1.0808	1.0756



The verified Availability Index, which makes up the numerator of the FID calculation, has been continuously rising in recent years for Cemig's GCHs as a whole. In relation to 2021, a combination of rescheduling of scheduled stoppages not authorized by the ONS and low rates of forced stoppages resulted in, with the exception of the Queimado and Nova Ponte HPPs, all other plants having an increase in their FID. Specifically, HPP Queimado recorded an unscheduled event that, despite being resolved as soon as possible, still impacted the numbers of this plant in 2021. **GRI EU30**

Cemig GT's transmission network spans 4,936.8 km and has 39 substations. The composition of the transmission network by voltage level is presented below: **GRI EU4**

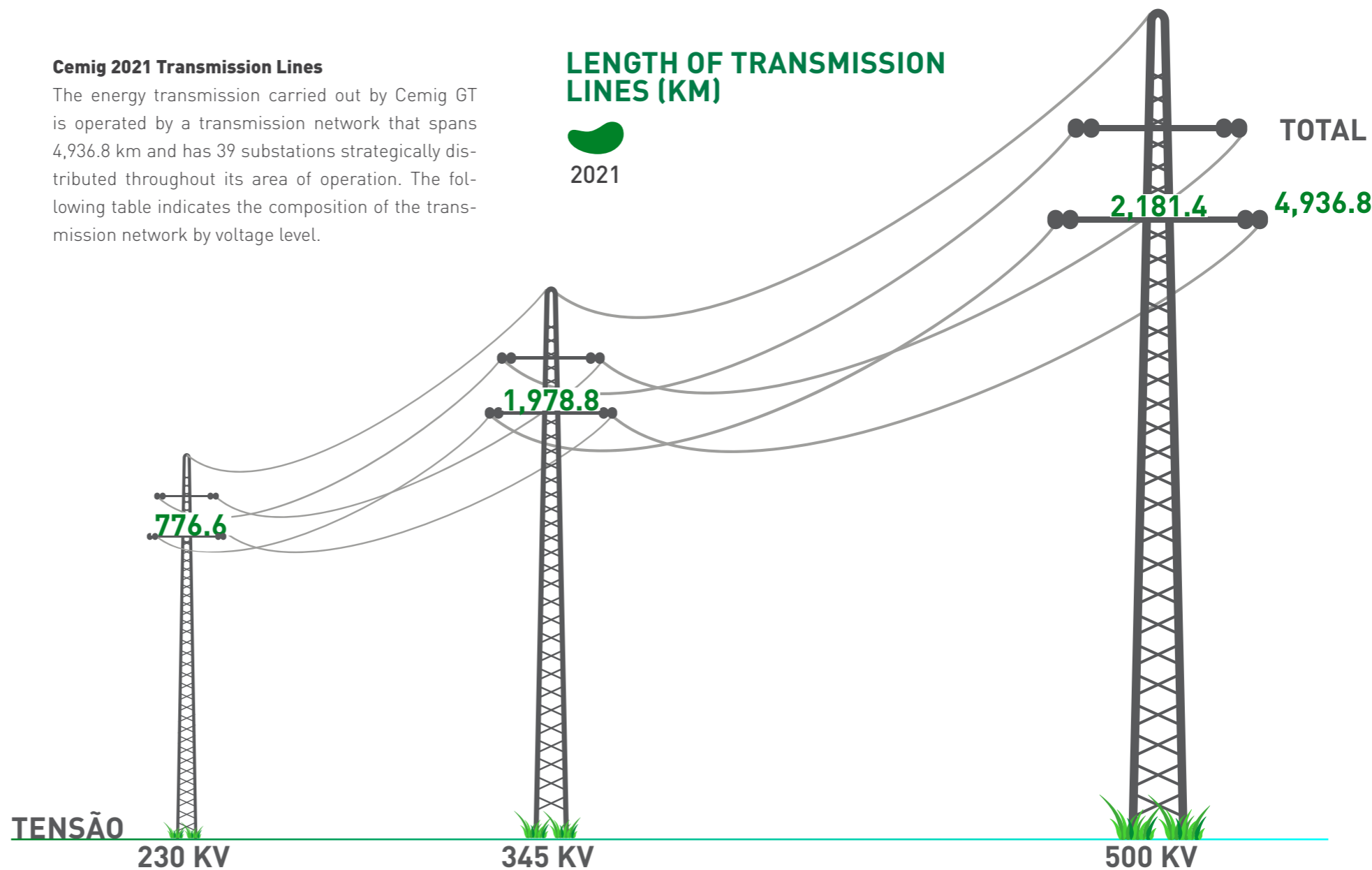
**Cemig 2021 Transmission Lines**

The energy transmission carried out by Cemig GT is operated by a transmission network that spans 4,936.8 km and has 39 substations strategically distributed throughout its area of operation. The following table indicates the composition of the transmission network by voltage level.

**LENGTH OF TRANSMISSION LINES (KM)**



2021

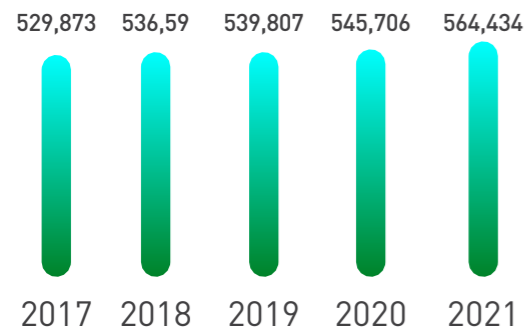


**Cemig 2021 Distribution Lines**

Cemig D covers 774 municipalities in Minas Gerais. **GRI EU4**

Its concession area covers 567,478 km<sup>2</sup>, approximately 96% of the State of Minas Gerais, with 564,434 km of distribution networks and lines, with 123,108 km being urban networks, 423,620 km being rural networks, and 17,706 km being distribution lines, urban and rural, of high voltage, serving a market of 8,885 thousand customers in 2021. **GRI EU3**

**DISTRIBUTION LINES AND NETWORKS (KM)**



**Cemig 2021 Distribution Lines GRI EU3**

Network Type	Extension		
	km MT	km BT	km AT
Urban Areas Networks	42,094	78,545	586
Rural Areas Networks	404,105	19,445	17,078
Urban Underground Networks	338	2,131	16
Rural Underground Networks	-	70	26
<b>Total (km)</b>	<b>446,537</b>	<b>100,191</b>	<b>17,706</b>
			<b>564,434</b>

Cemig has consolidated equity interest in several relevant companies in the national energy sector, including operating in the exclusive distribution of natural gas channeled throughout the territory of Minas Gerais, by grant or concession.

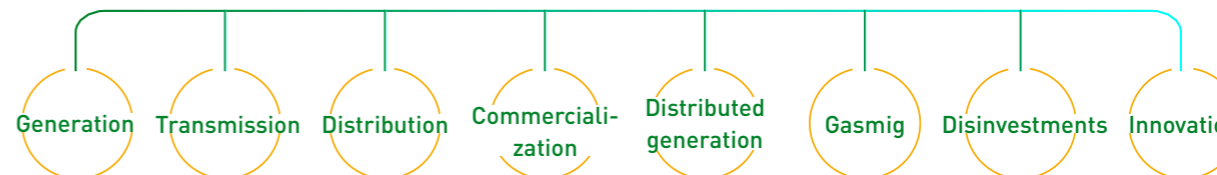
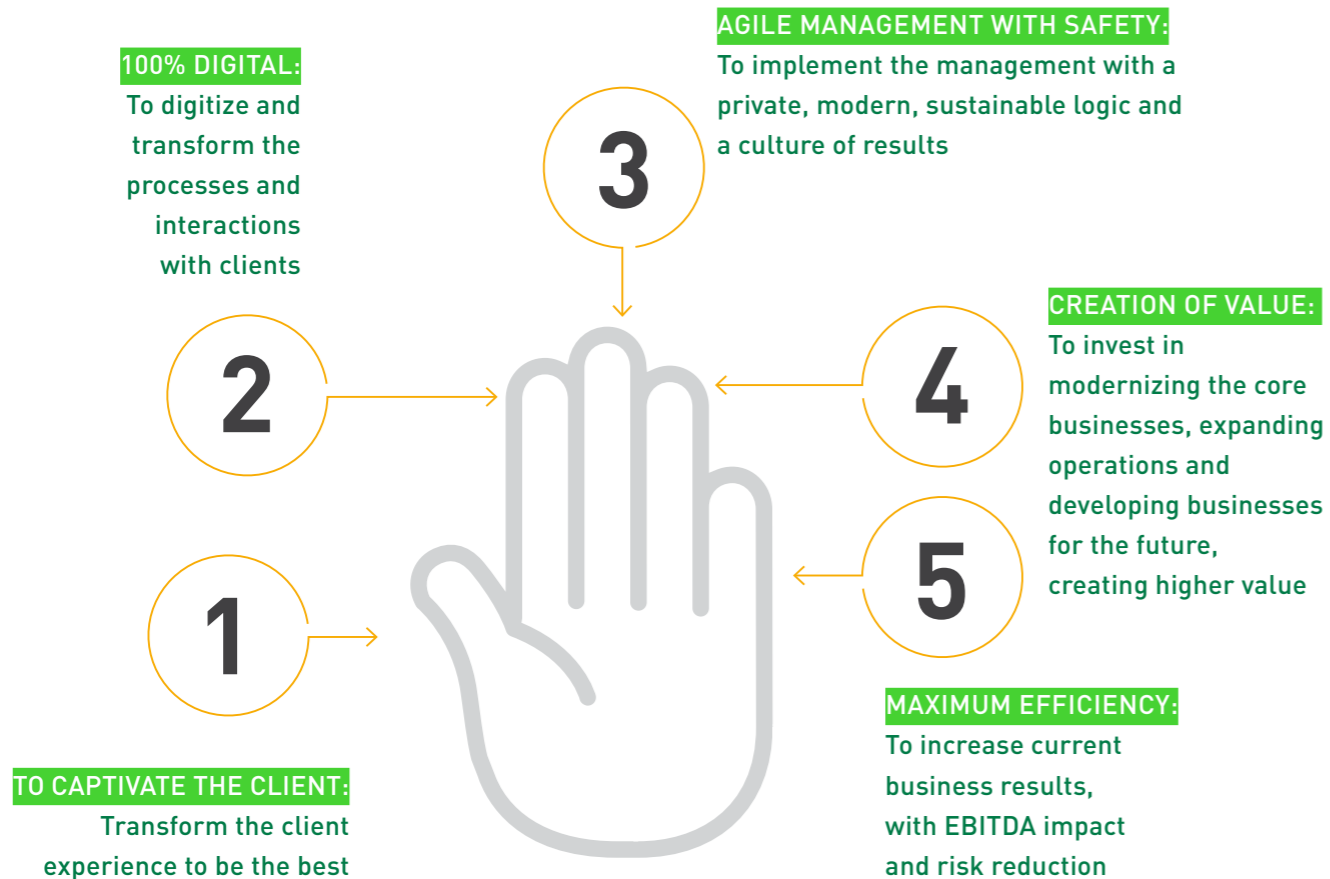
In 2021, the Company had 5,025 employees. More information on the size of the organization can be found in the Economic Performance chapter.

**Cemig D's Area of Operation**



# Cemig Strategy

**Cemig's Strategic Plan aims to accelerate the transformation based on five main pillars:**



Regulatory / Institutional

Information Technology

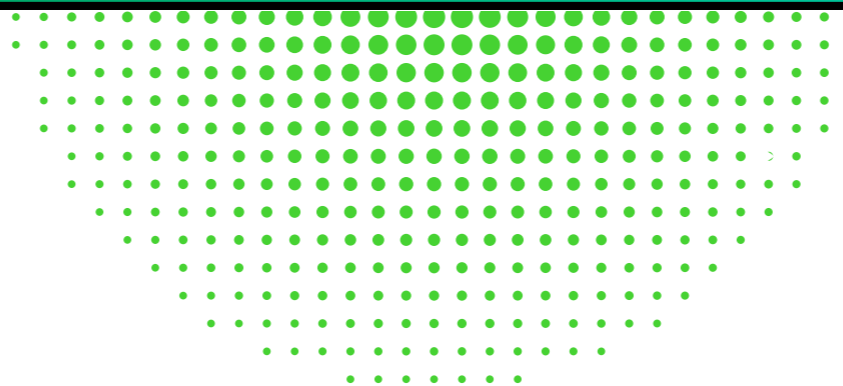
Agile management with safety

Corporate enablers



Business Model

Corporate Governance



This plan has as its motto “TO FOCUS and WIN”, with the ambition: “To Focus on Cemig D and GT, leading in client satisfaction, safety, and reaching regulatory levels of efficiency, through management with a private, modern, and sustainable logic, reaching Lajida ~R\$7.7 billion, TSR 20%, making investments of around R\$22.5 billion (with a focus on MG).

The plan brought the following ambitions for the year of 2025:

**Ambition:** To add ~1 GW of installed capacity (~450 MWm) with an investment of R\$4.5 billion, focusing on renewable sources and to increase the efficiency of the portfolio.

**Strategic Guidelines:**

- Add ~1GW of capacity (approx. 450 MWm of physical guarantee) to Cemig’s portfolio, through projects in hydro, wind and solar sources with adequate financial returns.
- Raise Operational efficiency, taking the PMSO to market levels.
- Divest assets with value destruction with no turnaround opportunity.
- Be proactive as a regulatory agent, promoting celerity in the Generation agenda. Renewal of concessions for expiring plants.

**Ambition:** To focus on investments in Reinforcements and Improvements (~R\$1 billion), on new projects (~R\$1 billion) and on continuous efficiency improvement, enhancing transmission participation in MG.

**Strategic Guidelines:**

- Intensify the Reinforcements and Improvements plan to renew the depreciated base through good investments (compliance with deadlines, low cost of financing and returns above the regulatory WACC).
- Continue with operational efficiency, remaining within the regulatory PMSO level.
- Expand the MIG Transmission portfolio (and surrounding areas) by ~500Km, by means of auctions and project M&As to protect market share.
- Be proactive as a regulatory agent, speeding up the approval/launch of new projects.

**Ambition:** To consolidate the leadership in end customers, maintaining a volume of 3.7 GWm with gross margin above 9%, adopting the best risk management practices in the industry and highlighting customer service (TOP 3 in NPS), adding R\$184 million of Lajida until 2025 (to reach R\$525 million).

**Strategic Guidelines:**

- Seek growth in profitable customers, offering a superior experience than the competitors.
- Incorporate 0.5 to 1.9 GWm at competitive prices by 2030, and close positions at times of adequate margin, leveraging the image of an integrated company.
- Adopt industry best practices to monitor and manage all significant risks, providing transparency to the organization.
- Develop digital channels and adapt the operating model.
- Adapt the offer of energy products and other commodities.

**Ambition:** To transform Cemig D into a reference in the distribution industry, and inductor of development in the state of Minas Gerais: Leader in customer experience (TOP 3 NPS), security, efficiency (increase Lajida by R\$1 billion, DEC 95% reg., FEC 70% reg.) and prepared for the future, through investments in smart networks, digitalization, and analytical capacity, with investments of R\$12.5 billion by 2025.

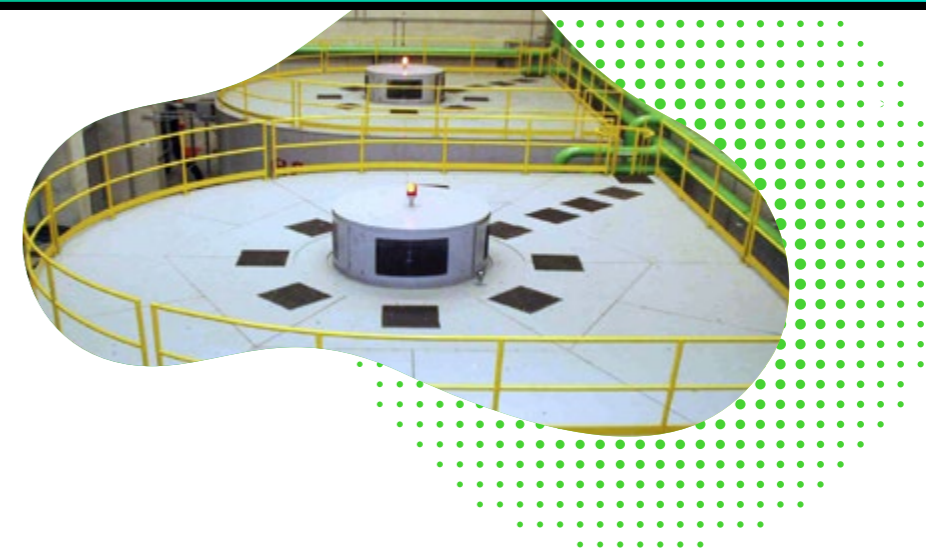
#### Strategic Guidelines:

- Placing the customer at the center, to transform their experience on the journey, investing in digitalization.
- To be an inductor of the market expansion, through increased investments, to create a virtuous cycle of expansion of regulatory compensation and performance improvement.
- To increase the operational efficiency, applying innovative and technological solutions to keep costs below regulatory coverage.
- To be proactive as a regulatory agent, promoting a balanced agenda for the electricity sector.

**Ambition:** Achieve significant position in Distributed Generation, focusing on the State of Minas Gerais. Invest R\$1 billion by 2025 in projects to operate in DG of vertical solar farms (equivalent to 275MWp) with a TIR equivalent to the market average, ensuring a relevant market share position (~30%) in solar farms in MG, with annual Lajida of R\$170 million.

#### Strategic Guidelines:

- To Focus on Minas Gerais. Exclusive operation in solar farms (vertical operator). Other products/ services should be deprioritized. Evolve skills to operate in a majority model of corporate structure.
- Develop solar farm projects in DG organically or through asset acquisition, leveraging Cemig's internal capacities.
- Establish a digitalized business model and optimized customer service, seeking to operate with the minimum viable structure.
- Intervene so that the insertion in the DG model is sustainable in the long term (benefits are properly inserted in the tariff model).



**Ambition:** Strengthen Gasmig's presence in Minas Gerais with investments of R\$1 billion by 2025, with greater management and governance transparency, increasing commercial efficiency and expanding investments to expand the network and adding ~R\$318 million in Lajida in 2025.

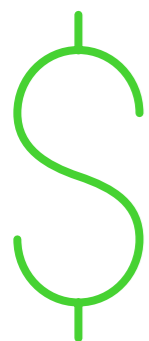
#### Strategic Guidelines:

- Prepare Gasmig for an IPO, aiming at greater efficiency, effectiveness, and management transparency.
- Increase the saturation of the existing network to expand the urban segment's customer base.
- Expand the HDPE and steel network, reaching selected urban centers, investing in the service of large industrial customers.
- Expansion in the free market through the commercialization of gas.
- Actively monitor new legislative milestones close to the regulator.



# Investment in Energy Generation, Transmission, and Distribution

In 2021, we invested



**R\$1,646** million,

**R\$164** million and

**R\$245** million

in the electricity distribution, generation and transmission segments, respectively.

## Investments in Electricity Generation and Distributed Generation

**SHP Poço Fundo Project:** On February 13, 2019, Aneel, through Authorizing Resolution No. 7.598, granted an extension of the concession of SHP Poço Fundo until May 2045, an extension conditioned to the expansion of the generating units.

On January 6, 2020, works began on the expansion of the generation capacity of the SHP Poço Fundo, at an approximate cost of R\$150 million, with commercial operation expected in the first semester of 2022.

**Aliança Geração:** Cemig GT holds 45% of the total capital stock of Aliança Geração de Energia S.A. ("Aliança Geração"). Aliança Geração has two investment projects in progress, as follows:

- **Central Eólica Gravier S.A. ("Gravier"):** located in the municipality of Icapuí, in the State of Ceará. The project began the implementation in January 2021, with full commercial operation estimated for the first semester of 2022. The project will have 17 wind turbines with a power of 4.2 MW, with a total installed capacity of 71.4 MW, and an estimated production of 32.43 MW on average.
- **Acauã Wind Farm:** located in the municipalities of Tenente Laurentino Cruz, Lagoa Nova, Santana do Matos and São Vicente, in the state of Rio Grande do Norte. The implementation of the Acauã Wind Project began in March 2021, with full commercial operation estimated for the second semester of 2023. The project will have 26 wind turbines with a power of 4.2 MW, with a total installed capacity of 109.2 MW, and an estimated production of 57.77 MW on average.

**Cemig Sim:** In 2021, a company from the Cemig Group, focused on innovation and energy solutions, invested approximately R\$12.5 million in the 49% interest in a photovoltaic solar power generation plant.

The company reached the mark of 4,752 consumer units of solar energy by subscription in 2021, and plans to invest, from 2022 to 2025, the equivalent of R\$1 billion in the Distributed Generation segment.

**UFV Boa Esperança:** In October 2021, Cemig's Board of Directors authorized the investment to implement the centralized generation of Boa Esperança Photovoltaic Plant, with 85MW of installed power in an inverter, located in the municipality of Montes Claros, in Minas Gerais. The plant's implementation is expected to last 14 months, with energization scheduled for the fourth quarter of 2022.

**UFV Jusante:** In December 2021, the Company's Board of Directors authorized the investment to implement the centralized generation of the Jusante Photovoltaic Plant, with 70MW of installed power in an inverter, located in the municipality of São Gonçalo do Abaeté, in Minas Gerais. The plant's implementation is expected to last 15 months, with energization scheduled for mid-2023.

### Generation Expansion

Cemig GT's strategy is to expand its generation capacity by 1GW by 2025, with a focus on renewable sources. To this end, it has a bold plan, and a few actions have already been carried out, as described below by source.



#### Solar Generation

- Start of operation of the photovoltaic plant Três Marias DG (distributed generation) in December/2021, with a capacity of 2.5MW/3.3MWp, located in Três Marias, Minas Gerais.
- Approval of the investment of two photovoltaic plants of centralized generation: UFV Boa Esperança - 85MW/107MWp and UFV Jusante - 70MW/88MWp, which are in the contracting phase for implementation.
- In a feasibility analysis, the Três Marias I floating photovoltaic plant, with a capacity of 60MW/78MWp and represents a technological innovation in the photovoltaic sector, in addition to potentially being the largest floating-type plant in the Americas, a milestone for the electricity sector.
- In the evaluation and development phase, there are projects whose total capacity is in the order of 10,000MWp.



#### Wind Power Generation

- Bidding procedure carried out in 2020, to attract mature wind projects, aiming at the acquisition and faster insertion of Cemig in the market, since the deadlines for its own development of projects in this source are long. Approximately 6,000 MW were assessed in projects throughout 2020 and 2021.
- The current wind portfolio has approximately 3,100 MW in projects in the negotiation, prospecting, and feasibility studies phases.



#### Hydraulic Generation

- Environmental studies are under way for the licensing of SHP Paraúna II, with an installed capacity of 26MW.
- The reassessment studies of the entire Cemig generating park are in progress, focusing on the search for opportunities for optimizing existing assets, whether through expansions, renewals, and/or modernization of current facilities.



#### Green Hydrogen

- Considered one of the vectors of the global energy transition to meet the precepts of the Paris Agreement / COP26 aiming at the decarbonization, green hydrogen emerges as one of the possible solutions. As part of the company's strategy for research, development, and innovation, studies are being carried out with Green Hydrogen in the Minas Gerais market, seeking to make new business viable for CEMIG within its area of operation.

**Cemig GT's strategy  
is to expand its generation  
capacity by 1GW by 2025.**

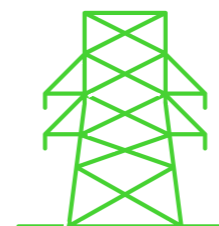




## Investments in Transmission

**Sete Lagoas Transmissora de Energia:** In December 2021, Cemig completed the acquisition of 100% of Sete Lagoas Transmissora de Energia S.A - SLTE, a company of the Cobra Group, in the amount of R\$48 million.

The project is in line with the Company's strategic planning, which guides and determines its growth in the electricity transmission market, with added value, in the State of Minas Gerais. The SLTE's assets are of low risk and have great synergy with other Cemig GT assets in neighboring facilities, optimizing the use of O&M teams.



**Taesa:** Cemig holds a 21.68% interest in the total capital stock of Transmissora Aliança de Energia Elétrica S.A. - Taesa.

On December 17, 2021, Taesa was the winner in the dispute for lot 1 of the Transmission Auction No. 02/2021, promoted by the National Electric Energy Agency ("Aneel").

The result was achieved based on a proposal for a discount of 47.76% on the Allowed Annual Revenue - RAP, which will provide an addition of R\$130 million to Taesa's revenue. Lot 1 has 363 km of transmission lines, which pass through the states of São Paulo and Paraná, and the original budget and construction deadlines foreseen by the Regulator were of R\$1.8 billion and 60 months.

The auctioned lot has important synergies, takes advantage of the existing O&M structure at Taesa, in addition to forecasts for Capex optimizations and anticipation of delivery of the project, as usually performed by Taesa.

## Investments in Electricity Distribution

Business activities also include promoting sustainable development principles, supporting energy savings, promoting new technologies, and creating an environment to support the career development of employees. By supporting projects of public benefit and collaborating with municipalities, states, and regions, Cemig strives to increase the quality of life in the entire community in which it operates.

The improvement of the services provided is one of Cemig's concerns, as well as financial matters, therefore, it makes several investments in new solutions, technical knowledge, infrastructure, and equipment, all prioritizing the quality of the service with a focus on the end customer. The investments made are mainly aimed at maintaining, reforming, renovating, reinforcing, and expanding its system. [GRI 203-1](#)

In the period from 2021 to 2027, Cemig Distribuição will invest approximately R\$20.8 billion throughout the state. This is the largest investment program ever developed by the distributor and will bring direct benefits from improved service and supply quality to the entire population, encompassing the entire concession area of the company. In 2021, R\$1.52 billion were invested, a record amount for Cemig Distribuidora. [GRI 203-2](#)

As benefits from this substantial investment plan, Cemig-D is expected to become a reference in the distribution sector and inductor of the development in Minas Gerais, placing the customer at the center, investing in digitalization and inducing market expansion. In addition, optimize revenue management by leveraging the use of analytical and data capacity to achieve regulatory levels of loss and delinquency, and increase operational efficiency, applying innovative and technological solutions.

IN 2021,

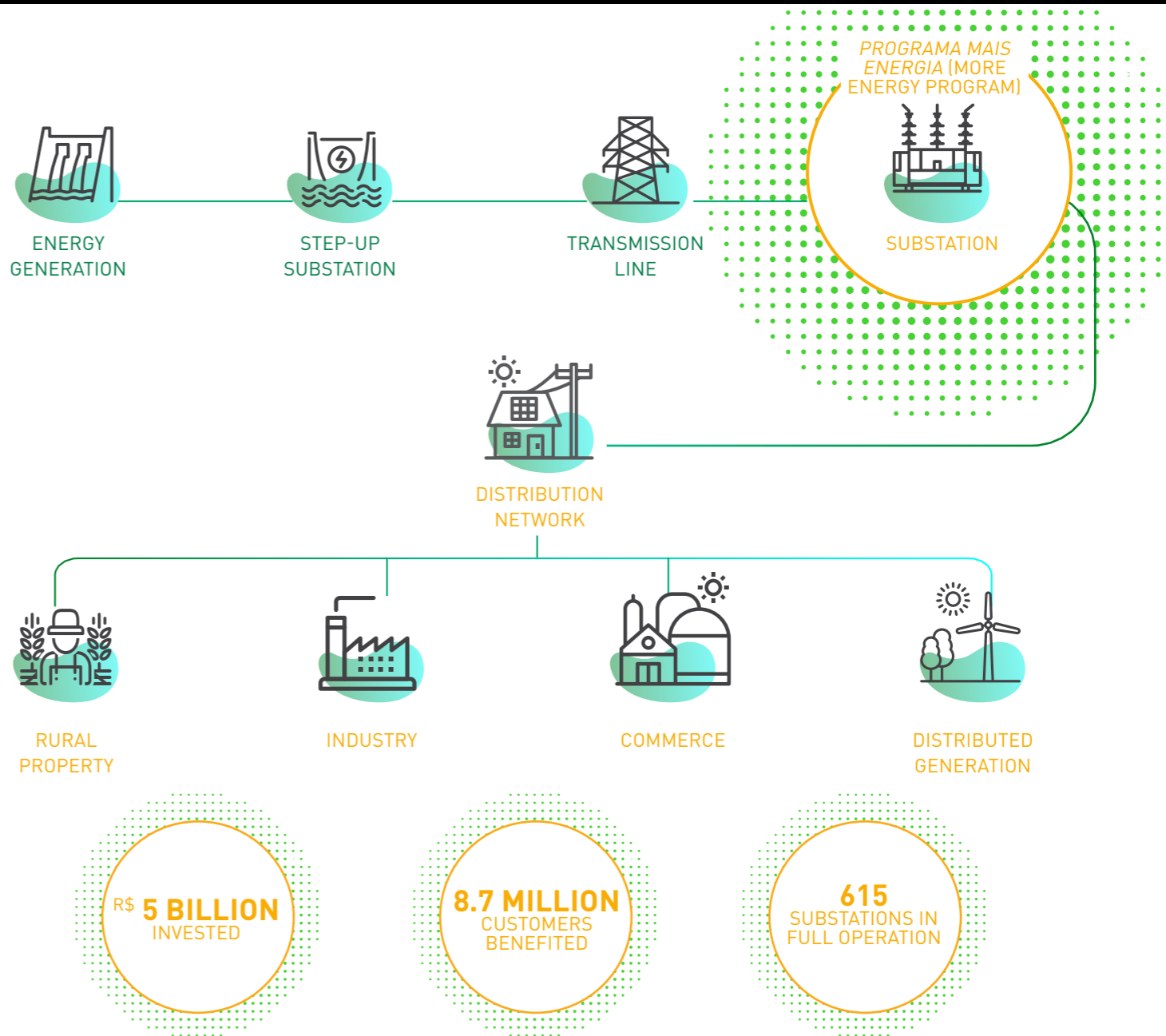
**R\$1.52  
BILLION**  
in distribution



In Cemig's investment plan, a highlight is the Minas Three-phase Program, which will transform thousands of kilometers of rural electrical networks, which are now single-phased, into three-phased networks. With such program, Cemig will bring energy with more quality and quantity to the population living in the countryside. It is a change that will bring countless benefits to rural producers and their families. The program will practically benefit all 774 municipalities in Cemig's concession area, promoting the accelerated potentializing of local agribusiness, more development, employment, and income for the regions of Minas Gerais.

The purpose of the Program is to improve the reliability and quality of electricity supply to rural customers, making more energy available and supporting the transformation of subsistence agriculture into agribusiness. To this end, it plans to carry out several works with investments of R\$1.815 billion, from 2021 to 2027. There will be approximately 30,000 km of single-phased networks converted into three-phased networks by 2027.

Another highlight of Cemig's investment plan is the *Programa Mais Energia* (More Energy Program), the purpose of which is to provide a robust electrical distribution system capable of meeting new charges and bringing more energy to the State's development.



The Program foresees the construction of 211 modern and digitalized substations, increasing the current number of substations by more than 50% that currently serve approximately 8.9 million consumers within the concession area, and supporting the growth arising from the Minas Three-phase Program, and of the several initiatives of Cemig and the State.

Thus, the company will enable the growth of several sectors of the economy, with emphasis on agribusiness, eliminating the difficulties in serving customers and distributed generation plants. A total of R\$5 billion will be invested in such period, which will help bring the economic and social development to all regions of the State, promoting the expansion of the industry, commerce, and agribusiness, in addition to generating jobs and revenue.

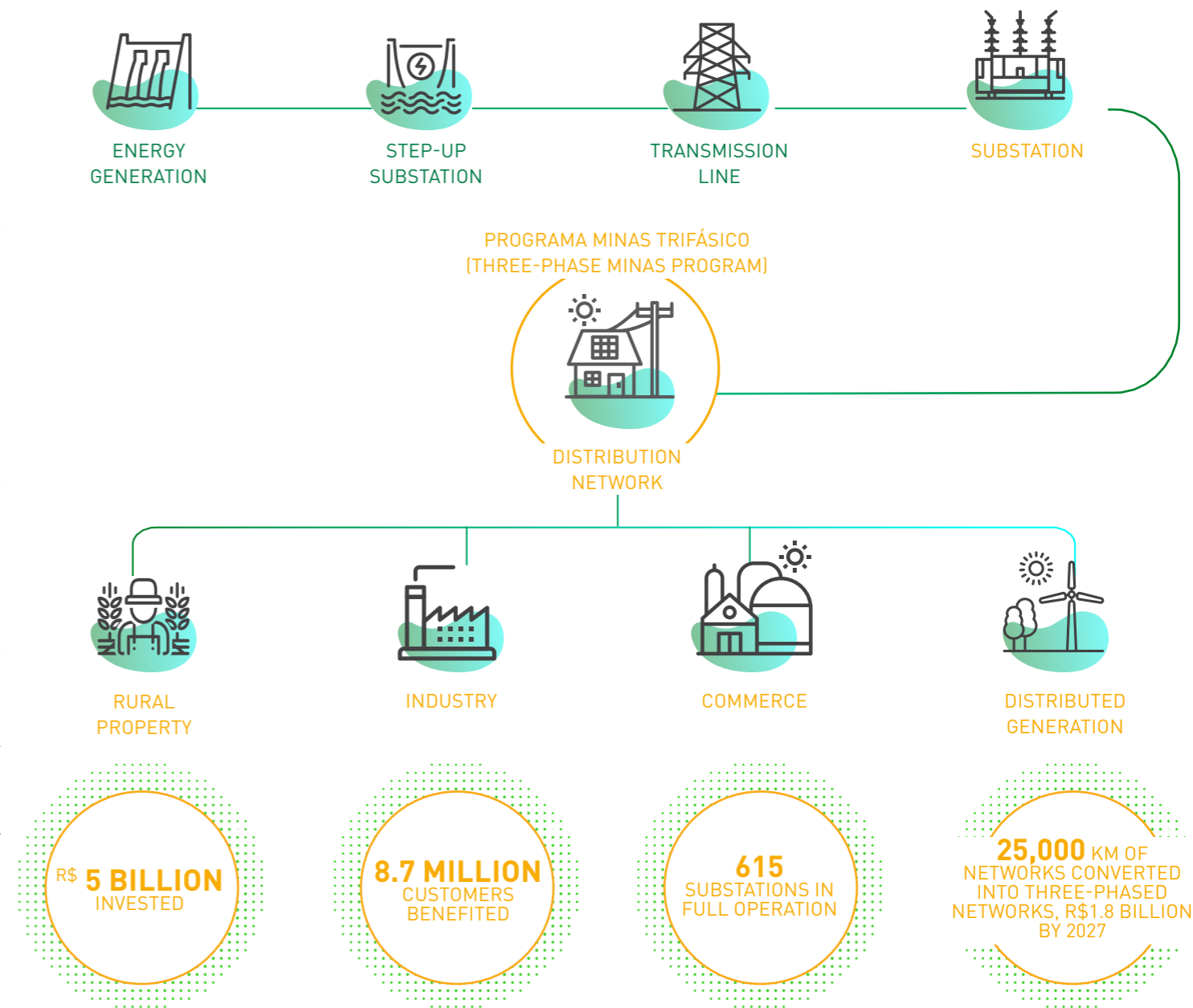
The new substations will be more efficient and modern, enabling the expansion of the capacity to meet new charge orders, reduce the average time and the cost of the connection works for new plants, in addition to providing customers with reliable and quality energy.

The goal of the program is to guarantee that there are no restrictions in the system and obstacles to the growth of the State, which meets the expectations of the Minas Gerais population, who do not want to wait so long to have their demand met and do not want to suffer from long periods of power outage. Cemig is working and investing so that the people from Minas Gerais have more energy and so the State grows even more.

In 2021, the investments in distribution totaled approximately R\$1,520 million.

Cemig D has a forecast of strengthening its investment program, in line with the strategic planning of the Cemig Group, with the expectation of investments close to R\$12.5 billion from 2021 to 2025, with positive effects on the regulatory compensation base and consequent increase in revenue.

This substantial investment from Cemig D will also have a positive impact on improving the quality of electricity supply and reducing operating and maintenance costs, in view of the greater reliability on the electrical system.



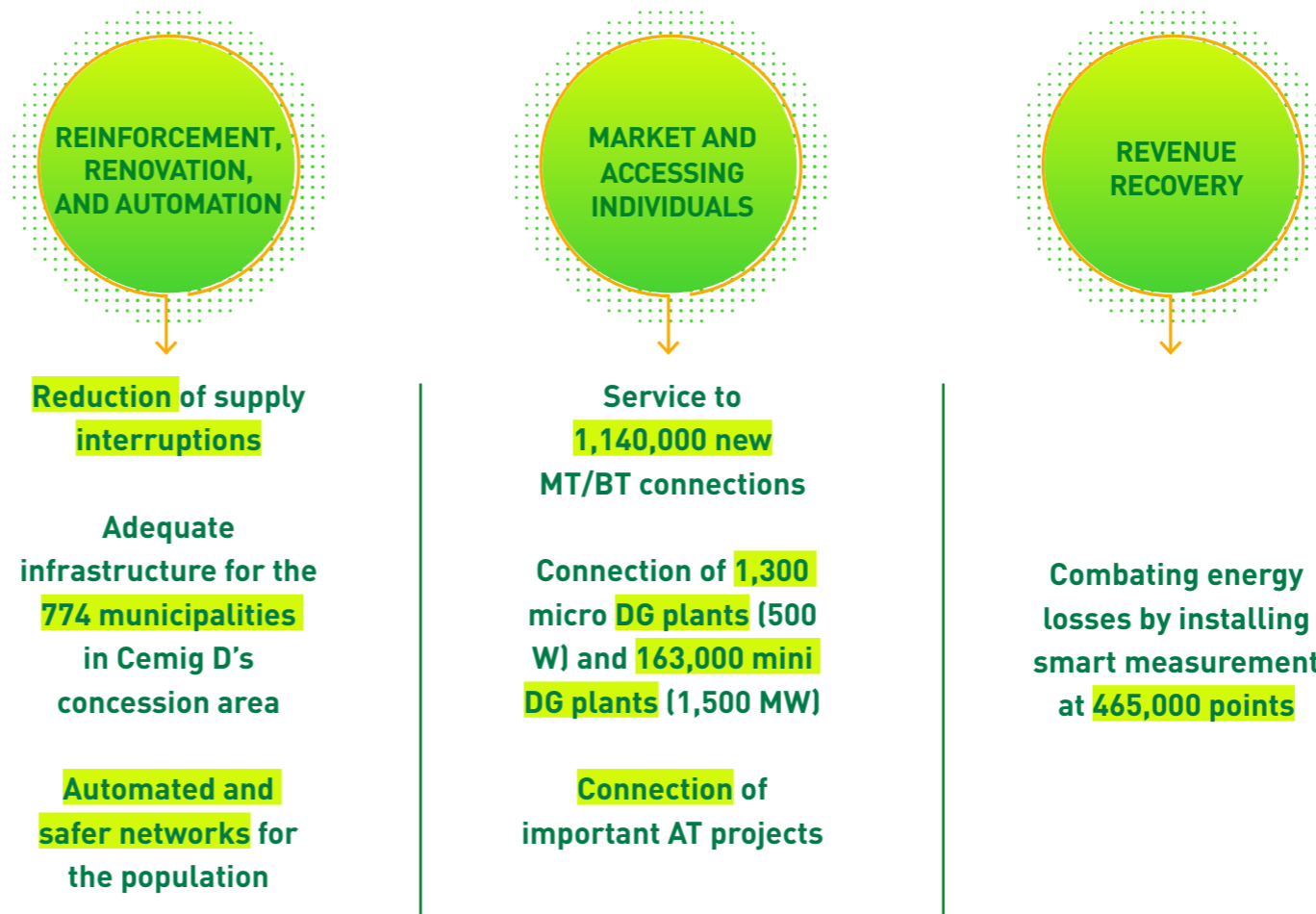


## Distribution Development Plan

With an annual contribution of R\$1.2 billion a year, the Distribution Development Plan aims to expand the flexibility, selectivity, capacity, and security of the system with a focus on the reinforcement, renovation, and renewal of Cemig D's assets. Cemig D defines its investment priorities in relation to the Regulatory Compensation Base (BRR). Following the sectoral regulation, the five-year cycle began in 2018 and ends in 2022, with the approval of R\$6.4 billion for the interval.

The planning also provides a careful management of resources in the current tariff cycle, seeking to continuously increase the availability of electricity, in a safe way and meeting the required demand with quality, promoting social and economic development in the Cemig D's concession area.

## MARKET VALUE



**Contributes to the economic development of the State  
Increased competitiveness of the State to attract new projects**

Cemig invested R\$145.9 million in the Expansion of the Transmission System with an emphasis on the Energization of 212MVA linked to the transformers of SE Neves 1 (Metropolitan region) and SE Várzea da Palma 1 (North of Minas region).

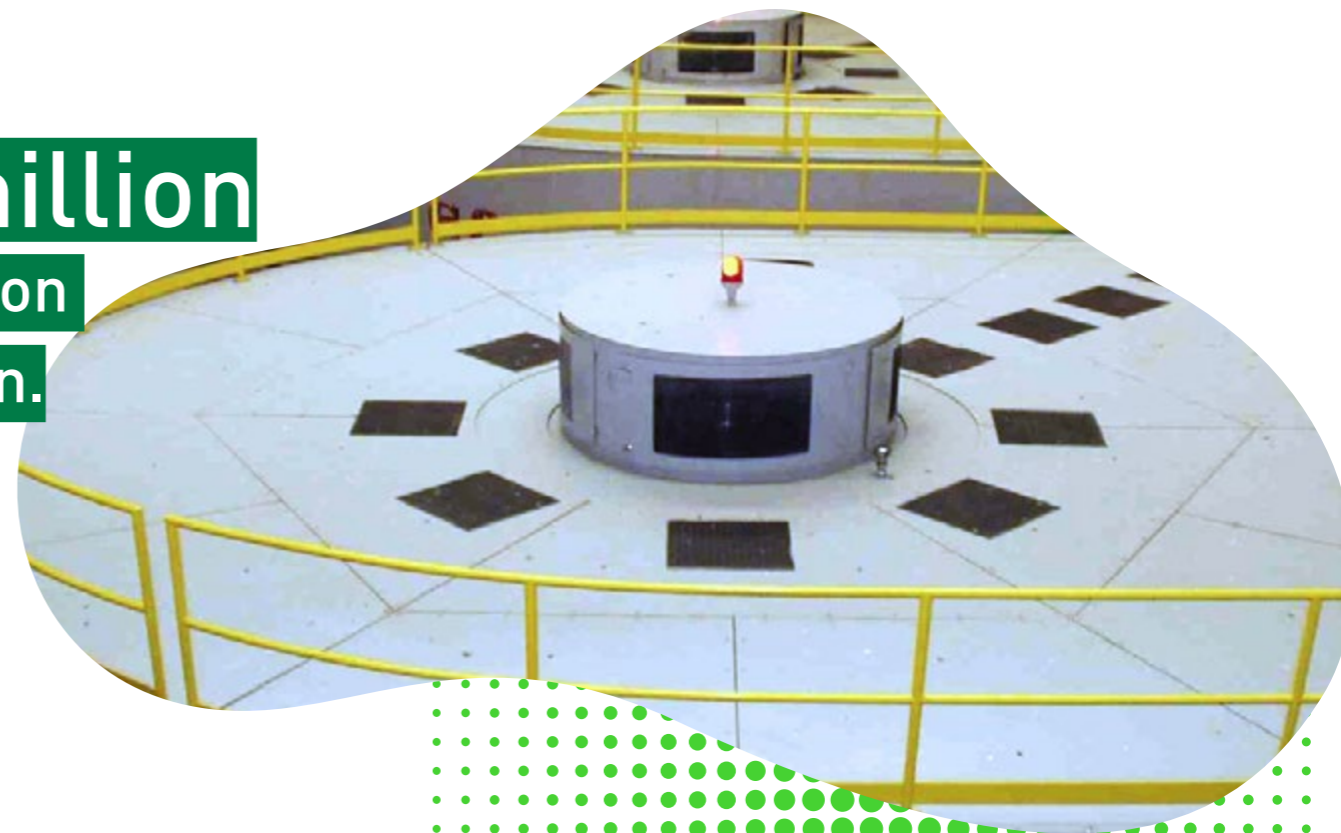
It also invested R\$69.9 million in the modernization of the transmission facilities, including replacement of equipment at the end of its useful life, systems automation and adaptations, as well as the replacement of equipment from the emergency technical reserve. A spare 25MVA transformer was acquired to meet contingencies, strategically located in SE Neves 1 and a 300 MVA transformer for replacement in SE Ouro Preto 2.

Cemig invested R\$80.1MM in improvements and expansion of its Generation park, with emphasis on the inauguration of the Três Marias GD Photovoltaic Plant with a power of 2.5 MW and in the Expansion of the Poço Fundo SHP, with an increase from 9.16MW to 30MW installed power (completion scheduled for the 1st semester of 2022).

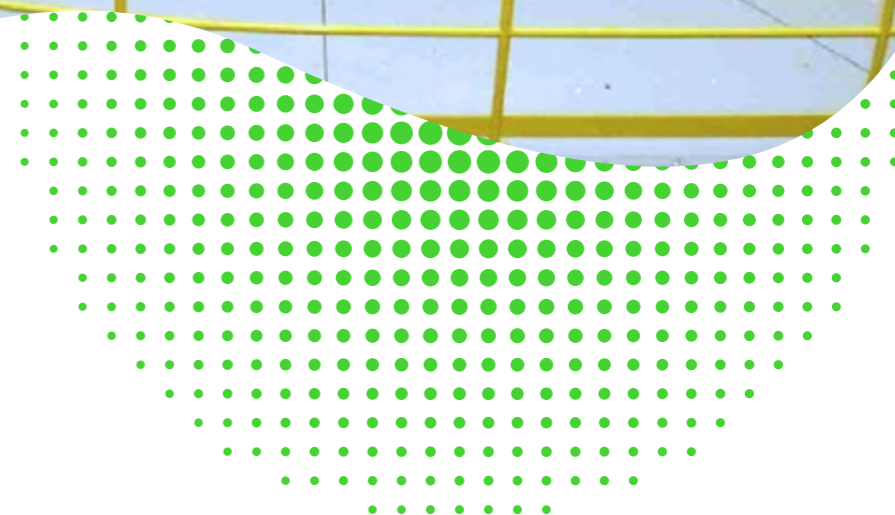
**Cemig invested  
R\$145.9 million  
in the Transmission  
System Expansion.**

Investing properly the expected amount results in increasing the Distributor's revenue and reducing operating costs while increasing the demand for energy in new and old customers, reducing the average time that the consumer is without energy (DEC), reducing the number of times the consumer goes without power (FEC) and improves safety in the facilities for everyone involved in the process.

Capitalizing on the asset base is just as important as realizing it, since this is the source of Cemig's revenue. In case the capitalization is made incorrectly or an error or non-compliance is detected, Aneel may determine the non-payment of the asset, resulting in financial losses for the Company and an infraction subject to a fine.

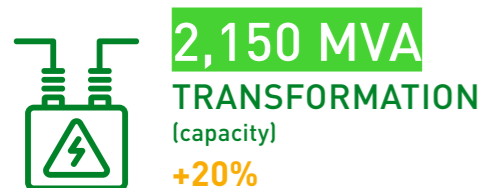
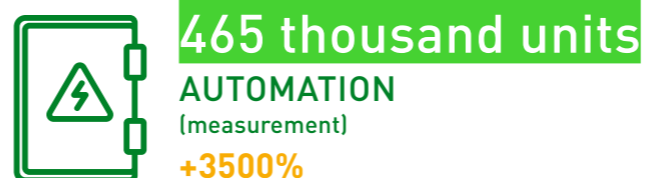
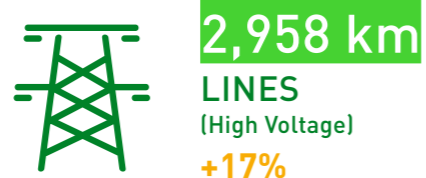


**Cemig invested  
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Generation park.**



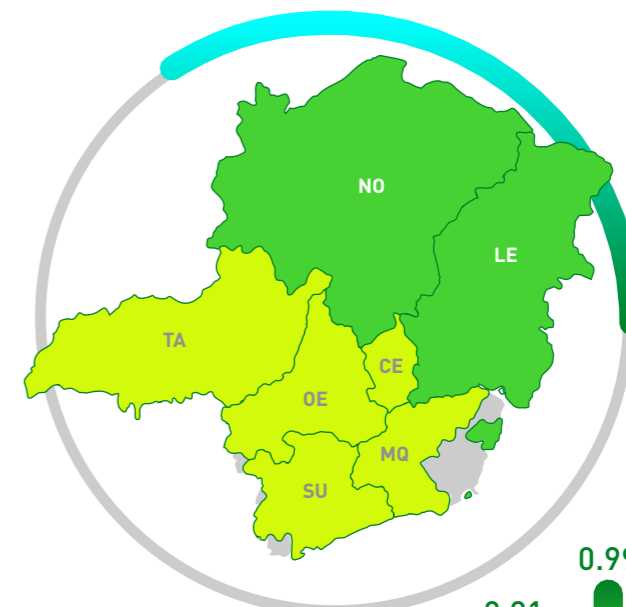
**PDD CYCLE 2018 TO 2022 – MAJOR INVESTMENTS AND INVESTMENT PRIORITIZATION**

**MAJOR INVESTMENTS**  
Big Numbers

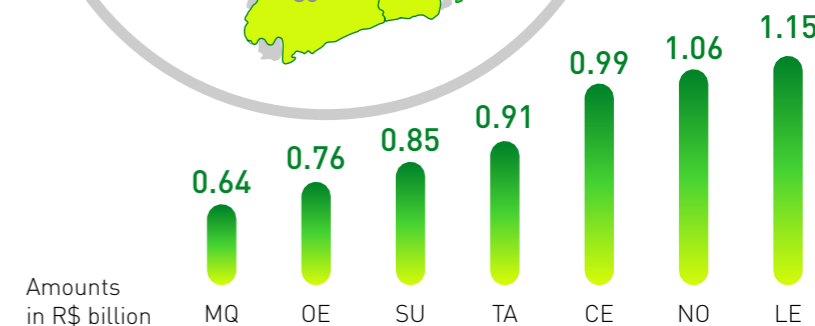


**PRIORITIZATION OF INVESTMENTS IN HISTORICALLY LESS FAVORED REGIONS**

**R\$ 6.4 billion**  
of investments in the State from 2018 to 2022



**34%**  
of investments in the East and North of the State



Amounts in R\$ billion

## Investments in Natural Gas

Companhia de Gás de Minas Gerais – Gasmig is the exclusive distributor of piped natural gas in Minas Gerais, by concession grant, serving the industrial, residential, commercial and thermoelectric segments, supplying compressed natural gas (GNC), liquefied natural gas (GNL) and automotive (GNV). Cemig holds 99.57% of Gasmig's capital.

In 2021, Gasmig invested amounts of around R\$54.2 million (R\$50.2 million in 2020), mainly in the expansion of its Natural Gas Distribution Networks (RDGNs) in the State of Minas Gerais, and its customer base increased by 15.99%, from 61,414 in 2020 to 71,236 consumer units in 2021.

**Gasmig invested around R\$54.2 million mainly in the expansion of its Natural Gas Distribution Networks.**

Gasmig's customer base increased by **15.99%**.





## Innovation

The electricity sector is undergoing a set of transformative changes, driven by the intersection of several factors such as: i) increasing decentralization of electric power generation systems; ii) advancement of electric power storage technologies; iii) proliferation of digital technologies, which allow electric power to be produced, transmitted and consumed in a more intelligent and efficient way; iv) growth of variable renewable energy sources, such as wind and solar; and v) the trend towards decarbonization of the energy system, as part of global efforts to mitigate climate change. **GRI 103-2:203; 103-3:203**

With a view to this set of changes, Cemig has implemented, since 2018, the Strategic Plan for Digital Technology, which includes training, diagnosis, prospecting and technological roadmaps, in order to:

- train for the new business modalities that are emerging in the country and in the world;
- create public notices to catchment of P&D proposals in the area of digital technologies in order to put the company in tune with the technological evolution and major digital transformations;
- develop projects that can boost new businesses that create economic and social benefits for the Company.

Constant innovation is one of Cemig's main pillars, and part of this is discovering new ideas for the sector. That is why, in August 2021, the Cemig Innovation Challenge 2021 was launched, which will be valid for 18 months.

The challenge was open to the general public, who will be invited to submit proposals for the formatting of new Research & Development projects, according to Aneel rules. The projects will be evaluated under the Innovation guidelines approved in the 2021-2025 strategic planning and, if approved, will be formalized with the new contractual drafts for the development of the approved ideas.

### The Cemig Challenge awaits proposals from individuals and companies based in Brazil on the following topics:


- Smart products and services;
- Electrical systems of the future;
- Electrification and electromobility; and
- Alternatives in sustainable generation.

## Intellectual Property

Cemig coordinates the protection of the company's intellectual property, analyzing the feasibility and aspects of obtaining privileges on patents for inventions, brands and software, guiding applicants in the preparation and monitoring of requests for privileges and promoting the custody and disclosure of letters patents and other intellectual property records. Through the trademark and patent office, Cemig GT had a patent application granted and Cemig D also had a patent granted that year. In total, the Cemig group has 17 patents granted and 42 applications pending.

## Law "Lei do Bem"

Cemig is part of the select group of Brazilian companies that, since the base year 2006, have used the benefits of the Law "Lei do Bem", which allows direct exclusion from the Income Tax of expenditure on technological research and innovation projects. In 2021, Cemig declared to the Ministry of Science, Technology and Innovation (MCTI) a total of 6.9 million reais related to investments in technological innovation activities, which will provide a tax reduction of 1.4 million for the Company. Within the scope of the Law "Lei do Bem", which allows direct exclusion from the Income Tax of expenditure on technological research and innovation projects, since 2006 Cemig has already achieved a tax reduction of 83.5 million reais, already approved by the Ministry. It is, therefore, the recognition that their projects were responsible for quality and productivity gains or that they brought incremental improvements to the processes.



**Cemig has  
17 patents  
granted.**

**Since 2006  
CEMIG HAS ACHIEVED  
R\$ 83.5 million in tax  
reduction, already approved  
by the Science Ministry.**

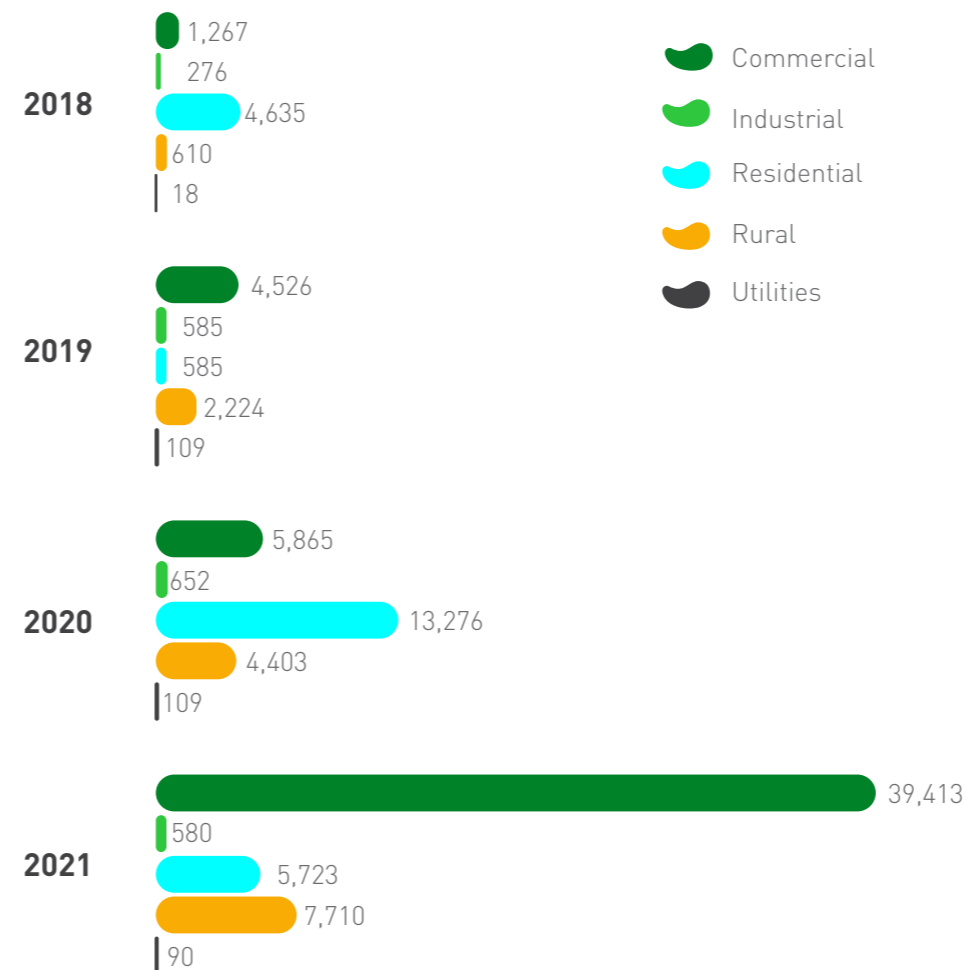
## Distributed Generation

Since 2012, when Aneel created the Electric Energy Compensation System, Cemig has been leading the market for Distributed Generation (DG)26 connections in the country. In the period between the publication of Resolution 482/2012 and December 2021, 122,600 generating units were connected, totaling an installed capacity of 1,498.5 MW with Distributed Generation. 122,383 (99.8%) of these generating units use solar power.

The evolution of the number of connections between 2018 and 2021, broken down by consumer class, has the profile shown in the following chart:



### HISTORICAL SERIES - DISTRIBUTED GENERATION



Cemig is a pioneer in terms of the number of distributed generation connections, also ranking first in terms of power injected into the grid through this project.

In 2021, there was a 56% increase in the number of connections when compared to 2020. This growth has been occurring mainly since 2019, with an annual average of 52%. While the number of connected units increases exponentially, the average powers had a drop of 24%, when comparing the years 2020 and 2021, that is, the projects with lower injected power have excelled. The average power of the plants connected in 2021 was 10.7kW.

**CEMIG SIM**

Cemig SIM was created to work in distributed generation, energy efficiency, cogeneration, electric mobility and other innovative solutions in the electricity sector. Through a digital and customer-centric corporate culture model, the company has quickly conquered the Minas Gerais market and contributed to the advancement of innovation in the Brazilian electricity sector.

SIM has 6000 thousand commercial, residential and industrial customers, which reduced the emission of 14 thousand tons of CO2 last year. In the latest NPS (Net Promoter Score) survey, the company scored 87%, a very high score for the energy segment.

In 2021, approximately R\$12.6 million was invested in the acquisition of photovoltaic plants. This year, the company plans to invest R\$310 million. Regarding generation, the company has a capacity of 72 MWp through 18 solar farms. New 50 plants are being prospected, in line with the growth targets defined by Cemig Holding's planning.

**R\$12.6 million was invested in  
acquisition of photovoltaic plants.**





## Concessions

Cemig considers its concessions for the exploitation of resources and infrastructure for the generation, transmission and distribution of gas and energy as the most important asset. The activities undergo inspection and regulation by Aneel through agreements granted by the Federal Government.

- **Generation:** Commercialization of energy from plants in a regulated environment (through centralized or public auctions) or free (through bilateral negotiations and reserved for stakeholders). There is also the revenue resulting from the short-term market (MCP) that compensates agents for terminating power agreements and is settled by the Difference Settling Price (PLD).
- **Transmission:** Cemig and its subsidiaries may charge the tariff for the use of the transmission system (TUST) through transmission concession agreements that undergo annual adjustments.
- **Electricity distribution:** Aneel grants Cemig D the exploration of electricity distribution activities in a large part of the state of Minas Gerais until December 2045.



## Fifth Amendment

Since December 2015, Cemig has extended, for another 30 years and by means of an amendment, the distribution of energy through a concession, the agreement being in force since January 1, 2016.

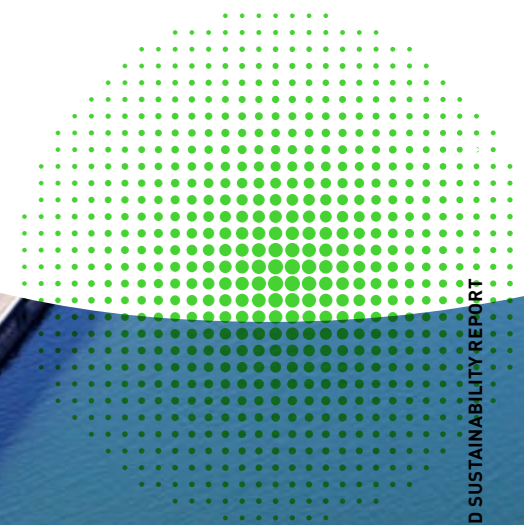
The concession is based on evaluations and efficiency criteria related to continuity of supply and economic and financial management to maintain Cemig's concession were met in the years ended December 31, 2020 and 2019. To demonstrate efficiency, the following indicators apply:

Requirement to comply with efficiency criteria related to continuity of supply and economic and financial management for the maintenance of the concession, considering that: (i) for a period of five years from January 1, 2016, the eventual non-compliance for two consecutive years, or of any of the conditions at the end of the five-year period, will result in the termination of the concession; (ii) as of January 1, 2021, failure to comply for three consecutive years with the continuity of supply efficiency criteria and for two consecutive years with the economic and financial management efficiency criteria will result in the opening of a concession forfeiture proceeding.

## Public Policies **GRI 415-1**

The electricity sector is regulated by the National Electric Energy Agency - ANEEL, which through technical standards establishes the standardization for the generation, transmission, distribution and commercialization of electric energy in Brazil, as well as economically regulating the tariffs and the market itself, and even the research and development and energy efficiency projects. Therefore, Cemig must meet the demands of established public policies and report to the public bodies responsible for each demand at the Municipal, State and Federal levels.

Communication at the Municipal level occurs mainly in distribution and is usually directly related to the supply of energy for public lighting. When talking about the relationship at the State level, it is more common that the contact occurs between Cemig's Senior Management with representatives of the leadership of executive bodies and with the Legislative Assembly, this relationship is established in public hearings and quarterly accountability. Interactions at the federal level, on the other hand, take place in different ways, whether through associations, direct requests for clarification or in the construction of new or updated sectorial public policies.



# Sector Associations

GRI 102-13

## ABRADEE - ASSOCIAÇÃO BRASILEIRA DOS DISTRIBUIDORES DE ENERGIA ELÉTRICA [BRAZILIAN ASSOCIATION OF ELECTRIC ENERGY DISTRIBUTORS]

ABRADEE aims to represent its associates judicially or extrajudicially in defenses of their interest, as well as support associates in the technical, commercial, economic, financial, legal, political and institutional fields, foster mutual collaboration between associates, carry out studies of interest to the associated group, prepare studies and proposals with a view to solving problems in collaboration with the constituted powers, on issues related to the activities of the associates and promoting and to promote and conduct training and seminars on information of interest.

CEMIG's Officer of Institutional Relations, Alexandre Gomes Peixoto, is a member of ABRADEE's Board of Directors. Several Company employees work in the Association's Work Groups. Several Cemig employees work in different Work Groups, with emphasis on Energy Efficiency and Social and Environmental Responsibility.

With the increase in micro and mini distributed generation (GD) connections, the discussion about Normative Resolution No. 482/2012 becomes increasingly important, even more so with regard to tariff impacts on consumers without GD and the benefits of this modality to the electricity system. On this topic, ABRADEE defends a fair position for energy distributors, a topic that is of paramount importance to CEMIG.



## ABRAGE - ASSOCIAÇÃO BRASILEIRA DAS EMPRESAS GERADORAS DE ENERGIA ELÉTRICA [BRAZILIAN ASSOCIATION OF ELECTRIC ENERGY GENERATING COMPANIES]

Cemig contributes with an annual fee to ABRADEE and to ABRAGE, established by the entity's general meeting, according to the bylaws. In 2021, this amount was R\$623,609.00 and R\$156,905.65, respectively.

ABRAGE aims at the exchange of technical, commercial, financial and legal information regarding the activities of electric energy generation, the elaboration of analyzes and studies of common interest, the celebration of agreements and arrangements of technical cooperation and the exchange of information with public and private, national and international entities, and the elaboration of defense of proposals for the solution of common problems.

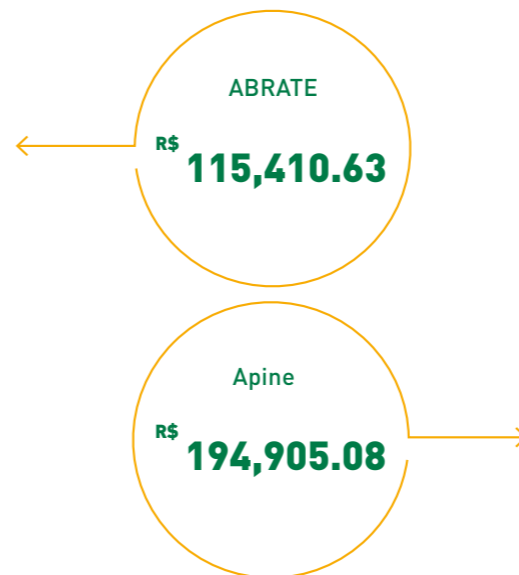




**ABRATE - ASSOCIAÇÃO BRASILEIRA DE EMPRESAS DE TRANSMISSÃO DE ENERGIA ELÉTRICA (BRAZILIAN ASSOCIATION OF ELECTRIC ENERGY TRANSMISSION COMPANIES)**

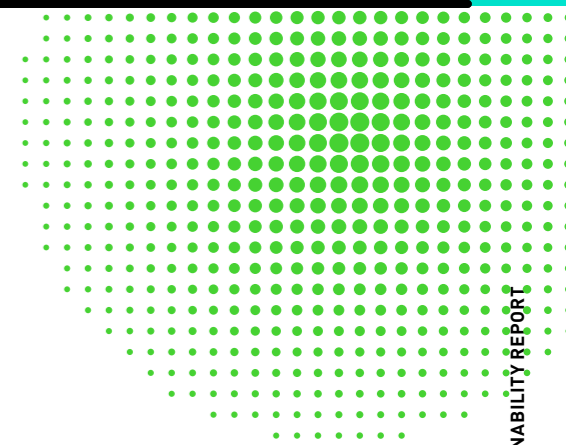
ABRATE seeks to represent legitimate interests and to add value for its member companies, acting proactively to ensure the sustainability, development and attractiveness of the electric power transmission business and to be recognized as a leading institutional agent in promoting the sustainability, development and attractiveness of the electric power transmission sector.

Cemig contributes with an annual fee to ABRATEE and to APINE established by the entity's general meeting, according to the bylaws. In 2021, this amount was R\$115,410.63 and R\$194,905.08, respectively.



**APINE - ASSOCIAÇÃO BRASILEIRA DOS PRODUTORES INDEPENDENTES DE ENERGIA ELÉTRICA (BRAZILIAN ASSOCIATION OF INDEPENDENT ELECTRIC ENERGY PRODUCERS)**

Apine has objectives that make the association strategic for Cemig. Among them, the promotion of the defense of the interests of the electric power generation segment, especially with regard to independent producers and similar generators, defending that their market space be enlarged and their profitability preserved; cooperation with public authorities, national and international bodies and institutions, as a technical and advisory body, in the study and solution of problems related to the activity of its associates, in the preservation of free competition in the offer and in the preservation of the economic order of the electricity market.

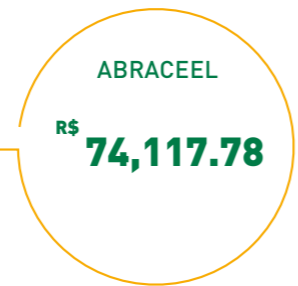


**ABRACEEL - ASSOCIAÇÃO BRASILEIRA DOS COMERCIALIZADORES DE ENERGIA (BRAZILIAN ASSOCIATION OF ENERGY COMMERCIALIZERS)**

With the objective of defending free market competition as an instrument to promote efficiency and security of supply in the areas of electric energy, ethanol and natural gas, as well as to stimulate the growth of carbon credit negotiations, promote the union of associates, representing them before public authorities, national and international bodies and institutions, defending their rights, interests and aspirations and cooperating with public authorities and national and international institutions, as a technical and advisory body, it is possible to enter into agreements or arrangements that are of interest to the fulfillment of its corporate purpose.

Although the Company does not have a representative in the association's governance structure, its action takes place through the technical group responsible for discussing, proposing and sending contributions to MME / Aneel public hearings regarding the association's participation in government bodies.

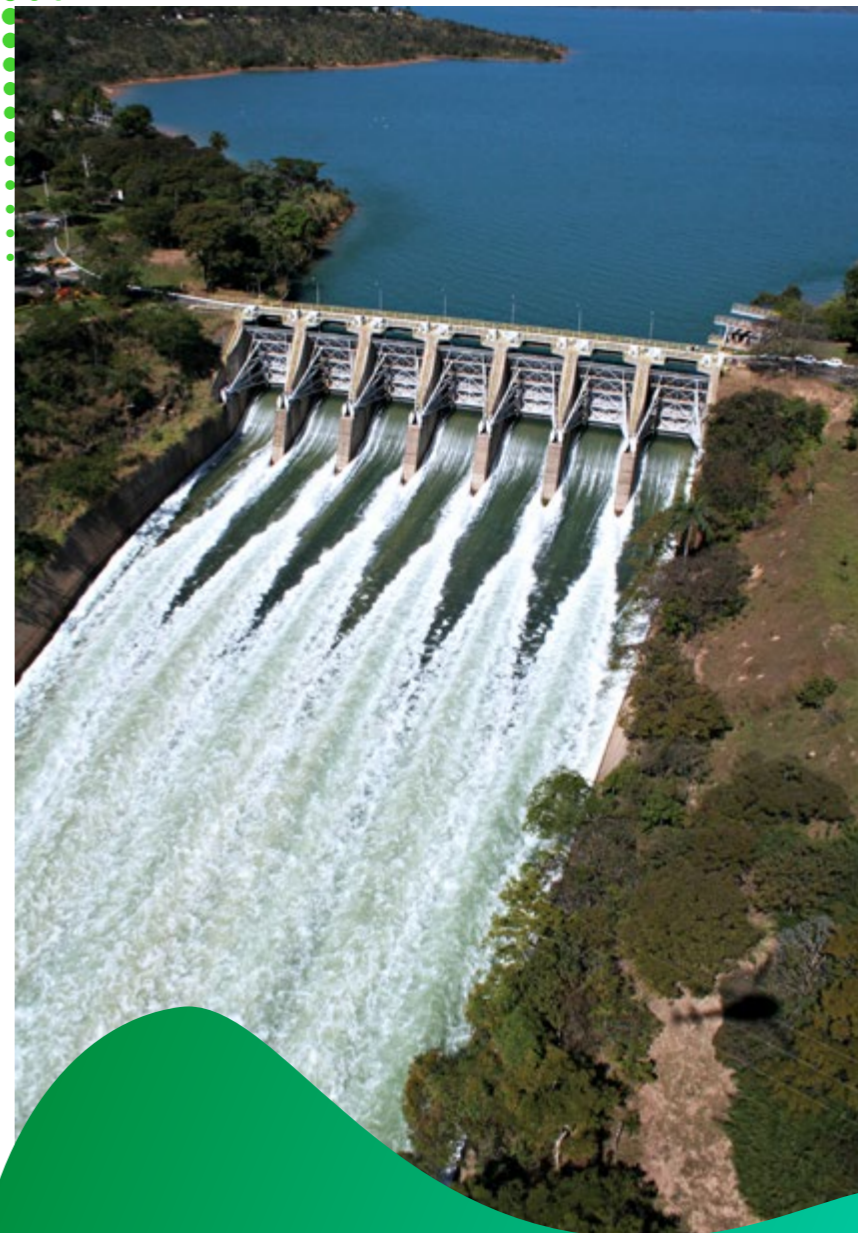
Cemig contributes with an annual fee to ABRACEEL and ABDIB, established by the entity's general meeting, according to the bylaws. In 2021, this amount was R\$ 74,117.78 and R\$ 104,546.00, respectively.



**ABDIB - ASSOCIAÇÃO BRASILEIRA DA INFRAESTRUTURA E INDÚSTRIAS DE BASE (BRAZILIAN ASSOCIATION OF INFRASTRUCTURE AND BASE INDUSTRY)**

ABDIB works to contribute to Brazilian economic growth and social development, focusing on expanding investments in infrastructure and basic industries and strengthening the competitiveness of this group.

At the same time, it works in the search for consistent solutions that make investments viable, supporting public and private agents and increasing the participation of Brazilian companies at a global level in the infrastructure market.



# CORPORATE GOVERNANCE

Cemig's corporate governance is based on transparency, equity and accountability. The Company's management is performed by the Board of Directors and the Executive Board, with a permanent Audit Committee. All are governed by the Company's Bylaws and applicable legislation. **GRI 102-18**



## Governance Model and Main Practices

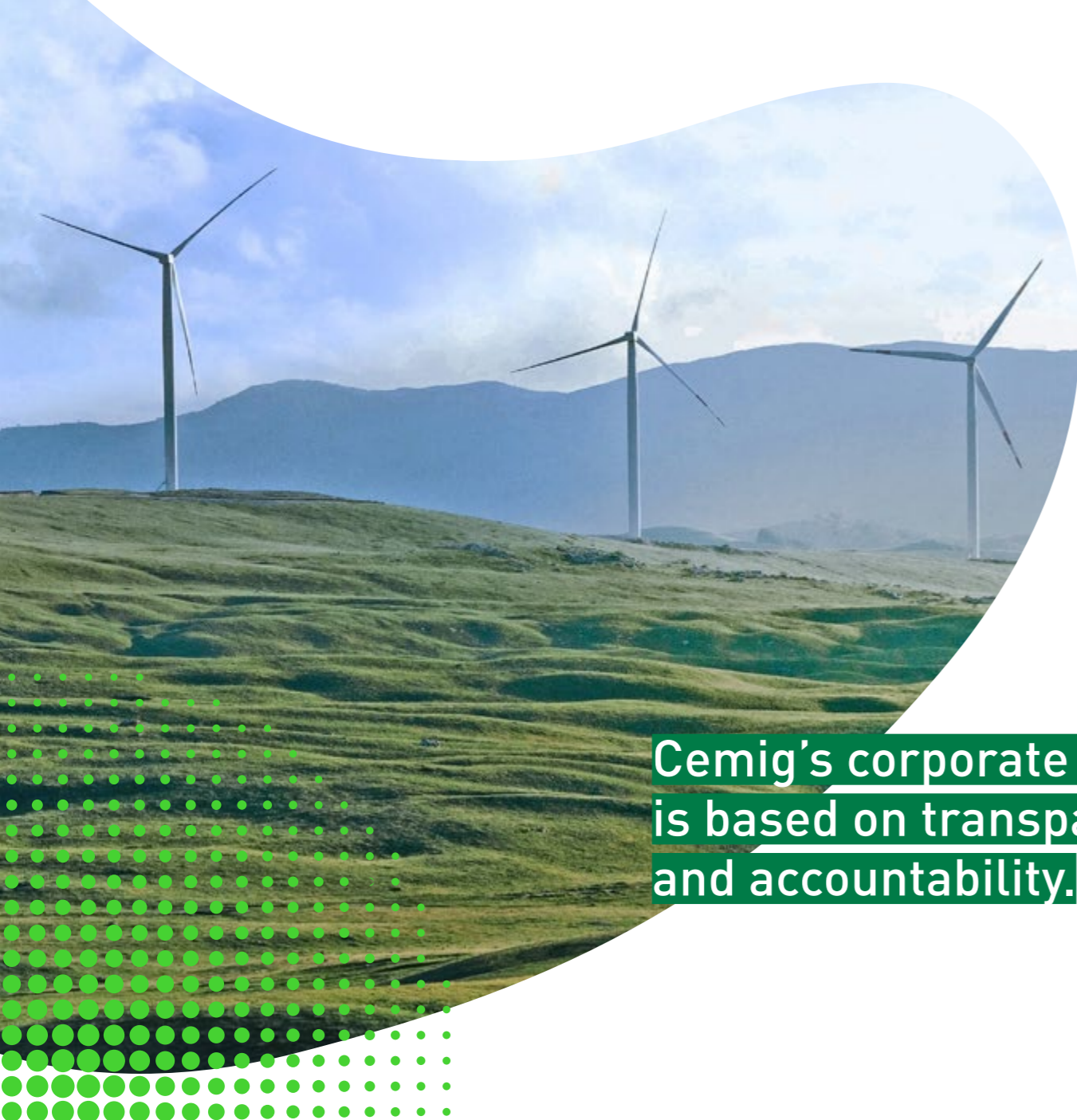
The main characteristic of Cemig's governance model is the clear definition of the roles and responsibilities of the Board of Directors and Executive Board in the formulation, approval and execution of policies and guidelines regarding the conduct of the Company's business. The members of the Board of Directors, who are appointed by the General Meeting, elect their Chairman and appoint Cemig's Executive Board. **GRI102-19**



Since 2001, Cemig has followed the Level 1 Corporate Governance practices of B3, the São Paulo stock exchange.

The structure and composition of the Board of Directors and the Executive Board are identical in the wholly-owned subsidiaries Cemig D and Cemig GT, with occasional exceptions, in order to be approved by the Board of Directors. The focus of the Company's governance has been the balance between Cemig's economic, financial, environmental and social aspects, with the aim of continuously contributing to sustainable development, and aiming at improving its relationship

with shareholders, customers, employees, society and other stakeholders. In order to sustain a well-structured corporate governance model, Cemig follows the good practices and recommendations of the Brazilian Institute of Corporate Governance (IBGC), fostering a relationship of trust and integrity with its stakeholders. Since 2001, Cemig has followed the Level 1 Corporate Governance practices of B3, the São Paulo stock exchange. **GRI 102-25**



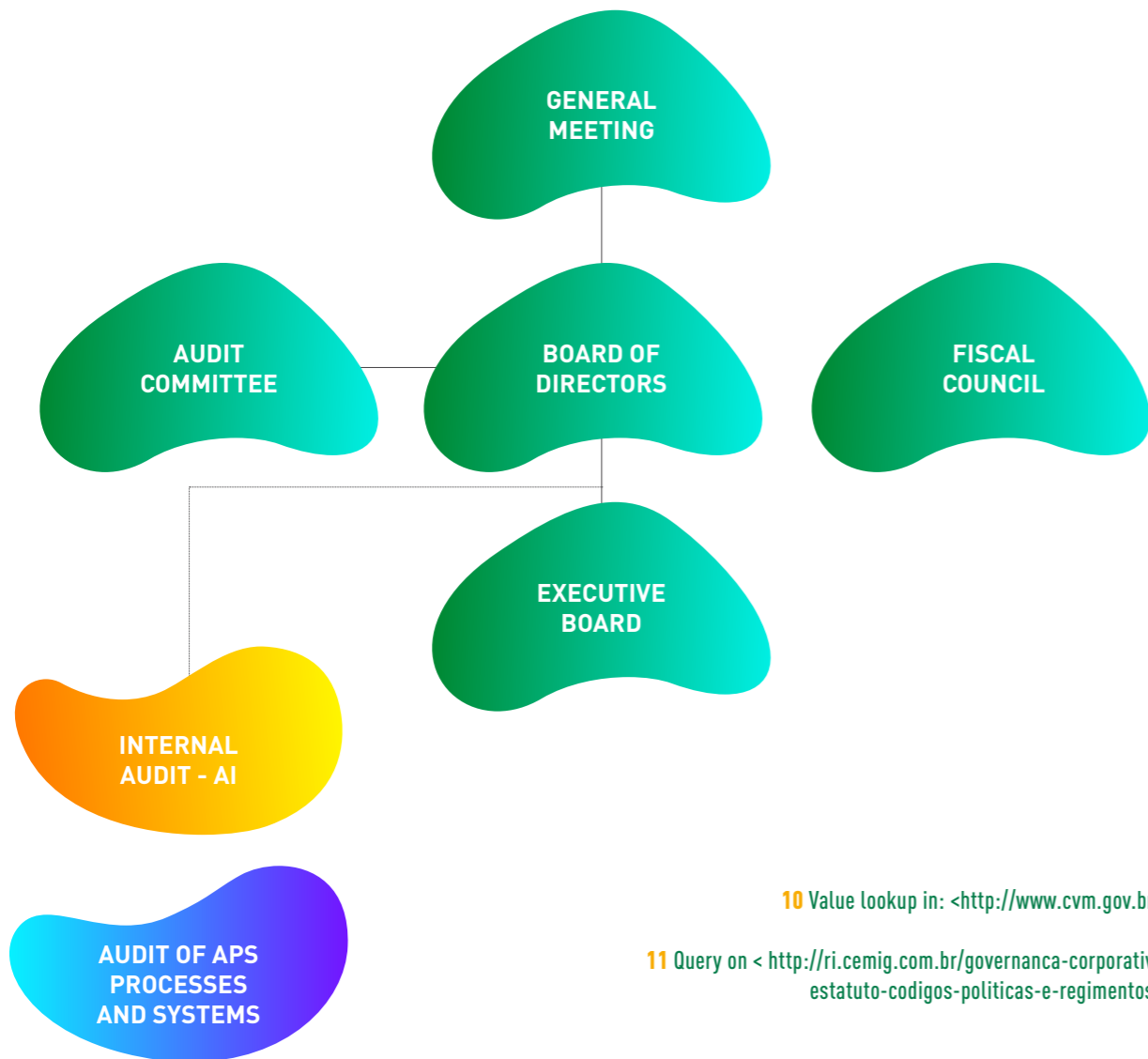
**Cemig's corporate governance is based on transparency, equity and accountability.**

Cemig has a formal practice to ensure the prevention and/or management of possible conflicts of interest. The Company, its shareholders, managers and members of the Fiscal Council undertake to settle, through arbitration, preceded by mediation before the Market Arbitration Chamber (CAM) of B3 or the FGV Chamber of Mediation and Arbitration, any and all dispute or controversy that may arise between them. Prior to the resolutions, conflicts of interest are declared to interested audiences through official communications on the company's website.

The decision-making processes of Cemig's senior management are supported by the Technical Committees. These committees are constituted by specific resolution of the Board of Directors to analyze in more depth the matters of their specialty, and issue opinions and recommendations on decisions and actions to be taken. The committees do not have an executive function or decision-making power, but their purpose is to ensure objectivity, consistency, and quality in the decision-making process. **GRI 102-18**

Cemig's corporate governance is based on transparency, equity and accountability. Currently, the Company is managed by the Regulation and Legal Department (DRJ), by the Legal Superintendence of Corporate Governance (GC) and by the Governance Department (GC/GO). **GRI 102-26**

CEMIG'S CORPORATE GOVERNANCE STRUCTURE:



Strategically, Cemig aims at maximizing value and recycling capital based on equity holdings and takes into account three factors: divestments (non-strategic assets, with low synergy and opportunistic offers), expansion (specific companies and renewal of concessions for some plants) and management (opportunities for synergies, capital structure and distribution policy, improvement of governance).

The Annual General Meeting takes place annually in compliance with the Bylaws and current legislation. There are also special General Meetings, which take place on spontaneous demand. Calls are made at least 30 days prior to the General Meeting through widely circulated communications vehicles, on the Company's website and at the Securities and Exchange Commission (CVM)<sup>10</sup>, so that the minutes are available for consultation on the investor relations website<sup>11</sup>.

The election for a unified two-year term of office of the Chairman and his/her deputy takes place at the first meeting held after the Board of Directors is formed,

and may be re-elected for a maximum of two consecutive terms. Both positions are removable, provided that there is justifiable reason, by the General Meeting.

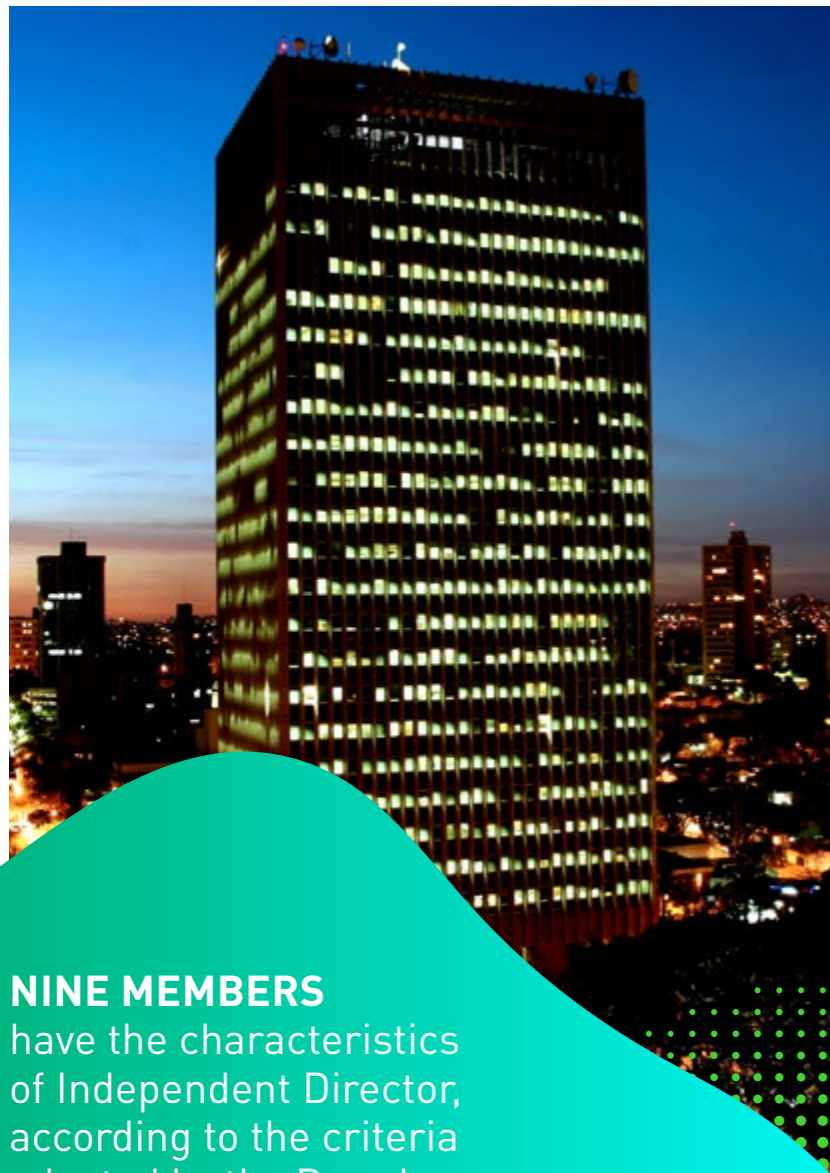
Matters sent to the Executive Board for inclusion in the agenda, issued by a Proposal for Resolution of the Executive Board and/or the Board of Directors (PD), must be accompanied by recommendations, reports, opinions and, as the case may be, a statement of compliance with the Long-Term Strategy and Cemig's Multiannual Business Plan, in addition to being included in the annual budget.

In 2021, 1,030 PDs were sent to the Executive Board for analysis and filtering, which were accepted and passed on for resolution by the Board of Directors and the General Meeting, according to the scope of resolution. There is no compilation by topic of all the issues addressed by the PDs sent to the Executive Board, since they come from all areas of the Company, addressing a diverse range of areas and corporate and compliance interests. **GRI 102-33; 102-34**

<sup>10</sup> Value lookup in: <<http://www.cvm.gov.br/>>

<sup>11</sup> Query on <<http://ri.cemig.com.br/governanca-corporativa/estatuto-codigos-politicas-e-regimentos/>>





## NINE MEMBERS

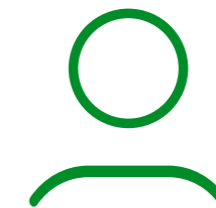
have the characteristics of Independent Director, according to the criteria adopted by the Dow Jones Sustainability Index (DJSI)

## Board of Directors

The Company's Board of Directors, according to the Bylaws, is composed of eleven effective members, ten of whom are appointed and elected by the shareholders and one member elected by the employees, in compliance with the provisions of Law No. 12.353, of 12/28/2010. The Bylaws provide for a unified term of office of 2 years, with a maximum of 3 consecutive reappointments being allowed. In 2021, 26 meetings were held for resolutions and presentations on various subjects such as strategic and budgetary planning, investment and acquisition projects, among others.

**GRI 102-22; 102-24; 202-2**

Of the eleven members of its Board of Directors: nine members have the characteristics of Independent Director, according to the criteria adopted by the Dow Jones Sustainability Index (DJSI), while seven members have these characteristics according to the criteria defined in the "Code of Best Practices of Corporate Governance" of the Brazilian Institute of Corporate Governance (IBGC), as attested to in the Council's Statement of Independence.



Cemig's target is 25% participation of independent directors on the board of directors, as stated in the company's Bylaws, section I, article 13, paragraph 2, subitem c.

The average attendance rate of members at Board of Directors meetings in 2021 was 85%, above the minimum of 80% required by CEMIG. Individual attendance data are available in the [Reference Form](#) report, item 12.5/6 – Composition and professional experience of management and the Fiscal Council.

The average term of office of the members of the Board of Directors is 2.71 years, considering the last 10 years. The date of the first appointment of each current member is presented on Cemig's Form 20-F, annually, in item 6 – Directors, Senior Managers and Employees.

Annually, the members of the Board of Directors undergo independent, individual and collective performance self-assessments, in order to improve their functions. The following minimum requirements are observed:

- exposure of the management acts performed, as to the lawfulness and effectiveness of the administrative action;
- contribution to income for the year;
- achievement of the objectives established in the Multiannual Business Plan and compliance with the Long-Term Strategy and Annual Budget.

The Audit Committee is responsible for independently verifying the conformity of the evaluation process of the members of the Board of Directors.

Furthermore, annually, Cemig prepares its Annual Report on Social and Environmental Responsibility of Electric Energy Companies, a regulatory requirement of the National Electric Energy Agency (Aneel). The report follows guidelines defined by the regulatory body and includes data and information from the Company's wholly-owned subsidiaries, in order to provide a broad, consistent and consolidated view of relevant and peculiar issues to the electricity sector, outlined in its regulatory

framework, and of general issues of socio-environmental responsibility. The preparation of the report allows Cemig to present its considerations, both descriptive and quantitative, on its performance indicators, thus enabling dialogue with its different stakeholders to assess the results of the actions taken during the year.

Prior to its publication, Aneel's Annual Social and Environmental Responsibility Report is guided and discussed by the Corporate Communications and Sustainability Department with the Company's Board of Directors. At this stage, Cemig's social and environmental issues are presented to the Directors, aiming at their awareness of the importance of these issues and joint discussion to define points for improvement.

The analysis of the Social and Environmental Responsibility Reports is the main moment for the Board of Directors to discuss and engage in the Company's social and environmental issues. However, throughout the year, whenever necessary, the different areas of the Company are able to promote presentations and discussions within the scope of the Board of Directors by submitting a Deliberative Proposal to the Board. This mechanism exists precisely to bring the Board of Directors closer to the critical concerns of Cemig's different areas.

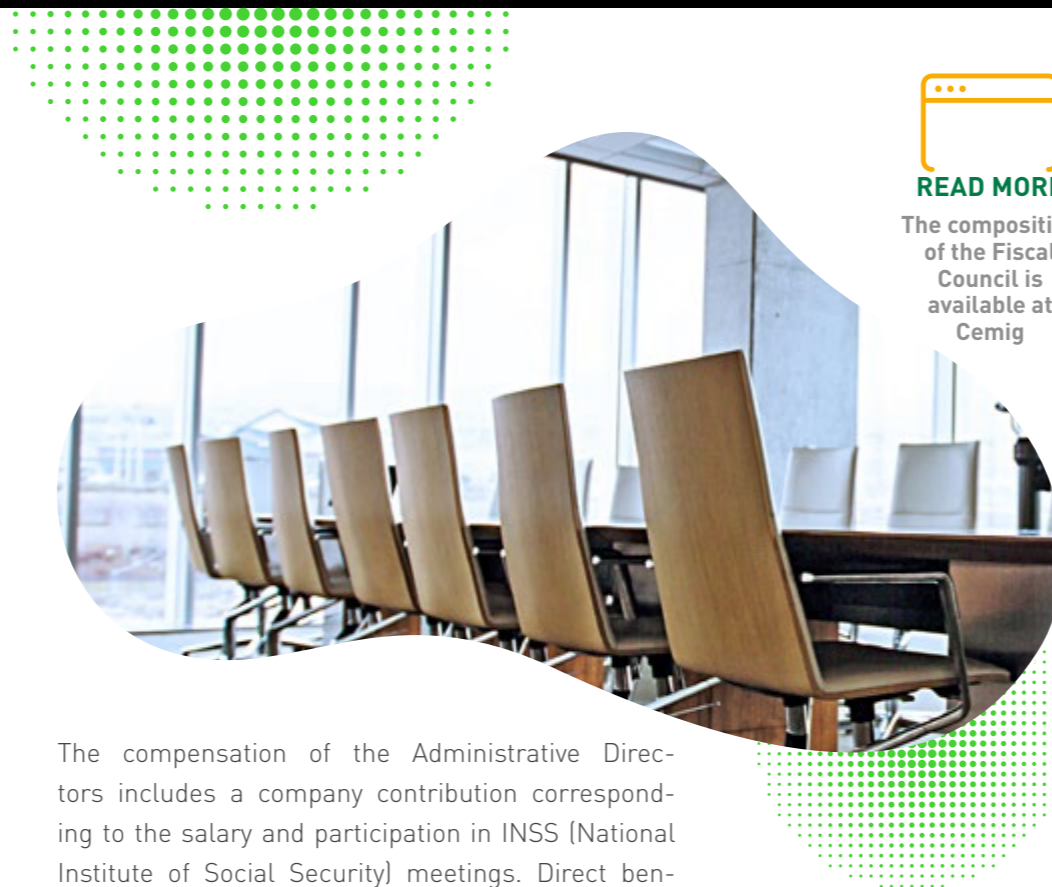


The salary consists of a fixed portion divided into salary and direct benefits and a variable portion, which corresponds to participation in meetings. Remuneration is divided into 80% to 20%, where the largest portion corresponds to total compensation and the remainder to jetons<sup>12</sup>. When more than one meeting takes place in the month, the jetons are distributed proportionally to the number of meetings held, whereas in months when meetings do not take place, the Director receives the total amount of monthly compensation.

The amount to be paid to the members of the Board of Directors, Executive Board and Audit Committee is fixed at the General Meeting (R\$23,259,187.88), in compliance with the provisions of the Bylaws and in line with applicable legislation in force. Cemig's profit sharing is forbidden to the mentioned members, except for the elected member who represents the employees.

**GRI 102-35**

The value for participation in meetings aims to increase engagement and commitment through bonuses, and the fixed compensation seeks to financially reward the service provided and the contribution to the company, which allows Cemig to demand the performance and participation of each one in meetings.



**READ MORE**

The composition of the Fiscal Council is available at Cemig

The compensation of the Administrative Directors includes a company contribution corresponding to the salary and participation in INSS (National Institute of Social Security) meetings. Direct benefits include, for those who are not residents of the municipality where the meeting is held, reimbursement of travel and accommodation costs (nationally), and those invited by the Chief Executive Officer are entitled to reimbursement of travel.

Optionally, Directors may subscribe to group life insurance, which is paid in full by Cemig, as well as participation in a private pension plan with payment shared equally between the parties.

**12** More information can be found on the Company's website: [Shareholder and Director Meetings – CEMIG RI](#).

**Fiscal Council**

Cemig has a permanent Fiscal Council, which is responsible for supervising the acts of the administrators, as well as the fulfillment of their duties under the law and the bylaws. It is incumbent upon the Council to enforce what is established in applicable national laws and in international laws in countries where Cemig shares are traded, as long as they are not contrary to Brazilian laws. It is also the Fiscal Council's responsibility to evaluate the content of the management's annual report, supplementing it if necessary and expressing the Audit Committee's opinion for the General Meeting resolution.

In 2021, the Audit Committee had four members, all of whom were independent and appointed by the Board of Directors for a non-coinciding 3-year term, with reelection being permitted. The appointment of members of the Audit Committee takes place at the first meeting held after the Annual General Meeting.

It is incumbent upon the Fiscal Council to assess reports considered relevant to Cemig's assets by the Ethics Committee and non-operational reports that are linked to fraud and misconduct in matters that refer to financial statements and disclosure of results and reports that are directed to regulatory agencies, and it is also up to the Audit Committee to suggest negotiations for them.

Members of the fiscal council receive fixed compensation and benefits, for those residing in another municipality, there is full reimbursement of travel and accommodation expenses. Optionally, they have a life insurance subscription paid for by Cemig and the company's contribution to the INSS on the salary received.

## Executive Board

It is incumbent upon the Executive Board to manage the business in its entirety, except in cases where, due to force majeure - whether by law or Bylaws, the decision-making is up to the Board or the Administrative Assembly, therefore, the established system, in accordance with the Decree of Law of the State of Minas Gerais No. 47.154/17 and, also known as the State-Owned Companies Law, Law No. 13.303/16 is to prepare a proposal for the Company's strategic planning that contemplates, at least, a five-year period, review it annually, and for both cases submit it for approval to the Board of Directors. Currently, the current strategic planning includes the 2021-2030 cycle.



**AVAILABLE**

The composition of the executive board is available at Cemig

**GRI 102-20**

Cemig's Executive Board is composed of seven officers, whose functions are established in the Company's Bylaws. Its members are elected and can be removed at any time by the Board of Directors and have a two-year term of office, and may be reappointed for a maximum of three times. Officers are allowed to hold management positions at the same time and without compensation in Cemig's wholly-owned subsidiaries, controlled companies and affiliates. **GRI 102-19**

The Executive Board will observe and comply with the goals and limits established by the Board of Directors, especially related to indebtedness, liquidity, rates of return, investment and regulatory framework. In this sense, it is the role of the executive officers to coordinate and manage the work of the Company, as well as all the strategic and institutional activities of the affiliates, subsidiaries and consortia of which they are part. Responsibilities for economic, environmental and social topics permeate the entire executive structure of the Company, with management consolidated by the Deputy Board for Corporate Communication and Sustainability, which reports directly to the Chief Executive Officer. Economic and financial matters are under the responsibility of the executives appointed by the Finance and Investor Relations Department, who are responsible for the 4 superintendencies that make up that department (Controllership, Planning and Corporate Control, Investor Relations and Corporate Finance Management). Environmental issues are under the primary responsibility of the executives appointed by the Presidency to occupy the superintendence of Strategy and Environment and the administration of Environmental Management. **GRI 102-20**

Cemig Group's Executive Directors' compensation policy comprises fixed and variable remuneration of members, following the Bylaws, based on the Long-Term Strategy, the Multiannual Business Plan, and the Annual Budget.

Fixed remuneration comprises payments in kind whose purpose is direct compensation for the services provided, in line with market practices. In turn, variable remuneration is the bonus conditioned to the performance and delivery of measurable results that lead to the success of the Company. The variable remuneration for the Board of Directors consists of participation in the results, following the same criteria established in the Company's Specific Collective Agreement and considering the Company's results, with the calculation of goals established by the Board of Directors.

The Directors are also entitled to annual leave, for a period of not more than 30 days and in a non-cumulative manner, during which they are entitled to a remuneration equivalent to their monthly remuneration plus one-third. As direct benefits, Cemig offers an amount equivalent to the meal vouchers established for employees in the Collective Bargaining Agreement; group life insurance; coverage of health plan, and dental plan.

In addition, the Company grants the Directors participating in a private pension plan. Other components of the Directors' remuneration are an annual bonus in the amount of the monthly salary, payments related to paid leave, the contribution of the company to the Brazilian social insurance (INSS) and collection of Guarantee Fund (FGTS) in the salary and participation of results received.

## Audit Committee

The Audit Committee, created with the amendment of the Bylaws in June 2018 and in compliance with the provisions of Law 13.303/2016, is a collegiate advisory body linked to the Board of Directors, with the functions of auditing and supervising the quality and integrity of financial statements, adherence to legal, statutory and regulatory standards, and effectiveness of internal control systems and internal and independent auditing.

In 2021, the Audit Committee had four members, all of whom were independent and appointed by the Board of Directors for a non-coinciding 3-year term, with reelection being permitted. The appointment of members of the Audit Committee takes place at the first meeting held after the Annual General Meeting. **GRI 102-22**

All members of the audit Committee are independent. The members of the Audit Committee must participate in specific training provided by Cemig (which takes place on the occasion of their taking office and annually). The reappointment of those who have not participated in the annual training provided by the Company in the last two years is prohibited.

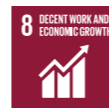
It is the responsibility of the Audit Committee, in addition to the evaluation process of the members of the Board of Directors, to verify the conformity of the evaluation process of the other managers of the Company, the members of the advisory committees to the Board of Directors and the members of the Fiscal Council.

The Audit Committee is also responsible for carrying out a background check of potential candidates to compose Cemig's strategic councils and committees. The background check is a procedure performed on the professional background and legal records of all names appointed to hold strategic positions in the Company.

## Compensation of Members of Governance Bodies

According to the Bylaws, the global or individual amount of compensation of the Board of Directors, the Executive Board, and the Audit Committee will be fixed by the General Meeting, in compliance with the applicable legislation. The members of the Audit Committee and the Board of Directors, with the exception of the member representing the employees, are not entitled to any kind of participation in the Company's profits. **GRI 102-35**





## Ethics and Transparency

GRI 103|205; 103|419; 102-16; 205-1

Act ethically, transparently and honestly to successfully lead and operate the organization and continuously improve performance: this is Cemig's objective.

In this sense, among the internal rules established to promote an ethical environment, Cemig established its Declaration of Ethical Principles and Code of Professional Conduct, the Cemig Code of Conduct, which aims to guide and discipline the conduct of people who act on behalf of Cemig or interact with it, seeking ethics, commitment, value creation, integrity, sustainability, innovation and respect for life, in compliance with the law and all regulations.

The Code of Conduct is in accordance with the constitutional, legal, normative and regulatory norms to which Cemig is subject and also in line with the Company's Mission, Vision and Values. It must be respected by all its recipients, namely: administrators, members of the fiscal council, employees, interns, contractors and subcontractors.

It must be used in all relationships established as a result of Cemig's activities with its managers, members of the fiscal council, employees, shareholders, society, customers, contractors, subcontractors, interns and all those with whom they relate.

In addition to the Code of Conduct, Cemig has a set of policies and procedures that guide employees to carry out their activities in compliance with applicable legislation and regulations. There are some documents that are part of the Compliance culture: Compliance Policy, Anti-fraud Policy, Conflict of Interest Policy, Instruction for Offering and Receiving Gifts, Presents and Courtesies, among others. **GRI 419-1**

Cemig seeks to maintain constant communication through internal channels related to the topic of Ethics and Integrity and, annually, employees, both its own and third-party employees, undergo mandatory training on the Declaration of Ethical Principles and Code of Professional Conduct. The disclosures aim to guide and inform the workforce on matters such as misconduct, conflicts of interest, fraud and corruption.

By monitoring the evolution of the Compliance maturity level, carried out through an annual survey, since 2019, the growing interest of people in the subject is remarkable, as well as the perception of its importance to the company and in everyone's day-to-day life.

Unethical behavior is unacceptable at Cemig. Focusing on the active and permanent management of corporate ethical conduct, and as a way of detecting actions and behaviors that are not in accordance with the expected conduct of all those who act on behalf of the Company. The Reporting Channel is available, accessible to all employees and related parties, through the website: [www.cemig.com.br/etica/](http://www.cemig.com.br/etica/).



#### REPORTING CHANNEL

website • 0800



#### AVAILABLE

to all employees and related parts

The verification process follows prioritization criteria and the maximum response period is **45 DAYS.**

Cemig's Reporting Channel is confidential and can be accessed through the website or by calling the 0800 number and is available to all people interested in reporting possible misconduct by Cemig and its representatives. The verification process follows prioritization criteria and the maximum response period is 45 days.

As of 2020, during the pandemic period, all communication efforts were focused on digital media, where we broadcast several articles, texts and videos about the culture of integrity. Some publications dealt with the following subjects: Three-line model, Integrity and reputation, Ethical conduct of third parties, among others. The channel is a permanent means of communication, dedicated to receiving reports and ethical consultations, with or without identification of the whistleblower or consultant.

In addition to the publications and as a highlight in this effort of communication and awareness of the workforce, in December 2021, professor and philosopher Mário Sérgio Cortella was invited to speak on: "Ethics, person, company and society". The internal event was well attended, with about 1,700 people attending the online meeting.

It is also worth mentioning the approximation between Compliance and the Ethics Commission. The activities of the Ethics Committee Secretariat started to be coordinated by the Compliance management as of the second half of 2021.

Each and every report or suspicion of corruption, legal non-conformity, or any detection of inconsistency goes under investigation, more than a matter of corporate reputation, transparency is a duty to the State, its shareholders, and all those who trust the company and its services.

All registered reports undergo verification, investigation and processing. The result is individual and the negotiations are the result of the individual classification. **GRI 102-17**

Among the various internal regulations, Cemig has a Conflict of Interests Policy (NO-2.45). This document aims to provide guidance on some situations of possible real, potential or apparent conflicts, when certain situations are not allowed and which ones must be communicated to the Company. It is not possible to identify or define in advance all concrete situations capable of characterizing the occurrence of a conflict of interest, so that NO-2.45 outlines criteria, rules and guidelines, exemplifying, as the case may be, the most frequent or most sensitive situations to "Cemig Group", without the intention of exhausting the subject.

**MAIN THEMES OF REPORTS 2021**

Nature of the complaint

INAPPROPRIATE BEHAVIOR

Number of reports **61**  
 Processed **54**  
 In progress **7**  
 Percentage **89%**

Nature of the complaint

CORRUPTION

Number of reports **126**  
 Processed **97**  
 In progress **29**  
 Percentage **77%**

Nature of the complaint

HEALTH & SAFETY

Number of reports **38**  
 Processed **35**  
 In progress **3**  
 Percentage **92%**

Nature of the complaint

LABOR RELATIONSHIPS

Number of reports **15**  
 Processed **7**  
 In progress **8**  
 Percentage **47%**

Nature of the complaint

ASSET PROTECTION

Number of reports **21**  
 Processed **11**  
 In progress **10**  
 Percentage **52%**

Nature of the complaint

BULLYING

Number of reports **11**  
 Processed **7**  
 In progress **4**  
 Percentage **64%**

Nature of the complaint

SEXUAL HARASSMENT\*

Number of reports **8**  
 Processed **4**  
 In progress **4**  
 Percentage **50%**

Nature of the complaint

DISCRIMINATION\*

Number of reports **5**  
 Processed **2**  
 In progress **3**  
 Percentage **40%**

Nature of the complaint

MANAGEMENT OF AGREEMENTS

Number of reports **16**  
 Processed **14**  
 In progress **2**  
 Percentage **88%**

Nature of the complaint

CORPORATE GOVERNANCE

Number of reports **17**  
 Processed **15**  
 In progress **2**  
 Percentage **88%**

Nature of the complaint

CUSTOMER SERVICE

Number of reports **1**  
 Processed **1**  
 In progress **0**  
 Percentage **100%**

Nature of the complaint

CONFLICT OF INTERESTS

Number of reports **8**  
 Processed **5**  
 In progress **3**  
 Percentage **63%**

Nature of the complaint

NEGLIGENCE

Number of reports **0**  
 Processed **0**  
 In progress **0**  
 Percentage **- %**

Nature of the complaint

MISUSE OF RESOURCES

Number of reports **7**  
 Processed **6**  
 In progress **1**  
 Percentage **86%**

Nature of the complaint

OTHERS

Number of reports **7**  
 Processed **7**  
 In progress **0**  
 Percentage **100%**

Nature of the complaint

**GRAND TOTAL**

Number of reports

**341**

Processed

**265**

In progress

**76**

Percentage

**74%**

The Conflict of Interests Policy establishes criteria to guide the work of professionals, in order to mitigate possible questioning, including by the control and inspection agencies, as well as reputation problems. As a result of this Policy, we have two other internal regulations that establish specific criteria for particular cases. They are: Instruction for Offering and Receiving Gifts, Presents and Courtesies (IS-67) and Instruction on Conflict of Interests in the Performance of External Professional Activity. **GRI 10-15**

In addition to the aforementioned internal regulations, the Declaration of Ethical Principles and Code of Professional Conduct and the constant communications on the Conflict of Interests Policy (booklet, articles), there is Cemig's Reporting Channel. Cases of actual conflicts of interest can be reported through this channel. Reports will be investigated and verified as valid or not and will be followed up by the whistleblowers.

Of the 341 reports received in 2021, 126 are related to corruption, a figure 229% above the amount corresponding to corruption reports in 2020. Among investigated reports in 2021, there were 88 substantiated that culminated in 94 penalties. The table below shows the nature and number of reports that occurred in 2021. **GRI 205-3**

More information on reports of moral, sexual harassment and discrimination can be accessed in chapter 5 of this report. Of the five cases related to discrimination, three are being investigated and two have been concluded and dismissed. The measures taken generally consist of guidelines, written warnings and referrals to the responsible areas. **GRI 406-1**

\* In 2020 there was no disclosure of information about sexual harassment and discrimination.





## Audit Plan

The Annual Audit Plan is prepared with a preventive approach, in line with the best corporate governance practices, regulations and international auditing standards of the Institute of Internal Auditors (IIA) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Through monthly reports, Internal Audit monitors the actions by communicating to the Company's Senior Management the action plans for overdue audit work, reports pending a response.

It performs the same communication procedure during the period of the Annual Training and Adherence to the Declaration of Ethical Principles and Code of Professional Conduct.

The Process Compliance Indicator (ICONF) is used to assess the effectiveness of events arising from:

- process audit activities, provided for in the Annual Audit Plan;
- the evaluation of internal controls SOX41;
- handling reports;
- activities carried out within the scope of Forensic Audit.

The ICONF calculation is annual. Due to the processes regarding internal controls linked to SOX not being covered within a full calendar year, the ICONF result for the year 2021 will be obtained in the first half of 2022. **GRI 206-1**

## Anti-Corruption Practices and Conduct

Cemig recognizes that taking on public commitments is a strong tool for endorsing an ethical posture and seeking continuous improvement to ensure reliable and clear processes, therefore, it is a signatory to the Business Pact for Integrity and Against Corruption, coordinated by the Ethos Institute, of Goal number 10 - "Combat corruption in all its forms, including extortion and bribery" of the Global Compact'. **GRI 103|205; 205-1; 102-16**

Any occurrence related to corruption is considered a risk and can cause instabilities and external noise, and even make it difficult for stakeholders to make decisions, especially as it is a government-controlled Company.

It is important to ensure an environment of integrity and to avoid harmful consequences for the image and reputation of companies involved in corruption cases.

Raising the workforce's awareness is also an effort made in order to make clear what conduct is expected and what is not accepted by the Company. Annually, mandatory training on the Code of Conduct is carried out and an extensive list of communication and involvement actions for all employees is carried out.

Another good compliance practice adopted by the Company is the performance of a Background Check of 100% of Cemig's administrators and members of the fiscal council, as well as of those appointed to the Cemig Group.

All agreements for Sale of Assets; Purchase and Sale of Energy related to the bidding processes promoted by the Company; Loans and Financing; Shareholders' Agreements; Partnership agreements; Sponsorships; Decentralized agreements for the acquisition of materials and services and centralized Agreements for the acquisition of materials and services contain the anti-corruption sections highlighted below:

- Know and comply with the rules provided for in Law No. 12.846/2013, of 08/01/2013, "Anti-Corruption Law", refraining from committing acts that may harm the public administration and reporting the practice of irregularities of which it is aware;
- Know the ethical principles of professional conduct contained in the "Declaration of Ethical Principles and Cemig's Code of Professional Conduct", and its anti-fraud policy".

Through these sections, it is possible to affirm that all Cemig's commercial partners, whose agreement covers the objects listed above, were informed about anti-corruption rules and about the "Declaration of Ethical Principles and Cemig's Code of Professional Conduct".

In the event of a conflict of interest, the Company declares the condition to its stakeholders through its official channels, prior to the resolution that must be resolved through mediation before the Market Arbitration Chamber (CAM) of B3 or the FGV Chamber of Mediation and Arbitration. **GRI 102-25**

In 2021, there were no lawsuits related to unfair competition and violation of antitrust laws. **GRI 206-1**

## Parliamentary Committee of Investigation (CPI)

In 2021, the Legislative Assembly of Minas Gerais established a Parliamentary Committee of Investigation to investigate Cemig's management acts. On 02/18/2022, at the 7<sup>th</sup> Special Meeting of the Commission, the final report resulting from the work was approved.

The report was sent to the Public Prosecution Office of Minas Gerais and other control agencies, which will evaluate possible referrals.

Cemig reaffirms that all the acts of the current management are aimed at preserving the Company's assets and ensuring the improvement of the supply of electricity services to its customers, strictly following the pertinent legislation.

Aiming to keep the stakeholders informed and its commitment to transparency, if necessary, the Company will keep the market informed about this issue by means of a communication sent to the Securities and Exchange Commission (CVM).

# Risk Management



Enterprise risk management enriches the management dialogue by adding perspectives on the strengths and weaknesses of a strategy in the event of a change in context, as well as assessing the alignment of the strategy with the organization's mission and vision.

Risk management planning considers factors that may pose risks to the health and safety of employees, suppliers, customers, the general population and the environment. Occasionally, opportunities are identified and developed in accordance with the Company's objectives and business plans, especially with regard to process efficiency. The risks inherent to Cemig's business activities are evaluated according to their probability of occurrence and their impact on the various businesses in the value chain.

The Company has structured governance to support the decision making related to risk management, subsidized by the competent levels, be they business areas, Corporate Risk Monitoring Committee, as well as the Executive Board and Board of Directors.

The implementation of corporate risk management occurred in 2003 and is being continuously improved by Cemig. This management is process-based and aligned with the Company's Master Plan and strategic planning, with the main guiding element being Cemig's Corporate Risk Management and Internal Controls Policy.



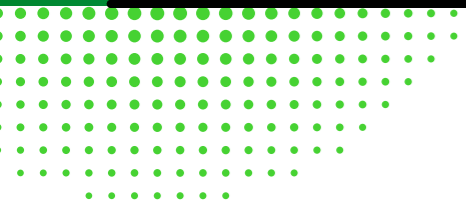
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Corporate Risk Management and Internal Controls



Cemig's current Corporate Risk Management and Internal Controls Policy was updated in 2021 and its approval is the responsibility of the Board of Directors, as provided for in Cemig's Bylaws. The Board of Directors is also responsible for validating the Company's risk matrix, which is updated annually. This involvement of the Company's highest governance body with risk management demonstrates not only the relevance of the topic, but also the alignment of Cemig with the good practices of Risk Management and Corporate Governance.

Based on Cemig's Corporate Risk Management and Internal Controls Policy, the company's risk appetite is defined, which signals the Precautionary Principle **GRI 102-11** as one of the factors considered in the decision-making flow related to risk management, besides the attention to the legal and regulatory precepts that determine the activities of companies in the electricity sector in Brazil. Furthermore, the policy is guided by guidelines that translate the best market practices, and is aligned, especially, to the governance model called "Three-Line Model".



The “Three-Line Model” is a simple and effective way to define and clarify the roles and responsibilities related to risk management, coordinating all parties involved so that there is no duplication of effort or gaps in controls, thus improving the communication of risk management and internal controls. The model proposes the orientation of responsibilities and not the creation of departmental structures to serve it, with the holder of each risk being responsible for managing its own risk and/or control mechanism. Therefore, risk management processes are managed by each area of Cemig, holder of their respective risks, and monitored centrally by the Risk Management and Internal Controls Department.

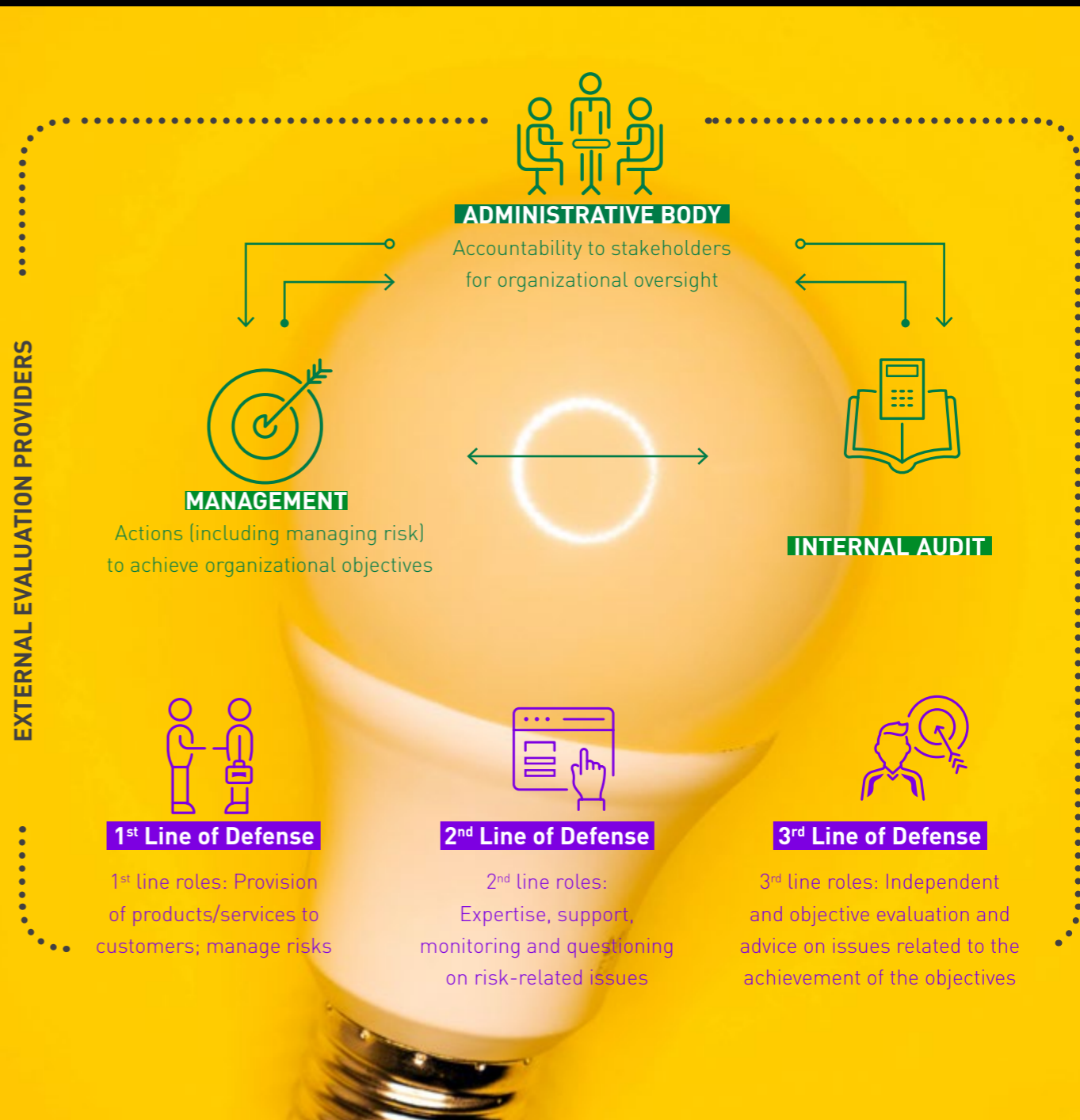
The first line comprises all of the Company’s administrative and business areas. Managers and employees in these areas are responsible for leading and directing actions (including risk management) and applying resources to achieve the organization’s objectives.

In the second line are the functions that have the support role in risk management. In addition, this line is responsible for monitoring the implementation of risk management practices and internal controls in the first line of defense and assisting managers in defining risk tolerances and how risk and controls information is disseminated internally in the organization. The Compliance, Risk Management and Internal Controls areas are responsible for coordinating the respective processes at Cemig and providing support to the holders of risks and controls.

The third line comprises the organization’s internal audit. It is responsible for communicating the independent and objective assessment and advice to management and the governance body on the adequacy and effectiveness of governance and risk management (including internal control), to support the achievement of organizational objectives and to promote and facilitate continuous improvement.

**LEGEND**

- ACCOUNTABILITY, REPORTING
- DELEGATING, MENTORING, RESOURCES, SUPERVISION
- ALIGNMENT, COMMUNICATION, COORDINATION, COLLABORATION



## The Risk Management Process at Cemig

Based on the guidelines established in the Risk Management and Internal Controls Policy, Cemig has structured a risk management program, which allows the mapping and assessment of both strategic risks and those arising from operational processes. This program is coordinated by the Risk Management and Internal Controls Department, which provides technical support to the different areas of the Company. The objective is to provide information to Senior Management for decision-making regarding the most relevant risks and opportunities.

To this end, Cemig has structured a risk management process that aims to plan, identify, analyze, process and monitor the mapped risks. Initially, the Company classifies the risks identified as (i) process risks, which are related to operations, limited to the activities of each process; (ii) macro-processes risks, whose impacts cover different processes and management of the Company; and (iii) Top Risks, which are macro-processes risks that can directly impact the Company's strategy.

The Top Risks, as well as the treatment recommendations made by the Corporate Risk Monitoring Committee - CMRC, are communicated to Senior Management.

### WHEN A TOP RISK IS MAPPED FOR THE FIRST TIME AT CEMIG, THE FOLLOWING STEPS MUST BE FOLLOWED:

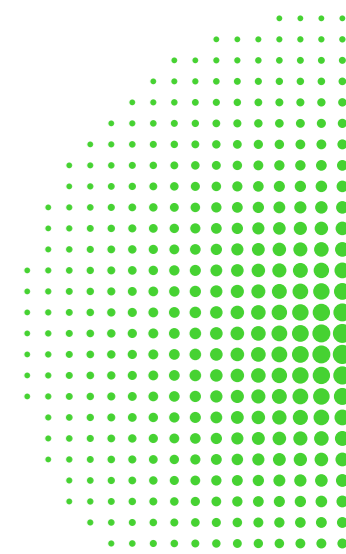


In the risk identification activity, the area responsible for the centralized management of risks and internal controls consults the managers of the areas correlated to the identified themes, including those areas that interact with external stakeholders, such as investor relations, strategic planning, sustainability, and the general secretariat.

Subsequent to the result of this consultation with the leadership, a risk matrix proposal is presented to the CMRC, which represents the Executive Board and brings considerations for improvements to the matrix. Subsequently, the

matrix is sent for resolution by the Executive Board, which also improves the product, sending it to the Board of Directors. Additionally, the proposed matrix can be submitted to the Board of Directors' support bodies, such as the Audit Committee and the Fiscal Council.

As a result of this process, Cemig builds the Top Risks Matrix, covering its strategic pillars such as Generation, Transmission, Distribution, Commercialization, Information Technology, Regulatory Institutional and/or eventual adjustments to adapt to the Strategic Planning in effect.



**THE FOLLOWING ARE HIGHLIGHTED AS CORPORATE ECONOMIC, ENVIRONMENTAL AND SOCIAL RISKS PRIORITIZED BY THE BOARD OF DIRECTORS:**

Top Risk	Description	Examples of Potential Impacts	Examples of Mitigation Actions
Variation of default at high levels, which may compromise the levels of recognition in the tariff	Default Level above expected in the short term and/or above that recognized by the regulator body in the long term.	<ul style="list-style-type: none"> <li>i) inadequacy of operating costs and annuities to the limit of regulatory coverage approved by Aneel</li> <li>ii) reduction of the company's profitability</li> </ul>	<ul style="list-style-type: none"> <li>Negotiation campaigns</li> <li>Expand negotiation/collection channels</li> </ul>
Dam collapse and extreme hydrological events	Sudden and uncontrolled release of a large volume of water from the dam reservoir, considering damages related to natural floods, droughts and collapse events, to the downstream valley.	<ul style="list-style-type: none"> <li>Social: Impacts on society affected by collapse, loss of improvements, change in routine, loss of temporary access, basic services, education, commerce;</li> <li>Economic: Damage to properties, buildings, vehicles, infrastructure, loss of generation, loss of production, fines and indemnities;</li> <li>Environmental: damage to flora, fauna, watercourses, contamination.</li> </ul>	<ul style="list-style-type: none"> <li>Plan for readjustment of the spillway capacity</li> <li>Investment plan for improvements in operational vulnerabilities - electromechanical</li> </ul>
Accident with population on low and medium voltage lines	Situations that offer risk of accident (with electric shock or not) with the population, specifically in distribution assets, whether in substations, low or medium voltage networks.	Serious or fatal accidents and interruptions in the supply of electricity	<ul style="list-style-type: none"> <li>Creation of a Work Group (GT) on communication, security, legal matters and property security;</li> <li>Shielding of underground network junction boxes</li> </ul>
Workforce accident and illness	Serious accidents (with leave of more than 15 days, disabling injuries, amputations, or fatalities) or accidents and (occupational) illnesses that cause leave of less than 15 days, compromising the corporate indicators.	<ul style="list-style-type: none"> <li>i) Increase in expenses with leave</li> <li>ii) Loss of productivity</li> </ul>	<ul style="list-style-type: none"> <li>Structure and implement a program to increase work longevity</li> <li>Structured communication campaign with workers and leadership</li> </ul>
Lack of liquidity in the company	Zero or less cash balance than the liabilities.	<ul style="list-style-type: none"> <li>i) Payment of interest or fines due to delays and</li> <li>ii) Damage to the Company's Image.</li> </ul>	Debt management project
Non-compliance with environmental obligations	Non-compliance with environmental obligations and legislation applicable to the processes of Expansion, Maintenance and Operation of Cemig Group's Companies' Assets.	<ul style="list-style-type: none"> <li>i) Embargoes/Suspension of facilities operation.</li> <li>ii) Legal liability (civil, criminal or administrative) of the legal entity and/or individual.</li> </ul>	<ul style="list-style-type: none"> <li>Environmental conditions monitoring management system</li> <li>System for measuring the efficacy and effectiveness of Socioenvironmental Programs</li> </ul>

Among the Top Risks, Cemig seeks to identify and manage medium and long-term non-financial and/or emerging risks that may significantly impact the company's business. In the last risk matrix, the following emerging themes were identified:

Top Risk	Description	Examples of Potential Impacts	Examples of Mitigation Actions
Inefficiency in measures to minimize and adapt to the impacts of climate change at Cemig	They refer to the inadequacy of measures to mitigate and adapt to climate change in the long term, resulting from the non-implementation or inefficiency of the measures necessary to minimize the impacts resulting from extreme weather events.	<ul style="list-style-type: none"> <li>i) Damage to the electricity generation, transmission and distribution infrastructure, which may cause interruption of these services.</li> <li>ii) Loss of revenue and market, due to new low carbon solutions implemented by competitors.</li> </ul>	<ul style="list-style-type: none"> <li>Structuring and execution of the PDD (Distributor Development Plan) 2023 - 2027;</li> <li>Research and Development Program (P&amp;D) Distribution Operations Center of the future (implementation of a software based on the concepts of time-oriented visual analytics and hyper-vision, responsible for providing situational awareness to operators through a graphical interface).</li> </ul>
Changes in the way of using the Distribution system (Distributed Generation - DG)	The evolution of micro and mini-generation has taken place at levels higher than those projected by Aneel in its most optimistic projections, with a significant increase bias for the next 3 or 5 years. It is noted that the estimated injection for 2023 has already been reached in 2020.	<ul style="list-style-type: none"> <li>i) Expansion of the system for GD service without associated load (market) growth (works for GD connection in regions of low density of consumption.</li> <li>ii) Reduction in the Distributor's revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Research and Development Program (P&amp;D) Distributed Energy Resource Management System</li> </ul>
Failure in the confidentiality, availability or integrity of corporate computing and operating resources (Cyber Risk)	Failure in the protection and availability of computer systems classified as mission-critical. It is noteworthy that, due to the dynamics and uncertainties associated with attack technology and system protection, this risk covers scenarios of up to five years, considering an emerging vision.	<ul style="list-style-type: none"> <li>i) Loss of integrated control of the electric power system (Distribution and Generation/Transmission);</li> <li>ii) Loss of productivity with consequent reduction in operational efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>IT Service Continuity Plan (seeks to ensure the availability of the Company's computerized systems and information technology and telecommunications infrastructure by reducing the possibility of interruption of the organization's business supported by these systems and infrastructure and/or by reducing the restoration time in the event of interruption)</li> <li>Ongoing management of technical vulnerabilities.</li> </ul>



## Risk Management Monitoring

The Board of Directors' assessment of risk management activities includes ensuring the implementation and supervision of this management, aimed at preventing and mitigating the main risks to which the Company is exposed. This includes risks related to the integrity of accounting and financial information and the occurrence of corruption and fraud.

In this scenario, Cemig develops analyzes to define its management of economic, environmental and social topics and their impacts, risks and opportunities. In this process, the work of the Corporate Risk Monitoring Committee (CMRC) stands out, whose main attributions are:

- Recommend, for approval by the Executive Board, guidelines and procedures to be adopted in the Corporate Risk Monitoring Process, aiming at the effectiveness and continuous improvement of the process;
- Continuously monitor the scenario in which the Company operates, as well as its corporate risk matrix, in order to identify the main risks and recommend priority mitigating actions to be proposed to the Executive Board;
- Monitor the structure of internal controls and the actions taken to minimize the occurrence of events that jeopardize the achievement of Cemig's strategic objectives.

Cemig does not manage opportunities centrally. However, the Company submits the proposed Corporate Risk Matrix to different levels of management and administration, in order to obtain their understanding as to the prioritization that should be given to each risk.



**8,884,978**

billed customers  
in December

**1,387,514,844 m<sup>3</sup>**

of commercialized gas

ENERGY COMMERCIALIZED

**54,087,260 MWh**

**43,262,551.55 MWh**

sold to final consumers

# WHERE OUR POWER COMES FROM

Strength is a word that has accompanied Cemig since its foundation. It is present in everything the Company does to fulfill its Mission and to achieve its Vision. The strength can be seen in the day-to-day work of its employees and other collaborators, in the relationship with its suppliers, and in the constant search for excellence of service to its customers and consumers. The strength can also be seen in its social and environmental performance. And it is reflected in its economic performance.

## CUSTOMERS

The continuous search for customer satisfaction is part of Cemig's Vision. The commitment to excellence in the provision of services and to a good relationship with customers is one of the principles expressed in the Company's Code of Conduct.

### Market Development



#### ENERGY BALANCE - JANUARY TO DECEMBER 2021<sup>1e2</sup>

##### Total Resources

# 84,716 GWh

Energy Produced	5,169
Self-generation	3,727
Energy Self-production	0
Energy Affiliated Companies	1,536
Basic Network Generation	-94
Losses	
<b>Purchased Energy</b>	<b>79,547</b>
Itaipu	5,580
Regulated Agreements	17,985
Purchase in the MRE	3,633
Purchase at CCEE (Electric Power Trading Chamber)	17,606
Bilateral Agreements	23,614
CCEN	1,063
CCGF	7,519
Receipt in RD	1,943
PROINFA	606
Cogeneration	0

##### Total Resources

# 47,467 GWh

Purchased Energy	34,115
Itaipu	5,580
Regulated Agreements	17,985
Bilateral Agreements	1,363
CCEN	1,063
CCGF	7,519
PROINFA	606
<b>RD Injected Generation</b>	<b>1,943</b>
<b>Purchases at CCEE</b>	<b>11,410</b>

<sup>1</sup> The Electric Energy Balance comprises Cemig D, Cemig GT, Cemig SHP Horizontes, Rosal, Sá Carvalho and SPes and excludes transactions between companies; Regulated Agreements: electric power trading agreements in the regulated environment (CCEAR and auctions); MRE - Energy Realization Market; PROINFA - Alternative Energy Sources Incentive Program; Sales Affiliated Companies: bilateral agreements with Cemig GT, Sá Carvalho, Horizontes, Rosal, Cemig SHP and SPes; Cemig GT Sales to Distributors: Cemig GT sales in the Regulated Contracting Environment (ACR)

<sup>2</sup> The data include the energy traded in the Electric Energy Commercialization Chamber.

##### Total Requirements

# 84,716 GWh

COMMERCIALIZED ENERGY

# 78,000

DISTRIBUTION NETWORK LOSSES

# 6,240

BASIC NETWORK LOSSES

# 477

**ENERGY BALANCE - JANUARY TO DECEMBER 2021<sup>1e2</sup>**

Total Resources  
**47,467 GWh**

INVOICED  
MARKET  
**26,141**

DISTRIBUTION  
NETWORK LOSSES  
**6,240**

BASIC NETWORK  
LOSSES  
**477**

SALES AT CCEE  
**14,609**

Commercialized Energy  
**34,372 GWh**

TOTAL  
REQUIRE-  
MENTS  
**34,372**

SALES AT ACR AND ADJUSTMENT AUCTION  
**2.239**

BILATERAL AGREEMENTS  
**25.583**

OPERATING AGREEMENT  
**0**

SALES AT CCEE  
**6.364**

SALES IN THE MRE  
**185**

COMMER-  
CIALIZED  
ENERGY  
**78,000**

CEMIG D SALES IN THE CAPTIVE MARKET  
**26.141**

CEMIG GT SALES ON THE FREE MARKET  
**25.583**

TRANSFER TO SELF-PRODUCERS  
**0**

SALES AFFILIATED COMPANIES  
**2.016**

CEMIG GT SALES TO DISTRIBUTORS  
**2,239**

SALES IN THE MRE  
**510**

SALES AT CCEE  
**21.509**

<sup>1</sup> The Electric Energy Balance comprises Cemig D, Cemig GT, Cemig SHP Horizontes, Rosal, Sá Carvalho and SPEs and excludes transactions between companies; Regulated Agreements: electric power trading agreements in the regulated environment (CCEAR and auctions); MRE – Energy Realization Market; PROINFA - Alternative Energy Sources Incentive Program; Sales Affiliated Companies: bilateral agreements with Cemig GT, Sá Carvalho, Horizontes, Rosal, Cemig SHP and SPES; Cemig GT Sales to Distributors: Cemig GT sales in the Regulated Contracting Environment (ACR)

<sup>2</sup> The data include the energy traded in the Electric Energy Commercialization Chamber.

The sale of energy by the Cemig Group takes place through the following projects: Cemig D, Cemig GT, and wholly-owned subsidiary companies - Horizontes Energia, Sá Carvalho, Cemig SHP, Rosal Energia, CE Praias de Parajuru, CE Volta do Rio, Cemig Geração Camargos, Cemig Geração Itutinga, Cemig Geração Salto Grande, Cemig Geração Três Marias, Cemig Geração Leste, Cemig Geração Oeste, Cemig Geração Sul.

All purchase and sale transactions carried out in 2021 are presented in the table below by Cemig's consolidated electricity balance: **GRI EU12; EU2**

The energy sold by the Cemig group in 2021 totaled 54,087,260 MWh. Energy sales to final consumers and for own consumption totaled 43,262,552 MWh. Sales to Distributors and Traders / Generators / Independent Energy Producers totaled 10,824,709 MWh in 2021. **GRI EU3**

### Commercialized energy

The energy sold by the Cemig group in 2021 totaled 54,087,260 MWh. Energy sales to final consumers and for own consumption totaled 43,262,552 MWh. Sales to Distributors and Traders / Generators / Independent Energy Producers totaled 10,824,709 MWh in 2021. **GRI EU3**

The Cemig Group reached 8,886,126 billed customers in December 2021. Of this total, 8,885,708 are final consumers and own consumption, and 418 are other agents in the Brazilian electricity sector.

### General and service data

	2019	2020	2021
Number of captive customers	8,535,599	8,695,421	8,882,293
Number of free customers	1,575	2,293	3,415
Other agents in the electricity sector	366	381	418

**The energy sold by the Cemig group in 2021 totaled 54,087,260 MWh.**

### Wholesale Sales

Type of hire	Performance 2021
Free Contracting Environment (ACL) bilateral agreements	For 2021, a total of 8,728,188 MWh was sold, with a reduction of 26.1% compared to 2020. The variation can be explained by the higher volume of short-term sales to traders in the first months of 2020, with the objective of redeeming part of the high credit that CEMIG GT has at CCEE, and also by the variation in the volume contracted with customers' trading companies. The reduction was not even greater because the controlled companies traded more energy in the short term during the year 2021.
Regulated Contracting Environment (ACR)	Energy sales reached 2,096,520 MWh in 2021, remaining very close to the previous year's figure.



**Sales to final consumers by consumer class (MWh)**

	RESIDENTIAL	11,185,772.01
	INDUSTRIAL	16,360,861.36
	COMMERCIAL AND SERVICES	8,334,094.81
	RURAL	3,975,397.61
	<b>OTHER CLASSES AND OWN CONSUMPTION</b>	<b>3,406,425.76</b>

**Residential**

Residential consumption represents 20.7% of the energy billed by Cemig and totaled 11,185,772 MWh, an increase of 1.9% from January to December 2021 compared to the same period in 2020.

The average monthly consumption per consumer in this period was 127.7 kWh/month, which corresponds to a reduction of -0.7% compared to 2020 (128.6 kWh/month). This reduction is related to the billing calendar, which in the year 2021 had fewer billing days (364.2 days) than the year 2020 (366 days). The behavior of residential consumption can be explained by the growth of 2.6% in the number of consumers

**Industrial**

The energy billed to captive and free customers, in Minas Gerais and in other states, represents 30.2% of the volume of energy sold by the Cemig Group and totaled 16,360,861 MWh from January to December 2021, an increase of 28.5% compared to 2020. This result is the composition of the 4.4% reduction in the captive segment and the 33.8% increase in the free market.

The reduction in the captive market is mainly related to the migration of consumers to the free market; and the variation in energy sold to industrial free customers is related to new sales agreements with start of supply on Jan/21 (CEMIG-GT and SPEs) and increase in consumption after flexibilization of activities during the pandemic.

Considering the subsidiaries, in January 2021, a large sales agreement for free customers was initiated. In addition, these companies made more short-term sales during the year 2021.


**Commercial and Services**

The energy billed to captive and free customers, in Minas Gerais and in other states, represents 15.4% of the volume of energy sold by the Cemig Group and totaled 8,334,095 MWh from January to December 2021, with a decrease of -2.8% in relation to the same period in 2020. The commerce and services sector still suffers from the impacts related to the pandemic. In addition, the captive market reflects the significant migration of consumers to Micro and Mini GD and the migration of consumers to the free market.

The behavior of this class is associated with a -5.5% reduction in the volume of energy billed to captive consumers of Cemig D and a 0.1% increase in the volume of energy billed by Cemig GT and Wholly-Owned Subsidiary Companies to free customers, in Minas Gerais and in other states of Brazil.

**Rural**

The consumption of the Rural class, in the amount of 3,975,398 MWh, corresponds to 7.3% of the energy sold by Cemig and grew 5.6% from January to December 2021 compared to the same period in 2020. This behavior is mainly related to the increase in consumption in the irrigation segment, reflecting a lower volume of rainfall in several months of 2021 compared to the previous year.

**Other Classes**

The energy supplied to the other classes – Government, Public Lighting, Public Service and Own Consumption – which holds 6.3% of the energy of the Cemig group, totaled 3,406,426 MWh from January to December 2021, an increase of 1.6 %, compared to the same period in 2020.

**Number of Customers and Energy by class**

Description	Quantity (un)	Power (MWh)
<b>Sales to End Consumers</b>	<b>8,884,978</b>	<b>43,229,477</b>
Residential	7,297,174	11,185,772
Industrial	31,009	16,360,861
Captive	29,580	1,694,611
Free	1,429	14,666,251
Commercial	795,684	8,334,095
Captive	793,708	4,143,117
Free	1,976	4,190,978
Rural	673,018	3,975,398
Captive	673,008	3,944,412
Free	10	30,986
Other Classes	88,093	3,373,351.70
Own Consumption	730	33,074
<b>Wholesale Sales</b>	<b>418</b>	<b>10,824,709</b>
ACR	28	2,096,520
Free and Bilateral Agreements	390	8,728,188
<b>Total</b>	<b>8,886,126</b>	<b>54,087,260</b>

**Gas Sale**

Cemig also operates in the natural gas trading and distribution segment through its subsidiary Gasmig, which is the exclusive distributor of piped natural gas throughout the state of Minas Gerais.

Gasmig sold 1,387,514,844 m<sup>3</sup> of gas, of which 62.2% was destined for the industrial segment, 31.05% for thermal generation and the remaining 6.75% for the automotive, residential and other segments.



# Our Customers and Consumers

The relationship with Cemig's customers, both in regulated and non-regulated agreements, is based on the Energy Trading Policy and in order to offer its customers the best service, the Company has a dedicated superintendence and a team of professionals with specific technical knowledge, who manage agreements and all customer demands, in addition to prospecting and attracting new customers. The types of Cemig customers are: **GRI 102-6**

- (I) **Captive consumers**, linked to the distributor with demand lower than 500 KWh/month. Located in Minas Gerais, they are among the classes: residential, industrial, commercial, rural, government, public lighting and public service;
- (II) **Free consumers**, not linked to distributors with consumption demand above 500 KWh/month, are among the following classes: industrial, commercial and rural in Minas Gerais, Federal District or in other 22 states of Brazil.
- (III) **Traders**, generators and independent energy products, being agents of the electricity sector and served in the ACL.
- (IV) **Distributors** operating in concessions in other areas and served by the ACR.

## Corporate Customers

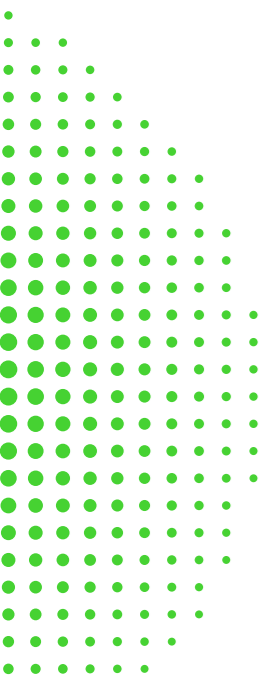
Potential corporate customers<sup>1</sup> are subjected to a careful credit analysis. Before the sale is concluded, the operation is submitted for approval by the Energy Risk Management Committee - CGRE, for feasibility assessment and verification of compliance with commercial guidelines. With this approval, the operation is submitted to the Executive Board for resolution.

Cemig's corporate customer portfolio represents a significant percentage of the share of energy sales and, consequently, of its revenue. Management's focus on corporate customers is a result of the recognition of their importance to Cemig's business. Cemig has an internal structure that is specially qualified to deal with corporate customers. With this structure, Cemig develops and improves its technical and commercial relationship with its customers, who work mainly in the commercial and service sectors and work with high consumption of electricity. Considering the complexity of the electricity sector, which requires extensive knowledge of legislation, rules and procedures of energy commercialization that govern the market, Cemig makes available a personalized commercial relationship structure, as well as teams and processes focused on serving corporate customers, encompassing:

- Structuring the relationship divided by commercial management to serve high and medium voltage customers;
- Composition of teams with technical and commercial knowledge to act both in the regulated energy supply market and in the free market of electric energy commercialization;
- Constitution of internal processes for: prospection of customers; diversification of product portfolio; contracting and management of commercialized energy; contracting of the distribution system; risk analysis; forecasting and monitoring of energy prices; personalized customer service; submission of operations for internal approval and for resolution by the Executive Board.

<sup>1</sup> Types of customers described in items (II), (III) and (IV) are the so-called "corporate customers" of Cemig.

<sup>2</sup> The CGRE is made up of members from different areas of Cemig





# Electricity Quality

The quality of the product is the result of several internal actions, from operations management, logistical planning to emergency service, inspections, and preventive maintenance of substations and distribution lines and networks. There is also investment in the qualification of human resources, in new technologies and standardization of the work process. **GRI EU6; EU7**

The effectiveness of the actions listed above is validated by means of the indicators Equivalent Duration of Interruption per Consumer Unit (DEC), and Equivalent Frequency of Interruption per Consumer Unit (FEC), from which the period and how many times on average the consumer was without energy is identified, from which it is possible to analyze whether the stoppage was scheduled or the result of accidents, whether it could be foreseen and what action to take. The graphs below show the evolution of the DEC and FEC continuity indicators: **GRI EU28; EU29**



## Technical Data

	2019	2020	2021
Equivalent Duration of Interruption per Consumer Unit "DEC", company overview - Value calculated	10.61	9.71	9.46
Equivalent Duration of Interruption per Consumer Unit "DEC", company overview - Limit	10.51	10.31	10.08
Equivalent Frequency of Interruption per Consumer Unit "FEC", company overview - Value calculated	5.05	5.07	4.60
Equivalent Frequency of Interruption per Consumer Unit "FEC", company overview - Limit	7.24	6.98	6.57

The DEC indicator (Equivalent Duration of Interruption per Consumer Unit), obtained in 2021 the best result in the history of Cemig D, achieving 9.46 (hours) compared to the limit of 10.08 (hours). The FEC (Equivalent Frequency of Interruption per Consumer Unit) indicator shows a relevant reduction over the years, and in 2021, the value calculated was 4.60 (hours) compared to the regulatory limit of 6.57 (hours). These results show the effectiveness in the application of resources, as well as the commitment to continuous improvement in customer service. **GRI EU30**

FEC - TYPE	2017	2018	2019	2020	2021
Scheduled	0.77	0.65	0.65	0.55	0.46
Accidental	4.82	4.59	4.40	4.52	4.14
FEC per unit	5.59	5.24	5.05	5.07	4.60
Regulatory limit	7.58	7.29	7.24	6.98	6.57

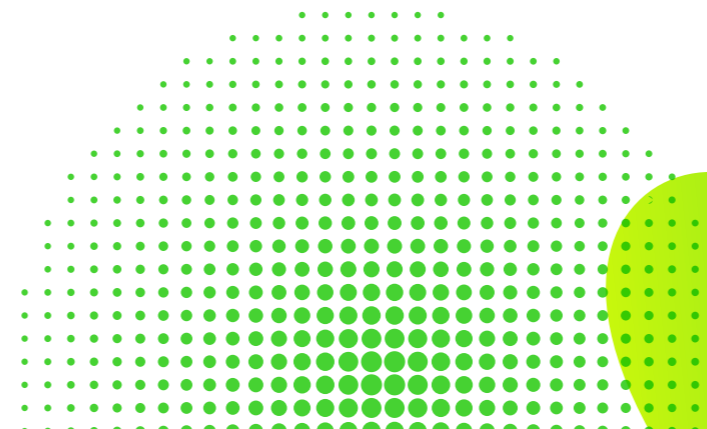
DEC - TYPE	2017	2018	2019	2020	2021
Scheduled	2.16	1.85	1.89	1.29	1.06
Accidental	9.14	8.73	8.72	8.42	8.40
DEC per unit	11.30	10.58	10.61	9.71	9.46
Regulatory limit	10.88	10.58	10.51	10.31	10.09

In 2021, approximately R\$48 million was paid in offsets to Cemig D's customers for violation of individual indicators of continuity of electricity supply (DIC, FIC, DMIC and DICRI). This offset amount was 12.5% lower than in 2020. Below are the amounts spent on offsets in the last 3 years:

**Amounts spent on Offsets (R\$million)**

2019	2020	2021
50	54	48

The Average System Interruption Duration Index - SAID of the Basic Transmission Network (DEC), in 2021, remained at 0.06 hours, considering Cemig D's customers impacted by interruptions originating from Cemig GT's transmission system.



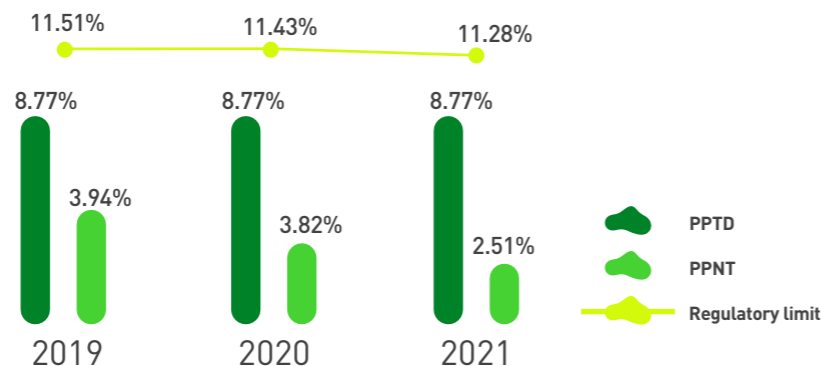
# Protection Against Loss: Technical and Non-Technical Losses



Cemig counts on the Indicator of Total Losses in Distribution (IPTD), which results from the difference between the total energy injected into the distribution system, calculated by the Electric Power Trading Chamber (CCEE), and the total energy consumed by the market. The IPTD is internally segmented into Technical Losses (PPTD), which are inherent to the transport of energy, and Non-Technical Losses (PPNT), which occur in the electrical system due to both measurement errors and energy theft.

The Distribution Total Losses Index – IPTD, in 2021, was 11.23%, representing a reduction of 1.34% in relation to the 2020 result (12.57%). The IPTD for 2021 is composed of 8.77% of Technical Losses and 2.51% of Non-Technical Losses, being within the target established by Aneel for Cemig D, in the current tariff cycle (2018 to 2022), which in 2021 was 11.28%. This is an important achievement for the Company, as a result of the various actions taken during 2021, as detailed below:

## TECHNICAL LOSS INDEX



Among the main actions of the energy recovery plan in 2021, the following stand out

inspections  
**384 thousand**  
were carried out at consumer units in the company's concession area

removal of  
**3,700**  
illegal connections

regularization of approximately  
**86 thousand**  
consumer units without an agreement and with energy consumption

replacement of  
**34 thousand**  
obsolete meters and

reduction of administrative losses in approximately  
**12 thousand**  
consumer units

intensification of irregular consumption charges  
**(228 GWh billed)**

It is important to highlight that the Company, through the Integrated Measurement Center, performs remote monitoring of large captive and free customers in high, medium and low voltage, which represents the shielding of approximately 60% of the energy billed by the distributor. Such shielding aims to identify and prevent attempts to carry out or repeat fraud in measurement systems.

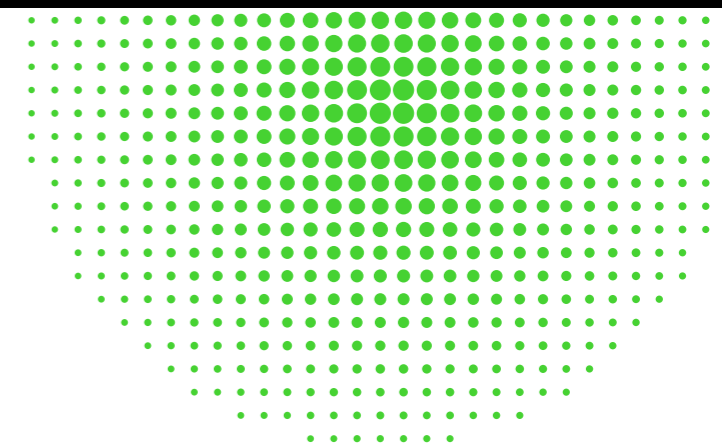
In 2022, it is expected to operate in about 1 million consumer units, seeking to regularize and/or modernize the metering park, with the expansion of the park of smart and electronic meters, aiming to maintain the reduction of commercial losses and the regulatory framework.

# Default

With the end of the restrictions imposed on the suspension of supply, still in 2020, by force of ANEEL resolution 878/20, it was possible to resume the disconnection activities and to carry out the preparation for the fight against default in the year 2021. The performance of the robust planning made it possible to make a leap from the level of cuts made, returning to a more adequate level of disconnections and almost doubling the number of suspensions made, compared to the previous year, contributing to the Company's revenue and collection recovery results.

Duration time and amount of power shutdowns performed between 2019 and 2021:

SHUTDOWN DURATION TIME	NUMBER OF DISCONNECTIONS PER DURATION <b>GRI EU27</b>	
	2020	2021
<48 hours 	252,248.0	512,561.0
48 hours - 1 week 	100,752.0	173,873.0
1 week - 1 month 	61,660.0	85,276.0
1 month - 1 year 	150,173.0	289,348.0
> 1 year 	2,785.0	11,939.0
<b>Total</b> 	<b>567,618.0</b>	<b>1,072,997.0</b>



In 2021, Cemig D recorded R\$130.17 million in Estimated Losses on Doubtful Accounts - PECLD, 15.2% lower than the previous year (R\$153.57 million), which had already proved to be very favorable, mainly as a result of the negotiation of credits for facilities linked to the Government of the State of Minas Gerais, negotiation with hospitals, large industrial and commercial customers, and intensive collection activity in the "residential" class.

In 2021, the Loss Index of the Basic Transmission Network was 1.50% for CEMIG-D and 2.2% for CEMIG-GT, calculated by the ratio between the participation in the apportionment of losses in the basic network carried out by CCEE and the total energy generated and consumed. Thus, the losses used refers to the participation in this apportionment of Cemig D (consumption) and Cemig GT (generation) as agents connected to the basic network.



## Relationship with Customers and Main Relationship Channels

Cemig has a Consumer Council that collectively represents the interests of all consumer classes and promotes the defense of their rights. It is composed of six permanent members and six alternates, representing the following classes of consumption: residential, industrial, commercial, rural and government.

It is the role of the Council to give due consideration to the suggestions received, to cooperate in the inspection and to accept reports and complaints made to Cemig, based on the general conditions for the supply of electricity.

In 2020, the Council held six regular meetings to discuss relevant topics related to legislation and regulation of the electricity sector, service indicators, ombudsmen, works execution plan, impacts of Normative Resolution No. 800 and Distributed Generation, impacts of MP No. 950/2020 - Covid-Account and service in view of the pandemic.

The Council also presented contributions to Aneel's Public Hearings (AP) and Public Consultations (CP), which aimed to obtain subsidies on several relevant topics, such as:

- CP 001/2020: extension of the deadlines for the registration review of the tariff benefits addressed by Normative Resolutions No. 414/2010 and No. 800/2017;
- Positions sent to MME, Aneel and Cemig on the distribution of the burden resulting from the pandemic on the electricity sector;
- Submission to Aneel of an administrative appeal on Cemig's tariff readjustment in 2020;
- CCP 011/2020: tariff flags 2020;
- CP 029/2020: methodological improvement in the handling of energy losses and irrecoverable revenues and in the Tariff Regulation Procedures (PRORET);
- CP 062/2020: review of the methodology for calculating Regulatory Operating Costs – sub-modules 2.2 and 2.2A of PRORET;
- CP 035/2020: obtaining subsidies for the improvement of the Normative Resolution that regulates Decree No. 10.350/2020, regarding the financial aspects impacted by the Covid-19 pandemic;
- CP 035/2020 - phase II: improvement of the proposed regulation of Article 6 of Decree No. 10.350/2020, on the economic and financial rebalancing of concessions;
- CP 038/2020: changes to Normative Resolution No. 878, of March 24, 2020, which deals with measures to preserve the provision of the public service of electric energy distribution as a result of the public calamity related to the Covid-19 pandemic;
- PLS 232/2016 Analysis: portability.

**MAIN RELATIONSHIP CHANNELS**

Due to the scope of Cemig’s concession area (present in 774 municipalities), the diversity of relationship channels is an essential resource for providing quality service to its customers. Focusing on the customer, Cemig aims to strengthen relations with its consumers and offer a modern, agile service with quality and transparency. To this end, service channels that bring together various means, such as face-to-face, telephone, and virtual are made available. Aware of the growing demand for virtual channels, Cemig has invested in the diversification of these service channels without, however, ceasing to offer other channels with the same attention and quality necessary to guarantee consumer satisfaction. All these apparatus is essential in order to provide adequate service to its more than 8.8 million customers who, in 2021, requested more than 97.8 million services through the various channels. This number represents an increase of 4% compared to 2020.

With the goal of providing quality service, in addition to facilitating access to consumers, Cemig D provides a mix of service channels that brings together various means of communication, including face-to-face, telephone and virtual, serving the various market segments.

The face-to-face service is provided by the “Rede Cemig Fácil de Atendimento” (“Cemig Easy Service Network”), through 142 agencies and 635 service stations. In 2021, due to the Covid-19

pandemic, the company continues to follow health safety protocols for the safety of its consumers and employees.

Telephone service is provided by “Fale com a Cemig” (“Talk to Cemig”), including the provision of a number available for hearing impaired people. This channel is also responsible for service via Social Media (Facebook and Twitter). The number of contacts registered in 2021 was 11.02 million.

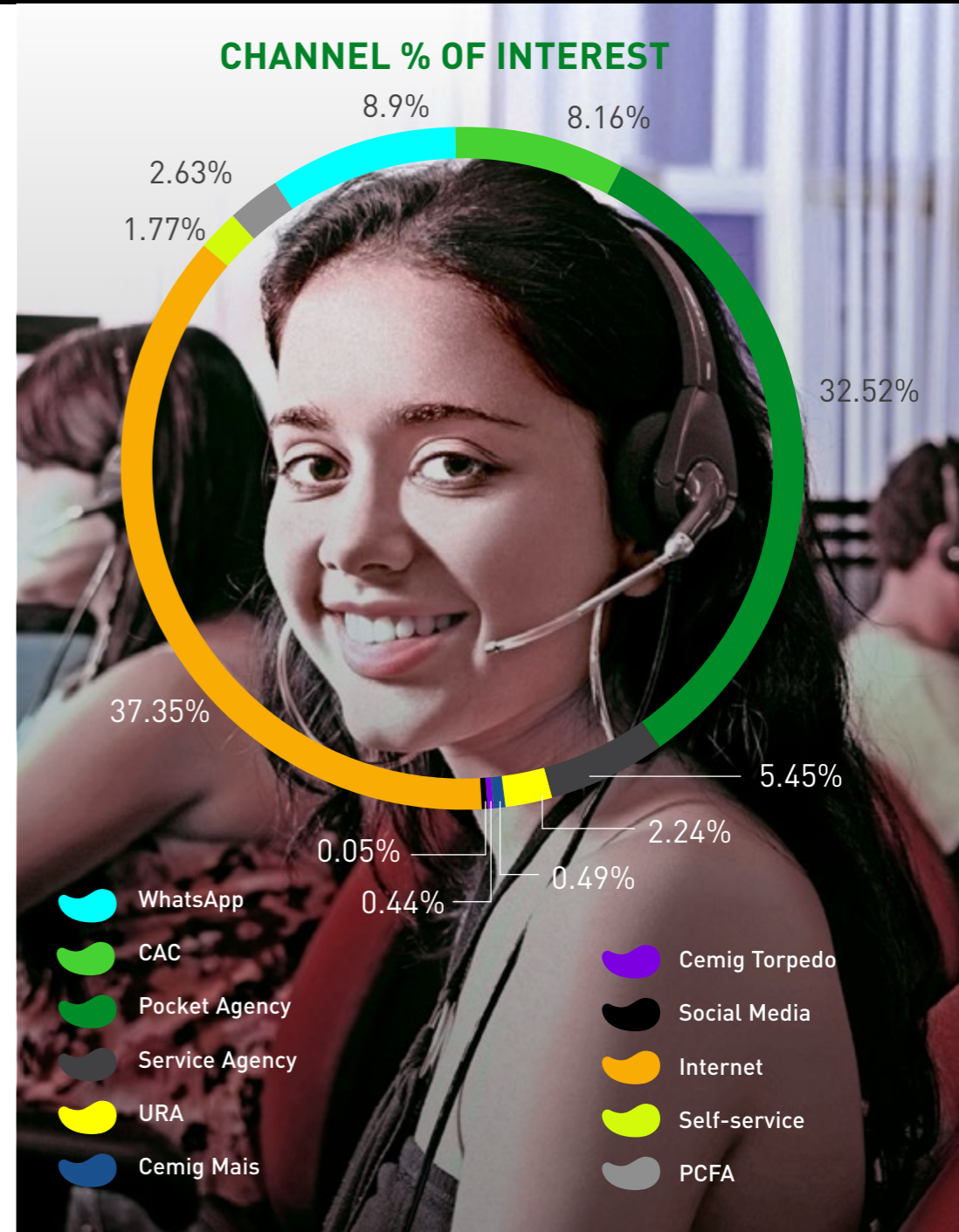
In addition to its website, with more than 36.5 million contacts in 2021, the Company has service channels through WhatsApp and Telegram, for its main services, which had more than 8.7 million contacts registered.

We also highlight the “Cemig Atende” (“Cemig Serves”) application, available for Smartphones and Tablets, on the Android and iOS platforms, which registered 31.8 million contacts.

Through the self-service machines (totems), located inside the agencies, and in five external equipment, more than 1.7 million contacts were made.

In total, the Company had approximately 97.8 million services in 2021, through its various channels.

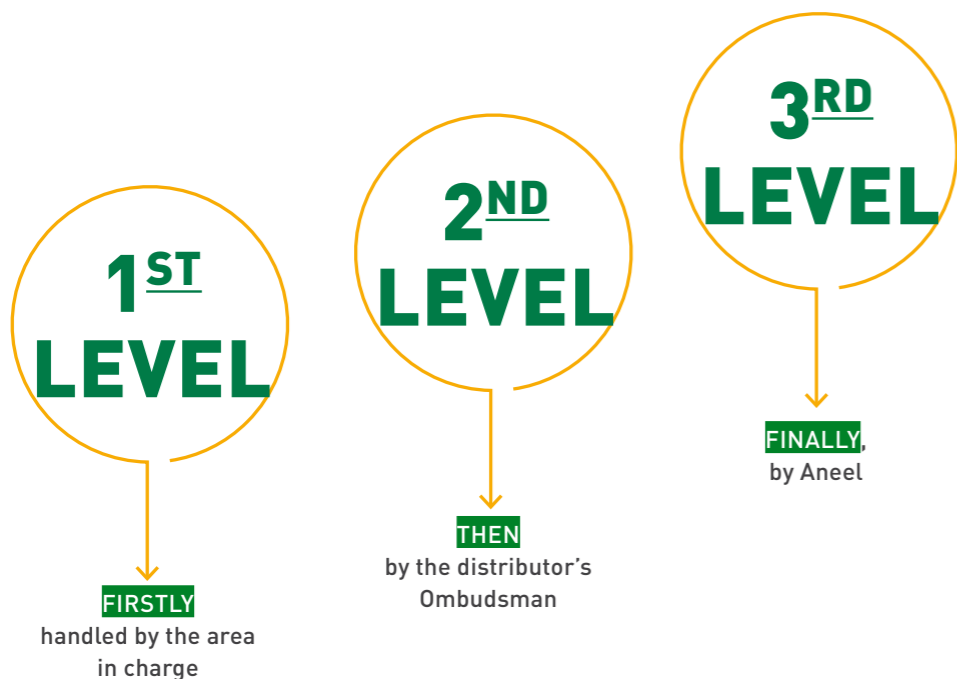
Below is a chart showing the participation of the channels in 2021:



**PATH OF UNDERSTANDING AND OMBUDSMAN**

The management of relationship channels includes monitoring and control through Contact Panels, in which it is possible to verify the assistance provided in all channels. It is also possible to verify the number of services provided, following the logic of the Path of Understanding – established by Aneel.

Thus, a hierarchical order of handling levels is established and through which the consumer’s complaint must follow, namely:



All the aforementioned relationship channels make up the first level of handling customer demands. At the first level, the granularity and volume of interactions are immense, considering Cemig’s more than 8.5 million customers.

If requests or complaints are not resolved at this first level, the customer has the option of calling the Company’s ombudsman.

The Ombudsman registers, instructs, analyzes and manages, in the best possible way, complaints made by consumers at the first level, that is, in the Distributor’s service channels, which have not yet received an answer or have received an unsatisfactory answer, in accordance with the determinations of the legislation in effect.

As a second-level channel, the Ombudsman is an administrative and appeals instance for the resolution of conflicts related to Cemig’s services and requests. Finally, if the customer is still dissatisfied, he/she can resort to the third level of service, making a request directly to Aneel’s Ombudsman, the sector’s regulatory agency. If the consumer files his complaint out of this sequence, his/her request will be sent to the correct channel and he/she will be informed about this order of the consumer complaint process.

In 2021 the number of 2nd level reports decreased by 31% when compared to 2020, while in the 2nd level the variation was low. Regarding complaints at both the 2nd and 3rd levels, there was an increase of 33% and 2% respectively.

Technical Note 11/2017\_SMA/ANEEL established evaluative goals for Ombudsmen in the Electricity Sector, which bring defined criteria regarding what a Model Ombudsman process should be.



**SERVICE CHANNELS - TYPES OF MANIFESTATIONS RECEIVED IN THE REPORTING PERIOD:**

	Cemig Ombudsman (2nd Level)			Aneel Ombudsman (3rd level)		
	2019	2020	2021	2019	2020	2021
Information	14,186	14,339	12,017	24,257	34,714	23,054
Claims	14,517	16,951	22,486	14,354	19,968	20,313
Reports	4,184	1,998	618	100	80	87
Praises	36	11	18	8	20	6
Suggestions	22	11	10	20	11	11
<b>Total</b>	<b>32,945</b>	<b>33,299</b>	<b>35,149</b>	<b>38,739</b>	<b>54,782</b>	<b>43,471</b>

The result at the Cemig Ombudsman was positive until 2019, but there was a worsening in 2020. In 100 points disputed, the Cemig Ombudsman obtained 69.2 points in 2017, 82.9 points in 2018, 84.2 points in 2019 and 73.1 points in 2020. The result for 2021 has not yet been released.

The main topics of complaints registered in 2021 were microgeneration connection, variation in consumption and other demands, as shown below:

Main topics of complaints (%)	2019	2020	2021
1. Microgeneration Connection	4.00%	21%	15%
2. Variation in Consumption/High Consumption	14.70%	8%	11%
3. Interruption of Energy Supply	7.90%	7%	8%
4. Billing due to Irregularities	12.80%	6%	7%
5. Liaison	4.80%	5%	6%
6. Compensation for Electrical Damage	4.00%	5%	6%
7. Network Extension	8.20%	4%	6%
8. Voltage Fluctuation/Variation/Oscillation	3.20%	3%	3%
9. Reconnection	ND	3%	3%
10. Fine for Delay/Auto Reconnection	ND	3%	3%
11. Others	ND	35%	32%
<b>Total</b>	<b>59.6%</b>	<b>100%</b>	<b>100%</b>



# Consumer Satisfaction

As a reference for the work carried out by the concessionaire to improve service to its customers, it is highlighted the ISQP Award - Perceived Quality Satisfaction Index, carried out by Abradee (Brazilian Association of Electric Energy Distributors), which has an annual frequency.

## Historical series of Cemig's ISQP and Abradee average:

	2019	2020	2021
CEMIG	73.1%	78.9%	69.8%
Abradee	70.3%	74.9%	ND

The result was released at the end of August 2021 and a satisfaction rate of 69.8% was reached, 11.5% lower than the value calculated in the previous year.

Practically all distributors had a worsening in their results compared to the year 2020, demonstrating that the effects of the pandemic also influenced customer opinion regarding the services provided by distributors. This same impact was noticed by almost all distributors, which also had significant drops in their scores.



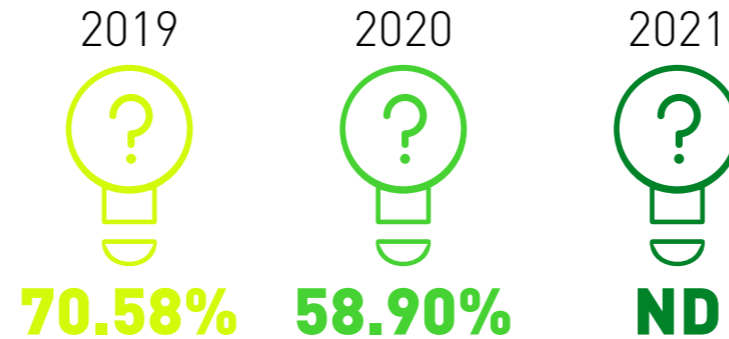
In the pursuit of continuous improvement in customer service, Cemig implemented monthly NPS (Net Promoter Score) surveys to improve understanding of customer needs and thus act more efficiently. The NPS surveys also allow customers to comment on their experience with Cemig, opening up another space for expressing opinions about the services provided by the company.

2021 was the first full year that monthly customer surveys were conducted using the contracted NPS platform. Cemig's average annual score was 15, representing stability, but still far from reaching the level of 50, which marked the beginning of the improvement and development phase. The score shows that there is still a long way to go in the continuous improvement of services provided to customers.

381,935 emails were sent to customers, with a return rate of 7% representing a total of 25,084 opinions received. Of the total number of opinions received, 14,061 customers expressed different comments, which were duly handled and classified by the team, thus allowing the issuance of reports through which the greatest needs of the customers were visible. Almost 40% of these opinions reported dissatisfaction related to the amounts charged for the provision of services. Almost 30% were focused on complaints

from service channels and access to the company. The rest of the opinions are scattered on other topics, such as punctuality in service, constant power outages, voltage variation, among other services. Based on the results of the monthly surveys, needs were analyzed and addressed to the areas responsible for planning improvements in internal processes.

The IASC 2021 survey was carried out from August 6 to November 6, 2021, with the application of 29,068 questionnaires in 607 randomly selected municipalities in the concession and permission areas of the 104 electricity distributors, and the results have not yet been published by Aneel.



## Digital Transformation

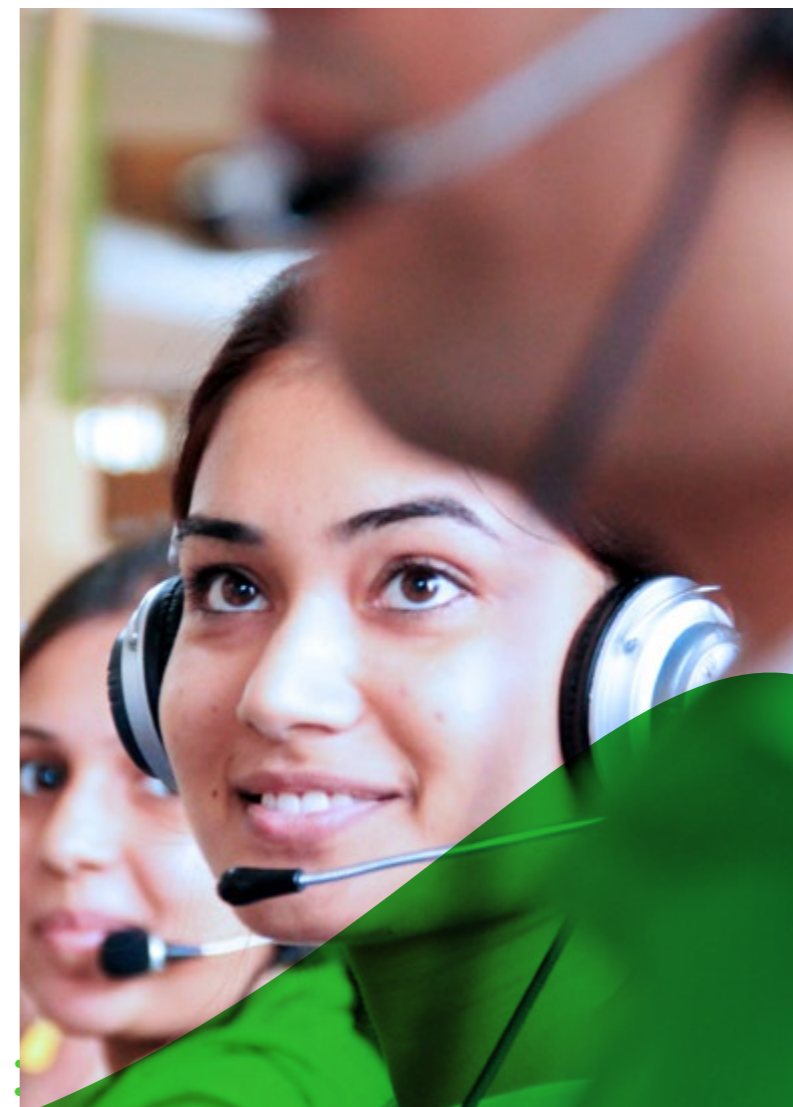
In 2021, Cemig and International Business Machines Corporation - IBM entered into a strategic partnership to transform the relationship with more than 8.8 million customers in the State of Minas Gerais.

The Cliente+ (Customer+) project was implemented in partnership with IBM, bringing an omnichannel operation, that is, convergence of existing service channels - telephone, totem, WhatsApp, website, Telegram, SMS and Cemig app - which provides a cognitive and integrated service between the various platforms used by customers. With this new service format, it was possible to change the service channel without losing the journey already carried out until the moment of the channel change. A simulation of what this service would look like: Service started on WhatsApp goes to the cognitive voice assistant tool to clarify questions and/or to the app for scanning personal documents or the installation and all information along all these channels stays in the contact.

It is important to emphasize that the face-to-face customer service is maintained, with qualified and trained teams, pursuing levels of excellence and relying on a platform of technological solutions that will make face-to-face service more agile and complete, providing less time in the agency. The Company also relies on Customer Manifestation and *Fale com a Gente* (Talk to Us) to file a complaint, make compliments or send suggestions. **GRI 102-43**

Cemig innovates and reinforces its commitment to being more digital, agile, technological, and closer to its customers.

For customers who cannot make contact via virtual channels, they can call 116 by going to Cemig Fácil Service branches and service stations. The service agencies have adequate facilities, in compliance with accessibility standards. (ABNT-NBR 9050) **GRI EU24**





**IN 2021**, no incidents that resulted in financial, operational or data leakage were recorded.

## Information Security

Cemig constantly monitors the IT environment and develops processes and actions to prevent and reduce the risk of cyber-attacks. It has a team dedicated to monitoring and responding to incidents, the CSIRT (Computer Security Incident Response Team). In 2021, no incidents that resulted in financial, operational or data leakage were recorded.

Among the implemented security processes and actions, we highlight the performance of invasion tests, periodic threat emulation exercises, and continuous vulnerability monitoring, which seek to proactively identify possible threats and make the necessary corrections, thus reducing exposure to the risk of an attack.

The computer network where the corporate workstations are located is also monitored and analyzes are performed to identify and correct vulnerabilities and threats.

Cemig's Executive Board monitors information security performance through the ISI indicator - Information Security Index used to assess the level of protection that the current implemented security solutions offer to the Cemig environment.

In 2021, CEMIG's Board of Directors set a target of 92% for the assessment of the indicator and the result obtained exceeded the target.



Cemig has an IT security control system, based on Cobit 5, to meet the requirements of the Sarbanes Oxley Act, as its shares are registered before the Securities and Exchange Commission – SEC, the main regulator of the North American stock market.

Information security, a permanent concern of the Company, is ensured by a management system based on the Brazilian Standard ("ABNT") NBR ISO / IEC 27001: 2013, in line with the best market practices. The information security management system includes processes for managing and controlling policies, risks, communication, information classification, and information security. In addition, recurring actions to improve processes, communication, awareness and training strengthen information security.

Cemig participates in several groups that develop studies related to the area of information security. Among these, the ABNT Safety Techniques Study Commission, the Strategic Safety in Installations Committee of the Brazilian Association of Electric Energy Generating Companies (CESI/ABRAGE) stand out.

Cemig also collaborates with the Center for Studies, Response and Handling of Security Incidents in Brazil (Cert.br) through its CSIRT (Computer Security Incident Response Team).

**Information security campaigns**

In 2021, Cemig carried out mandatory information security training for all employees through a digital platform.

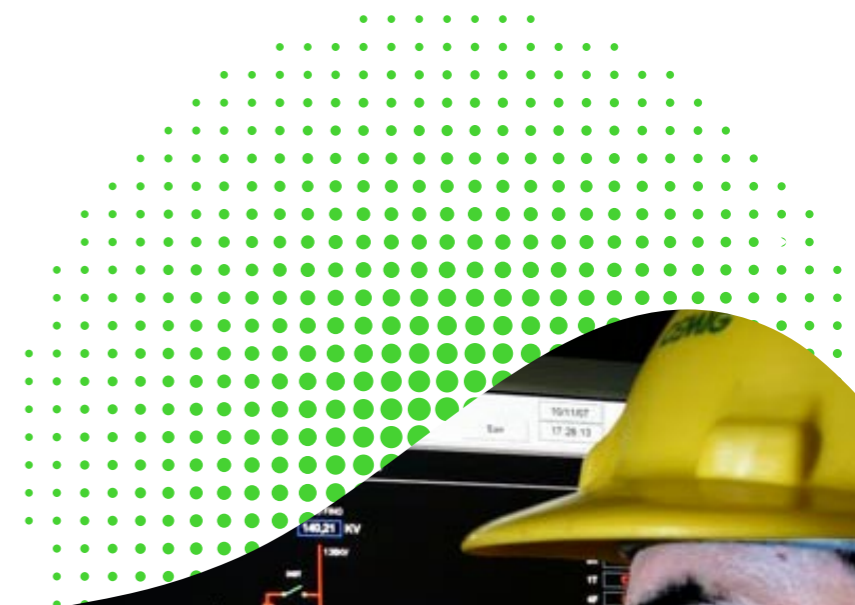
Besides the training aimed at raising awareness about risks and establishing a culture of prevention, Cemig conducts constant campaigns aimed at its employees, using:

- Digital pieces, published through WhatsApp, which address specific information security topics;
- Texts published on the blog (Radar), prepared by the Information Security Administration area;
- “Quiz” on the topics covered in the digital pieces and in the texts published on the Radar blog, with the goal of encouraging the participation of employees, who are awarded with raffled gifts;
- Implementation of a platform to raise awareness and promote the corporate cybersecurity culture, using game mechanics and dynamics to engage people (gamification).

In addition to the monthly campaigns, employees participate in the annual event “Up to date with Information Security”, focusing on the challenges and impacts of information security on business.

In 2021, the 19th edition took place, which featured the lectures “Human element, another layer of security” and “Main techniques used by cyber criminals and how to protect yourself”.

**In 2021, the 19th edition of the annual event “Up to date with Information Security” took place.**



**Data Protection**

As important as the physical security of the people who interact with Cemig's business is the security of data and information. Supported by Law No. 13.709/18 General Data Protection Law - LGPD, Cemig handles and manages data responsibly and creates mechanisms to prevent possible leaks, attacks or hijacking of information from its base, both from the Company itself and from its stakeholders. **GRI 103|418**

Cemig has a team dedicated to the subject and makes use of an internal process of Privacy and Protection of Personal Data, policies and procedures, among them the Policies of Privacy and Data Protection and of International Transfer of Personal Data, to guide the actions on the subject, as well as the support of the Committee of Privacy and Protection of Personal Data.

Cemig recognizes its responsibility to protect the Personal Data of citizens who use its services, values and respects the privacy of the data of its employees, service providers, customers, suppliers and partners and understands that personal data must be used in a responsible manner and adhering to the Brazilian legislations in effect, especially Law 13.709/2018 - General Data Protection Law - LGPD.

In view of this, in order to support its Privacy Program, Cemig has structured itself so that all legal regulations related to Privacy and Protection of Personal Data are met in a clear and objective manner. This structure includes:

- Person in charge of the Processing of Personal Data represented by the Deputy Director of Compliance, Corporate Risks and Internal Controls (Data Protection Officer - DPO);
- Privacy and Personal Data Protection Committee composed of five Company Officers (Compliance, IT, Distribution, HR and Legal);
- Team dedicated to the topic of Privacy and Personal Data Protection;
- Definition of policies and procedures on the subject of privacy, of which the Privacy and Data Protection Policy and the International Transfer of Personal Data Policy, available on the Cemig portal, stand out;
- Exclusive service channel so that the subjects of personal data can exercise their rights provided for in Article 18 of the LGPD, available on the Cemig Portal ([www.cemig.com.br/privacidade](http://www.cemig.com.br/privacidade));
- Licensing of the market-leading Onetrust Technological solution to support the entire Cemig Privacy and Data Protection program.

Concomitant and complementing the actions mentioned above, there is also the analysis of the effectiveness of the data inventory process, analysis on the level of updating the Data Protection Impact Assessment (DPIA), projects aimed at privacy, and the monitoring itself of the number of cases related to data leakage, which in 2021 was zero. **GRI 418-1**



## Composition and Adjustment of Tariffs

### Annual Tariff Readjustment - Cemig D

Cemig D's tariff readjustment takes place annually in May and, every five years, as established in the agreement, and the tariff review takes place in the same month. The tariff readjustment has the objective of fully transferring the non-manageable costs and monetarily adjust the manageable costs, which were established in the tariff review. The adjustment index of manageable costs is the IPCA (Broad Consumer Price Index), and the X Factor is deducted from this value, to capture productivity, according to the methodology of the regulatory price-cap model.



On May 20, 2021, the Company submitted to Aneel a proposal for the reversal of R\$1,573 million for consumers in its concession area, referring to the financial component of reimbursement of Pasep (Public Service Employee Savings)/Cofins (Social Security Financing Contribution), with the objective of contributing to a reasonable tariff in a moment when the whole society was seeking to reduce the impacts of the pandemic.

On May 25, 2021, Aneel approved the result of Cemig Distribuição's Annual Tariff Readjustment, effective from May 28, 2021 to May 27, 2022, with the average effect to be perceived by consumers of 1.28%. For residential consumers (B1) the average impact was 0.0%. In other words, for the second year in a row, Cemig's residential consumers had no adjustment in their electricity bills.

The approved result represented an average tariff readjustment of 1.28%, with the variation in costs of portion B, manageable costs, having an adjustment of 2.64%. The variation in non-controllable costs and the partial return of the Pasep/Cofins credits mentioned in the previous paragraph had a negative effect, reducing the total impact to 1.28%.

It is important to mention that, of the amount charged in the invoice, only 21.8% stays in the Company and is destined to compensate the investment, cover the depreciation and the cost of the concessionaire, and this portion is called Part B. The remaining 78.2% is passed on to cover costs that are not manageable by the Company, with emphasis on the purchase of energy and taxes.

## Tariff Flags

The tariff flags are a different way of presenting a cost that today is already inserted in the energy bill, but is generally not perceived by the consumer. Previously, energy purchase costs by distributors were included in the calculation of these distributors' tariffs and passed on to consumers up to one year after they occurred, when the tariff was adjusted.

With the flags, the monthly indication of the cost of generating electricity that is charged to the consumer will appear on the bills, with an increase already in the month of the occurrence of the additional cost with the purchase of electric power. This signaling gives consumers the opportunity to adapt their consumption, helping to avoid a greater transfer later on.

The tariff flag system works, therefore, as a "traffic light" that indicates the difference in energy generation costs for consumers. The color of the tariff flags is defined by the National Electric Energy Agency (Aneel), according to the conditions of electric power generation.

Cemig informed its consumers of the tariff flags on their energy bills throughout the test period for application. The measure is intended to facilitate customers' understanding of the energy system. With the beginning of the application of tariff flags in energy bills of distributors, on January 1, 2015, there was also an impact on the amount of energy bills, which may undergo gradual increases, according to consumption.

- In the green flag, it represents favorable conditions for energy generation. The tariff is not subject to any increase.
- With the yellow flag, which represents generation under less favorable conditions, the tariff will increase by R\$1.874 for every 100 kilowatt-hours (kWh) consumed. (Amount informed without tax calculation).
- Red flag – Level 1: more costly generation conditions. The tariff is increased by R\$3.971 for every 100 kilowatt-hours (kWh) consumed.
- Red flag – Level 2: even more costly generation conditions. The tariff is increased by R\$9.492 for every 100 kilowatt-hours (kWh) consumed.





Water scarcity flag – special level created by determination of the Chamber of Exceptional Rules for Hydroenergetic Management (CREG\*) to cover the exceptional costs of the activation of thermal plants and energy imports with tariff flag resources. The tariff is increased by R\$14.20 for every 100 kilowatt-hours (kWh) consumed.

With the decision of the Chamber of Exceptional Rules for Hydro Energy Management (CREG), in August 2021, the charge for the Water scarcity flag will be R\$14.20 for every 100 kilowatt-hours consumed. This charge will apply to all consumers of the National Interconnected System from September this year to April 2022, with the exception of beneficiaries of the social fee. It is important to emphasize that consumers of isolated systems, such as those in Roraima and other remote areas, do not pay a tariff flag.

Due to the current water scarcity scenario – the worst in 91 years – Provisional Measure No. 1.055/2021 created the Chamber of Exceptional Rules for Hydro Energy Management (CREG). CREG aims to strengthen governance to face the water scarcity experienced in the country in 2021, thus establishing the necessary articulation between the bodies and entities responsible for activities dependent on water resources. In this sense, it is expected that the exceptional measures that are necessary can be implemented, guaranteeing their effectiveness in increasing the guarantee of security and continuity of the electricity supply in the country.

### Billing Management

The project to send energy bills by email reached the mark of 725 thousand customers in 2021, which represents an increase of 52.90% compared to 2020 (474 thousand customers). Several initiatives were carried out throughout 2021 to increase the number of customers who choose to receive the bill by email, as this important sustainability initiative also has a direct effect on customer satisfaction, providing a feeling of contributing to the preservation of the environment and reducing costs for the Company.

**The project to send energy bills by email reached the mark of 725 thousand customers in 2021.**

### Management of Compliance and Collection

Em 2021 foram adotadas diversas ações de cobranças com o intuito de mitigar a inadimplência e, consequentemente, melhorar a arrecadação. Dentre elas, destacam-se destacar:

- Intensification and improvement in the use of collection tools, by more than 30% compared to 2020, with approximately 25 million collections via SMS and email, 6 million collection letters, 3 million defaulters' registers, 2 million supply suspensions and 900,000 protests of securities with public records offices;
- Systematic work with large customers, hospitals and the government;
- Intensification and automation of securities protest;
- Expansion of payment modalities, with the inclusion of PIX (Brazilian Electronic Payment System) with QR Code in all invoices, with more than 1.47 million invoices being collected in this modality, and the possibility of debit payment via credit card through digital channels and directly with field service teams
- Negotiation campaigns, mainly on digital channels and with sensitivity to the income situation of families during the pandemic.

## Electricity Transmission



The annual adjustment of the transmitters takes place on July 1 of each year, and in July 2021, the adjustment of the RAP of the 2021-2022 cycle of the transmitters was approved.

In addition to the adjustment, revenue from the cycle was impacted by the acceptance of the request for reconsideration filed by the transmitters against the result of the review of the 2018-2023 cycle, which took place in July 2020, mainly due to the recalculation of the financial component of the Basic Network of the Existing Service - RBSE.

In January 2021, the Office of the General Counsel for the Federal Government issued an opinion on the legal effects of the reversal of judicial measures that suspended the compensation of the cost of capital of the transmitters, concluding that this should be updated by the tariff referring to the cost of own capital until July 1, 2020, date of the “effective payment”, being incorporated into the RAP of the transmitters as of the process of July 1, 2020 (cycle 2020-2021), for a period of eight years.

Due to the tariff pressure resulting from the effects of the Covid-19 pandemic and given the high risk of default in the electricity sector, Aneel opted for the “reprofiling” of payments related to compensation of the cost of capital, mentioned above, within the period of eight years, gradually, and ensuring the net present value of the operation. The proposed profile considered the minimum debt payment level in the 2021-2022 cycle, with a greater amortization of the transmitters credits in the 2023-2024 to 2027-2028 cycles.

### Approved RAP

Considering the aforementioned, the RAP of Cemig GT (concession agreement No. 06/1997), approved in 2021, went to R\$684 million, a decrease of 13.53% in relation to the previous cycle (R\$791 million after Aneel Order No. 1.698/2021), mainly due to the reduction of the financial component after the reprofiling. The financial component of the 2020-2021 cycle of R\$332 million (R\$264 million in the RAP and R\$69 million in the Adjustment Portion) was reduced to R\$96 million in the 2021-2022 cycle. The IPCA applied in the adjustment was 8.05% and there was an increase in the RAP of RBNI due to new incoming works over the 2020-2021 cycle in the amount of R\$26 million in RAP at June 2021 prices. In addition to the RAP, an Adjustment Portion of R\$13 million was approved in the 2021-2022 cycle, referring to the differences between the permitted and calculated revenue from the previous cycle.

The RAP of Cemig GT – Itajubá (concession agreement No. 079/2000), was adjusted by 46% in the 2021-2022 cycle compared to the previous cycle, reflecting the variation of the IGP-M (General Market Price Index) for the period of 37.04% and the result of the periodic review of the 2019-2024 cycle, ReH No. 2.839/2021, which repositioned the RBNI RAPs by 79%. The portion of the adjustment approved for this agreement was R\$9 million, mainly reflecting the effect of the retroactive adjustment of the RAPs of the RBNIs that went through periodic tariff revision.

In total, the approved revenue of Cemig GT, agreements 06/1997 and 079/2000, was R\$747 million, of which R\$725 million was RAP and R\$22 million was the Adjustment Portion. In addition, Centroeste (agreement 04/2005) presented a RAP of R\$21 million for the 2020-2021 cycle and R\$28 million for the 2021-2022 cycle, a repositioning of 34%.

# EMPLOYEE PROFILE

GRI 102-7; 102-8; 405-1; 103|401

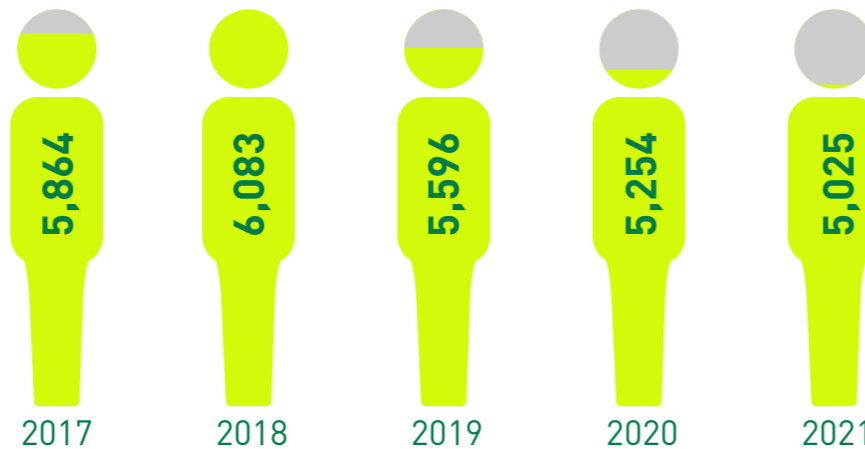


Cemig considers its human capital to be fundamental for carrying out its commitment to economic, social and environmental sustainability and, with this focus, seeks to adopt the best labor market practices in people management.

GRI 103|401

Faced with the reality imposed by the current regulatory conditions in the energy sector, Cemig continues to work in search of greater efficiency and greater alignment with the sector's benchmarks. In the search for the incorporation of new talents, promoting the natural rotation of the staff, taking advantage of opportunities to review processes and increase efficiency, the Company has been implementing voluntary dismissal programs, which has resulted in a significant reduction in the number of employees in the last 5 years, from 5,864 employees in 2017 to 5,025 in 2021, a reduction of 14%, as shown in the following chart:

## NUMBER OF EMPLOYEES

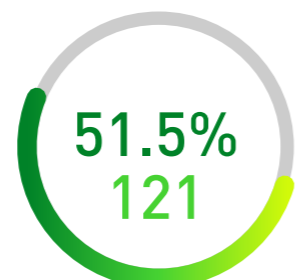


## EMPLOYEES PER COMPANY

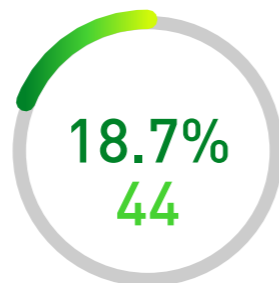


**TOTAL NUMBER AND RATE OF NEW HIRES, BY AGE GROUP**

Admissions aim to fill vacancies at the technical-operational-administrative and university level, restoring the Company's staff, mainly in essentially technical areas. In 2021, there were 235 admissions at Cemig, this amount represents more than double the number of admissions made in the previous year. More than half of the new admissions are men between 30 and 50 years of age. The new hires focused on strategic replacements for the continuity of the company's business, according to the base staff approved for each area. Below is a table with the details:



**BETWEEN 30 AND 50 YEARS OF AGE**



**OVER 50 YEARS OF AGE**



**TOTAL 2021**

**LEGEND**

- RATE
- TOTAL NUMBER

The number of dismissals remained stable as in the last two years, 467, that is, 23 more employees than in the previous year, all belonging to the southeastern region of Brazil. The vast majority of dismissals were due to adherence to the Programmed Voluntary Dismissal Program (PDVP), for this reason the group of dismissals is composed mostly of employees over 50 years of age.

In May 2021, the Company approved the Programmed Voluntary Dismissal Program (PDVP 2021), with an adherence period from May 10 to May 31, 2021, being eligible all the employees of the Company, Cemig D and Cemig GT, except for the exceptions provided for in the Program. The Program provides for the payment of statutory severance pay in the form of dismissal "On Request" and an additional premium, as compensation, equivalent to a fixed percentage of their compensation for each year of work. For those employees with more than 36 years of service at Cemig, the fixed amount was 10.5 remunerations. The program had the adherence of 324 employees.

**TOTAL NUMBER OF OWN EMPLOYEES WHO LEFT THE COMPANY AND TURNOVER RATE, BY AGE RANGE**

2021	TOTAL NUMBER	RATE
BELOW 30 YEARS OF AGE	13	10.57%
BETWEEN 30 AND 50 YEARS OF AGE	204	4.73%
OVER 50 YEARS OF AGE	250	10.66%
<b>TOTAL</b>	<b>467</b>	

Additionally, an amendment to the personnel policy was approved that now allows the hiring of market professionals for the Company's management positions, in cases where the external recruitment process is more appropriate, up to a limit of 40% of the management positions. It is important to emphasize that the Company will continue to encourage and prioritize the professional growth of its staff, valuing the recognized technical capacity and commitment of its employees. Evidence of this is the percentage of open positions filled by the employees themselves (internal hiring), which increased from 38% in 2020 to 45% in 2021.

Most employees are between 30 and 50 years old (67.2%), around 22% are over 50 years old and 11.1% of employees are under 30 years old.

Regarding the race of employees, 60.24% consider themselves white, 30.13% brown, 5.51% black, 0.44% yellow and 0.1% indigenous.

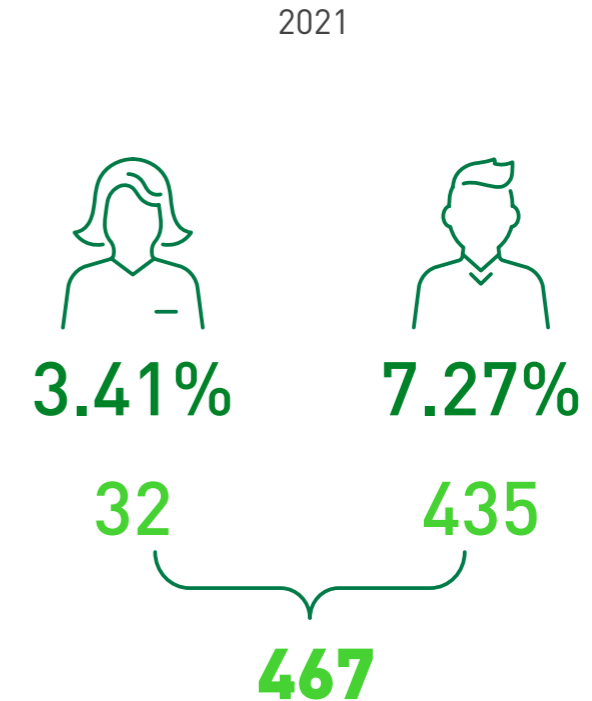
In the company, women occupy 13.2% of leadership positions. Among these, 12% are managers, 12% in leadership positions in revenue-generating areas and 9.16% in positions related to Science, Technology, Engineering and Mathematics. Currently, there are no women occupying the Executive Board positions. **GRI 405-1**

As for the stratification by region, 5,013 employees, equivalent to 99.76% of the workforce, worked in the state of Minas Gerais.

The total turnover rate (6.74%) remained unchanged from 2020 to 2021. In turn, the voluntary employee turnover rate was 5.91%.

When it comes to gender, the rate of women and men who left the company remained at the same levels as the previous year, being 3.41% for the first group and 7.27% for the second, as shown in the table below:

**TOTAL NUMBER OF OWN EMPLOYEES WHO LEFT THE COMPANY AND TURNOVER RATE, BY GENDER**



The Company seeks, whenever possible, to recruit new employees in order to reach a diverse and inclusive work group. The long-term prospects of employees and the corporate culture of empowerment and respect are among the reasons behind the low employee turnover rate.



# Retirement and Pension Plan

The Company acts in a preventive manner when dealing with the issue of retirement and has actions before and after this period involving its employees.

In relation to retirement plans, Cemig contributes with co-participation in pension, life insurance, healthcare and dental care plans.

Cemig systematically carries out the Retirement Preparation Program – PPA, whose participation is voluntary. This program aims to contribute to the construction of the employee’s life project after their termination, providing them with a better quality of life from a sociocultural, medical, financial, social security, psychological, philosophical point of view, among others. In 2021, the program included 159 participants.

In addition, there is ongoing preparation, linked to the Forluz Social Security and Financial Education Program – To Live Better, through which issues such as budget management, investments, overcoming indebtedness and how to live better within the financial possibilities are addressed. **GRI 201-3; 404-2**

## CEMIG CONTRIBUTES WITH CO-PARTICIPATION IN



**Pension funds**



**Life insurance**



**Healthcare plan**



**Dental plan**

# Other Employees

Cemig has Temporary Labor (MOT) and manages these specific agreements and their labor relations, including healthcare and safety issues that are required during the contracting stages. The Agreement for this group is carried out by a third-party company and lasts for 180 days, which can be extended for another 90 days. The hiring character seeks to meet complementary work demands or substitute own employees temporarily, in cases where it is not possible to make a reallocation. In 2021, 48 temporary workers were hired, representing 0.95% of CEMIG’s workforce.

With regard to the Internship Program, hiring is governed by Law No. 11.788, of 2008. The internship aims to prepare students for the introduction and insertion into the labor market, through an adequate learning environment and pedagogical monitoring supervised by the teacher in the classroom, in order to correlate the theoretical learning with the practical experience developed in the Company.

For two years, Cemig did not hire internships due to the COVID-19 pandemic and its consequences. In 2022, the Internship Program will resume. The expectation is to hire 100 interns in several cities

in Minas Gerais, 80 of which are higher education and 20 are technical.

Cemig’s Program of Learning is currently called Apprentice Electrician, it was structured after identifying the shortage of specialized labor in the market, and aims to comply with the provisions of the Consolidation of Labor Laws, which establishes that the Company’s workforce must be composed of 5 to 15% of apprentice professionals. In 2021, 71 apprentices were trained in partnership with the National Industrial Education Service (SENAI/MG). It was necessary to change the focus of the program to technical qualification, thus, a minimum age of 18 was required and the apprentices began to receive training for Electricians of Power Distribution Networks. Lasting 1 year, the training has theoretical and practical aspects, totaling 802 hours. Cemig aims to promote diversity and gender equality, and the course has the participation of 39% of women. By 2022, 108 apprentices will be trained.

**COMPANY’S WORKFORCE MUST BE COMPOSED OF 5% TO 15% OF APPRENTICE PROFESSIONALS**



## Remuneration and Benefits

To determine the compensation of employees, the Company conducts a salary survey in the market, with the objective of building a comparative basis. The compensation strategy adopted by the Company is decided by the Executive Board, supported by the technical area and by contracted consultants. **GRI 102-36; 102-37**

Cemig underwent restructuring in 2019 and, in 2020, began the revision of the Job Plan, Careers and Compensation (PCCR) in order to keep it coherent and competitive.

The organizational restructuring process and the need to maintain a current plan that is coherent with the Company's objectives, as well as the business context, resulted in the development of a project to review the job plan. The project was prepared with the support of an external consultancy, with the scope of reviewing current job

descriptions and the current structure of positions in the areas, reassessing the classification of managerial and non-managerial positions, reviewing career paths, the rules and standards, and the fixed and variable compensation policy.

In July 2021, the project was completed satisfactorily and in accordance with what was specified in the contract. The job descriptions were updated, the positions evaluated, a new salary scale and the compensation policy were delivered and validated by the board. The Company awaits the approval of the Management Committee of State-Owned Companies of the State of Minas Gerais for the effective implementation of the new career model, which should take place in 2022.

It is important to mention that during the pandemic there was no change in employee compensation.

The ratio between the total annual compensation of the highest paid individual in the Company and the average annual compensation of all employees (excluding the highest paid) is 6.8. The increase in the compensation of the highest paid person was -8.49% and the increase in the average annual total compensation of all employees was -7.79% resulting in a ratio of 1.09. **GRI 102-38; 102-39**

The negotiation of Collective Bargaining Agreements (ACT) and Specific Collective Agreements for Profit Sharing follows the guidelines established by the Company's Board of Directors. These agreements are negotiated and entered into with unions of different categories, such as engineers, industrial technicians, administrators, lawyers and electrician unions, which represent the employees of the administrative-operational technical staff.

Cemig carries out a Climate and Engagement Survey, with the objective of getting to know the aspects that show the bonding, connection, and engagement of its employees. In the last survey, 63% of employees participated. The survey assesses, among other issues, the compensation aspect. The favorability of the "Reward" dimension was 51.7%. This result was analyzed when defining the new job and compensation plan. **GRI 102-37**

### PROPORTION OF LOWEST SALARY PAID BY GENDER IN RELATION TO THE MINIMUM WAGE 2021

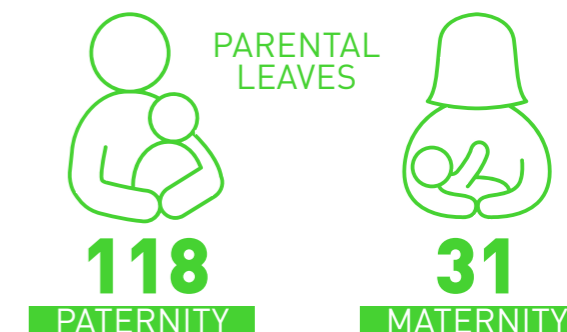
Group Companies	CEMIG H		CEMIG GT		CEMIG D	
	Men	Women	Men	Women	Men	Women
Lowest salary paid	R\$4,647.05	R\$12,173.82	R\$2,633.04	R\$3,100.89	R\$2,358.28	R\$2,925.59
Ratio between base salary and minimum wage	4.22	11.07	2.39	2.82	2.14	2.66

It is known that benefits are also strong tools for retaining employees, in this sense, the company seeks to develop its practices in line with the largest companies in the market, having as a reference, especially, companies in the sector. In addition, it seeks to establish control over overtime working to enable a balance between personal and professional life. **GRI 201-3**

The benefits Package consists of: program to minors and special efficient (PAM), reimbursement of expenses arising from employee disability and/or their dependents, funeral allowance in the event of death of an employee or of his/her direct dependents, daycare aid for children under 7 years of age, education/training allowance, life insurance, extension of maternity and paternity leave, seminar for preparation for retirement, fortnightly salary advance, vacation loan, financial loan, health inventory, monthly contribution related to the supplementary pension plan (managed by For-luz) and health plan (managed by Cemig Saúde). In 2021, Cemig invested almost R\$2.5 million in benefits, which corresponds to an increase of 2% when compared to the investment in the previous year. **GRI 401-2**

Below, it is also possible to assess which categories of workers benefit from the benefits:

Type of Benefit	Contemplated Groups
<b>PAM - Support Program for Minors and Special Efficient</b>	Officers, Managers, Employees of university level and technical level
<b>Extension of maternity leave</b>	Leadership, Employees of university level and technical level
<b>Extension of paternity leave</b>	Leadership, Employees of university level and technical level
<b>Private Pension Plan</b>	Directors, Officers, Leadership, Employees of university level and technical level
<b>Profit Sharing - PLR</b>	Officers, Leadership, Employees of university level and technical level
<b>Special leave without pay</b>	Leadership, Employees of university level and technical level
<b>Education allowance/training allowance</b>	Leadership, Employees of university level and technical level
<b>Funeral Allowance</b>	Leadership, Employees of university level and technical level
<b>Life insurance</b>	Directors, Officers, Leadership, Employees of university level and technical level and Young Apprentices
<b>Retirement premium</b>	Leadership, Employees of university level and technical level
<b>Vacation loan</b>	Leadership, Employees of university level and technical level
<b>Special loan</b>	Leadership, Employees of university level and technical level
<b>Home loan</b>	Leadership, Employees of university level and technical level



Cemig grants an extension of maternity leave to six (6) months and paternity leave of 20 days, as a participant in the *Programa Empresa Cidadã* (Citizen Company Program). In 2021, 149 parental leaves were granted, of which 31 were maternity leave and 118 paternity leave. 80.6% of women and 96.6% of men returned to their jobs, which corresponds to an average return rate of 93.3%. After 12 months of returning from leave, 114 men (76%) and 25 women (80%) remained with the Company. **GRI 401-3**

In order to encourage parenting, the Company provides courses on responsible parenthood, special paternity leave in cases of incapacity on the part of the mother, monitoring of employees throughout pregnancy, postpartum and the first trimester of the child's life, daycare assistance for employees under special conditions (widowers, singles or divorced people who have custody of their children).



# Diversity



The Code of Conduct and the Commitment to Human Rights are documents formalized by Cemig that guide relations with stakeholders. They are aligned with globally recognized values and principles, such as those recommended by the UN through the Universal Declaration of Human Rights and the Global Compact, among other instruments.

**GRI 103|405; 103|406**

“Respecting people, valuing the difference and individuality of each one. Create an environment free of prejudice”. Cemig’s purpose is composed of this guideline, which also appears in and guides the company’s Cultural Identity Book. This purpose is in line with the Code of Ethics and the Human Rights Commitment, which, since 2019, has a Diversity Appreciation Group, subordinated to the Corporate Sustainability Committee and with components from the most diverse areas. This Group follows the guidelines established through guiding documents. Its responsibility is to identify and implement actions that promote gender equity and the appreciation of diversity in the Company.

In 2021, the Diversity Program was launched at Cemig, with a lecture on Diversity and Inclusion for all employees, under the Coordination of the Diversity Group, formally established at Cemig with

representatives from all Boards. In the same year, the annual online refresher course on the Code of Conduct was held, which addressed the themes of valuing diversity and fighting discrimination, in addition to reinforcing the Commitment to Human Rights; with the participation of 15,035 employees, of which 4,975 are own employees and 10,060 are contractors, accounting for 30,070 trained man-hours.

The company also addressed the issue of diversity with the preparation of pieces and communications on relevant commemorative dates, according to the planned calendar. Among the topics, we highlight Autism, International Women’s Day, International LGBTQIA+ Pride Day, International Day for Women’s Equality and 15 years of the Maria da Penha Law, National Day of Struggle for People with Disabilities, Homophobia, National Black Awareness Day, Women’s Entrepreneurship Day and International Day of Persons with Disabilities.

Other actions related to the theme of diversity and inclusion that took place in the last year were:

- Participation in Work Groups of the Global Compact on Diversity and Human Rights with a focus on studies and exchange of experience among companies from all over Brazil, with monthly meetings;



**In 2021, Cemig launched the Diversity Program.**

- Conducting 3 human rights audit training in the supply chain for auditors (internal and external), including topics such as discrimination, diversity and inclusion, quota law for people with disabilities, moral and sexual harassment, among others;
- Publication of Cemig’s diversity actions in the Valor Compartilhado magazine;
- Insertion of gender and race/ethnicity stratum in the Organizational Climate Survey and the diversity theme in the questions;
- Presentation of the Diversity Group for Cemig’s Cultural Influencers;
- Construction of Cemig’s indicator panel with quarterly calculation and monitoring;
- Lecture on diversity and inclusive leadership at Cemig’s end-of-year event;
- Holding, through Cemig’s volunteer group, 5 classes of the Women Entrepreneurs project, whose objective is to train women in socially vulnerable situations to manage their own businesses; benefiting 114 women.

The culture of non-discrimination is closely monitored through the reporting channel. 341 reports were received in 2021, 2 of them related to discrimination **GRI 406-1**

Specific data on discrimination and harassment can be found in the following:

TOPIC	Valid Reports	Penalties
BULLYING	2 Partially Proceed	Dismissal of outsourced employee (1)
SEXUAL HARASSMENT	2 Proceed	Written notice (1) Dismissal of outsourced employee (1)
DISCRIMINATION	-	-

CEMIG - OWN EMPLOYEES (%)	2021	Topic
Women at Cemig	13.80%	Gender
Women in university-level positions	21.30%	Gender
Women in leadership positions	13.20%	Gender
Women on the Executive Board, Board of Directors, and Fiscal Council	2*	Gender
Average compensation of women / Average compensation of men - Technical positions	85%	Gender
Average compensation of women / Average compensation of men - University level	81%	Gender
Average compensation of women / Average compensation of men - Leadership positions	84%	Gender
Blacks at Cemig	5.50%	Race / Ethnicity
Blacks in leadership positions	1.60%	Race / Ethnicity
Blacks + Browns at Cemig	36.97%	Race / Ethnicity
Blacks + Browns - Leadership positions	16.20%	Race / Ethnicity
Blacks + Browns - University level positions	17.30%	Race / Ethnicity
Persons With Disability	3.40%	PWDs
Persons With Disability in university-level positions	4.70%	PWDs
Persons With Disability in leadership positions	0.50%	PWDs

\* Inducted in 2022.

Strongly committed to improving its balance of diversity – gender, race, age – at all hierarchical levels, Cemig supports several initiatives under analysis to improve its internal indexes.

Linked to these actions is the external recruitment strategy that aims to hire and develop young talents with projects such as young apprentices, interns and young electricians, as well as improving gender balance and attracting more candidates in an emerging situation.

**GRI 103|401; 401-1**

# Gender Equality

Although Cemig recruits and selects employees through a public exam, a fact that guarantees equal conditions for competitors, there is a greater number of men enrolled and, consequently, approved. This peculiarity is mainly due to the characteristics of the job market and the Company's core activities.

In 2021, the number of women employed by Cemig was 694 (13.81%) against 4,331 men (86.19%), totaling 5,025 employees for the reported period, 100% of whom have full-time work. **GRI 103 | 405**

The table below presents the total number of employees by employee category and by gender in 2019 and 2021, without considering high governance positions.



## CATEGORIES OF EMPLOYEES

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<b>Leadership</b>	19	166	185	21	158	179	25	165	190
<b>University Degree</b>	251	896	1,147	242	891	1,133	238	875	1,113
<b>Technician</b>	475	3,789	42,64	446	3,496	3,942	431	3,291	3,722
<b>Total</b>	<b>745</b>	<b>4,851</b>	<b>5,596</b>	<b>709</b>	<b>4,545</b>	<b>5,254</b>	<b>694</b>	<b>4,331</b>	<b>5,025</b>

**THE POSITIONS CORRESPONDING TO EACH FUNCTIONAL CATEGORY ARE DESCRIBED IN THE NEXT TABLE**

### Categories of employees

### Positions

<b>Officers</b>	Officers appointed pursuant to the articles of incorporation.
<b>Leadership</b>	Advisor, manager, administrator, superintendent, deputy officer, <i>ad nutum</i> positions and some employees assigned to other companies holding managerial positions.
<b>University Degree</b>	All positions that have higher education as a training requirement.
<b>Technician</b>	All positions that have high school or vocational-technical courses as a requirement.

In 2021, the number of members in the governance agencies continued to be 15, the same number as in the previous year, all being male.

The Positions and Career Plan assumes equal remuneration for equal positions, regardless of gender. The salary and remuneration differences in the table are derived from promotions and additional histories such as, for example, dangerousness (technical level). One of the objectives of the Diversity Program is to promote equity and equal opportunities, monitoring indicators and proposing actions aimed at inclusion and valuing diversity.



**MATHEMATICAL RATIO OF BASE SALARY AND REMUNERATION OF WOMEN TO MEN**

Salary equity	Average salary women/ Average salary men			Average compensation women/ Average compensation men		
	Year/Level	Leadership	University Degree	Technician	Leadership	University Degree
2021	0.86	0.87	1.03	0.84	0.82	0.85

## About People with Disabilities

With regard to the composition of the People with Disabilities, in 2021 Cemig had 170 employees, which corresponds to 3.4% of the total workforce. There are employees with physical, hearing, visual, multiple disabilities, and those in rehabilitation. Of employees with disabilities, 69% fall into the technical functional category.

Public exams for the filling of high school, professional and university-level positions, in compliance with State Law 11.867/95, reserve 10% of the total vacancies for people with disabilities, observing the requirements of compatibility between the disability and the attributions of the functions. All information about the reservation of places for people with disabilities can be found in the public exam notices.

**In 2021 Cemig had 170 employees with disabilities.**

Cemig supports the adaptation of all people with disabilities through specialized professionals and, when necessary, the adaptation of the workspace is carried out. **GRI 103|405**

Upon joining Cemig or during their career, employees with disabilities rely on social assistants and the people management area to facilitate their integration into the team and their adaptation (equipment, furniture, etc.).

Soon after the onboarding of the person with disability, the social assistant conducts an interview with the employee, to check how the insertion into the work environment is going and if there is a need for any adaptation. Secondly, a meeting is held with the employee leaders. At any time during their career, employees with disabilities can request support from the social service for any necessary adaptation, staff/management awareness, among other demands.

Cemig also offers employees and/or families of employees with disabilities guidance and support through the Special Assistance Program (PAM). As part of PAM, the Company reimburses 50% of the expenses of employees and dependents with physical and intellectual disabilities. Reimbursed expenses may include tuition at specialized schools,



therapeutic alternatives (art therapy, music therapy, play therapy, hydrotherapy, hippotherapy, swimming, physiotherapy, speech therapy), prostheses and disposable diapers.

Cemig's physical facilities and buildings are accessible to all people, considering the aspects of use, safety and autonomy, in accordance with current legislation and regulations.

## Organizational Climate and Culture

Engaging and understanding internal stakeholders is extremely important to the Company. The Engagement and Organizational Climate Survey is carried out annually and, periodically, the Cultural Mapping.

In June and July 2021, Cemig carried out the Engagement and Climate Survey, with the objective of knowing the aspects that show bond, connection and engagement, in order to bring objectivity to topics that may interfere with the organizational climate. There was a participation of 63% of the company's own

employees, obtaining a percentage of 63.9% of favorability, and the factor "General Satisfaction" reached 81% of favorability.

As an improvement plan established by the company, we can mention the identification of internal areas of reference (favorability above 89%), recognition of the 3 best results that received awards at the institutional meeting;

the creation of the Climate Track; and the preparation of action plans, between leader and team, for areas with less favorable indexes.

With the objective of identifying and promoting a new culture that makes it possible to meet the needs and obtain organizational results, in June 2020 Cemig started the "Novas Energias" ("New Energies"), a cultural empowerment program that seeks to develop behaviors that are not yet sedimented, but

that are fundamental to lead Cemig to have a more current management model, with more sustainable and perennial results. By carrying out the cultural mapping, which had the representative participation of employees, it was possible to identify the Company's strengths and the main challenges and goals to be outlined in the coming years.

From this diagnosis, packages were designed with practices that aim to develop a series of processes related to people management, with the objective of enhancing the results aligned to the strengthening of the culture desired by the company.

Cemig seeks to enhance the desired culture based on 3 work fronts: leadership modeling, developing new skills and enhancing good practices; modeling of people management processes, reviewing processes with a focus on supporting cultural identity; and tools to support expected behaviors, creating a cultural identity and periodically mapping its adherence.



# Performance Management



Cemig's Performance Management aims to stimulate the achievement of organizational goals and promote the development of the necessary competencies for the Company. The implementation of an effective Performance Management process contributes to a better performance through the alignment between the activities developed by the employees and the initiatives established by the strategic planning.

Performance Management includes the stages of performance evaluation, structured feedback meetings and the preparation and monitoring of development plans for each employee evaluated. These steps are subsequent and occur annually.

In 2021, 4,674 employees (93%) had their performance evaluated, 14% men and 86% women. Employees with low performance are monitored differently, closer and with evaluations at shorter intervals. The objective is to check the effectiveness of the Development Plan, built together with the leader at the time of feedback, and periodically adjust the actions, if necessary. **GRI 404-3**

In Cultural Mapping, employees' perception of the Performance Management process was captured through the factor "Meritocracy and Valuing People". In the Engagement and Organizational Climate Survey, it was captured through the "Growth Opportunity" factor. Neither factor allows direct measurement of employee satisfaction with the Performance Management process, as both cover broader, albeit correlated, issues. However, it was possible to conclude that there are opportunities for improvements to be conducted in the process, which are in the structuring phase to be implemented.

**In 2021, 4,674 employees (93%) had their performance evaluated, 14% men and 86% women.**





## Organizational Learning

Cemig considers its employees to be strategic partners in fulfilling its mission, responsible for economic, technical, social, and environmental sustainability, and for this purpose it promotes training and continuous development, with the objective of improving their skills, professional and personal growth, improving, in this context, their performance, and the Company's results.

Through its leaders, it annually manages the performance of its employees by applying performance evaluations, feedbacks, building and monitoring development plans for employees. The objective is to develop skills and increase the performance of employees and, in return, increase the performance of the Company itself.

Cemig continually invests in building and managing its corporate knowledge. Confident that this knowledge starts with a well-executed selection process in which the technical requirements for the position are clear enough to meet the company's needs. Therefore, the Company seeks to develop the skills of its employees in accordance with the specifics of the electricity sector, as well as train and update them.

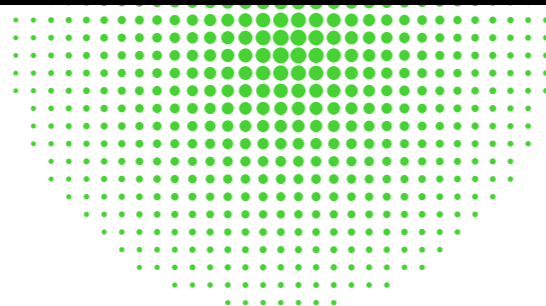
After hiring the professionals who best fit the profile of the vacancy, the Company trains them in a technical, behavioral and managerial manner, with a view to training and developing

the skills for the performance of their function and career development. To correct deviations and improve performance, each employee works with their manager to develop a development plan that describes their training needs.

The People Management Policy is the main internal driver that deals with the training subject. The policy establishes that training and development programs are prepared in a proactive, continuous and integrated manner, based on the Individual Performance Assessment and the development plan built together with the employee, in view of their attributions, skills and expected results. The programs are guided by the permanent search for improvements in activities, ensuring health and safety at work. They comply with the legislation, the internal requirements applicable to the requirements of the positions, the evolution of work processes and the technological stage of the Company.

In addition to the aforementioned policy, there are also other documents that systematize criteria and procedures related to the participation of employees in training and development programs, inside and outside the country; criteria and procedures for reimbursement of expenses related to training courses in foreign languages; and for the participation of employees occupying positions of the University Plan in postgraduate courses, with the company's co-participation.



**Trained man-hour and average training by company, functional category and gender, in face-to-face modality:**

**TRAINING DATA IN FACE-TO-FACE MODALITY**

COMPANY	FUNCTIONAL CATEGORY	NUMBER OF EMPLOYEES		TRAINED MAN-HOUR		AVERAGE	
		Women	Men	Women	Men	Women	Men
CEMIG HOLDING	Leadership	3	17	100	312	33.33	18.35
	Academic	3	27	3	20	1.00	0.74
	Technical	0	5	0	8	-	1.60
CEMIG GT	Leadership	7	49	684	5,091	97.71	103.89
	Academic	97	345	1,431	7,868	14.75	22.81
	Technical	72	639	539	27,342	7.48	42.79
CEMIG D	Leadership	10	71	546	5,306	54.60	74.73
	Academic	143	531	2,500	7,306	17.48	13.76
	Technical	359	2,647	3,179	170,780	8.86	64.52
<b>TOTAL</b>		<b>694</b>	<b>4,331</b>	<b>8,981</b>	<b>224,033</b>	<b>12.94</b>	<b>51.73</b>

Due to the Health Protocols adopted against COVID-19, it was possible that much of the face-to-face training provided by UniverCemig (Cemig Corporate University) was resumed. Thus, the results of the indicator of average hours of training per employee per year

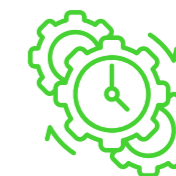
increased from 14.83 hours in 2020 to 64.90 hours in 2021. **GRI 404-1**

In 2021, the average amount invested per employee in training and development was R\$3,487.

**TRAINING HOURS**

	2019	2020	2021
Total number of employees	5,596	5,254	5,025
Training hours	466,712	275,155	326,125
Average training hours	56.5	14.83	64.9

In 2021, UniverCemig sought the professional training of 191 new employees of its own, with 94 electricians, 85 technicians and 2 engineers and trained 11,464 outsourced employees in technical training.


**Trained man-hour and average training by functional category and gender:**

FUNCTIONAL CATEGORY	Number of employees	Training hours	Average training hours
Managerial	157	13,730	87.5
Technical	3,722	280,069	75.2
Academic	1,146	32,327	28.2
<b>Total</b>	<b>5,025</b>	<b>326,126</b>	<b>64.90</b>

## Leadership Development Program

The Cemig Leadership Development Program has as its main objectives:

- application of Cemig leadership principles (empowerment, communication, meritocracy, teamwork and results orientation);
- the development of skills and abilities considered critical;
- the increased capacity of influence of participants with their superiors, peers, subordinates and clients;
- as well as the improvement of the results deliveries of leaders in their areas of expertise.

The Program includes structured actions aimed at promoting the continuous development of Cemig's various leadership levels, using the 70-20-10 learning model. This model unites theory and practice, with the following premise:

- 10% of learning must be formal (classroom, books, etc.);
- 20% must come from relationships with others in your area of work;
- 70% is only acquired through practice.

## Education Partners

Cemig, through Cemig Distribuição and Cemig Saúde, maintains the Parceiros na Educação (Partners in Education) Program. The Program is an initiative of Pontifícia Universidade Católica (PUC Minas) in partnership with institutions such as companies, class bodies and public administration. PUC Minas offers the partner the benefit corresponding to a 20% scholarship on the value of the semester fees of several undergraduate courses. Thus, employees and dependents (spouses and children) can obtain the same percentage of 20% for undergraduate courses offered in the distance modality, and a 15% discount on the value of all *lato sensu* graduate courses (specialization and MBA), offered by the university.

# Labor and Union Practices

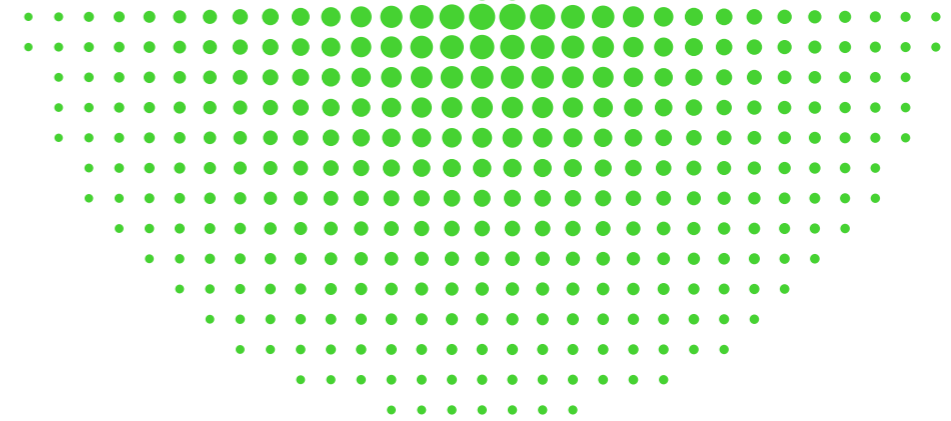
Benefits are negotiated in Collective Bargaining Agreements (ACT) and Specific Collective Agreements for Profit sharing, as established by Cemig's Board of Directors. **GRI 103|402**

All claims of unions and employee representatives are negotiated at each base date, or at the end of the validity of the collective bargaining agreement. In addition to unions, opinions are raised through employee surveys, focus groups and leadership meetings.

The negotiation of Collective Agreements follows the guidelines established by the Company's Board of Directors. These agreements are negotiated and celebrated with unions of different categories, such as engineers, industrial technicians, administrators, lawyers and with electrician unions, which represent employees of the administrative-operational technical staff.

Agreements cover 100% of employees, who have guaranteed all the prerogatives provided thereby. The entire negotiation process is communicated to employees and, after the agreements are signed, they are widely publicized.

Cemig's collective bargaining agreements expire annually on October 31, the date agreed between employees and their representatives. The table below shows the total percentage of own employees covered by collective bargaining agreements. **GRI 102-41**



<b>EMPLOYEES</b>	<b>2019</b>	<b>2020</b>	<b>2021*</b>
Employees covered by collective bargaining agreements	5,596	5,254	5,025
Total employees	5,596	5,254	5,025
Percentage	100%	100%	100%

\* December/2021  
\* The data presented does not include officers

# Occupational Health and Safety



To Cemig, people have an immeasurable value; that's why "Respect for Life" is part of its code of Conduct. After a health crisis, the need for care becomes increasingly evident and necessary. With the Work Safety, Occupational Health and Welfare Policy implemented and monitoring through the Lost Time Accident Frequency Rate (TFA) indicator, the Company closely manages the risks to which its employees are subjected. **GRI 103|403**

The Policy is the instrument that guides and demonstrates the importance of the management of the subject for Cemig's business and for the protection of its entire workforce, composed of its own personnel, contractors and contracted companies. **GRI EU16**

Employee safety and health care are priorities for Cemig. All employees undergo preventive medical examinations whose focus and frequency depend on the type of work they perform. Employee health care also includes the specification and supply of the necessary personal protective equipment (PPE) according to the nature of their work.

Occupational Health and Safety Risk is managed in accordance with the Occupational Safety Policy and supported by NBR ISO 45001:2018, a management system recently implemented by the Company after migration from OHSAS 18001.

The company's Occupational Safety, Occupational Health and Well-being Policy defines that: The identification, assessment and control of risks to the safety, health and well-being of workers and to the integrity of the community and property are an integral part of the activities carried out in all work processes from project design to construction, assembly, operation and maintenance of equipment and facilities.

Principles of the Company's policy include identification, evaluation and control of risks to occupational health and safety, proactivity in prevention actions, compliance with internal legislation and norms, the right of refusal of the worker to expose himself to unsafe situations and his/her accountability – regardless of hierarchical level – by default in the commitment to promotion of Occupational Health Safety and Wellness.

As a statement of policy, since 2009, the Public Company on its intranet the SESMT Portal with themes related to Health and Safety at Work, containing a series of internal instructions for compulsory compliance. It also promotes periodic audits and establishes criteria and procedures for accountability and penalties for non-compliance with the policy, rules, instructions, procedures or guidelines on the subject. In addition, Cemig publishes various campaigns and information on its website with the aim of encouraging safety practices that contribute to a continuous reduction in the number of accidents, both among its own employees and those of third parties and customers.



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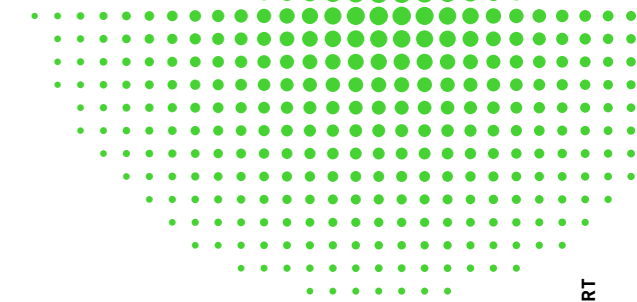
A corporate program to raise awareness and disseminate the safety culture of the workforce called "Guardians of Life" was structured for implementation at the beginning of 2022 to reinforce the appreciation of life in everyday attitudes and practices. **GRI 103|403** In November 2019, the current ACT came into force, valid for two years - until 2021. It has 58 clauses covering subjects on remuneration, occupational health and safety, retirement, and working conditions, among others.

Cemig's Occupational Health Management System consists of a series of documents on policies, procedures and practices, the most used of which are listed below: **GRI 103|403**



**EMPLOYEE SOCIAL SUPPORT PROGRAMS**

	Description
Professional Readaptation Program	It aims to redirect employees who had their work capacity reduced as a result of an accident or illness, resulting in a change of function. The program is developed, in an integrated way, by the medical, psychological, and social assistance areas.
Professional Rehabilitation Program	It aims to meet the referrals made by the INSS regarding employees who had their work capacity reduced as a result of an accident or illness, resulting in a change of function. The program is developed, in an integrated manner, by social analysts from the INSS, the Company's medical area and the INSS, psychology and social assistance.
Personal and Family Budget Planning Program	Through lectures, social assistance, and granting of loans, it aims to make employees aware of the importance of financial balance.
Social Intervention	It aims to provide guidance and cover health care expenses for employees, on leave, injured at work and retirees due to disability resulting from an accident at work or occupational disease.
Monitoring of Social Workers of Contracted Companies	Management of the Social Workers of the contracted companies, monitoring the monthly and annual work plan and recording the work carried out. Cemig promotes 2 annual meetings with the entire team of the contracted companies.
Social Inventory	It consists in the survey of social variables that predisposes the employee to work accident. We conducted individual interviews, presented the social diagnosis, prepared the action plan and monitored its implementation, to improve the points presented in the work carried out in the areas. The action plan is built together with the respective managements.



Due to technological developments in the electricity sector, with the consequent need to review work methodologies, the Company maintains internal forums that debate technical matters directly or indirectly related to Health, Hygiene and Safety at Work, in addition to actively participating in various working groups in the national and international scene and of commissions and study groups of ABNT.

PERFORMANCE RESULTS

### Safety Inspections

Safety inspections are recorded and monitored through the SIMASP system, for January next year, this system will be replaced by NEXO.

In 2021, Cemig carried out 17,455 inspections of its suppliers (D and GT) with an ISPE indicator result of 79.01%.

Within the corporate Health and Safety indicators, there is the Accident Frequency Rate - TF, related to Cemig's workforce, which as of 2020 has become one of the main indicators to monitor the strategic objective of implementing safety as a value in Company's corporate culture.

TF = Number of occupational accident with injury, with and without work leave, multiplied by one million divided by the total hours worked.

Workplace Injured Frequency Rate is an indicator of type: "the smaller, the better".

For the year 2021, Cemig defined the value of 3.80 accidents per million man-hours worked (HHT) as the limit for the TF of the workforce, and the result was

3.37 accidents per million HHT, which represents a result 11.3% below the corporate limit, which is one of the lowest values ever recorded by the company.

Maintaining the reduction of accident indicators in this context of continuous reduction is a great challenge, but the commitment and effort of the employees made it possible for the company to end the year 2021 with excellent performance.

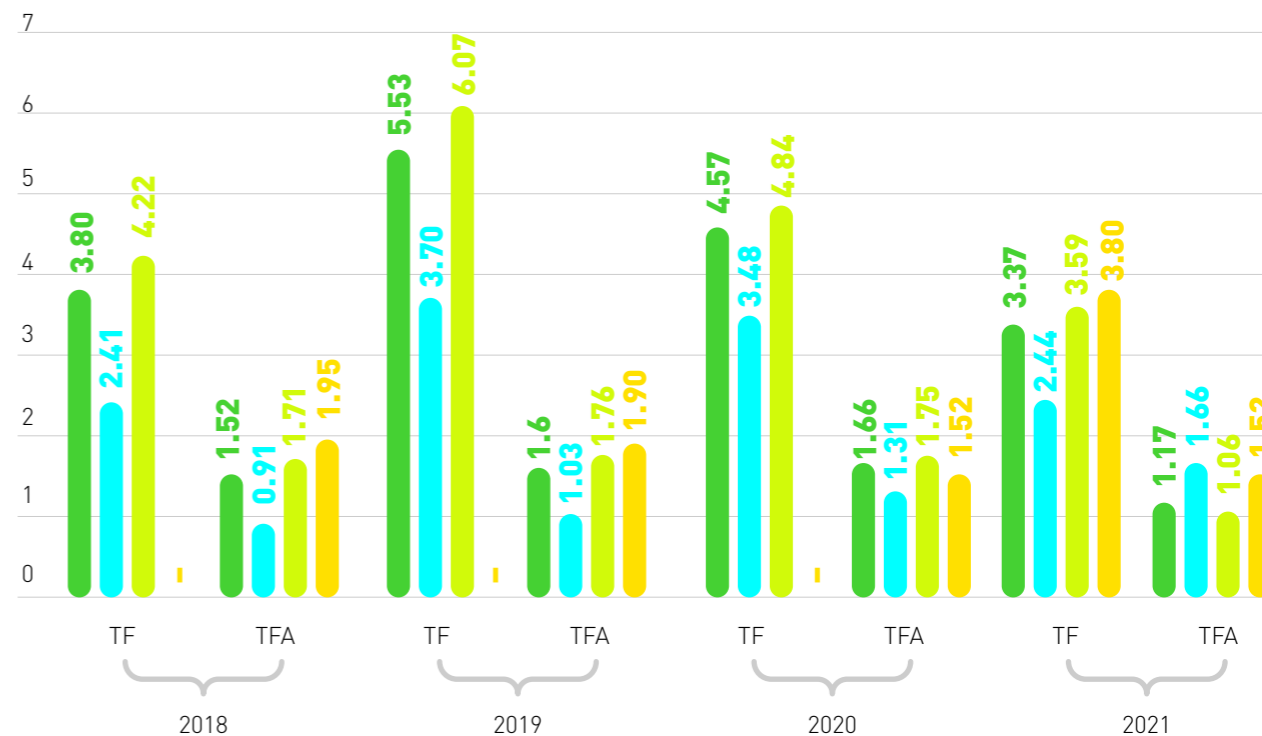
Cemig's accident statistics records and reports follow the normative criteria of NBR 14.280:2000 Occupational Accident Registry - Procedure and Classification. In 2021, 158 work-related accidents were recorded with the workforce, 86.07% of which occurred with contracted parties' workers. All accidents recorded occurred in the state of Minas Gerais.

**GRI 403-2; 403-9**

There were 55 accidents with leave, 15 with own employees and 40 with contractors, resulting in 1118 lost days.

For the management of aspects related to safety at work, the Frequency Rate (TF), the Lost Time

### FREQUENCY RATE HISTORY- CEMIG



Accident Frequency Rate (TFA) and the Severity Rate (TG) of accidents are monitored, adopting the standard referenced in Brazilian Standard ABNT NBR 14,280 we present in 2021 the best rates of the last 5 years.



In 2021, the TG calculated for Cemig's workforce was 408 lost workdays in relation to one million man-hours of exposure to risk. The rate for own and outsourced employees was 30 and 498, respectively. These numbers represent a 24.16% reduction in the severity index of accidents that occurred, compared to 2020.

The TF, related to the workforce (own and outsourced employees), is currently the main used for the strategic objective of making safety as a value in Cemig's corporate culture. In 2021, the result of the calculation of the TF was 3.37 accidents per million hours worked, being 26.2% below the 2020 result and 11.3% below the threshold of 3.80 established by the Company.

**TYPES OF INJURIES AND FREQUENCY RATE OF OWN EMPLOYEES, BY GENDER**

Labor accidents	2020			2021		
	Women	Men	Total	Women	Men	Total
Fatal accidents	0	0	0	0	0	0
Serious accidents (excluding casualties)	0	2	2	0	2	2
Minor accidents (injuries)	-	-	0	1	19	20
<b>Total number of accidents</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>21</b>	<b>22</b>

**Computed time**

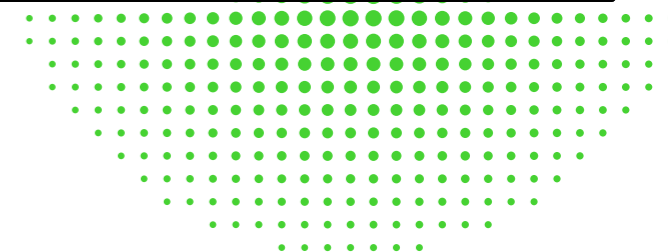
Computed time	2021		
	Women	Men	Total
Total days lost due to accidents or injuries	15.00	260.00	275.00
Total days debited for disability or death	0.00	0.00	0.00
Total computed time	15.00	260.00	275.00
Total hours worked in the year	1,353,479.12	7,669,715.05	9,023,194.17
Severity Rating	11	34	30

TG was impacted by the occurrence of three accidents involving contracted companies, which resulted in fatalities, all at Cemig D providers.

**Types of injuries and attendance rate of service providers, by gender (2021)**

Types of injuries and attendance rate of service providers, by gender (2021)	2021		
	Women	Men	Total
Fatal accidents	0	3	3
Serious accidents (excluding casualties)	0	11	11
Minor accidents (injuries)	0	122	122
Total number of accidents	0	136	136
Total hours worked in the year	0.00	37,843,502.30	37,843,502.30





Below is the severity rate and days lost in 2021 by third parties due to an accident at work:

<b>Fatality History</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Own Staff	0	0	0	0
Contracted	0	1	4	3
Workforce	0	1	4	3

<b>Computed time (service providers)</b>	<b>2021</b>		
	<b>Women</b>	<b>Men</b>	<b>Total</b>
Total days lost due to accidents or injuries	0	843	843
Total days debited for disability or death	0	18,000	18,000
Total computed time	0	18,843	18,843
Total hours worked in the year	0.00	37,843,502.30	37,843,502.30
Severity Rating	<b>0</b>	<b>498</b>	<b>498</b>

### Measures taken after fatal accidents

As previously reported, there were three accidents that resulted in fatalities, involving contracted companies, three of them at Cemig D (two due to electric shock and one related to traffic).

In all situations, specific committees were set up to analyze the facts that occurred and identify possible actions to avoid the recurrence of similar accidents.

Cemig seeks incessantly to improve processes and has implemented awareness and sensitization programs for its entire workforce with the objective of highlighting the risks of its activities and highlighting the importance of complying with its guidelines and instructions for health and safety.

The company regrets the incidents and reaffirms that the safety of its workforce is a priority for the Company.

# SUPPLIERS



Cemig's supply chain is varied and in 2021 it had 1,206 active suppliers at the base and expenses with service purchases corresponded to an amount of R\$3,859,587,183.00. The table below presents the values by category:

TYPES	2019	2020	2021
Value of Current Contracts	R\$2,907,000,000.00	R\$13,310,000,000.00	R\$19,542,007,974.84
Value of Contracts Signed	R\$2,854,000,000.00	R\$2,999,000,000.00	R\$7,271,939,593.00
Value of Current Contracts with Local Suppliers (MG)	ND	R\$8,893,000,000.00	R\$12,222,943,079.20
Value of Contracts Executed with Local Suppliers (MG)	ND	R\$1,280,000,000.00	R\$3,740,108,906.97
Disbursed Cost	ND	R\$3,069,000,000.00	R\$3,859,587,183.00

Expenses with suppliers in 2021 (R\$ thousand)

The diverse supplier base includes: suppliers of electrical and hydraulic equipment, computers and office supplies, construction companies for retrofit works, construction of new units or provision of services related to energy distribution and call center services and conservation and cleaning.

In 2021, the Company presented an increase in the number of registered suppliers and reached a total of 4,923 suppliers, as shown in the table below. Of these, 24.5% have an active registration, 30% have a current contract and 16.3% have a signed contract. **GRI 102-9 | 204-1**

# 1,206 active suppliers in 2021.



TOTAL CRITICAL AND NON-CRITICAL SUPPLIERS WITH A CURRENT CONTRACT	2019	2020	2021
Nº of Registered Suppliers	-	4,485	4,923
Nº of Suppliers with Active Registration	1,438	1,131	1,206
Nº of Suppliers with Current Contract(s)	1,839	1,668	1,474
Nº of Suppliers with Executed Contract(s)	748	633	801
Nº of Local Suppliers (MG) Registered	-	2,128	2,292
Nº of Local Suppliers (MG) Registered – valid documentation	-	557	578
Nº of Local Suppliers (MG) with Executed Contract(s)	1,320	336	123
Nº of New Critical Suppliers	186	227	382
Nº of Critical Suppliers with Current Contracts	550	646	782
Nº of Critical Non-tier 1 Suppliers	-	158	163

Cemig is a Brazilian company, and its name holds the strength of the state of Minas Gerais. That is why, a large part of its group of suppliers is from the southeast region. However, in the last year Cemig has expanded its suppliers beyond this region and now has suppliers with active contracts in the North, Northeast, Midwest, and South regions. The chart below shows the number of suppliers by region in the years 2020 and 2021. **GRI 102-9; 204-1**

**NUMBER OF SUPPLIERS WITH ACTIVE CONTRACTS BY REGION**

Region	2019	2020	2021
North	ND	0	5
Northeast	ND	0	37
Midwest	ND	0	28
South	ND	0	101
Southeast	ND	1,162	1,286
Not specified	ND	505	18
Total	490	1,667	1,475

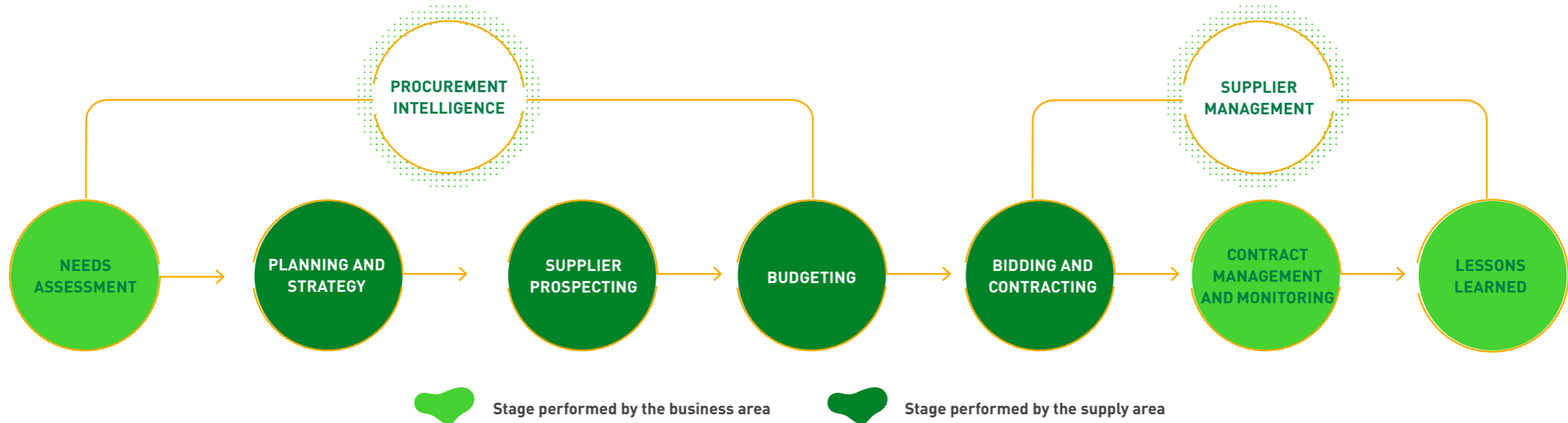
The relationship with suppliers is guided by its own Supply Policy and Code of Conduct, and by federal and state legislation. Cemig also requires its supply chain to be in accordance with its specific policies on social and environmental issues, which follow the Global Compact Principles, SA 8000, ISO 14001, and ISO 450001 standards.

**In 2021 Cemig has suppliers with active contracts in the North, Northeast, Midwest, and South regions.**



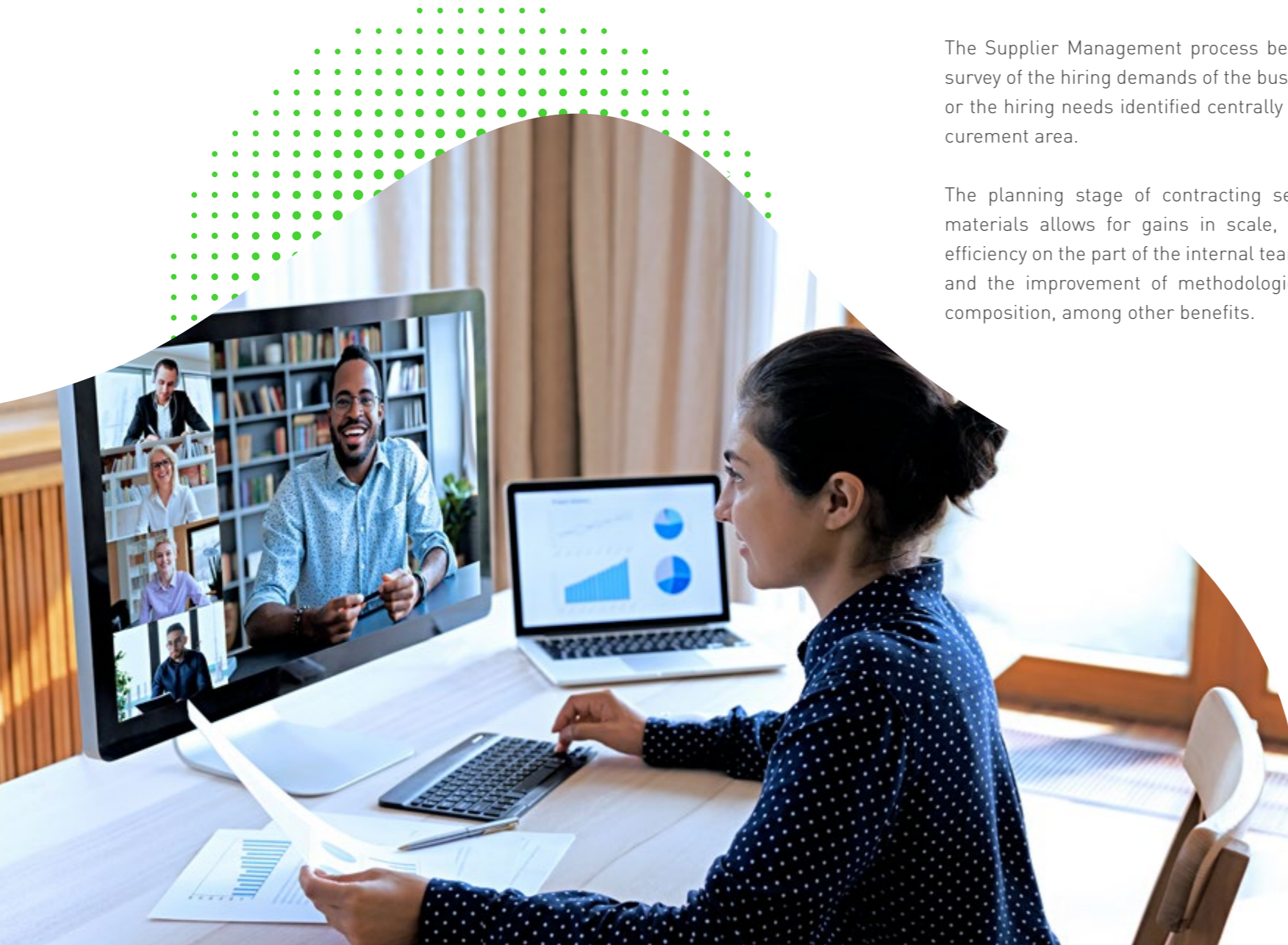
# Supplier Chain Management

## STEPS IN THE MANAGEMENT OF THE CEMIG SUPPLY CHAIN



Supplier management is strategically guided by five guiding commitments and based on the policies mentioned: (1) commitment to the public property and respect to the principles of legality; (2) commitment to business ethics; (3) commitment to isonomy; (4) commitment to transparency; and (5) commitment to social and environmental responsibility.

Within the supplier management processes, the Company relies on the monitoring sector to evaluate the quality of contract execution in technical, financial and compliance aspects. All indicators are established by the contracting area together with the monitoring process so that it is the most effective in the evaluation.



The Supplier Management process begins with a survey of the hiring demands of the business areas or the hiring needs identified centrally by the Procurement area.

The planning stage of contracting services and materials allows for gains in scale, operational efficiency on the part of the internal teams involved and the improvement of methodologies for cost composition, among other benefits.

The prospecting and development stage aims to expand and improve the supplier base, increasing the competitiveness of their bidding processes, as well as encouraging current suppliers to expand their portfolio of materials and/or Cemig's interest.

Due to its legal nature, the Company complies with the specific legislation for bids and contracts of the direct Public Administration. Therefore, the selection of suppliers occurs through a public notice. Within its scope, Cemig monitors contracts during the registration and approval of new suppliers or renewal of registration and includes social and environmental criteria so that suppliers are aligned with their values.

The customer-supplier relationship at Cemig begins with the Supplier Prospecting process. Through this process, Cemig aims to increase and improve its supplier base, increasing the competitiveness of its bidding processes. There is special attention to quality, so the performance and reputation of prospective suppliers are evaluated. The Company searches for new suppliers, mainly through workshops, seminars, national and international visits, surveys and exchange of information with other concessionaires.



The Company operates in the previous contracting process, through the Registration and Qualification of Suppliers, defining the documents and minimum requirements necessary for the provision of the service or material, requiring more rigorous documentation of the supply groups identified as having environmental risk, and even through visits for Technical Industrial Assessment (ATI), for material suppliers, and Technical Assessment of Contractor (ATE), for service providers; in addition, the Company also acts during the hiring. For some contracts, there is the monitoring of indicators focused on environmental aspects, in order to verify that the Contracted Party meets the required requirements, including sustainability.

The Supplier Registration and Qualification is the process that allows the effective participation of a company in a purchase process carried out by Cemig. The main purposes of this registry are: ensure that bidders for Cemig's purchase processes meet the participation requirements set out in the public notices; provide quality and punctual service to suppliers and internal customers; ensure an up-to-date and solid base of suppliers registered with Cemig.

Any company can apply for registration with Cemig, but only those that meet the requirements will be effectively registered. Cemig takes great care with the quality of the materials purchased and the services provided by its suppliers.

In order to supply more critical materials for Cemig's business, an Industrial Technical Assessment (ATI) is required, which consists of document analysis and a visit to the manufacturer's facilities in order to verify, by means of objective evidence, the conformity of the production process with the requirements defined by Cemig.



The following aspects are considered:

- documentation and system;
- receiving inspection and suppliers;
- production lines;
- inspection and testing;
- maintenance and calibration;
- shipping, inventory and layout;
- training and management of personnel;
- after-sales;
- health and safety;
- social responsibility;
- environmental responsibility.

To ensure the quality of the materials purchased, the Material Approval process carries out tests and inspections prior to the conclusion of the contracts. Most of Cemig's purchase processes occur through Bids (except in the cases provided in the legislation). The contracts are based on the constitutional principles of legality, impersonality, morality, publicity and efficiency and are carried out in strict compliance with the legislation applicable to the execution of bids and contracts. The electronic trading sessions, which represent most of the amount contracted by the company, take place on the Electronic Procurement Portal (PEC) and are public processes (can be followed by anyone).

For contractors working in distribution services, a Technical Evaluation in a Contractor (ATE) is required; for contractors working in private works, which will integrate Cemig's Electric Power System (SEP), the Contractor Technical Compliance Verification (VCTE) is required. ATE and VCTE aim to evaluate suppliers according to specific criteria, such as team composition, personnel, training, tooling, equipment, vehicles, facilities (offices, warehouses, cafeterias, changing rooms), documentation, among others.

In cases of contracting services, some objects require the performance of Technical Evaluation in a Contractor (ATE) before the start of the contract execution. ATE aims to assess whether the contracted company has mobilized all the necessary structure for the provision of services, as provided for in the Bidding Notice. It is a verification of compliance with all contractual and regulatory requirements for the provision of services: personnel (trained and qualified), tools, equipment, vehicles, warehouses, administrative structure, documentation, etc.

The table below shows the number of visits carried out in 2021 for approval of suppliers, receipt inspections and Technical Compliance Verification in Contractor (VCTE) and Technical Evaluation in Contractor (ATE).

Visits performed	2021
Supplier approval	123
Receiving inspection	5,420
VCTEs	48
ATEs	62

In 2021, 124% more suppliers were approved than in 2020, receipt inspections increased by 21%, as well as VCTEs and ATEs increased by 85% and 130% in the last year.

The total number of ATIs in 2021 was close to the ATIs carried out in 2020, resulting in four failures.

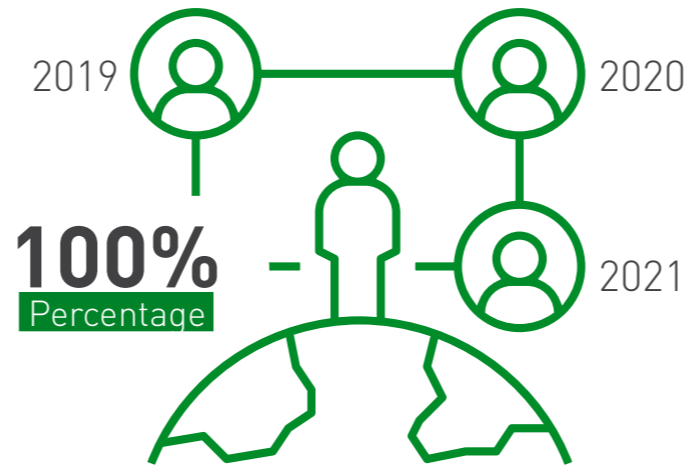
	Approved	Rejected	Total
2020	44	5	49
2021	41	4	45



For materials, Cemig performs quality inspections in order to verify the compliance of the material with the specified requirements. These inspections may take place at the supplier's facility, in approved laboratories or in Cemig's laboratories and may cover the verification of the quality of raw materials, components, accessories, processes and procedures used during manufacture, delivery and installation.

In 2021, 100% of suppliers were evaluated for social impact. Cemig used risk classification methodology based on the "Merchandise Group"/ sector of operation of the supplier.

**Percentage of suppliers evaluated in relation to social impacts**



The management responsible for the management of health and safety indicators, records occurrences in SIMASP and in this system the supplier must record its action plan.

In 2021, no supplier had a contract terminated in 2021 related to the social aspect.

**In 2021, no supplier had a contract terminated related to social aspects.**



The methodology covers

**100%**

of suppliers with

**67 sectors**

classified as having a high rate of non-compliance with human rights

**33**

as medium and low risk



# Identification and Management of Social and Environmental Impacts



Cemig has a process for identifying risks to sustainability in the Supply Chain, applicable to all contracting processes in force at Cemig, encompassing the economic, environmental and social responsibility risks to which the Company is exposed by the performance of its suppliers. **GRI 103|308; 103|414; 308-2; 408-1; 409-1; 414-2**

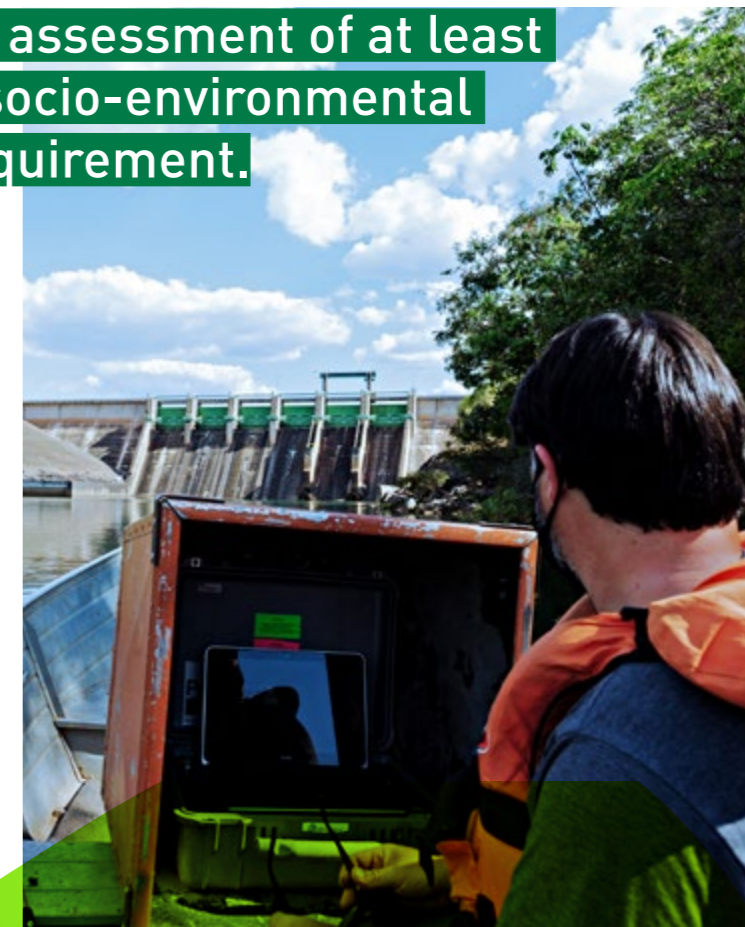
The Company is genuinely concerned about the environmental and social impacts of its supply chain and is aware that it has great responsibility in the event of infractions or crimes committed by any supplier and negative results that may result in consequences of a financial and image nature, for this reason it acts in a preventive manner with the purpose of eliminating or mitigating risks.

These risks can lead to damage to Cemig's brand, image and reputation in relation to the various relationship audiences, losses in relation to the market and its competitiveness, and Cemig may be jointly held criminally and judicially liable. The requirements for registration of suppliers and contracting are stricter as the object provided involves greater risk in aspects of Environment, Social Responsibility and Health and Safety.

Negative environmental impacts are those involving non-compliance with the operating license condition, products and services, waste management, non-compliance or absence of granting for the use of water resources and non-compliance with labor and non-warranty rules of human rights (slave, forced and child labor, freedom of association, working conditions, occupational safety and health) and business ethics issues, corruption cases and antitrust practices. These items are usually evaluated during the ITA, ATE and VCTE, the contact is also used to identify potential situations of prejudice, harassment and labor debts. In 2021, no cases were identified where the right to exercise freedom of association and collective bargaining may be at risk.

As a mixed-capital company, Cemig cannot select suppliers based on social and environmental criteria. However, the Company has procedures throughout the Supply Chain that verify compliance with these aspects in contracted and non-contracted suppliers. For all contracted or potential suppliers, there is an assessment of some socio-environmental requirement.

**For all contracted or potential suppliers, there is an assessment of at least a socio-environmental requirement.**





**In 2021 there was a decrease of 23.4%  
in the number of suppliers with high  
sustainability risk.**

There is a risk categorization of suppliers as high, medium and low and the categorization includes potential or real risks in the social and environmental scope and are identified during registration or after identification of non-compliance.

For the provision of service, some criteria may be imposed and documentation requested, according to the degree of risk, such as: elaboration of technical specifications and budgets that include the social and environmental requirements adhering to the execution of the contract: request for employee benefits, licenses and specific environmental documents, verification of labor and environmental documents linked to payment, among others.

Regarding the risk in working with electricity and heights, the Company provides contractors with specific training to mitigate these risks, at its facilities, at UniverCemig.

Impact assessment is a mechanism that promotes changes in the supply chain and consequently improves the process, as from it training, awareness and application of administrative corrective measures are generated.

The company is aware of the potential negative social impacts on the supply chain, given the segment in which it operates - the electricity sector, and for this reason the management of these risks is permanent, updated and shared in several departments of the Company. Within each process, it is evaluated what measures are taken to remedy that non-compliance. There may be meetings, collection of materials, contractual termination and opening of administrative proceedings.

In 2021, Cemig had 339 suppliers classified as high risk on the social scope and 154 on the environmental scope, of this group, 88 are considered high sustainability risk because they present high risk for both categories. Compared to 2020, it was possible to observe a decrease in the number of suppliers classified as high social, environmental and sustainability risk. During this period, there was a 78% decrease in the number of suppliers with high social risk, 25% in the number of suppliers with high environmental risk and 23.4% in the number of suppliers with high sustainability risk.

In 2021, Cemig had 1,310 potential suppliers causing negative impacts, which corresponds to 26% of the total supplier base.

With regard to human and professional freedom, there were no complaints regarding child labor, forced or compulsory labor, or restriction and/or impediment of freedom of association and collective bargaining. For the reporting year, no significant environmental impact on the supply chain was also recorded.

# Communication with Suppliers

The most used communication channel between Cemig and its supply chain is the Electronic Purchasing Portal (PEC), which consists of a complete tool used for inserting documents, consulting processes and trading results. This channel is open to the general public so that relations are increasingly transparent.

Another widely used channel is the Cemig Portal, which has a virtual assistant and a list of frequently asked questions answered by machine learning COGNIBOT. The company also has a specific area called Supplier Portal, which provides a Procurement Policy, Internal Regulations for Contract Bidding, guidelines for registering and prospecting new suppliers, approval of materials, among others.

# Supplier Performance

Cemig relates to its suppliers according to the relationship cycle below: **GRI 308-2**

## SUPPLIER RELATIONSHIP MACROFLOW



Evaluation of suppliers is essential for the provision of services. The supply of materials with the best quality has a direct impact on the quality of services provided by Cemig.

Every day, Cemig seeks in the construction of technical specifications the best solution on the market, always focusing on quality, health and safety. Thus, supplier evaluations are essential for the demonstration of technical capacity and compliance with the established requirements, as well as the understanding of the relevant standards and legislation.

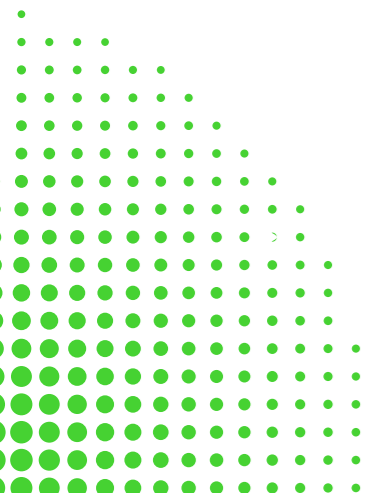
The Company's relationship with its supply chain is guided by Cemig's Supply Policy, by the Declaration of Ethical Principles and Code of Professional Conduct and by federal and state legislation.

Based on these policies, principles and guidelines, five priority commitments were defined as a supply chain management strategy: (1) commitment to the public property and respect to the principles of legality; (2) commitment to business ethics; (3) commitment to isonomy; (4) commitment to transparency; and (5) commitment to social and environmental responsibility. These commitments guide the Company's daily supply actions.



**Cemig aims to align suppliers and contractors with its vision of sustainability, its commitments and corporate values.**

Cemig aims to align suppliers and contractors with its vision of sustainability, its commitments and corporate values. Due to its legal nature (government controlled private company), Cemig is subject to the Bidding Law, which establishes rules for bids and contracts of the direct Public Administration. Thus, Cemig should keep isonomic relationship without further distinctions and preferences for hiring local suppliers or any other category. **GRI 308-1; 414-1**





**The effectiveness of the supplier chain management is verified by internal and external audits.**

In the category of service provision, Cemig has the qualification through the Quality Index of Contracted Services - IQSC. The IQSC target for the year 2021 was 92.924% and the performance of the indicator was 0.853% below, totaling 92.070%.

The goal for the IQSC is an average of the monthly goals over 12 months, this is because each contract has its goals and specific technical indicators (term, quality, safety, environment) with measurement, calculation formulas varying according to its application, context of the object, importance and area of activity.



Therefore, speaking of a minimum target was determined by Cemig to be more prudent, since there is no point in defining targets and monitoring average results when targets vary.

Respecting the legal limitations, Cemig seeks to establish partnerships and support specific programs that promote the development of products and local suppliers sponsored by representative business and government development entities. At the same time, partnerships are also made with suppliers in Research and Development projects, seeking innovative solutions, product improvements and technological modernization.

The effectiveness of the chain management is verified by means of internal and external audits according to the quality management system (ISO 9001), environmental (ISO 14001) and health and safety (OHSAS 18001) implemented in the Company, and the particularity of each contract is taken into account.

## Execution of Contracts

The execution of the contracts is accompanied by the Supplier Performance Monitoring process in order to establish objective, standardized criteria that adhere to market practices for Cemig regarding the monitoring of its contracts, in addition to providing, through the proposed tools, a management of transparent, impartial and efficient suppliers that involve, motivate and result in improvements for the stakeholders. The monitoring of suppliers is carried out through a system in which the supplier, the supply area and the technical area responsible for the contract management interact.

In this system, some suppliers considered strategic and who started a new contract from the second quarter of 2018 are monitored, the date on which the IDF indicator measurement proposal was initiated, whose objective is to monitor the performance of the supplier individually and compared to other suppliers with defined and standardized rules for indicators, penalties and bonuses. The IDF is deployed in 3 aspects: Technical, financial and Compliance.

When the performance of the supplier (IDF) is below the expected and defined in the contract, or, there is a breach of legal or contractual requirement, a Punitive Administrative Process is carried out to investigate what happened and, when necessary, execute the penalty defined by the competent bodies.

As a way of encouraging the improvement of the process of supplying goods and services, in addition to recognizing the harmony between suppliers and Cemig to achieve common goals, several Cemig material suppliers and service providers are honored annually at the Cemig Suppliers Award event. The award recognizes suppliers that stand out in terms of performance, based on criteria such as time, quality, safety, warranty and price.

The IDF helps Cemig to monitor and understand the financial health of its suppliers and intervene in the event of a possible need for assistance and support, such as sharing knowledge and good management practices, in order to prevent damage to both sides. Supplier Integrity actions are monitored by the index through a questionnaire and the result allows bonuses of up to 3% in the IDF result.

When the supplier's result is lower than defined, Cemig takes administrative actions, which pedagogically and gradually penalize, allowing the supplier to improve its performance. On the other hand, results above expectations are identified by the Assured Material Supply program and/or recognized at the annual Cemig Suppliers Award.

**In 2021, Cemig initiated 19 administrative proceedings, 14 fewer than in 2020.**

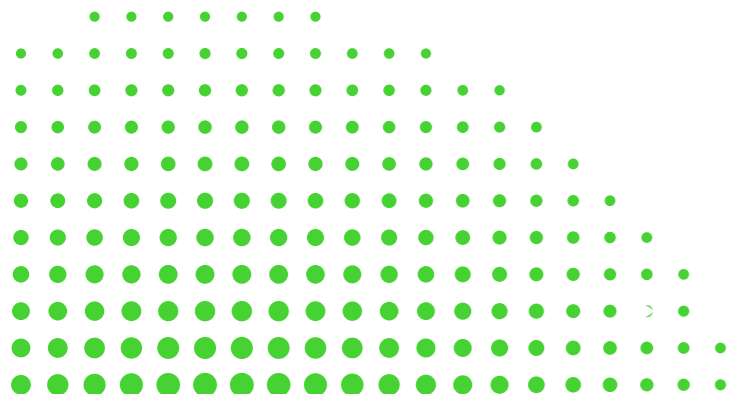
In 2021, Cemig initiated 19 administrative proceedings, 14 fewer than in 2020. Of these, 16 for contractual defaults (non-compliance with deadlines, non-delivery of the object, irregular service), 2 for bidders (Auction) who carried out the removal of materials without the due payment of some installments and 1 for suspected falsification of documents.

All contracts have a Service Level Agreement and are evaluated by managers, however, the IDF currently applies only to critical suppliers, the idea is to gradually expand the scope. Below, the IDF for suppliers of materials and services is presented, where it is noted that between 2020 and 2021 the index for suppliers of services and materials reduced by 3.5% and 5.7, totaling a performance in the total index of minus 6 percentage points.



**IDF - BY SUPPLIER CATEGORY**

	2019	2020	2021	
	Result	Result	Result	Goal
Total IDF	82%	94,40%	84,8%	95,97%
Suppliers of Materials IDF	88%	87,02%	82,0%	95,77%
Service providers IDF	81,70%	94,55%	87,7%	94,86%





## Cemig Best Suppliers Award

In November 2021, Cemig held the event in which 10 (ten) suppliers were recognized for their results in the Supplier Performance Index (IDF). Annually, since 2009, Cemig honors its best performing material and service suppliers at the Best Suppliers Award event.

The event is a milestone in Cemig's relationship with its suppliers and encourages quality in the provision of services and material supply. The initiative seeks the continuous improvement of results and a generation of sustainable attitudes.

The Cemig Best Suppliers Award aims to express values beyond the organization, recognizing and honoring companies that strongly contribute to Cemig being able to fulfill its social objective of generating, transmitting and distributing electric energy, meeting the expectations of its consumers, shareholders and society in general.

With regard to suppliers, the main highlights in 2021 include:

- Renegotiation of contracts, exchanging IGP-M for IPCA, since there was a displacement of that index, of the 2021 reality;
- New criteria for renegotiating contracts, focused on segments that bring greater return in Opex, for the Company;
- Management of signatures of contractual amendments, with charges made to suppliers, with a 60% reduction in the period of signatures of amendments;
- Hiring the consultancy to reformulate the processes of contracting services and materials, with the adoption of optimized strategies, to provide greater speed, competitiveness and, consequently, better financial results for the company, obtaining savings in acquisitions.

**ANNUALLY**, since 2009, Cemig honors its best performing material and service suppliers at the Best Suppliers Award event.



Key advances in procurement include:

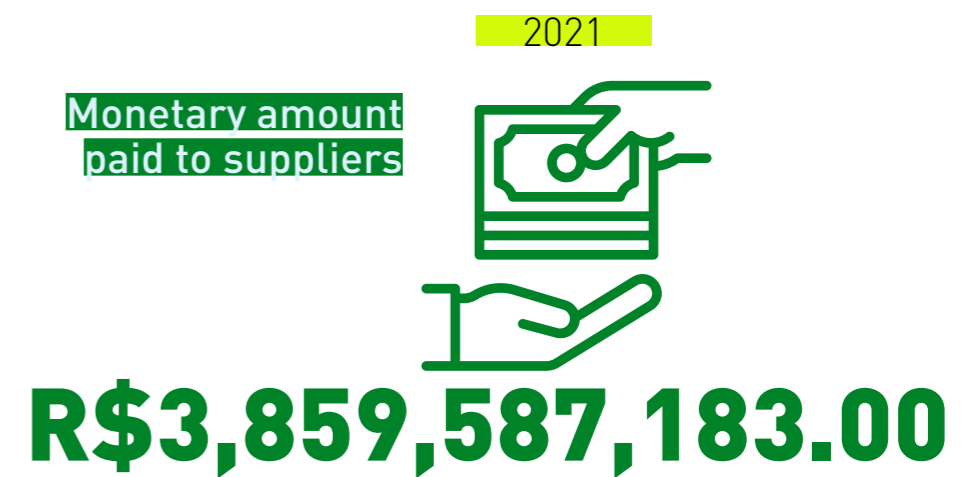
- Reduction of supply contracts facilitating the process of supplier control and management;
- Creation of a logistics area to facilitate the control and management of deliveries and storage of the company's materials and equipment;
- Many contracting strategies and procedures that we have adopted since then have substantially contributed to the achievement of positive results, from contracts concluded successfully, in a timely manner, and with good financial results;
- In addition, we had significant changes in the prospecting of suppliers, with a substantial increase in the number of players active in the bidding processes, resulting in greater competitiveness in the bids;
- Conducting workshops with suppliers in the remote model (webinar) with the objective of presenting details regarding contracting scopes and changes in contractual arrangements, encouraging the prospecting of new suppliers and improving the relationship with suppliers;
- Hiring of a renowned consultancy for diagnosis and proposals for improvements in the contracting of services and acquisition of materials and equipment carried out by Cemig. The following tasks, for example, were defined within the scope of materials: carry out a survey of future demand; revision of standards of materials used; price benchmarks and best market practices; review commercial conditions and requirements of notices; revise price adjustment formulas; restructuring of contract pricing governance.

**In 2021 the supply area had important advances.**



## Key Monitoring Items

Suppliers	2018	2019	2020	2021
Bidding Procedures	461	364	367	493
No. of Current Contracts	3,919	3,717	3,899	690
No. of Executed Agreements	1,408	1,168	1,329	968
No. of Contracts Executed with Local Suppliers (MG)	900	673	685	343
Value of Current Contracts	R\$5,609 billion	R\$2,290 million	R\$13,310 billion	R\$19,542 billion
Value of Contracts Signed	R\$2,338 billion	R\$2,907 billion	R\$2,999 billion	R\$7,271 billion
Value of Current Contracts with Local Suppliers (MG) <sup>97</sup>	R\$7,626 billion	R\$8,448 billion	R\$8,893 billion	R\$12,222 billion
Value of Contracts Executed with Local Suppliers (MG)	R\$1,732 billion	R\$1,903 billion	R\$1,280 billion	R\$3,740 billion
Disbursed Amount	R\$1,319 billion	R\$2,854 billion	R\$3,069 billion	R\$3,859 billion



SUPPLIER EXPENSES BY CATEGORY

Category	Contracted Value (2021)	Amount Disbursed (2021)	No. of Current Contracts	Quantity Suppliers
<p>Material</p>	R\$1,129 billion	R\$412 million	R\$ 2,018 billion	378
<p>Service</p>	R\$6,302 billion	R\$437 million	R\$16,205 billion	1,104

IN 2021, THE NUMBER OF VISITS DOUBLED, DUE TO THE STABILIZATION OF THE PANDEMIC SCENARIO:

Visits made supplier approval



Receiving inspection



ATI [total visits]

2021		
Total	Approved	Rejected
45	41	4

Contractor Technical Compliance Check (VCTE) and Contractor Technical Assessment (ATE)

2021	
VCTEs	ATEs
48	62

# Cemig and Sustainable Development – Sustainability Plan

Sustainability has gained more and more relevance in the market and drives the growth of the Companies. It is challenging to maintain the balance between the Social, Economic, Governance and Environmental dimensions. Since 1992 Cemig has had an Environmental Policy, revised in 2016, that contains six principles that guide its activities and direct its efforts, related to:

- environmental protection;
- biodiversity conservation;
- sustainable use of natural resources
- waste management;
- mitigation and adaptation to climate change.



Since 1992,  
Cemig has had an  
Environmental Policy

These principles are translated into actions, which are intended to make employees and partners aware of the main environmental challenges facing Cemig and the world. Cemig's Social Responsibility is also incorporated into its daily routine and is part of its Mission, which places the issue at the center of the Company's strategy.

As a provider of public services, its social strategy encompasses the relationship with society, the workforce, suppliers and consumers, in addition to the responsibility towards its products and services and respect for human rights. Thus, Cemig generates value for its shareholders, consumers and society as a whole.

Cemig has a Sustainability Plan that aims at the following main objectives:

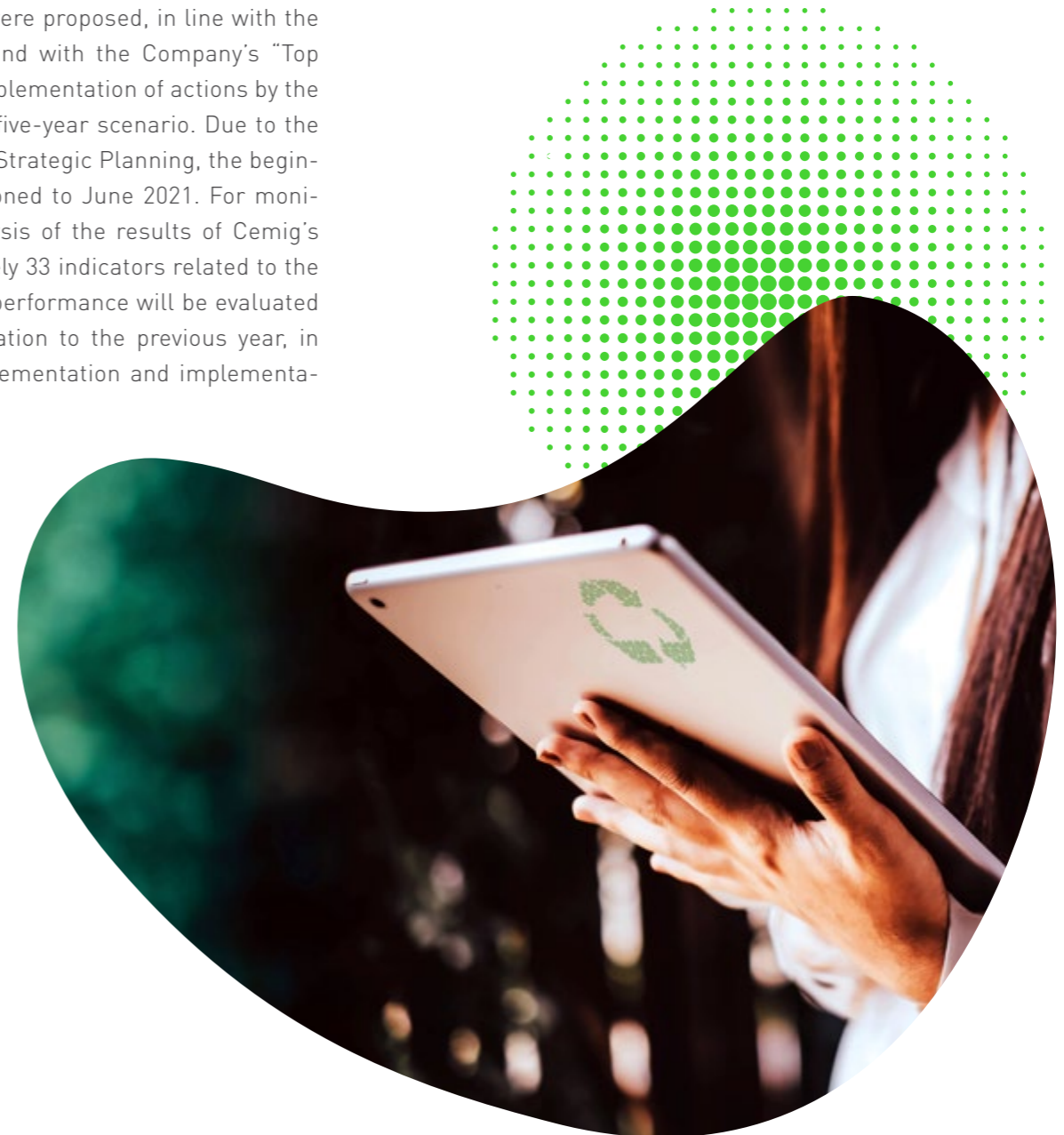
- align Sustainability efforts with Strategic Planning;
- create value for stakeholders;
- identify risks and opportunities, integrating sustainable principles and practices into Organizational Culture;
- identify the main gaps and points for improvement in the Socio-environmental and Governance dimensions;
- keep the company aligned with best practices, reinforcing leadership in Sustainability;
- improve communication of the Sustainability strategy to stakeholders and add value to Cemig's brand and reputation. Initially, a comprehensive analysis of the external environment was carried out in order to identify trends, risks, threats and opportunities that could affect Cemig.

The systematization of the main themes was also carried out, considering the Environmental, Economic, Governance and Social dimensions. At this stage, various sources of information, international methodologies, Sustainability ratings, benchmarking with reference companies in Sustainability, and in the electricity sector, and the SDGs were analyzed. Subsequently, an analysis of the internal environment was carried out to map the impacts caused by the Company's operations in its value chain, identification of the main weaknesses, points of improvement and best practices. At this stage, interviews were carried out with specialists in the areas, questionnaires and a workshop with the leadership, in addition to a detailed analysis of the Company's internal policies and guidelines.

Based on the information obtained through internal and external analyses, the seven most relevant topics were defined and prioritized, as listed below, broken down into 31 sub-themes that make up the Materiality Matrix of the Sustainability Plan:

- governance;
- risk management;
- innovation and renewable energy;
- value chain management;
- people management;
- natural capital management and climate change;
- efficiency.

Following the work, initiatives were proposed, in line with the Corporate Strategic Planning and with the Company's "Top Risks", for the validation and implementation of actions by the various responsible areas, in a five-year scenario. Due to the pandemic and the review of the Strategic Planning, the beginning of this process was postponed to June 2021. For monitoring, measurement and analysis of the results of Cemig's Sustainability Plan, approximately 33 indicators related to the topic are being defined, whose performance will be evaluated at the end of each year, in relation to the previous year, in addition to monitoring the implementation and implementation of initiatives.



Below are the performance, in 2021, of the goals being developed by the Sustainability Plan:

Goals	Performance in 2021	More information
Obtain in 2021 in the ICONF - Cemig's Compliance and Governance Index, in each Executive Board, equal to or greater than 75%.	For the year 2021, it will be obtained in the first half of 2022.	Chapter 3 – Corporate Governance
Have, in 2021, an accident frequency rate (TFA) less than 1.52.	In 2021, the TFA of Cemig's workforce was 1.17, 1.06 for contractors and 1.66 for its own employees. The 1.52 threshold for the workforce has been met.	Chapter 5 - Employees
Plant 200 hectares by 2021 (Forest Compensation).	In 2021, 539,37 were planted, exceeding the target.	Chapter 9 – Environmental Performance
Have a maximum of 819kg of biomass affected by 2021.	In 2021, measurements of biomass affected by Cemig's operations resulted in a value of 439.3 kg, which is below the target stipulated. The goal has been met.	Chapter 9 – Environmental Performance
Maintain, until 2022, the consumption of electricity at the level of the values consumed in 2017.	In 2021, total electricity consumption was 9,194.59 GJ, 15% below 2017 consumption. For 2021 the goal has been met.	Chapter 9 – Environmental Performance
Reduction of 6% in administrative water consumption, with 2019 as the target base year and 2025 as the target year.	in 2021, it was unable to reach the reduction target, being 9% above the stipulated target	Chapter 9 – Environmental Performance

Goals	Performance in 2021	More information
Maintain the percentage of SF6 losses (kg of SF6 emitted/total amount of SF6 installed) at a maximum of 0.66% until 2022.	In 2021, the percentage of SF6 loss verified was 0.36%. The target was reached, we were 45% below the stipulated target.	Chapter 10 - Climate Change
Reduce, by 2020, by 25% the intensity (ton/MWh) of SOx emissions from the thermal source, with 2013 as the base year, and by 15% the SOx emissions from vehicular sources, with 2017 as the base year.	In 2020, the Igarapé Thermal Plant was deactivated, so there are no SOx emissions from a thermal source.  In 2020, the established goal was achieved, evidenced by the 94.8% reduction in emissions when compared to the base year of 2017.	Chapter 10 - Climate Change
To have, by 2021, 35% of employees participating in the AI6% Program.	In 2021, 25% of employees participated in the AI6%, the stipulated target was not achieved.	Chapter 8- Corporate Performance
Make investments of R\$6.4 billion between 2018 and 2022 under the Distribution Development Plan (PDD).	The five-year investment cycle, according to sector regulation, comprises the period from 2018 to 2022, with the amount of R\$6.4 billion approved for the period.	Chapter 2 Business Model Chapter 7 - Economic Performance
Carry out the Cemig Urban Afforestation Circuit annually.	In 2021, the Urban Afforestation circuit was not carried out.	Chapter 9 – Environmental Performance

The table below shows the main goals and objectives proposed by Cemig's Strategic Planning and the 2022 Sustainability Plan:

Indicator	Goal 2021	Results 2021	Goal 2022
IPTD - Total Distribution Loss Index	11.28%	11.27%	11.16%
DEC	10.08	9.46 h	9.49 h
TFA (D) - Lost Time Accident Frequency Rate (Workforce)	1.38 accident/million HHT	1.21 accident/million HHT	1.15 accident/million HHT
TFA (GT) - Lost Time Accident Frequency Rate (Workforce)	1.62 accident/million HHT	0.93 accident/million HHT	0.88 accident/million HHT
IASC - Customer Satisfaction Index	80%	Forecast: April/2022	Target (PE): 80% (Top 3 Aneel) Minimum Aneel: 70%
PPGD - Percentage of Micro and Distributed Minigeneration Access Opinions Issued on Time	100%	56%	83% (IGPD)
MAPRISK - Risk Mapping Index of the Company's Top Risks Matrix	100%	100%	100%
Communication for the Promotion of the Compliance Culture	100%	146%	100%
Provide Training for all Employees and Third Parties in Privacy and Data Protection	90%	100%	N.A.
Cemig Brand Health on Social Networks	50%	52,7%	55,0%
Reception of Spontaneous Media	120/month	417/month	120/month
Use of the Federal Incentive Scenario in Culture	100% (13,535,426.50 registered in the system)	97,49% (13,196,362.10)	95% (12,858,655.18)
P-Vol - Participation of Volunteers in Corporate Initiatives	450 volunteers	513 volunteers	550 volunteers
PESP - Number of Beneficiaries in Sports Projects	5,699	1,552	2,399
PIDOS - Number of Beneficiaries in Projects with the Elderly	5,651	4,178	4,670

Indicator	Goal 2021	Results 2021	Goal 2022
Affected biomass	819 Kg	439.3 Kg	742 Kg
Percentage of Waste Disposed and/or Recycled	99.00%	99.61%	99.00%
Planting (Forest Compensation)	200 ha (until 2021)	365 ha	N.A.
Investor Relations Satisfaction (Research Note)	4,3	3,9	4,3
Organizational Climate Favorability Index	67.00%	63.90%	N.A.
Number of Trained Employees (Workforce)	8,000	20,539	12,500
ISOB - Operational Safety Index of Dams	72.80%	74.50%	79.40%
ISEB - Structural Safety Index of Dams	0,76	0,78	0,92
ICC - Environmental Conditions Compliance Index	100.00%	99.30%	100.00%
ILOI - Environmental Licensing Index - CEMIG GT	85.00%	86.00%	86.00%
IPDAIA - Index of Deadline for Obtaining DAIA's	365 Days	503 Days	455
Efficiency of Hospitals with Equipment Exchange	20	18	50
Replacement by LED Lighting in Schools	1,596	1,124	1,137
Efficiency of APACs (Photovoltaic Plants)	31	3	28
Make an Agreement with Municipalities for Human Vacancy under Transmission Lines	1	0	1
DFS-LTD - Vacation of High and Extra High Voltage Lines Safety Ranges	121 Houses	179 Houses	195 Houses
ISUSTENT - Cemig's Participation in the Main Sustainability Ratings of Brazil and the World	88.00%	88.84%	89.00%

## SUSTAINABILITY COMMITTEE

Demonstrating the Commitment to Sustainability, the Company has a Sustainability Committee, with the purpose of consolidating the integration of corporate sustainability in the Company's management process.

The Committee's activities aim to propose policies, guidelines, actions, plans and projects, in addition to strategic initiatives, to promote Cemig's activities in the social, environmental, economic and corporate governance dimensions, focusing on its contribution to sustainable development.

The Committee's coordination is conducted through an executive coordinator, responsible for monitoring and validating the work carried out, and a technical coordinator, responsible for carrying out the work, both appointed by the Presidency. The Committee is formed by full representatives and respective alternates from all the Company's boards. Directly linked to the Committee are a Social Responsibility Working Group, a Working Group for Valuing Business Diversity and a Working Group for monitoring the Environmental Adequacy Program.

Cemig's Sustainability Committee has an advisory nature, with no deliberative attributions, but may call, at its discretion, employees or support groups from the Company, to ensure the full and effective execution of its activities.

**Demonstrating the Commitment to Sustainability, the Company has a Sustainability Committee with the purpose of consolidating the integration of corporate sustainability in the Company's management process.**





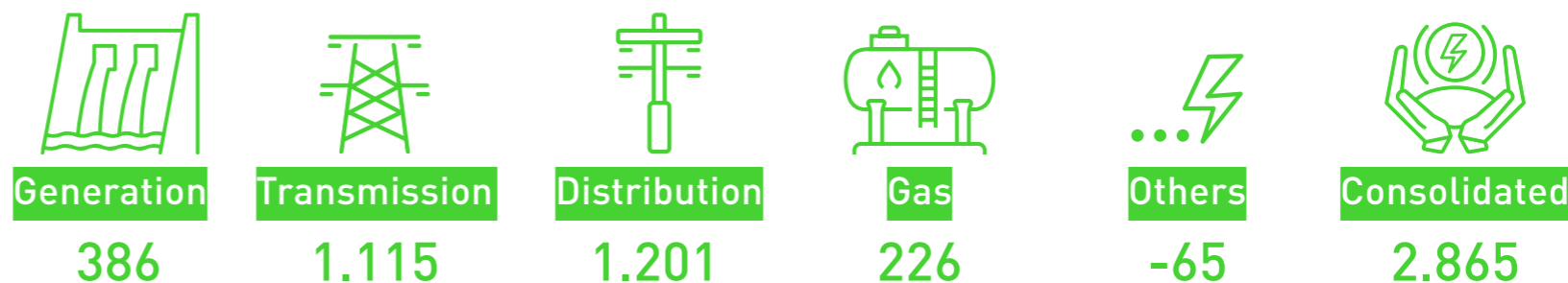
# ECONOMIC PERFORMANCE

The Cemig holding company includes in its economic and financial indicators all the companies that are under its control and described in the organizational chart in chapter 4 hereof **GRI 102-45**

Cemig presented, in 2021, a net income of R\$3,753 million compared to a net income of R\$2,865 million in 2020, representing an increase of 30.99%. **GRI 102-7** The positive variation in the Company's results is basically due to the recognition in 2021 of the renegotiation of hydrological risk, the disposition of assets held for sale (Light) and the increase in the Company's operating efficiency. The main variations in revenue, costs and expenses and financial results are presented in the sequence of this report.

## NET PROFIT BY SEGMENT AND CONSOLIDATED

R\$ - Million



## HISTORICAL SERIES NET INCOME

R\$ - Million



## Key Financial Indicators



### EBITDA 2021

Cemig's consolidated EBITDA, adjusted for the exclusion of non-recurring items, increased 21.70% in 2021 compared to 2020, while the adjusted EBITDA margin went from 19.32% to 17.63%. Consolidated EBITDA increased by 40.47% in 2021, compared to 2020, while its margin increased from 22.57% in 2020 to 23.78% in 2021.

The increase in adjusted EBITDA in 2021, compared to 2020, is mainly due to the registration of the hydrological risk renegotiation, in the amount of R\$1,032 million, as shown in the table above. The variation in EBITDA calculated in accordance with CVM Instruction 527/2012 is mainly due to the increase in net revenue of 33.37%, partially offset by the increase in operating costs, less depreciation and amortization, of 32.99%.

### Operational Revenue

In general, for the Company's business and its subsidiaries in the electricity, gas and other sectors, revenues are recognized when a performance obligation is satisfied.

The Company recognizes revenue only when it is probable that it will receive consideration in exchange for the transferred goods or services, considering the customer's ability and intention to meet the payment obligation. **GRI 103|201**

The breakdown of operating income for the years ended December 31, 2021 is as follows **GRI 102-7**

	OPERATIONAL REVENUE		
	2019	2020	2021
Gross electricity supply (a)	26.927.559	26.432.081	29.619.254
Revenue from the use of electrical distribution systems – TUSD (b)	2.722.444	3.021.614	3.448.318
<b>CVA and other financial components (c)</b>	57.988	454.741	2.146.043
Refund of PIS/Pasep and Cofins credits to consumers – Realization (1)	1.427.786	266.320	1.316.995
Transmission Revenue	51.837	-	-
Revenue from Operation and Maintenance (d)	-	279.263	354.910
Transmission Construction Revenue (d)	311.759	201.451	251.973
Financial remuneration of the transmission contract asset (d) (note 14)	327.995	438.393	660.457
Revenue from distribution construction	979.308	1.434.823	1.852.263
Adjustment of the expectation of the asset cash flow financial compensation for the concession of distribution (e)	17.839	15.464	53.751
Revenue from financial restatement of the grant bonus (f)	318.266	347.057	523.105
Settlement at CCEE (g)	431.994	153.762	1.156.503
Transactions in the Surplus Sale Mechanism (h)	-	234.347	452.896
Gas supply	2.298.114	2.011.084	3.470.406
Penalty for violation of continuity indicator standard	-57.897	(50.532)	(70.948)
Revenue from anticipation of service provision (i)	-	-	153.970
Other operating income (j)	1.723.059	1.709.486	1.935.273
Taxes and charges levied on revenue (k)	12.651.078	(11.721.729)	(13.679.051)
<b>Net operational revenue</b>	<b>25.486.973</b>	<b>25.227.625</b>	<b>33.646.118</b>

Revenue from gross electricity supply was R\$29,619 million in 2021 compared to R\$26,432 million in 2020, representing a growth of 12.06%. The main variations that justify the growth of revenue from gross supply are presented below:

Final Consumers: Revenue from energy sold to final consumers was R\$26,651 million in 2021 compared to R\$23,018 million in 2020, representing an increase of 15.89%.

### Market Evolution

Cemig's market consists of the sale of energy to (i) captive consumers, in the concession area in the state of Minas Gerais; (ii) free customers in the state of Minas Gerais and in other states of Brazil, in the Free Contracting Environment (ACL); (iii) other agents in the electricity sector (traders, generators and independent energy producers), in the ACL; (iv) distributors in the Regulated Contracting Environment (ACR) and (v) the Electric Energy Commercialization Chamber (CCEE), eliminating existing transactions between companies of the Cemig group.

Cemig's market and the variation in energy sales by consumption class are detailed in the table below, with a breakdown of transactions carried out in 2021, compared to 2020.

The main variations that caused the 1.46% increase in the amount of energy sold were:

- 28.51% increase in the amount of energy sold to the industrial segment, mainly due to new energy sales contracts for free customers, with supply starting in January 2021;
- 1.87% increase in the amount of energy sold to residential consumers in 2021 compared to 2020, mainly due to the 2.6% increase in the number of consumers;
- increase of 4.10% in the amount of energy sold to the public services class, mainly due to the increase in consumption related to water catchment, due to the low volume of rainfall in several months of 2021, added to the significant reduction observed in 2020 in this class;
- 5.56% increase in the amount of energy sold to the rural segment, mainly due to the increase in consumption in the irrigation segment, reflecting the lower volume of rainfall in 2021;
- reduction of 2.76% in the amount of energy sold to commercial class consumers, mainly due to the significant migration of consumers to mini and distributed microgeneration, as well as to the free market. Additionally, this class still suffered in 2021, more sharply compared to other classes, the impacts of the Covid-19 pandemic.

**In 2021, Cemig registered 28.51% increase in the amount of energy sold to the industrial segment.**

### Revenue from the use of electrical distribution systems (TUSD)

Refers to the tariff for the use of the distribution system (TUSD), arising from charges charged to free consumers on distributed energy. In 2021, this revenue corresponded to the amount of R\$3,448 million, compared to R\$3,022 million in 2020, which represented an increase of 14.10%.

This variation is mainly due to the 10.27% increase in energy transported in 2021, compared to 2020, as shown in the table below. The increase was due both to the increase in consumption of the irrigation segment of the rural class, as well as the migration of commercial consumers to the free market and growth of the industrial market in 2021, due to the recovery of the economy.

Additionally, the Company's annual tariff readjustment, applicable as of June 30, 2020, had an effect of 10.16% on free consumers, rising to 5.74%, as of the recalculation of the tariff readjustment, on August 19, 2020. And the effect of the 2021 annual tariff readjustment, applicable from May 28, 2021, was 2.40% on free consumers, which also impacted the increase.



### Other revenue

Revenue from energy transactions at CCEE was R\$1,157 million in 2021 compared to R\$154 million in 2020, representing an increase of 651.30%. This increase is mainly due to the left-over energy in 2021, compared to 2020 positions, due to short-term bilateral sales that caused Cemig GT to be exposed to CCEE in several months of 2020, and the execution of new purchases in 2021.

In addition, there was a 58.19% increase in the average difference settlement price (PLD) for the Southeast/Midwest, with an average value of R\$279.61/MWh in 2021 compared to R\$176.98/MWh in 2020, due to the water scarcity scenario.

The Company recorded revenue from gas supply in the amount of R\$3,470 million in 2021 compared to R\$2,011 million in 2020, an increase of 72.55%. This variation is basically due to the 45.20% increase in the volume of gas sold, being 1,373,194 m<sup>3</sup> in 2021, compared to 945,727 m<sup>3</sup> in 2020, mainly influenced by the thermoelectric segment, which showed an increase of 205.32%, given that the levels of the plants' reservoirs were lower than

expected in 2021, which caused greater dispatches from thermal plants and the natural gas margin was readjusted by the IGP-M by 25.70% in 2021. Additionally, it is worth mentioning the average increase in the cost of gas in 2021, in the order of 42.70%, which in turn was also reflected in the tariff.

Construction and infrastructure revenues from the distribution segments were R\$1,852 million in 2021 compared to R\$1,435 million in 2020. This increase is mainly due to the execution of a larger portion of the Company's investment plan budget in relation to the compared period, mainly in the sub-transmission segment, which refers to the expansion, reinforcement and renovation of high voltage.

This revenue is fully offset by construction costs, in the same amount, and corresponds to the Company's investment, in the period, in concession assets.

Revenue in the amount of R\$154 million from negotiations with free consumers, which resulted in the anticipation of revenue referring to the provision of commercialization services by the subsidiary ESCE, in June 2021.

Other revenues of the Company and its subsidiaries were R\$1,934 million in 2021 compared to R\$1,709 million in 2020, an increase of 13.17%.

In 2021 the revenue from energy transactions at CCEE was R\$1,157 million, an increase of

**651.30%**  
compared to 2020.

**The Company recorded revenue from gas supply in the amount of R\$3,470 million in 2021.**

### Operational Costs and Expenses

Operating costs and expenses were R\$28,236 million in 2021 compared to R\$21,432 million in 2020, an increase of 31.75%. The main changes in expenses are described below:

Personnel expenses were R\$1,240 million in 2021, compared to R\$1,276 million in 2020, representing a reduction of 2.82%.

This variation is mainly due to the following factors:

- a 4.36% reduction in the average number of employees, with 5,025 in 2021 compared to 5,254 in 2020;
- lower costs and expenses with the voluntary termination program in the first half of 2021, in the amount of R\$35,238, compared to the amount of R\$58,850 in the same period of 2020;
- salary adjustment of 4.77% and 11.08% as of November 2020 and 2021, respectively, due to a Collective Agreement.

The impact of the Company's post-employment obligations on the operating result for 2021 was an expense in the amount of R\$15 thousand, compared to an expense of R\$438 million in 2020. This variation is due to the changes made by the Company in the 2021/2023 Collective Bargaining Agreement, to offer and fund life insurance for employees and former employees. The Company understands that it totally canceled the post-employment benefit and, therefore, wrote off the balance of the obligation in return for the income.

### OPERATING COSTS AND EXPENSES WERE

**R\$28,236**  
**MILLION**  
IN 2021

Expenses with third-party services were R\$1,450 million in 2021, compared to R\$1,265 million in 2020, representing an increase of 14.62%. The main impacts result from the following factors:

- 16.25% increase in information technology expenses, amounting to R\$93 million in 2021, compared to R\$80 million in 2020. This increase is due to new contracts and investments in information security made in 2021;
- 22.67% increase in expenses with maintenance and cleaning of lanes, roads and firebreaks at Cemig D, R\$92 million in 2021, compared to R\$75 million in 2020;
- an increase of 110.26% in cutting and reconnection expenses, of which R\$82 million in 2021, compared to R\$39 million in 2020. This increase is due to the resumption of services, after the reestablishment of the suspension of supply due to default for some classes of consumers.



## Net Financial Income

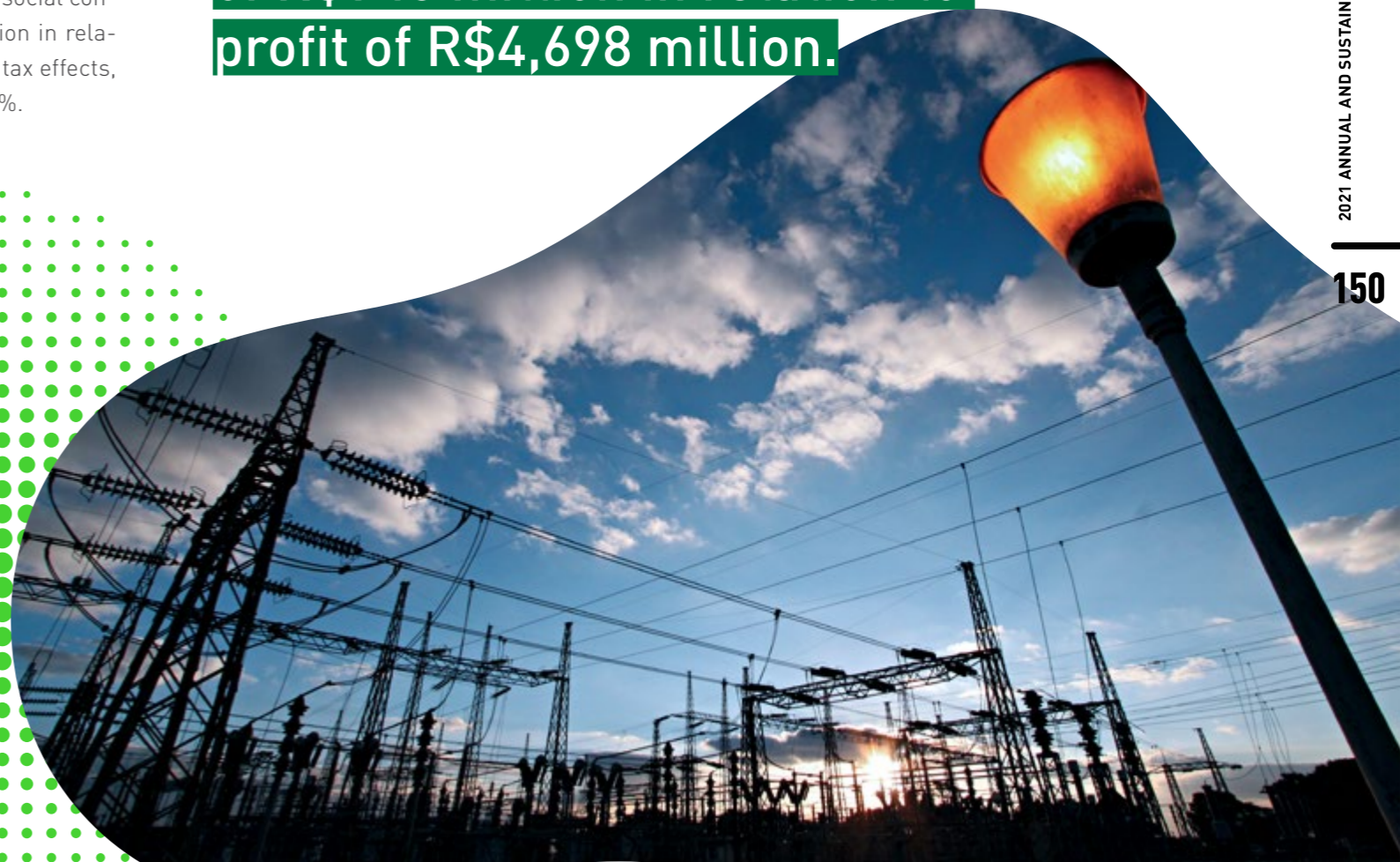
The financial result in 2021 was a net expense of R\$2,253 million, representing an increase of 148.95% compared to 2020, in which a net expense of R\$905 million was calculated. This variation is mainly due to the following factors:

- positive variation of the dollar in 2021, of 7.39%, compared to the positive variation of 29% in 2020, generating the recording of expenses in the amount of R\$354 million and R\$1,749 million in 2021 and 2020, respectively;
- the fair value of the financial instrument contracted to protect the risks linked to Eurobonds presented a negative variation in 2021, in the amount of R\$538 million, compared to the recognition of gain in 2020, in the amount of R\$1,753 million. This result for 2021 is mainly due to the appreciation of the future interest curve;
- recognition of goodwill on repurchase of debt securities in the amount of R\$491 million as a result of the partial repurchase of Eurobonds – Tender Offer

## Income Tax and Social Contribution

In 2021, the Company recorded income from income tax and social contribution in the amount of R\$945 million in relation to profit of R\$4,698 million before tax effects, representing an effective rate of 20.12%. In 2020, the Company recorded income from income tax and social contribution in the amount of R\$936 million in relation to profit of R\$3,801 million before tax effects, representing an effective rate of 24.63%.

**In 2021, the Company recorded income from income tax and social contribution in the amount of R\$945 million in relation to profit of R\$4,698 million.**



### Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2021 totaled R\$825 million compared to the balance of R\$1,680 million as of December 31, 2020, and were not held in currencies other than the Brazilian Real. The reasons for this variation are presented below:

Net cash generated from operating activities in 2021 and 2020 totaled R\$3,683 million and R\$8,609 million, respectively. The lower cash generation in 2021 is basically due to the greater expenditure of resources with energy purchase and transmission charges not yet included in the tariff readjustment, with the effects being recorded as CVA assets.

Net cash generated in investment activities in 2021 totaled R\$1,371 million, compared to a net cash consumed in investment activities in 2020 of R\$5,077 million. This result is mainly due to the greater volume of funds redeemed from investments in securities in 2021 to repurchase Eurobonds, in addition to the disposition of the interest in Light, which generated the amount of R\$1,367 million.



Cash flow consumed in financing activities during 2021 totaled R\$5,910 million, and was composed of the amortization of R\$4,437 million in financing and the obtaining of R\$13 million in resources, in addition to the payment of leases of R\$70 million and interest on equity and dividends of R\$1,416 million.

Cash flow consumed in financing activities during 2020 totaled R\$2,387 million, and was composed of the amortization of R\$2,531 million in financing and the obtaining of R\$826 million in resources, in addition to the payment of leases of R\$84 million and interest on equity and dividends of R\$598 million.

# Capital Markets and Dividends

Cemig had its shares initially listed on the Minas Gerais State Stock Exchange as of October 14, 1960 and as of 1972 on the São Paulo Stock Exchange (B3) with the symbols CMIG3 (ON) and CMIG4 (PN). Since October 2001, they have been listed on Bovespa's Corporate Governance Level 1. In addition, the Company's shares have been traded since 1993 on the New York Stock

Exchange (CIG and CIG/C), having been at Level 2 of corporate governance since 2001, and on the Madrid Stock Exchange (XCMIG) since 2002.

The following are the closing quotations, for the years 2020 and 2021, of the shares in São Paulo (B3), New York (NYSE) and Madrid (LATIBEX).<sup>10</sup>

## CEMIG SHARES QUOTATION

Name	Symbols	Currency	Closing 2019	Closing 2020	Closing 2021
Cemig PN	CMIG4	R\$	13,79	11,74	13,11
Cemig ON	CMIG3	R\$	15,59	13,50	18,52
ADR PN	CIG	US\$	3,34	2,20	2,43
ADR ON	CIG.C	US\$	3,9	3,07	3,52
Cemig PN (Latibex)	XCMIG	Euro	2,8	2,26	2,06

<sup>10</sup> Source - Economics - quotations adjusted by earnings, including dividends

In 2021, preferred shares, CMIG4, had a trading volume of R\$30.49 billion, with a daily average of R\$123.44 million. This volume traded makes the preferred share (PN) one of the most traded of the B3, providing security and liquidity to investors.

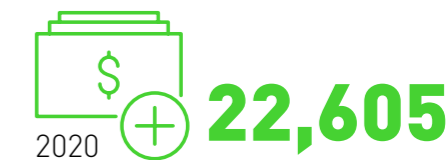
The average daily trading volume with preferred shares on the New York Stock Exchange in 2021 was US\$18.12 million and moved US\$4.57 billion, which consolidates Cemig's position as a global investment option. Among the ADRs of the Brazilian electricity sector traded at NYSE, Cemig had the largest volume traded in 2021.

In terms of performance, the Company's shares were among those that presented the best yields in the electricity sector at B3, being the third most traded Company. Both shares of Cemig traded on Bovespa outperformed the one verified by the IEE electricity sector index and the main indicator of B3, Ibovespa.

## MARKET VALUE

The market value is represented by the totality of the Company's shares at the market value of the shares on the last trading day of each year, with an increase compared to the previous year of 11.72%.

Market value in millions:





# SOCIAL PERFORMANCE

Cemig recognizes that its business generates direct and indirect impacts in several communities, as well as believes that the success of its business and the quality of its products depend on the relationship with various categories of stakeholders. Therefore, it values a harmonious interaction, respecting and considering the needs and contributions of each interested party. The primary focus of the company's social management has been to strengthen the relationship and promote social development in the communities (i) around hydroelectric plants; (ii) along the transmission networks, and even (iii) in places mostly influenced by Distribution, such as large urban centers.

**Communication and engagement with stakeholders are the primary avenue of corporate social responsibility.**



## Relationship with the Community

Cemig's relationship with stakeholders is based on clear guidelines and criteria to ensure the integrity, ethics, responsibility and enthusiasm for the work and the appreciation of the company.

Cemig's strategic position in relation to local communities in the areas in which it operates includes social, environmental and economic aspects to be considered in all of the Company's projects. Its Community Communication Policy determines that communication and engagement with stakeholders are the primary avenue of corporate social responsibility.

This policy reiterates Cemig's commitment to the transparency of its management, focusing on co-responsibility with the community and stimulating local economic and social development, making public the fundamentals and premises



that guide the definition of communication strategies and practices. These include the objectives of creating and improving appropriate communication instruments between stakeholders and the main areas of activity of the Company, especially those of generation, transmission, distribution and energy development.

Cemig also has the Company's Communication Plan, which, together with the Community Communication Policy, integrates the set of communication strategies adopted in the relationship with communities and directs the Social and Environmental Diagnoses, prepared for each project or program. Other documents that support and guide practices in the relationship with the community are the Instruction on Social and Environmental Negotiations at Cemig (IS-48) and the Code of Conduct.

# Territory Management



The human occupation of the safety lanes of high-voltage overhead lines is a problem that occurs in several Brazilian concessionaires. This is, in addition to other factors, a reflection of the socioeconomic conditions of part of the population. **GRI 103-2:413; 413-1; 413-2**

who find an available area in the safety zones to settle down, even in precarious security conditions.

In view of this situation, and in line with its strategic planning, Cemig identified the need to act on security solutions for the population. The goal is to reverse this critical situation represented by the occupations of the safety lanes of transmission and distribution lines of electricity.

Thus, Cemig aims to address the problem of human occupation and other irregularities in the safety lanes of the lines. This is done through the implementation of short, medium and long-term measures, capable of curbing the advance of occupations with continuous inspection, and of reducing the existing volume of irregular occupations. This second action front is developed in partnership with the municipalities, through the signing of agreements that allow the removal of irregular housing and the resettlement of families in decent housing.

In view of the above, the following Structural Measures were maintained and implemented as of 2020:

**Creation of the strategic plan to combat and prevent human occupation under lines, having three pillars: judicialization, vacancy and treatment of risks.**



**SUPERVISION**  
and repossession  
actions

**LEGAL ALTERNATIVES**  
for action



**VACANCY**  
**ELIMINATION OF RISK**

**IMMEDIATE REMOVAL**  
of houses under construction  
(preventive)

**UNDERGROUND DEVIATIONS**  
Cemig D (corrective)

**REMOVAL OF OCCUPATIONS**  
Cemig GT (corrective)



**TREATMENT**  
**OF RISKS**

**ELECTROMECHANICAL**  
reinforcements

**RECOVERY**  
of space under lines

**CRISIS**  
management plan

- Beginning of activities in February 2021 related to the new track LAND inspection contract, for Cemig's concession area;
- Signature in May 2021 of the new SATELLITE security strip inspection contract, covering Cemig's entire concession area;

- Publication of the Policy on Equation and Prevention of Human Occupation Under Lines;
- Feasibility studies for the implementation of community gardens in safety lanes, through agreements involving entities related to municipal and state administration.

## Security Measures in occupancy ranges

During the Covid-19 pandemic, Cemig's performance to regularize communities did not change. Notifications of safety lane invasion continue to be made in person, maintaining all health protocols suggested by official health agencies.

The issue is managed through an indicator created to define the variable portion of profit sharing, which measures the number of families that occupy the safety band and that were relocated in the calculation period based on the historical average, and the number of families occupying the safety range that were impacted by electromechanical reinforcement works carried out on high voltage lines.

The human occupation of the safety lanes of high-voltage overhead lines is a problem that occurs in several Brazilian concessionaires. This is, in addition to other factors, a reflection of the socioeconomic conditions of part of the population. The vast majority of occupations belong to low-income families, without housing options, who find an available area in the safety zones to settle down, even in precarious security conditions. In view of this situation, and in line with its strategic planning, Cemig identified the need to act on security solutions for the population.

The goal is to reverse this critical situation represented by the occupations of the safety lanes of transmission and distribution lines of electricity. **GRI 103|203; 103|413**

## Crisis Management Plan

Cemig has the crisis management plan with dams, focusing on: establishing synchronized actions that will be taken in the event of emergencies with dams, with a view to preserving human life and reducing material losses, ensuring the continuity of the Company's activities, preventing critical processes from being affected, preserving the Company's image, informing the public and reducing impacts on the population.

The implementation of the Crisis Management Plan started in 2020 and is expected to be completed in 2022, with implementation together with the Senior Management and Regional Offices with decentralized actions. As it involves several Cemig's sectors, the crisis management plan has parts contemplated by the Company's management plan.

**During the Covid-19 pandemic, Cemig's performance to regularize communities did not change.**



## Results – Population Accidents

Cemig continuously provides information and clarifications regarding the safe use of energy and promotes the population’s awareness of the care needed to live with energy networks, preventing accidents and saving lives. **GRI 03|416**

The safe use of energy is a matter of relevance to Cemig precisely because it directly addresses issues that encompass the safety of the customer and the population. The Company is aware of the risks and dangers inherent in the use of electricity by the population and is dedicated to preventing and monitoring the occurrence of accidents throughout its concession area. In addition to this, Cemig has been carrying out and encouraging the participation of all students from schools in the concession area, together with ABRACOPEL, to participate in the writing, drawing and video contest with the theme safety with electric energy.

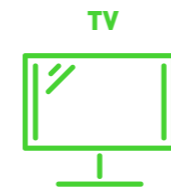
Cemig invests in communication for the safe use of energy, conducting information campaigns, providing technical instructions in its relationship channels, providing teams for verification and guidance on risk situations, to inform about the safe use of electricity, among others.

Throughout its concession area, Cemig promotes accident prevention actions, guiding the population directly, through articles (radio, newspaper, digital media and TV) and posts on social networks; and indirectly, with different types of educational material published electronically and in the form of booklets, folders and posters, as well as possible campaigns in the communities.

In 2021, Cemig increased press releases, with a special focus on educational campaigns, actions in which approximately R\$1 million were invested.

Cemig’s communication pieces comply with the recommendations of the Brazilian Association of Business Communication (Aberje) and ensure that the companies contracted for the campaigns follow the Brazilian Code of Advertising Self-Regulation (Conar). Therefore, there were no cases of non-compliance with regulations and voluntary codes related to marketing communications or information about the Company’s services, in addition to complying with all the clauses established in current agreements. **GRI 417-1; 417-2; 417-3**

## PRESS - CONSOLIDATED AMOUNT OF THE YEAR



**102**  
Reports



**108**  
Reports



**36**  
Reports



**598**  
Reports

In 2021, 26 releases were made, which resulted in 844 articles and a financial measurement of R\$5,040,376.24.

In addition, Cemig makes available on its website various information to the population regarding the safe use of electricity<sup>11</sup>, both in urban and rural areas. These precautions involve the use of energy inside homes, on the streets, in the countryside, close to buildings, during rainy periods, festivities, all of which are structured in a trousseau of pieces which are called thematic campaigns. These campaigns receive regional impulses from technical analyzes that allow the identification of a greater number of occurrences by activity, demographic expansion and investments, among other variables, including economic ones. **GRI 416-1; 416-2**

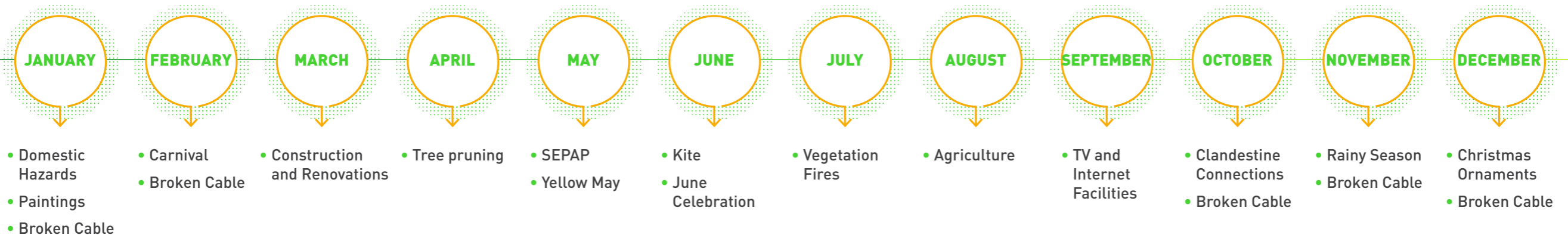
<sup>11</sup> Available on: <http://www.cemig.com.br/seguranca>

## Cemig makes available on its website various information to the population regarding the safe use of electricity.

In this way, the Company considers that 100% of the customer segments served in its Concession area are covered by its communication actions regarding the safety of the population. There are no records of non-compliance with laws and/or voluntary codes regarding health and safety impacts caused by products and services during the period covered by the report.

### PROPOSED ACTION – POPULATION

Share the safety contents of the population



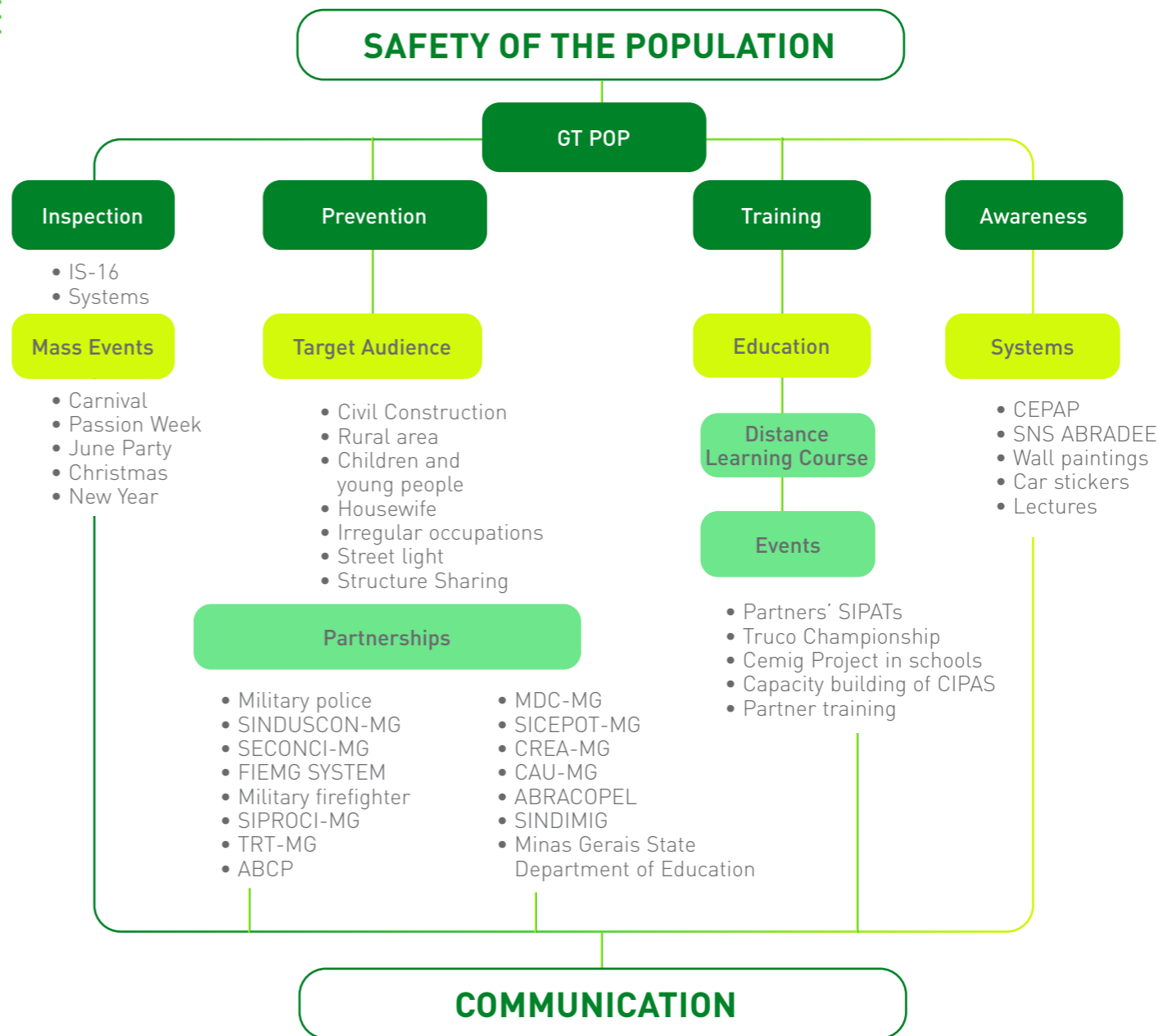
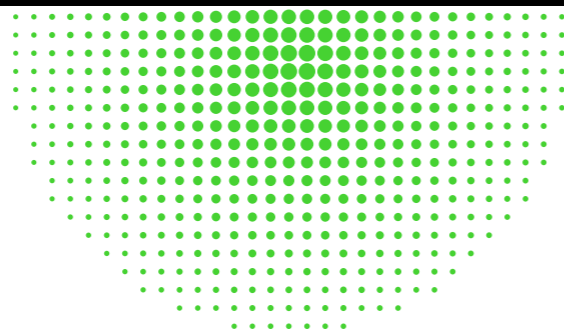
**INTEGRATED COMMUNICATION PLAN FOR SAFETY WITH THE POPULATION**

According to data released by the Consumer Protection Institute (IDEC), Minas Gerais was the second state in the national ranking with more accidents with the population in the electricity grid and the third in number of deaths in the last ten years<sup>12</sup>.

Cemig annually updates the Strategic Integrated Communication Plan for Safety with the Population, rewriting actions and strategies to ensure effectiveness with its stakeholders in relation to the safe use of electricity.

Among the objectives of this Plan are the awareness of the population, the mobilization of the various stakeholders of the Company for the inclusion of guidelines on safety in the use of energy, and the awareness of employees for attitudes of prevention inside and outside the Company. The Plan also aims to disseminate mass communication campaigns, providing information of public utility to a wide audience and launch targeted communication campaigns, providing information of interest to specific audiences.

<sup>12</sup> Available on: <<https://idec.org.br/release/pesquisa-do-idec-denuncia-alto-numero-de-acidentes-de-choque-em-fios-eletricos-no-brasil>>



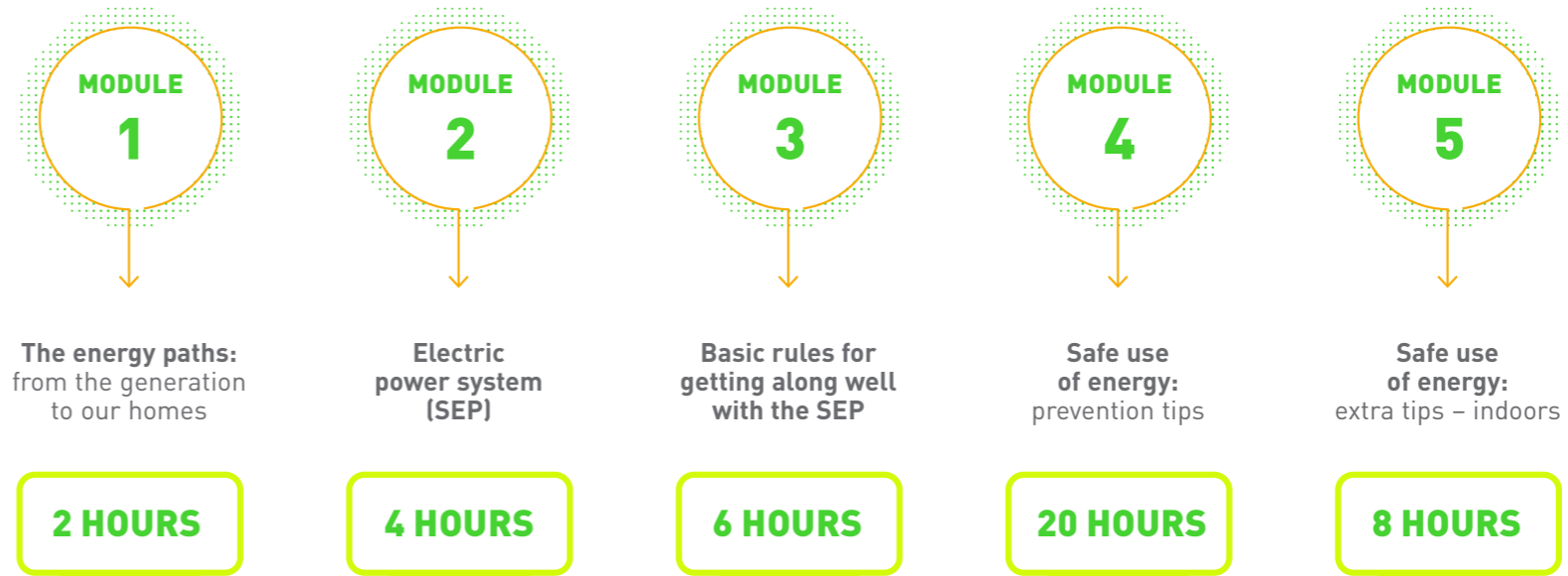
Cemig has established technical cooperation agreements with 26 entities that have common objectives regarding the prevention of accidents with the population, such as the Union of Civil Construction Industries of the State of Minas Gerais - SINDUSCON/MG, the Council of Architecture and Urbanism of Minas Gerais - CAU/MG and the Firefighters. The capillarity and specificities of these entities assist Cemig in the dissemination of safety information, in addition to supporting in risk situations identified by the parties.

Acting in another pillar of the Plan, that of education, Cemig made available in 2020 the training in the distance modality – Safety with Electricity<sup>13</sup>, free and directed to the population, from the age of 10 years. The course is also available for people with hearing and visual impairments. The training aims to enhance the dissemination of information on safety with the use of electricity and expand public knowledge on the subject. It is organized into 5 modules:

<sup>13</sup> Distance Learning Training Enrollment Link – Electrical Power Safety: <https://univercemig.cemig.com.br/>

## SAFETY WITH ELECTRICITY

Learn about Cemig’s free distance training



**Cemig has established technical cooperation agreements with 26 entities that have common objectives regarding the prevention of accidents with the population.**

After a worsening in the results of 2018 and 2019, Cemig reduced again the records of accidents with the population in the Company's concession area from 2020. When comparing the results of accidents with the population, with regard to contacts of people with the electricity network, in 2021 the Company recorded its best result of the historical series.

**14** [Link to power BI GP/ St. Application](#)

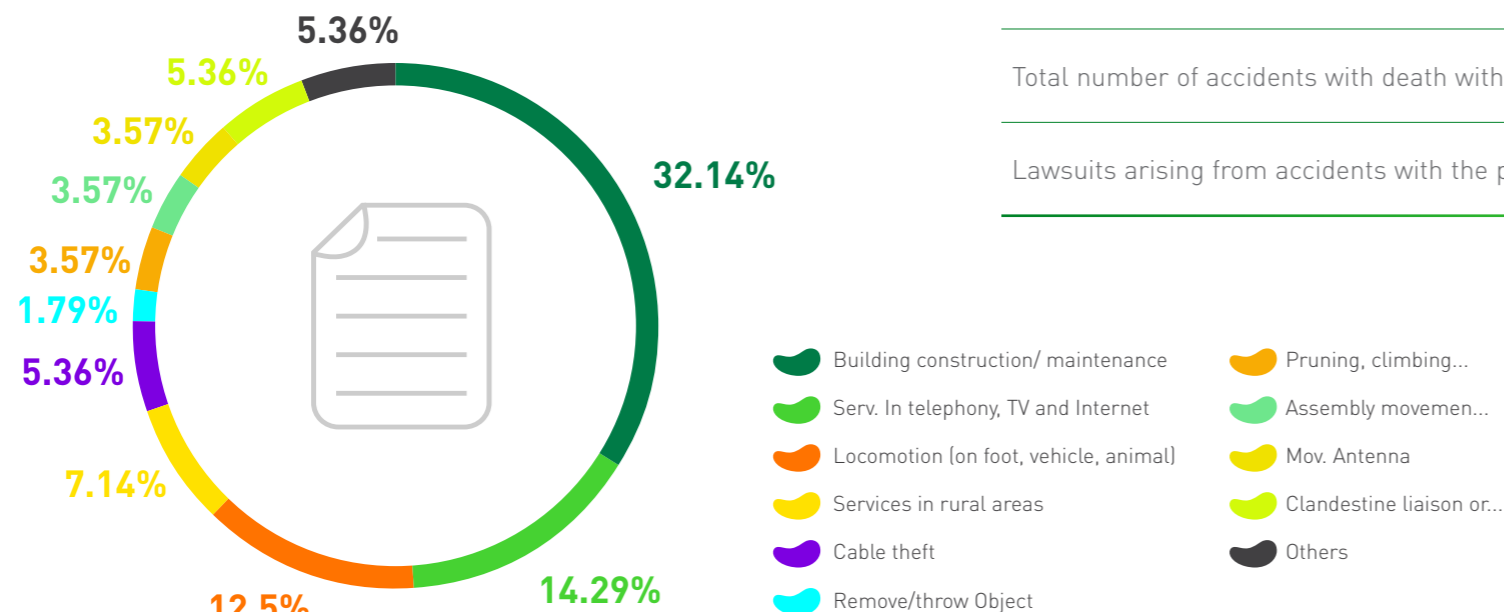
When an accident occurs, an investigation process is initiated and the conditions of the event are evaluated to verify the causal link between the occurrence and Cemig's activity or asset operation. In 2021, a stratification of recorded accidents was carried out; the table below shows the accidents with the population.

In 2021, there were 51 lawsuits filed against Cemig, related to accidents with the population.

Cemig continues to make efforts to pursue the goal of zero accidents with the population.

The following chart shows the accidents with and without fatalities recorded in 2021, by activities <sup>14</sup>.

**HISTORY OF ACCIDENT RECORDS WITH POPULATION**



**TOTAL NUMBER OF ACCIDENTS WITH THE POPULATION (WITH AND WITHOUT DEATH) - 2018 TO 2021**

Impacts on health and safety	2019	2020	2021
Total number of accidents without death with the population	68	47	55
Total number of accidents with death with the population	21	22	21
Lawsuits arising from accidents with the population - General Litigation Base	ND	ND	51

Indemnity for Electrical Damage	2019	2020	2021
Volume of Requests (units)	ND	18,799	ND
Reasoned Requests (units)	ND	4,478	ND



## Emergency Action Plans

In compliance with the determination of the legislation on dam safety, Cemig prepared the PAEs, Internal and External, described below:

- **Internal PAE:** document in which all detection, prevention and correction procedures to be adopted by Cemig in emergency are described. The document aims to confer a relative degree of certainty and agility in decision making, by the technical staff involved, and, where possible and appropriate, preserve the structure of the dam, preventing the accident;
- **External PAE:** document in which the interfaces between Cemig and the external public are drawn during the detected emergencies. In compliance with Aneel Normative Resolution No. 696/2015, the internal PAEs have been handled by the company's internal management, responsible for the operation and maintenance of the hydroelectric plants and being made available to the projects and technical team for dam safety and civil maintenance.

External EAPs must be available in the projects, in the municipalities involved, as well as with the competent authorities and civil defense bodies. The external document focuses on presenting the risk of flooding caused by ordinary floods and possible dam rupture events. The goal is to build

a culture of readiness for flood situations for the communities installed along the rivers where Cemig's plants are located. Cemig prepared specific External PAE for the 42 dams, as determined in the Normative Resolution. The 42 dams worked by Cemig impact the life dynamics of 122 municipalities, and in some cases, the same municipality is covered by two PAE, since it has two dams operating in its territory.

# THE 42

dams worked by Cemig impact the life dynamics of 122 municipalities.



# Corporate Citizenship and Social Investments



**Cemig contributes with community institutions, NGOs and Research Institutes, providing infrastructure, facilities and direct costs in artistic and educational events.**



Cemig’s corporate and philanthropic citizenship strategies are aligned with its mission, vision and values in a way that encourages economic and social development in the places where it operates. The priority of the strategy is to develop socially and educationally, strengthen the cultural sector, and increase the sports sector, in order to highlight the Cemig brand.

Business activities also include promoting sustainable development principles, supporting energy savings, promoting new technologies, and creating an environment to support employee career development. By supporting projects of public benefit and collaborating with municipalities, states, and regions, Cemig strives to increase the quality of life in the entire community in which it operates. **GRI 402-1**

Several programs aimed at social and educational development are developed and implemented, some generating direct economic impacts. An example of a program is the SESI Energy Efficiency Space that aims to educate the community to the good use of energy.

**GRI 203-1**

The relationship with the communities neighboring Cemig’s projects is guided by the sense of co-responsibility and the stimulus to local economic and social development. Cemig contributes with community institutions, NGOs and Research Institutes, providing infrastructure, facilities and direct costs in artistic and educational events. **GRI 201-1**

### Some prominent projects in 2021 are:

**PROXIMITY PROGRAM** Created by Cemig to strengthen the relationship and, together with other Company programs, bring technical knowledge and promote the social development of the communities close to the plants under its concession. Meetings are held in which company specialists give objective technical lectures to clarify operational aspects of reservoirs and dams (operational and structural safety), dealing with the Emergency Action Plans (PAEs) of the dams, in addition to disclosing the socio-environmental actions of the projects.

In 2021, still under the impact of health restrictions to live with the Covid-19 pandemic, meetings with surrounding communities took place in the virtual modality. 05 webinars were held, with discussion focused on the “2021 Water Crisis”, for the projects: Nova Ponte, Emborcação, Irapé, Queimado and Rosal. The Proximity Program banner was also present in the virtual meetings and workshops on the integration of PAEs (Emergency Action Plans) from dams to PLANCONs (Municipal Contingency Plans), together with municipal civil defenses.

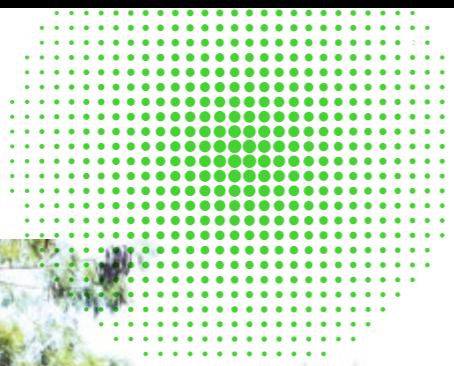
Also in 2021, 40 meetings/workshops were held with civil defense agencies (COMPDECs) from 52 municipalities, carrying out the official delivery and updating of the PAEs of the dams, presenting studies on the propagation of flood spots for rupture scenarios and exceptional floods, with indications for the determination of meeting points and escape routes.

**SPONSORSHIP PROGRAM** The Sponsorship Program consists of collecting donations from third parties (sponsors) in favor of institutions, through the electricity bill, and these donations are fully transferred via bank deposit. In 2021, 174 institutions received approximately R\$61 million in donations.

**AI6% PROGRAM** The program encourages employees and retirees to pass on 6% of their income tax due to the Childhood and Adolescence Funds (FIA).

The AI6% 2021 Campaign involved the participation of 1,300 employees who voluntarily allocated R\$1 million, with the aim of benefiting around 20,000 children and adolescents in vulnerable situations, served by the 157 participating institutions. Cemig also allocated part of the income tax due to the same FIAs. The amount invested by the Company and its affiliates was R\$2 million. In total, R\$3 million was allocated to entities distributed in 79 municipalities in the Company's area of influence.





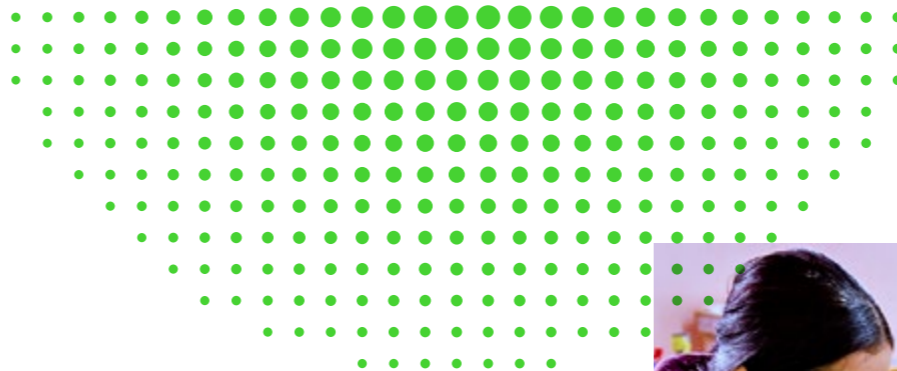
**BUSINESS VOLUNTEER PROGRAM** Corporate volunteering is recognized in the corporate world as an important tool for improving the organizational climate and skills development, in addition to contributing to the improvement of society, the image and reputation of companies. Great social transformations can be promoted from volunteer work. Offering help without receiving any financial compensation for this changes the way of looking at the world, serves as an example for the new generations and brings benefits such as increased empathy, personal development and strengthening ties with those around them.

- **Você** - Cemig volunteer program encompasses several actions to encourage and support the involvement of employees in volunteer activities. Structured to enhance the actions of ongoing volunteers, whose trajectory gradually migrates from assistance to participatory citizenship and social transformation, **Você** was created on three pillars, the first of which is to encourage volunteering, to disseminate culture in the Company and offer first contact with the subject. The second is to carry out transformative actions, where the focus is on working with entrepreneurship, education and female empowerment. The third and final pillar is the actions proposed by employees on the volunteer platform, to which colleagues can join.

Also due to the pandemic, we continue with the premise of prioritizing projects without physical contact and agglomerations. We carry out assistance actions, according to the need of the moment, such as fundraising campaigns to help people who suffered from the floods at the beginning of the year and people who suffered from unemployment caused during the pandemic, and we joined the movement to accelerate the Covid-19 vaccine, as below:

**UNIDOS PELA VACINA (UNITED BY THE VACCINE)**

The Unidos Pela Vacina Movement was born with the objective of making vaccination of all Brazilians against Covid-19 viable by September 2021. Cemig joined the movement, composed of several companies, entities and organized civil society, which aimed to adopt municipalities, supporting the supply of inputs, logistics and materials to assist in the vaccination process. Among the various actions carried out, Cemig made available vehicles and personnel to contribute to the initiative. In total, there were 329 volunteers who provided 1,391 hours of assistance in the acceleration of the vaccine.



In addition to welfare actions, we continue to invest in online social transformation actions, projects that benefit young people from communities, students from public schools and women in situations of social vulnerability in Minas Gerais, according to actions carried out:

**MULHER EMPREENDEDORA (ENTREPRENEURIAL WOMAN)** The initiative aimed to train women in situations of social vulnerability, for the management of their own businesses, encouraging female entrepreneurship. The “Mulher Empreendedora” training consists of five modules that range from a brief history of Entrepreneurship, addressing the main characteristics of an entrepreneur, to aiding in the construction of the business plan. Five editions of the project were carried out, with the participation of 23 volunteers, who attended 114 women.

**ENERGIA JOVEM (YOUNG ENERGY)** The initiative aimed to train high school youth from public schools to the labor market, helping them understand how to start their professional life and join an organization after school. The training covered topics relevant to the entry of these young people into the job market, such as self-knowledge, networking, skills to be developed, how to prepare for an interview and prepare a resume, among others. Two editions of the project were carried out, with the participation of 9 volunteers, which benefited 53 young students.

**ONLINE MENTORING** The program aimed to transform the lives of young people in social vulnerability through online mentorships with volunteer Cemig professionals, promoting a space for training and exchange of experience, in which the volunteer encourages young people who are in the career start in developing the skills necessary for development in the job market. The volunteer/mentor was connected with a young person and dealt with issues such as life planning, goals and career; curriculum workshop and LinkedIn; preparation for interviews; networking; scholarship; personal finances, among others. The program lasted two months and benefited 17 young people, who received individual and personalized mentoring by a volunteer mentor.

**ENERGY CHALLENGE ONLINE** Conducted by the Cemig/Aneel Energy Efficiency Program in partnership with Você - Cemig Volunteering, the Energy Challenge uses an innovative methodology through design thinking, immersion, ideation and prototyping tools. Three classes were held with the participation of 14 volunteers from Cemig who benefited 158 young people, being high school students and university students.

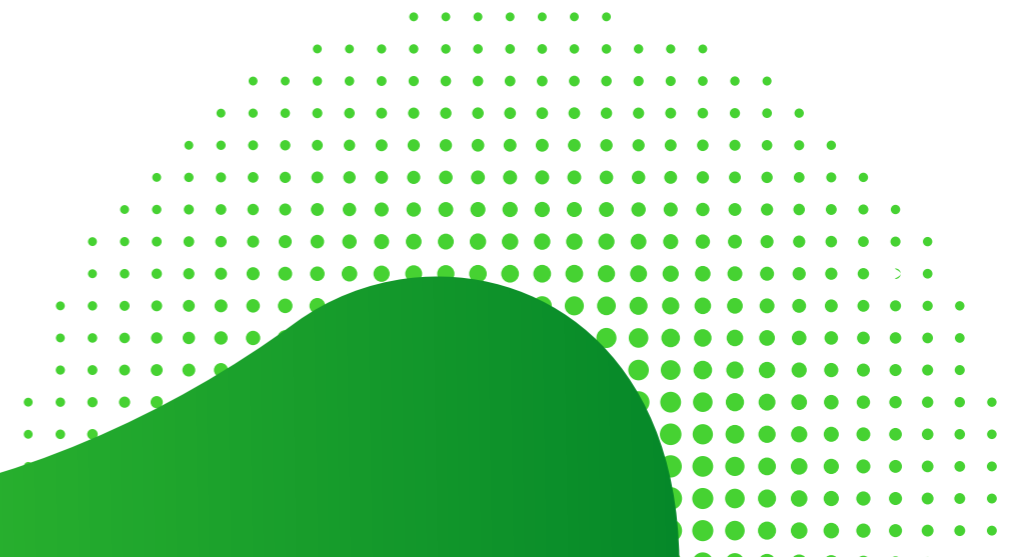




**MESE TOURNAMENT** In a partnership between Você and Junior Achievement (JA), one of the largest and oldest practical business education organizations, You participated in JAMG's Mese Tournament to celebrate "Global Entrepreneurship Week". Mese is a software that simulates a competitive market between different organizations, which compete with each other. The competition was held with teams of young students, to define which of them can make the best decisions related to price, production, marketing, factory investment and Research & Development. Three volunteers represented Cemig, guiding a team of six young people in this healthy competition, which fostered an entrepreneurial spirit in the students and stimulated the development of important skills in the current scenario in which we live. It is worth mentioning the teams of volunteers Cemig secured the 2nd place in the tournament, with a difference of only one point in the final score.

In 2021, the Volunteering Program released a total of 28 actions, including assistance, informative actions, item donations, financial donations, actions proposed by employees and social transformation actions. 513 employees participated in the actions as volunteers, totaling more than 2,000 hours of volunteer work by the Cemig Group's workforce.

**PARTNERSHIP WITH SERVAS** In partnership with the Voluntary Social Assistance Service (Servas), Cemig carried out a Campaign in 2021: Santa Claus Letters: 198 letters with requests from children, adolescents and elderly from charities and nursing homes were sponsored by employees.



## Social Investments

Cemig acts in partnership with the Government represented by the respective Secretariats and Ministries according to the adopted subject. There is also internal action, where initiatives are carried out with employees. For sponsorships, Cemig uses its own policy and encourages some sectors, such as; cultural, sporting, educational and social. In conjunction with the Policy, Cemig also makes use of the Internal Service Instruction (IS58 - Preparation and Management of Corporate Social Responsibility Projects), making the agents involved responsible and defining indicators to guarantee efficiency in the management of social projects.

The Company's business activities are governed by strict ethical standards that include responsible behavior towards the environment, employees and society. **GRI 203-1**

The funds are invested in culture, sports, health, education and citizenship, since these interests end up being common among its clients spread across 774 municipalities it serves. The main objective of these contributions is to contribute to social change. **GRI 201-1**



**Cemig invests funds in culture, sports, health, education and citizenship, since these interests end up being common among its clients spread across 774 municipalities it serves.**

**CULTURE** Cemig is the largest Culture encourager in Minas Gerais and one of the largest in the country. In 2021, 23.6 million were invested in 64 cultural projects. In addition to encouraging producers and artists, Cemig’s support brings direct benefits to the population, which now has access to cultural goods in a safer and more democratic manner.

Experimentation is also allied to the company’s business, which, in addition to working with clean energy sources and sustainable energy matrices, continually seeks innovation, combined with research and development.

Seeking new forms of energy made the company diversify its portfolio and, today, in addition to hydroelectric energy, Cemig invests in energy such as wind, solar, natural gas and, why not, Culture Energy.

This investment in culture is one of the pillars that make the Company a heritage of Minas Gerais and a great promoter of the development of the creative economy, the maintenance of traditional groups, historical equipment, in addition to the diversity in its investments in the “sociocultural” heritage, with projects aimed at occupying urban space, transforming communities and promoting innovative art.

Cemig plays a fundamental role in sponsoring notable spaces of Minas Gerais culture, among them Fundação Clóvis Salgado, Instituto Inhotim, Orquestra Filarmônica de Minas Gerais, Grupo Galpão, Grupo Corpo, among others.

**SPORT** For the community, sports projects generate social rescue and citizenship benefits, especially for children and adolescents, by encouraging the practice of sports and generating the possibility of becoming athletes. For Cemig, sports projects strengthen its image as a company committed to the development of healthy habits, well-being and the development of local communities.

Cemig launched a public call for proposals in 2021 to select projects aimed at the practice of sports, catchment of raising funds through federal or state Sports Incentive laws. A total of 173 projects were received (116 under federal law and 57 under state law) and we allocated approximately R\$3.4 million to the best evaluated projects throughout the year.



**In 2021, 23.6 million were invested in 64 cultural projects.**



**ELDERLY FUND** The population over the age of 60 has increased and life expectancy has also increased. In this context, Cemig seeks, through the allocation of incentivized resources, to enable projects to protect and care for the elderly in the state of Minas Gerais, with a view to expanding and improving actions aimed at this population. In addition, the Company's priorities are also to support proposals that enable the structuring of the Municipal and State Funds for the Elderly, improving the actions aimed at this public.

In 2021, a public call was issued to select the projects to support the elderly that are more in line with organizational guidelines. Forty-eight projects were received for the first cut-off date for project selection and approximately R\$3.4 million was allocated for the best evaluated projects.

**SAÚDE** In 2021, Cemig invested R\$1.1 million in different regions of Minas Gerais, where 18 hospital units were served, involving the replacement of autoclaves, dryers and installation of photovoltaic plants.

Throughout 2021, 4951 individuals benefited from the FIA, the Elderly Fund and the Sports Incentive Law.

**INTERNAL AND EXTERNAL SOCIAL INVESTMENTS**

SECTOR	2019	2020	2021
Culture	R\$31,777,516.97	R\$20,449,013.93	R\$22,393,958.64
Education	R\$4,434,979.33	R\$2,413,165.44	R\$1,902,375.13
Sport	R\$4,982,240.21	R\$4,940,834.11	R\$3.381.299,47
Social Actions	R\$97,826,073.60	R\$55,739,000.00	R\$42,909,245.68
Health	R\$2,049,320.00	R\$5,000,000.00	R\$1,130,653.94
Public Heritage	R\$8,603,736.77	R\$0.00	R\$0.00

CATEGORY	PERCENTAGE OF TOTAL COSTS
Charitable Donations	11.5%
Community Investments	40.2%
Commercial Initiatives	48.3%
<b>TOTAL</b>	<b>100%</b>

Investments in philanthropic/corporate citizenship contributions are in line with Cemig's corporate strategy (Mission, Vision, Maps and Strategic Initiatives). The initiatives developed are related to socio-educational development, through the Energy Efficiency Program in low-income communities, strengthening of social entities (through Cemig - "Você" Volunteer Program, which includes the Al6% - Training Citizens Program), Projects for Granting Donations and Sponsorships in Culture, Sports and Health. All these initiatives are in line with the public policies of the communities where the company operates, contributing to the strengthening of its brand and reputation.



In 2021, about 950 thousand Cemig consumers received monthly tariff benefits related to the social tariff, in the **TOTAL AMOUNT OF R\$269.7 MILLION IN THE YEAR.**

## ACCESS TO ENERGY

Cemig also operates with the social tariff, a discount on the electricity bill for low-income families. In 2021, about 950 thousand Cemig consumers received monthly tariff benefits related to the social tariff, in the total amount of R\$269.7 million in the year.

With the regulation of Law No. 14.203/2021 and the signing of the protocol between ANEEL, Ministry of Mines and Energy and the Ministry of Citizenship, the Social Tariff began to be automatically granted, as of November 30, 2021, to families that are entitled, and it is no longer necessary to request to the distributor. Currently, about 12.3 million families in Brazil receive the social tariff. Estimates indicate that there are 11.5 million more in the country who would be able to take advantage of the discounts.

The right to the benefit is granted to consumers who are registered in the Single Registry for Social Programs of the Federal Government - Single Registry, or who receive the Benefit of Continued Provision of Social Assistance - BPC, under the terms of Article 20 and 21 of Law No. 8.742 of December 1993. The discount, in this case, focuses on consumption of up to 220 kWh, above this consumption, there is no discount. The discount is cumulative and follows the consumption range: 65% from 0-30 kWh, 40% from 31-100 kWh, 10% from 101-220 kWh and 0% of over 220 kWh. Indigenous and quilombola families have a 100% discount up to the consumption limit of 50 kWh/month.

The greatest risks inherent to the program are linked to the delay in the transfer of funds and the impact on the distributor's cash flow. The loss of revenue from the subsidy granted is monthly covered by the amount of the Energy Development Account (CDE).

### Legal Energy Program

The Legal Energy Program will bring a new energy distribution network standard to 120,000 families located in urban areas of the company's concession area, many of them still without regular electricity service. This new standard consists of a modern and automated Centralized Measurement System, which allows the execution of several services remotely, such as; reading, cutting and reconnecting, making the entire customer service process faster, safer and more efficient. In addition, this system will greatly contribute to the fight against irregular energy use and default.

In this project, they are smart meters, making the network shielded, making it impossible for illegal hookups, clandestine connections, the process is automated through computerization, so the measurement takes place through a digital transformer that transmits the reading in real time to Cemig, without access to the consumer.

The program foresees that the first network installations will be made in the second half of 2022 in the Isidora community of Belo Horizonte and with the completion of the service of all 120 thousand families in 2023.

**AS PART OF THIS PROGRAM, CEMIG INTENDS TO ESTABLISH AN INTENSE RELATIONSHIP WITH ALL COMMUNITIES TO BE SERVED, BRINGING SEVERAL BENEFITS AND SOCIAL PROJECTS, SUCH AS:**

- Professional training courses;
- Sports schools for children;
- Conducting individual family diagnoses;
- Distribution of efficient lamps;
- Evaluation of replacement equipment (refrigerators);
- Guidelines to residents with tips on saving and safety with the electricity network;
- Debt negotiation and registration for new calls;
- Registration of social tariff.



## Energy Efficiency

Cemig historically invests in the dissemination and awareness of issues related to the culture of efficiency, aiming to combat the waste of electricity and the preservation of natural resources. Cemig D annually develops the Energy Efficiency Program (PEE), in compliance with the sectoral legislation that determines the allocation of a percentage of the Company's annual net operating revenue in projects carried out in consumer facilities, aiming at increasing energy efficiency in the final use of electricity.

Cemig D's Energy Efficiency Program annually carries out several projects in all sectors of society. The portfolio of this program includes projects arising from the annual Public Calls and projects developed directly by Cemig.

In 2021, the program invested R\$40 million in projects throughout Cemig D's concession area, corresponding to 22% less than in 2020 (R\$52 million), in addition to making R\$140 million available in a new process of Public Call to select proposals for the composition of the project portfolio to be financed in 2022. Below are the investments made in 2021:

The program's actions always aim at energy efficiency associated with social responsibility and innovation in line with the strategic objectives of Cemig D's business, with emphasis on operations in hospitals, philanthropic entities, schools, low-income communities and government facilities.

### IN 2021, THE ACTIONS WERE AIMED AT:

- Replacement of public school lighting throughout the concession area;
- Replacement of lighting, dryers, autoclaves, surgical lights and installation of photovoltaic plants and solar water heating in public and philanthropic hospitals in the concession area;
- Installation of photovoltaic plants in Institutions of Support and Protection for Convicts - APACs;
- Lectures using mobile itinerant units for public school students;
- Orientation, replacement of lamps, refrigerators and showers in quilombola communities within the concession area;
- Financing of selected projects through the Public Calls for Energy Efficiency.



**In 2021, the program invested R\$40 million in projects throughout Cemig D's concession area.**

**DETAILS OF PEE ACTIONS BY TARGET AUDIENCE**

DESCRIPTION OF ENERGY EFFICIENCY PROJECTS	Target Audience	Qty Completed (Consumers)	Investment (R\$)	Energy savings (MWh/year)	Reduction in demand at the tip (kW)	tCO <sub>2</sub> e avoided
Enhancement of Associations of Protection and Assistance to the Convicted - APACs (Lighting)	APACs of the concession area of Cemig D	3	3,123,398.69	357.21	6,83	32
Efficiency of low-income communities (Lamps, Refrigerator, SAS>Showers, Visits)	Low Income Families of MG Countryside	0	2,123,925.20	0.00	0.00	0
Efficiency of RMBH low-income communities (Lamps, Refrigerator, SAS>Showers, Visits)	Low Income Families RMBH	0	68,357.34	0.00	0	0
Efficiency of low-income communities (Lamps, Refrigerator, Showers, Visits)	Low income families that are quilombola, indigenous and affected by dams	29	1,547,888.73	293.87	153,47	26
Schools Efficiency (Lighting and Photovoltaic)	Public network schools	1.123	16,352,668.84	15,256.59	3,850.00	1,358
Educational	Public network schools	0	1,419,592.13	0	0	0
Hospital Efficiency (Autoclaves, Lighting, Surgical Focus, Dryers and Photovoltaic)	Public and philanthropic hospitals	16	7,284,299.36	1,452.96	247,50	129
Innovation Sanitation	Water and sewage public services	0	107,627.82	0.00	0	0

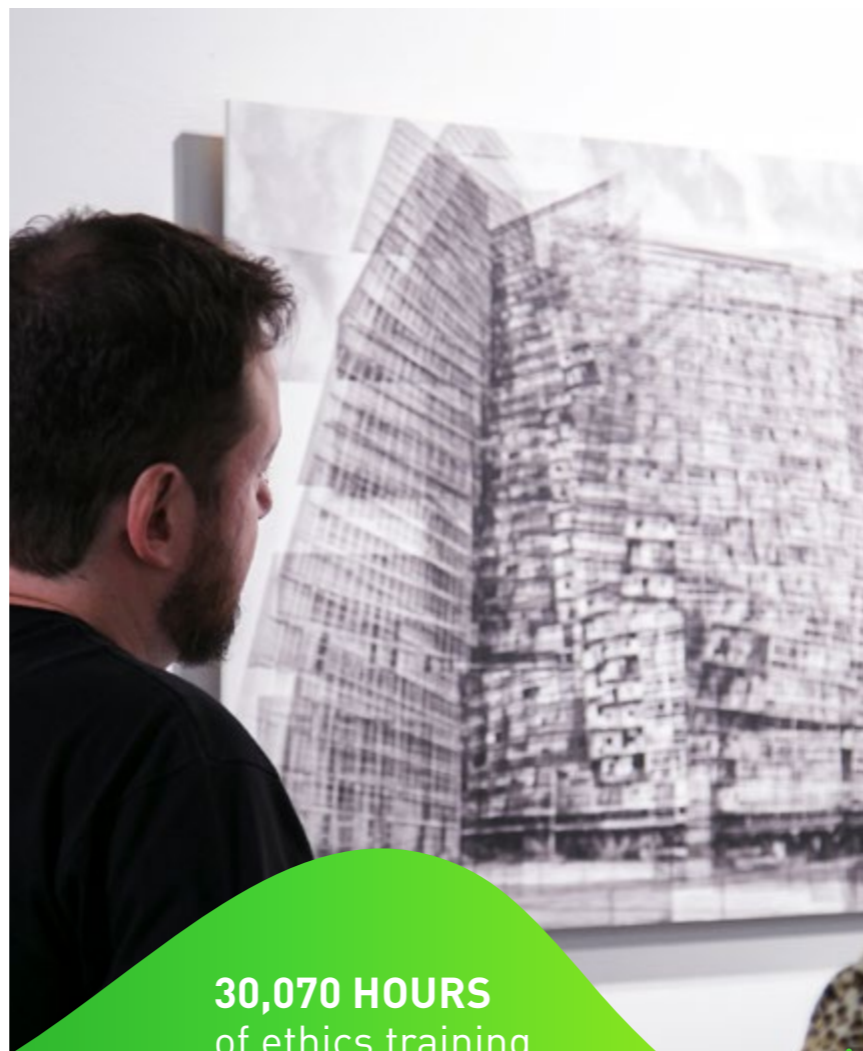
DESCRIPTION OF ENERGY EFFICIENCY PROJECTS	Target Audience	Qty Completed (Consumers)	Investment (R\$)	Energy savings (MWh/year)	Reduction in demand at the tip (kW)	tCO <sub>2</sub> e avoided
Financing of projects selected by Public Call	Whole Community	7	1,458.292.26	3,225.11	628,93	287
Installation of Cogeneration system	Indústria Bem Brasil	0	0	0.00	0.00	0
Hospital Efficiency (Solar Water Heating)	Public and philanthropic hospitals	2	14,646	194,00	589,00	17
Improvement of Institutions for the Elderly (Solar water heating)	Philanthropic institutions	4	126,154	36,34	16,00	3
Projects in progress	For-profit consumers	0	0.00	0	0	0
Projects in progress	non-profit consumers	0	6,609,365.23	0	0	0
Management Plan	NA	0	548,700.66	0	0	0
<b>TOTAL</b>	-	<b>1,184.00</b>	<b>40,784,915.71</b>	<b>20,816.08</b>	<b>5,491.73</b>	<b>1,853</b>

**Cemig Sesi space for energy efficiency at the Museum of Arts and Craft**

As a result of a partnership between CEMIG and SESI MAO, the CEMIG SESI Energy Efficiency Space is a great cultural attraction for the weekend. The place remains open for visitation from Tuesday to Saturday at the Museum of Arts and Craft, located in Praça da Estação, in Belo Horizonte.

The SESI Museum of Arts and Crafts was included in the Science circuit of the Municipality of Belo Horizonte, which allows students from the municipal education network to have access to the SESI CEMIG space for energy efficiency, thus expanding access to knowledge in an enriching way.

Through augmented reality devices, interactive games, models, exhibitions of artists who use energy matrices in their work, workshops and other attractions, the space provides the public with the opportunity to learn about the evolution of electric energy from the beginning of industrial development to new and sustainable sources of renewable energy, disseminating the culture of efficient use of energy with a focus on sustainability.



**30,070 HOURS**  
of ethics training  
were carried out  
for the workforce.

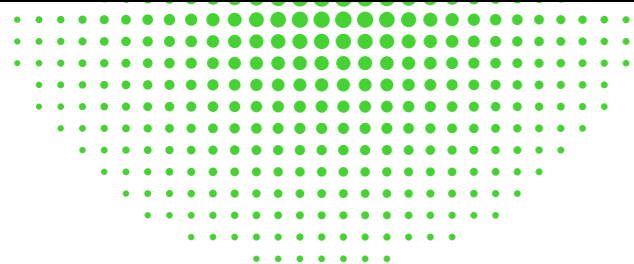
# Human Rights

GRI 103|412; 103|410; 412-1; 412-3; 416-1

In a public document entitled Commitment to Human Rights, Cemig declares that it respects and supports the protection of internationally recognized human rights in its area of influence, aiming to ensure that it is not an accomplice or supporter of abuses and violations. This document also expresses the Company's alignment with the UN Universal Declaration of Human Rights, the fundamental norms of the International Labour Organization (ILO) and the UN Global Compact.

For Cemig, workplace-related human rights include, as a priority, respect for the individual, health and safety, development, fair and equitable employment practices, prohibition of discrimination, collective bargaining agreements and prohibition of forced and child labor.

In 2021, the Annual Training and Adherence to the Declaration of Ethical Principles and Code of Professional Conduct was carried out, which addressed the themes of valuing diversity and combating discrimination, in addition to reinforcing Cemig's Commitment to Human Rights. It had the participation of 15,035 employees of the workforce, 4,975 of which were own employees and 10,060 outsourced, accounting for 30,070 hours of training.



99% of Cemig’s own employees conducted the online recycling training of Cemig’s Declaration of Ethical Principles and Code of Professional Conduct version 2021, which addressed the themes of valuing diversity and combating discrimination and Cemig’s Commitment to Human Rights.

2021

TOTAL EMPLOYEES

5,025

TOTAL TRAINED EMPLOYEES

4,975

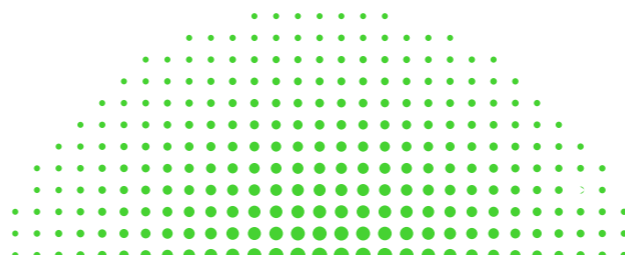
PERCENTAGE

99.0%



Cemig aims to prevent, mitigate and remedy human rights violations that may occur in its operations, along its value chain or in communities where it operates, even if it has not contributed to generate them. The Company carries out the due diligence process on human rights, in line with the UN Guiding Principles on Business and Human Rights. Conducted for the first time in 2017 and with periodic annual review, the process is based on the identification of the Company’s impacts on human rights.

Cemig uses a specific methodology, which makes it possible to assess the impact on 100% of its own operations and those of suppliers, as well as the impact on local communities. The assessment of the impacts of Cemig’s activities that pose a greater risk to fundamental rights resulted in a matrix of risks of violation of these rights. The impact assessment included severity, extent, duration, remediation and whether the Company is directly related or indirectly contributes to the risk of breach. To assess risks and identify actual or potential impacts, several sources of consultation and the knowledge of internal workforce experts were taken into account.



SOURCES OF CONSULTATIONS LINKED TO POTENTIALLY IMPACTED GROUPS/INDIVIDUALS

Groups / individuals	Consultation source
Employees and leadership	Climate Research, Organizational Culture Research and Complaints Channel.
Suppliers	Human rights audits and Complaints Channel.
Customers and community	Customer survey, actions of engagement with the community and ombudsman of Cemig, comments on the company’s official social networks.
Vulnerable groups or minorities (women, immigrants, blacks, indigenous peoples, children, people with disabilities, LGBT+), inside and outside Cemig	Internal and external research, Whistleblowing Channel, investigation of cases of harassment, discrimination or violence in Cemig’s operations and/or involving employees and suppliers and forums on the topic of Human Rights, Diversity and Inclusion.



**SUMMARY OF INTERACTIONS WITH HIGHER RISKS OF NON-COMPLIANCE WITH HUMAN RIGHTS**

**Rights**

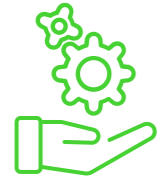


**Employees**

Right to life

Right to non-discrimination and freedom of opinion

Right to health



**Suppliers**

Right to life

The right not to be subjected to forced labor

The right to decent and just working conditions

Right to non-discrimination and freedom of opinion

Right to health



**Surrounding  
Community**

Right to life



Stakeholders	Cemig's Commitment	Mitigation actions	Monitoring actions		
Employees	Cemig must ensure that its employees perform their work activities with the adequate level of safety, thus avoiding accidents that can lead to deaths (Cemig's Human Rights Commitment - Subject: Health and Safety).	Risk Analysis	Insurance Inspection registration system (NEXO); HR - Health and Safety		
		Criteria for Educational Checks on Work Safety	Monitoring System for Occupational Accidents and Risks (SMART)		
		Safety Inspections	Safety Inspections		
		Risk Management Program	PGR		
		Audits, OHSAS 45001	Audits		
		Guardians of Life Program	Risk monitoring and analysis		
		Labor Safety Policy			
		Non-participation in activities involving the risk of employees who are not in adequate health conditions (physical, emotional and social)	Outstanding Employee Safety Award (annual)		
			Cemig must ensure the health of its employees. Respect for life is one of the Company's values. (Cemig's Human Rights Commitment - Subject: Health and Safety).	Since the beginning of the pandemic: <ul style="list-style-type: none"> <li>• remote work for employees and contractors</li> <li>• providing masks to teams in the field</li> </ul>	Since the beginning of the pandemic, all employees and contractors must respond daily questionnaire about their health conditions (symptoms, contact with people infected with coronavirus, etc.)
				Mandatory online training on care protocols against Covid-19	
Availability of booklets on Covid-19, remote work, "how to adapt to the new normal", publication of articles and Blog Viva Mais	HR - Health and Safety and Cemig Health Yes				
Implementation of electronic signature of documents					
Online physical activity program					
"SOS - Emotional Support" and Support Group - "Group Therapy"	Temperature measurement before work starts for employees who are not working remotely				

Stakeholders	Cemig's Commitment	Mitigation actions	Monitoring actions
Employees	Cemig must ensure the health of its employees. Respect for life is one of the Company's values. (Cemig's Human Rights Commitment - Subject: Health and Safety).	<p>Influenza Vaccination Campaign (employees and dependents)</p> <p>Virtual guided meditation room for employees</p> <p>Online medical consultations by Cemig Saúde for employees and dependents</p>	<p>Temperature measurement before work starts for employees who are not working remotely</p>
Suppliers	Cemig must ensure that its suppliers perform their work activities with the adequate level of safety, thus avoiding accidents that can lead to deaths.	<p>Risk Analysis</p> <p>Criteria for Educational Checks on Work Safety</p> <p>Safety Inspections</p> <p>Presentation of the action plan for correcting failures and recurrence, and the effectiveness verified in quarterly audits; Formal Safety Guidance to Contractors and Employees of Contracted Companies</p>	<p>Technical Assessment Questionnaire HR - Health and Safety</p> <p>Monitoring and Auditing System for Practical Security Analysis (SIMASP)</p> <p>Monitoring System for Occupational Accidents and Risks (SMART)</p> <p>Safety Inspections</p>
Suppliers	Cemig shall ensure that its suppliers carry out labor activities in accordance with Brazilian Labor Law which prohibits forced or slave-like labor.	<p>Protective contractual clauses of Human Rights</p> <p>Periodic audits including visits to suppliers' facilities</p> <p>Verification of working conditions: employees' labor rights, legal working hours, minimum of 11 hours between working hours, hygiene and health conditions, accommodations and other items</p> <p>Industrial Technical Assessment (ATI)</p> <p>Technical Evaluation of Contractors (ATE)</p> <p>Identification of suppliers with high risk in sustainability</p>	<p>Risk monitoring and analysis</p> <p>Risk monitoring and analysis</p> <p>Suppliers Award</p>

Stakeholders	Cemig's Commitment	Mitigation actions	Monitoring actions
Suppliers	<p>Cemig must ensure that its suppliers perform labor activities in accordance with Brazilian Labor Law, which includes, among other things, working hours, dismissal practices, compensation, and practices related to compliance with Occupational Health and Safety.</p>	<p>Protective contractual clauses of Human Rights</p> <hr/> <p>Periodic audits including visits to suppliers' facilities</p> <hr/> <p>ATI</p> <hr/> <p>ATE</p> <hr/> <p>Procedure for Identification of suppliers with high risk in sustainability</p> <hr/> <p>Indicators</p> <hr/> <p>The monitoring and supervision of the execution of the contracts are monitored and supervised by the administration and may occur total or partial suspension of the contract when there is a risk to the security of the contracted employees</p> <hr/> <p>Monitoring the work of field teams by safety technicians, aiming to zero any unsafe act</p> <hr/> <p>Non-participation in activities involving the risk of employees who are not in adequate health conditions (physical, emotional and social)</p>	<p>TF - Accident Frequency Rate</p> <hr/> <p>TG - Severity Rating</p> <hr/> <p>IDF</p> <hr/> <p>Inspections</p> <hr/> <p>Inspections</p> <hr/> <p>Suppliers Award</p>
	<p>In all its relationships, Cemig fights and condemns any form of discrimination based on race, gender, sexual orientation, color, appearance, nationality, religion, age, physical and mental condition, marital status or political ideology, and values diversity and equal opportunity.</p>	<p>Training of the Code of Conduct in the Supplier Portal of Cemig, which includes the subject of non-discrimination and appreciation of diversity</p> <hr/> <p>Actions of inclusion and non-discrimination of the Diversity Appreciation Group involving suppliers</p> <hr/> <p>Supplier qualification process (Declaration on Basic Registration Requirements)</p>	<p>Control and investigation of complaints about discrimination, bullying and sexual harassment. (It is noteworthy that Cemig's Code of Conduct includes as recipients the contractors and subcontractors). Audit and Compliance</p>

Stakeholders	Cemig's Commitment	Mitigation actions	Monitoring actions
Suppliers	<p>Cemig must ensure the health of its employees. Respect for life is one of the Company's values.</p> <hr/> <p>(Cemig's Human Rights Commitment - Subject: Health and Safety).</p>	<p>Since the beginning of the pandemic</p> <hr/> <p>Remote work for employees and contractors</p> <hr/> <p>Provision of masks to teams in the field</p> <hr/> <p>Mandatory online training on care protocols against Covid-19</p> <hr/> <p>Provision of booklets on Covid-19</p>	<p>Since the beginning of the pandemic, all employees and contractors must respond daily questionnaire about their health conditions (symptoms, contact with people infected with coronavirus, etc.). HR - Health and Safety</p> <hr/> <p>Temperature measurement before work starts for contractors who are not working remotely</p>
Community	<p>Respect for life is one of the Company's values and in strategic planning, efforts to promote the safety of the population are evidenced in the initiative "Minimize Impacts on the Community". This initiative presents a specific guideline for this subject: "Expand accident prevention actions with the population."</p>	<p>Information and clarification to society regarding the safe use of energy</p> <hr/> <p>Awareness of the population in relation to the care needed to live with energy networks</p> <hr/> <p>Conducting lectures and educational work in schools, providing folders and booklets to the population</p> <hr/> <p>Mapping of critical areas, with higher probability of accidents with the electricity network, aiming at prioritizing performance [replacement of networks, remoteness, campaigns]</p>	<p>Goal of human eviction of the safety bands of high voltage airlines. HR - Health and Safety</p>

In accordance with the recommendations of the UN Guiding Principles on Business and Human Rights, Cemig defines actions to mitigate, prevent and monitor, and defines a formalized process for reparation when there is a violation of rights. For example, when an accident occurs with employees or population within the Company's operations or area of influence, health, safety and social services teams follow the entire process, supporting the victim and family. Expenses related to the accident not covered by the Unified Health System (SUS) are paid - including lodging, transportation, medication, consultations, examinations, prostheses. Depending on the severity of the accident, the follow-up takes place throughout the life of the injured person. Annually, the Company reports its human rights actions, through the United Nations Global Compact Report, Sustainability Report (RAS), ISE Bovespa and DJSI. It also monitors its performance in human rights through these instruments, generating improvement actions based on obtained materials and analyses.

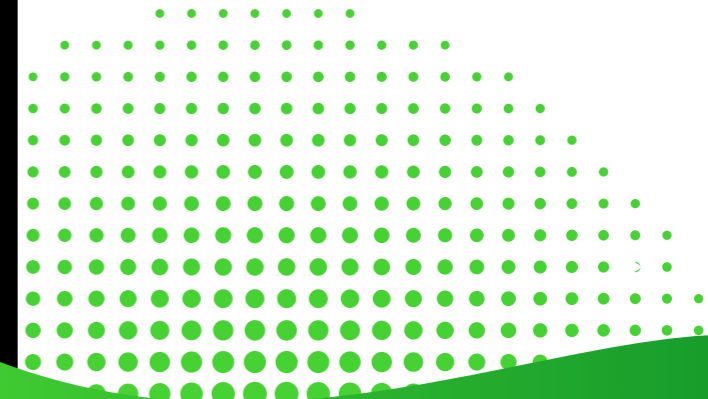


**Property and Industrial Security**

Cemig has the Industrial and Patrimonial Security team in its units, the team is fully outsourced and performs security tasks to control access to the company's sites and buildings, and the prevention of theft of these facilities.

For the provision of service, subcontractors are required to comply with the legislation and their employees to be properly trained in the applicable aspects of the security services provided and relevant human rights, including law enforcement, non-discrimination, respect for individuals and occupational health and safety care. In 2021 100% of the staff was trained, which corresponds to 148 team members.

**GRI 103|410; 410-1**



# ENVIRONMENTAL PERFORMANCE



## Environmental Management

The environmental dimension of sustainability is monitored by Cemig, especially with regard to the impacts that the organization's operations can cause to natural and unnatural systems, including ecosystems, land, air and water. There are environmental indicators, which will be presented throughout this chapter, which cover performance related to inputs (e.g. material, energy, water) and outputs (e.g. emissions, effluents, waste). In addition, monitoring of biodiversity-related performance, environmental compliance, and other relevant information such as environmental expenditures and the impacts of products and services is also carried out.

**GRI 103|303; 103|304; 103|307**



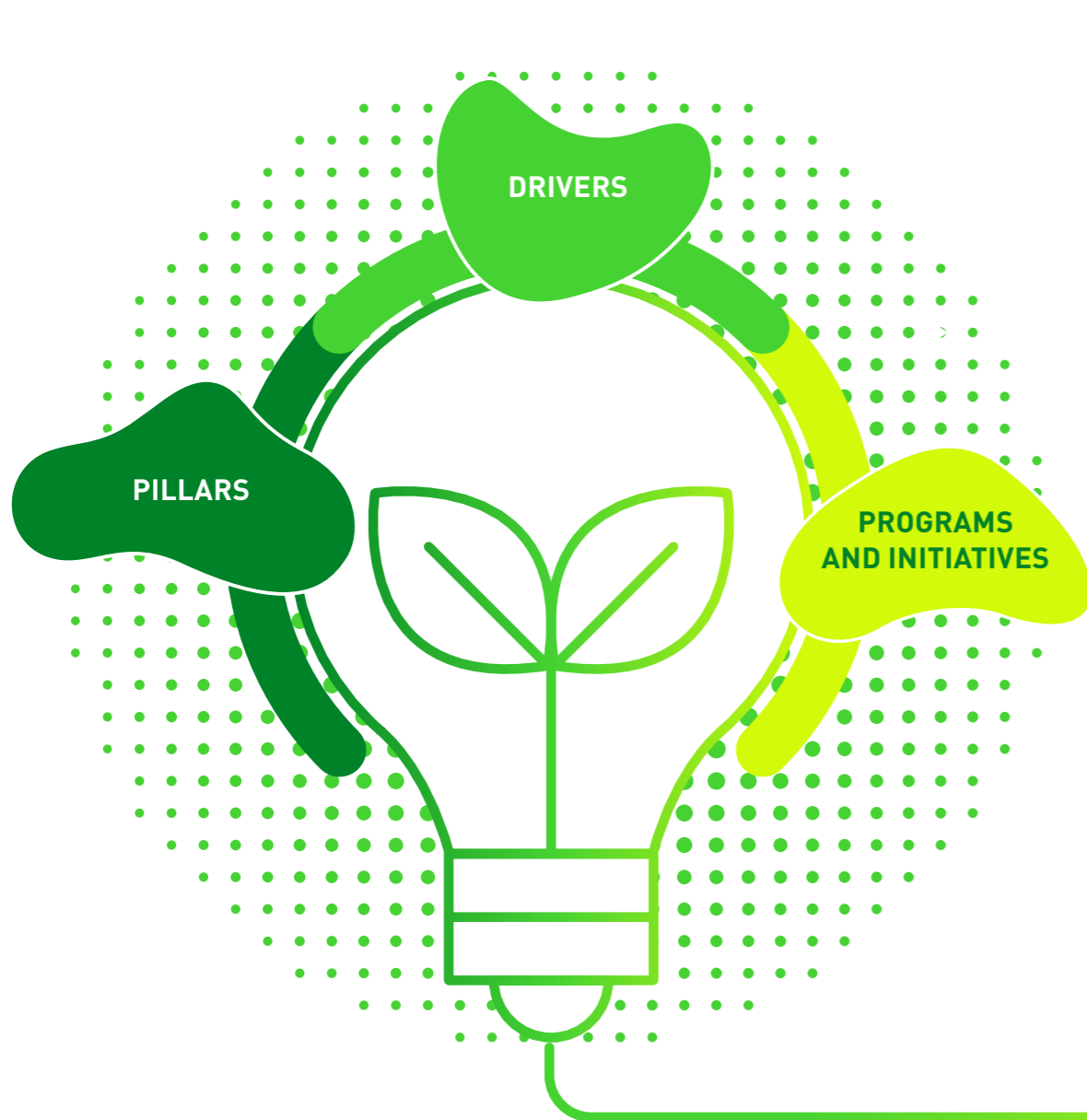
### 2021 Highlights for General Environmental Outcomes:

For the management of the subject, the Company has a widely disseminated Environmental Policy, including with the external public, which addresses the importance of interactions and possible impacts on the environment as decision-making, as well as brings respect to the environment as a business value. The Policy is based on six fundamental pillars that take into account the development of the business and the preservation/less impact on biodiversity and the conscious use of natural resources: strategy, management, compliance with legal requirements, pollution prevention, commitment to continuous improvement and communication and environmental education, which guide Cemig's processes and management routine.

Cemig's environmental management is based on its policies and guidelines, in line with the Company's strategic planning, encompassing all operational and support processes in its scope, from planning, construction and operation phases to the deactivation of the projects. The structuring of the Management Systems ensures that the assumptions are assumed and applied by all Cemig's workforce.

The Environmental Management System – EMS, based on the ISO 14001:2015 Standard, allows the adoption of best practices to minimize environmental risks and optimize operating costs. Acting in a preventive manner, it aims to minimize possible environmental impacts, reduce environmental incidents, prepare employees adequately to respond to emergencies, as well as obtain greater assertiveness in carrying out the environmental strategy and the commitments assumed with the competent agencies.

**CEMIG'S ENVIRONMENTAL STRATEGY**



**1**

- Reinforce Cemig's activities in socio-environmental issues
- Minimize environmental risk, avoiding fines, contestations, and protests
- Strengthen the image of a sustainable company

**2**

- Company preparation for the future environmental issues
- Conservation of ichthyofauna
- Proper waste management

**3**

- Peixe Vivo Program (Live Fish)
- Afforestation Management Program
- Management of corporate forests in reducing GHG emissions, water, and electricity

NBR ISO 14001 specifies the requirements of an Environmental Management System and allows an organization to develop a framework for environmental protection and rapid response to changing environmental conditions. The standard takes into account environmental aspects influenced by the organization and others that can be controlled by it.

This Standard specifies the requirements for such an environmental management system and has been written to apply to all types and sizes of organizations and to adjust to different geographic, cultural, and social conditions.

Within this context, the requirements provide the company with an understanding of the needs and expectations of the stakeholders, a broader understanding of the processes regarding the context in which they are inserted, a greater alignment of environmental projects with the organizational strategy and the process risk management. Thus, it is possible to have an integrated view of the life cycle of services developed by Cemig, understanding the environmental impacts of projects from beginning to end of their value chain.






Projects with environmental licenses certified under the NBR ISO 14001:2015 standard, and the projects that are still in the process of corrective licensing, have the Internal Management System called Level 1 EMS, developed based on requirements of NBR ISO 14001 Standard: 2015. All certified areas start to carry out their activities in a controlled manner, focusing on compliance with the legal requirements applicable to environmental management. To ensure control, the areas undergo annual independent internal and external audits performed by a certification body accredited by Inmetro's General Accreditation Coordination (Cgcre).

The regulatory requirements are applicable and complied with by Cemig, as set forth in the Management System Manual. This manual is published corporately as an Organization Instruction that specifies the most relevant topics for the Systems and guides compliance with the requirements demanded by the

standards through Cemig's practices. In addition, online training is carried out to clearly and objectively present the content of the Management System Manual and train all employees to meet the regulatory requirements of NBR ISO

9001:2015, NBR ISO 14001:2015 and ISO 45.0001:2018, thus increasing everyone's engagement with the organization's Management Systems and certified processes. Below is the coverage of Cemig's Environmental Management System:

**COVERAGE OF THE ENVIRONMENTAL MANAGEMENT SYSTEM AT CEMIG – 2021**

	ISO 14001	Level 1 EMS	Minimum Requirements
 <b>GENERATION</b>	<b>65%</b>	<b>20%</b>	<b>15%</b>
 <b>TRANSMISSION</b>	<b>72%</b>	<b>28%</b>	<b>0%</b>
 <b>DISTRIBUTION</b>	<b>0%</b>	<b>0%</b>	<b>100%</b>





Within this concept, Cemig has the Condition Compliance Index - ICC, which measures compliance with environmental conditions annually, respecting the deadlines and definitions imposed by environmental agencies, thus seeking to ensure environmental compliance with Cemig Geração e Transmissão's projects.

Cemig Distribuição has the Forest Offset Compliance Index - ICCF, which measures annual compliance with forest offset established in environmental licenses or authorization acts related to the reconstitution of flora, seeking to ensure compliance of Cemig D's projects in its main activity of vegetation suppression.

Within a period of 10 years,  
**100%**  
OF CEMIG GERAÇÃO'S  
installations will be  
evaluated in Environmental  
Management System (EMS)

Another form of management is carried out by calculating the Environmental Licensing Index for the operation of generation and transmission installations - ILOI, which aims to express the percentage of generation and transmission installations in operation with an environmental license in force. It is calculated semi-annually and its goal grows annually, considering the objective of reaching 100% in the coming years.

In addition to these indices, external audits of Legal Compliance and Environmental Management System are carried out, to assess the company's performance in relation to the principles established in the Environmental Policy and compliance with current environmental legislation, as well as control the environmental impacts of its activities.

Legal Compliance audits take place every two (2) years, and only one (1) management of Cemig Geração is evaluate, to check compliance with all environmental legislation within the scope of the EMS. Within a period of 10 years, 100% of Cemig Geração's installations are evaluated. Therefore, the results presented here refer to installations located in the Central South region that have NBR ISO 14001:2015 certification.

At Cemig Transmissão, Legal Compliance audits take place every two (2) years, and all facilities that have NBR ISO 14001:2015 certification are evaluated in them. The results are presented below:

In relation to EMS’s external audit, in 2021, no non-compliance was recorded, which shows the Company’s concern and commitment to complying with the principles established in the Environmental Policy as well as meeting the requirements of the standard.

In the 4th quarter, Cemig GT’s Condition Compliance Index – ICC achieved a 99.3% performance against the set goal of 100%. Among the reasons for this result, the following can be highlighted: Impediments caused by health restrictions due to the COVID 19 pandemic. In relation to Cemig D, the Forest Offset Compliance Index – ICCF achieved a 100% performance, compared to 100% goal. **GRI 307-1**

Regarding the ILOI, 86% of Cemig GT’s projects and its wholly-owned

subsidiaries are duly licensed and 14% are in the process of obtaining their respective environmental licenses.

In 2021, only Cemig H did not record significant fines (minimum amount R\$50,000) as a result of non-compliance with laws and regulations. According to the company, the value of the fines imposed on Cemig D is significantly high, as in 2021 the Environmental Military Police imposed a fine due to a forest fire attributed to the Company, responsible for degrading an area of approximately 1200 hectares.

Cemig states, in relation to all fines imposed in 2021, that the respective administrative defenses have been filed and is currently awaiting the investigation of the facts and verification of liabilities and non-compliances.

**In relation to EMS’s external audit, in 2021, no non-compliance was recorded.**



The table below presents the monetary value of the significant fines received by Cemig GT and Cemig D in 2021.

**TOTAL MONETARY VALUE OF SIGNIFICANT FINES**

	<b>Cemig GT</b>	<b>Cemig D</b>
	<b>2021</b>	<b>2021</b>
<b>Fines paid in the period</b>	R\$ 0	R\$ 0
<b>Fines received in the period, susceptible or not to appeal</b>	R\$ 153,827	R\$ 6,973,114.33
<b>Total number of non-monetary sanctions</b>	0	0
<b>Total number of cases settled through arbitration mechanisms</b>	R\$ 0	R\$ 0

# Environmental Controls in Transmission and Distribution Networks

Through an internal directive on environmental controls, Cemig establishes measures to control and mitigate environmental impacts along its transmission and distribution networks. **GRI 304-2**

One of the main measures adopted is to retrace the distribution lines and networks in areas of high tree density, in order to avoid reducing the suppression of local vegetation, as well as prioritize the raising of their structures to reduce deforestation.

Measures are taken to preserve cultural, speleological, or tourist heritage, thus actions are applied that eliminate any impact, from alternative route to underground networks.

As for fauna and flora, measures are adopted to relocate nests present in distribution networks and substations, further to measures to prevent birds and small animals from surrounding the equipment.

## Applied Financial Resources

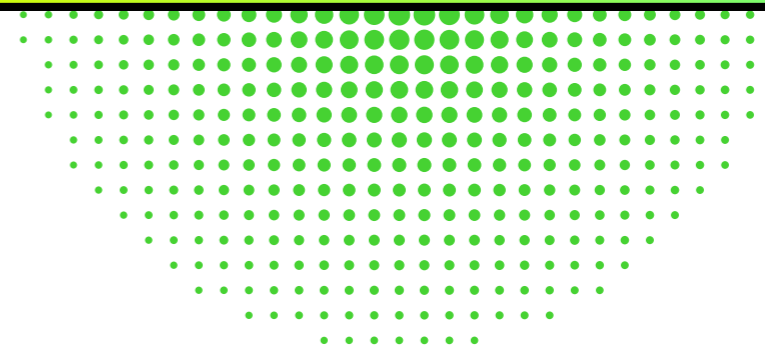
In 2021, Cemig totaled R\$37.2 million in funds invested in environmental guidelines. Environmental investments were subdivided into capital investment, expenses and Research and Development (R&D) projects, as shown in the following table:

The Investment Value followed the line of the previous year and is caused by the large number of projects started in 2019, as its first year of effectiveness requires more funds in view of the acquisition of necessary equipment and inputs. Among the investment fronts, it is worth mentioning an investment of R\$718 thousand in projects aimed at waste management.

### Cemig GT and D Investment Data for 2021:

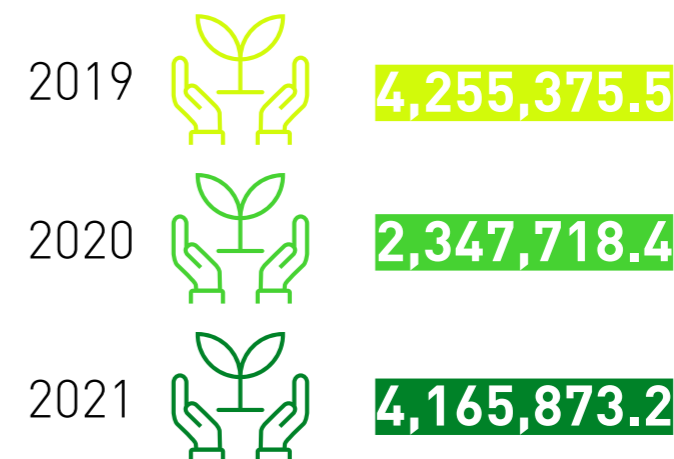
#### INVESTMENT COMPANY OPERATION IN (R\$ MILLION)

	D	GT	Total
PMSO (Expenses)	9,751,012.20	21,333,606.55	31,084,618.75
Capital investment	1,882,000.00	115,226.00	1,997,226.00
R&D	0.00	4,145,804.92	4,145,804.92
<b>Total</b>	<b>11,633,012.20</b>	<b>25,594,637.47</b>	<b>37,227,649.67</b>



Below, it is possible to assess the investments in the environment made by the subsidiaries (Geração Três Marias, Salto Grande, Itutinga, Camargos, Sul, Leste, Oeste, Central eólica Volta do Rio, Sá Carvalho, Baguari, Rosal and SHP Cemig, Poço Fundo PP, Horizonte, Cemig Baguari, Centroeste and Praias de Parajuru Wind Farm) over the last few years. Although the value is lower than in 2019, 2021 had a 77% growth compared to 2020.

### FUNDS INVESTED IN THE ENVIRONMENT (SUBSIDIARIES)



# Natural Resources Management

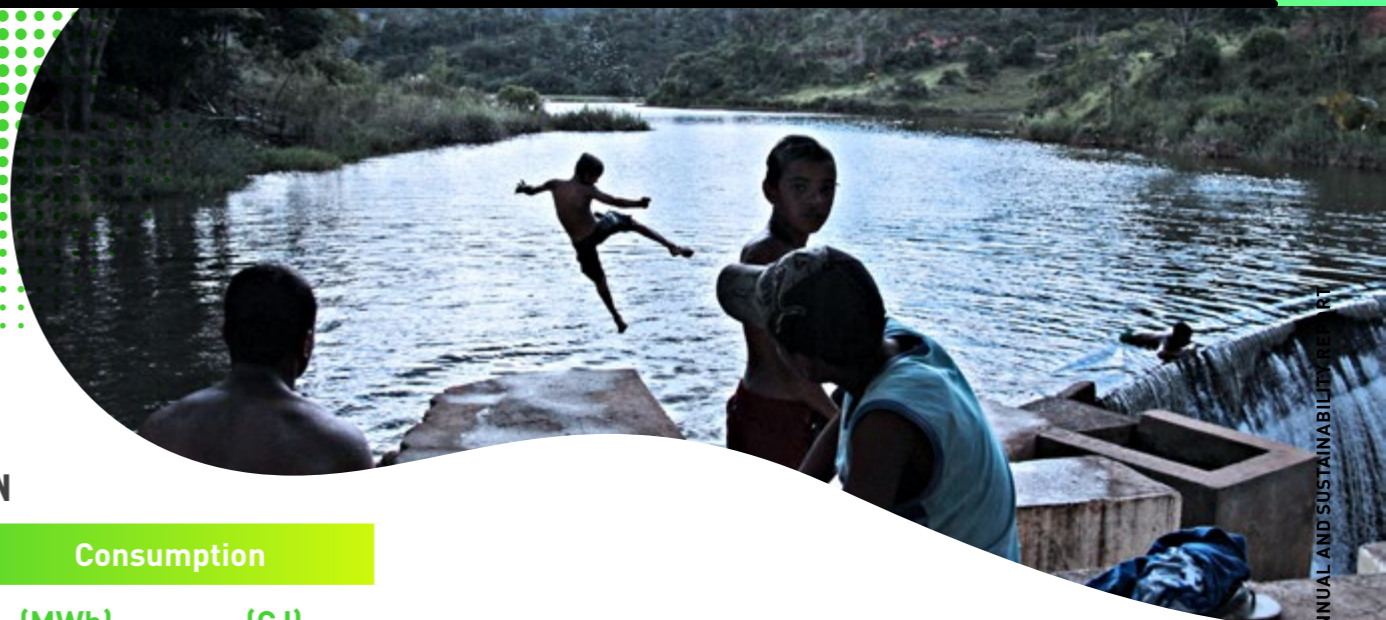


Cemig contributes to the conservation of natural resources through adequate environmental management in its operations. The environmental management approach, defined and implemented by Cemig, converges with its environmental commitments and sustainable development.

## Power Consumption

In the performance of its operations, Cemig consumes energy in the form of fuel and electricity. The organization's energy consumption data in 2021 is detailed in the table below.

Cemig makes an inventory of its gases using the GHG Protocol method and, therefore, thoroughly analyzes its consumption, taking into account the classifications of the framework and, from there, control the so-called scope 3, i.e., consumption outside the organization. The results of the last few years were: **GRI 302-2**



## ENERGY CONSUMPTION IN THE ORGANIZATION

Source	Consumption	
<b>Non-renewable fuel</b>	<b>(MWh)</b>	<b>(GJ)</b>
Diesel (pure)	23,041.09	82,947.85
Gasoline (pure)	4,219.73	15,191.01
Liquefied Petroleum Gas (LPG)	5.68	20.45
Natural Gas	46.03	165.73
Vehicle Natural Gas (VNG)	165.57	596.06
Aviation kerosene	546.14	1,966.09
<b>Renewable fuel</b>	<b>(MWh)</b>	<b>(GJ)</b>
Biodiesel	2,658.47	9,570.48
Hydrated Ethanol	1,791.04	6,447.73
<b>Total fuel consumption</b>	<b>32,473.75</b>	<b>116,905.39</b>
<b>Electricity Consumption</b>	37,476.67	134,915.90
<b>Total energy consumption</b>	<b>69,950</b>	<b>251,821</b>

The data shown above follow the conversion factors approved by the National Energy Policy Council (CNPE), Inter-governmental Panel on Climate Change – IPCC, Brazilian GHG Protocol Program and National Energy Balance.

The company has a goal of maintaining electricity consumption at 41,334 MWh (2017 value) by 2022, in 2021, electricity consumption was 37,476.67 MWh, 14% below the value reported in the base year.

Cemig also performs quarterly measurement of electricity consumption by employees, the 2021 average remained at 1.78 MWh/employee.

## Cemig has a fleet of vehicles with an average age of less than five years

As a measure to reduce energy consumption within the company, Cemig has, as a guideline, that the average date of manufacture of the vehicles in its fleet is less than five (5) years, the legal period of depreciation established by the government. Therefore, the Company annually renews its vehicle fleet, which enables reduction of fuel consumption. The other initiatives are external, with the Energy Efficiency Program.



### CONSUMPTION BY SOURCE (GJ)

	2019	2020	2021	Variation 20/21
Electric Power	150,766	135,436	134,915.90	-0.38%
Fuels for generators and other processes	505	2,772	1,756.65	-37%
Fleet fuels	144,916	125,254	115,148.74	-8.07%
Fuels in TPS	484,009	0	NA	-"
<b>Total Energy</b>	<b>780,197</b>	<b>263,462</b>	<b>251,821</b>	<b>-4.42%</b>

For comparative purposes, the history of Cemig's energy consumption is presented grouped into the main types of consumption: electricity, fleet fuel, emergency generators, machinery and equipment. In 2020 the only thermal plant was deactivated.

### GRI 302-4

Cemig makes an inventory of its gases using the GHG Protocol method and,

therefore, thoroughly analyzes its consumption, taking into account the classifications of the framework and, from there, control the so-called scope 3, i.e., consumption outside the organization. The results of the last few years were:

### ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION

GRI 301-2; 306-1; 306-2

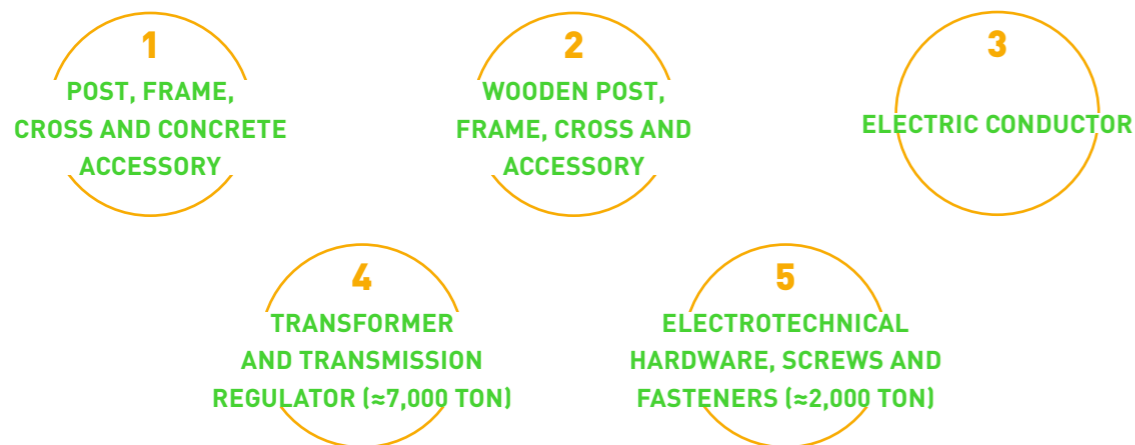
Source	Consumption	
	(MWh)	(GJ)
<b>Non-renewable fuel</b>		
Diesel (pure)	6,799.44	24,477.98
Gasoline (pure)	519.39	1,869.80
Liquefied Petroleum Gas (LPG)	0.00	0.00
Natural Gas	46.03	165.73
Vehicle Natural Gas (VNG)	0	0
Aviation kerosene	546.14	1966.09
<b>Renewable fuel</b>		
Biodiesel	784.51	2,824.25
Hydrated ethanol	497.05	1,789.39
<b>Total fuel consumption</b>	<b>9,192.57</b>	<b>33,093.23</b>
Electricity Trade	50,149,882.63	180,539,433.04
<b>Total energy consumption</b>	<b>50.159.075,20</b>	<b>180,572,526.26</b>

## Consumption of Materials

Since 2018, Cemig has been using its own methodology to measure the materials consumed, which is based on materials of greater intensity and relevance in the operation. **GRI 103|306; 306-1**

Cemig consumed, that is, acquired, transported and applied approximately 97,000 tons of materials to the electrical system in 2021. With the intensification of the company's investment plan for modernization, reinforcement, expansion, and improvements of the electrical system in Minas Gerais, the trend for the coming years is to continue increasing this consumption.

The main categories responsible for material consumption were:



Equipment (distribution transformers) refurbishment and insulating oil regeneration were also carried out, returning them for use by the company.

From the 9,993 transformers removed from the system, 2,011 network transformers that would be scrapped were refurbished (20.12% and weight of 448 t) and reinserted to the company, representing savings of approximately R\$6 million (preventing expense with purchase of new transformers).

### DISTRIBUTION TRANSFORMERS



2019	2020	2021
<b>23,853</b> units	<b>18,048</b> units	<b>59,100</b> ton

### POSTS - CONCRETE AND WOOD



2019	2020	2021
<b>98,434</b> units	<b>97,559</b> units	<b>15,600</b> ton

### CABLES



2019	2020	2021
<b>3,166,670</b> km	<b>3,859,163</b> km	<b>8,300,000</b>

### MEASURING EQUIPMENT



2019	2020	2021
<b>561,411</b> units	<b>543,563</b> units	<b>ND</b>

### RECLOSER



2019	2020	2021
<b>3,261</b> units.	<b>6,139</b> units.	<b>ND</b>

In addition, there is the regeneration of the insulating mineral oil, which recovers all the physicochemical characteristics of the oil after the process. CEMIG's oil treatment plant returns the input to its operations.

Furthermore, the growth in the number of 'reclosers' consumed is related to the Company's investment in the installation of three-phase and single-phase 'reclosers' in its distribution network. This electronic equipment minimizes interruptions caused by transient failures, and its installation aims to reduce the service time for incidents in the electrical system, as well as reduce operating costs and improve DEC and FEC quality indicators. In addition to the protection functionality, the three-phase 'reclosers' enable expansion of the operational flexibility of the Medium Voltage distribution network, reducing the number of customers affected in incidents and enabling improvement of the electrical system's performance.

## Generated Waste

Cemig is committed to managing its waste in accordance with the National Solid Waste Policy – PNRS, and for this purpose, its units follow the process of identifying, segregating, packaging, and transporting their waste to the temporary waste storage of Cemig GT and D at the Igarapé Advanced Distribution Center (CDA-IG), from this point onwards, the Material and Service Supplies Superintendence is responsible for the final waste disposal. **GRI 306-5**



The Company controls and tracks its waste through the SAP system, and ensures the management process monitoring and improvement through the Level 1 Environmental Management System certification and compliance with NBR ISO 9001:2015.

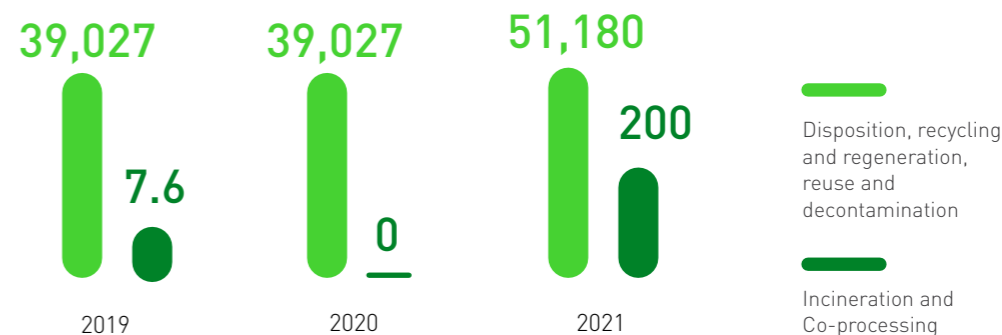
From January to December 2021, 51 thousand tons of industrial waste were sent for final disposal: 98.22% of this waste was disposed of or recycled; 1.30% regenerated, reused or decontaminated; and 0.48% co-processed, incinerated, sent for treatment (effluents and sludge) or disposed of in industrial landfills.

There was a 26.90% increase in shipments to final waste disposal in the year. One of the main reasons for this increase, which mainly impacted disposition/recycling, was the gradual

resumption of activities during 2021, noting that in 2020 there was less movement of waste, caused by the Covid-19 pandemic. The refurbishment of transformers remains constant, reducing scrap generation and returning the equipment to the Company's system.

In 2021, 0.36 tons of solid waste impregnated with oil, solvents, PPE, fiber and glass wool waste, septic tank sludge, asbestos and PCB contaminated waste and insulating mineral oil were sent for disposal, representing a drop of, approximately 4.3% compared to the previous year. Waste contaminated by PCB was not disposed of in 2021. 2.1 tons of light bulbs were disposed for decontamination and recycling, 200 tons of waste for co-processing and 213 tons of insulating mineral oil were regenerated and reused by the company.

### FINAL WASTE DISPOSAL (T)





In general terms, Cemig disposed of 22% more hazardous waste and 31% more non-hazardous waste when compared to 2020. One of the main reasons for this increase, which mainly impacted disposition/recycling, was the gradual resumption of activities during 2021, noting that in 2020 there was reduced movement of waste, caused by the Covid-19 pandemic.

**Cemig disposed of 22% more hazardous waste and 31% more non-hazardous waste when compared to 2020.**



**WASTE BY CATEGORY (T)**

	2019	2020	2021
<b>HAZARDOUS</b>	1,059	1,048	1,205
<b>NON-HAZARDOUS</b>	34,065	38,506	49,974
<b>TOTAL</b>	35,124	39,554	51,180

Cemig currently has a transformer with serial number 56.123 in operation at SE Arcos contaminated by Polychlorinated Biphenyls (PCBs) at a concentration of 186 parts per million (ppm). The other PCB-contaminated equipment has already been disposed of. Additionally, approximately 2,780 kg refer to small contaminated equipment, to be disposed of together with the aforementioned transformer. It should be noted that all these wastes are under control and properly monitored/stored and there was no disposal of items contaminated with ascarel and PCBs in 2020 and 2021.

The Company holds certificates of disposal, as well as all documentation involving the process of selling, treating and recycling waste. The classification of waste is between hazardous and non-hazardous and follows the Stockholm Convention of 2004 for its equipment contaminated with Polychlorinated Biphenyls (PCBs) that will be removed from operation by year 2025 and must be destined for treatment within three years.

It is important to point out that in compliance with the provisions of the Basel Convention, Cemig does not import or export hazardous waste, so all unrecovered waste is sent to landfill or treatment, according to characterization. **GRI 306-4**

Internally, Cemig has the practice of temporarily storing waste, thus there are materials disposed in 2021 that may have been generated in previous years. In 2021, there was an attempt to better dispose of waste, prioritizing reuse and recycling (disposition), causing lower environmental impacts and increasing financial results obtained in the bidding processes.

In 2021, Cemig disposed of 47 thousand tons of waste, converted into gross revenue above 27.5 million reais. This represents an increase of about 55% compared to the revenue obtained in 2020. This significant increase is due to the high prices of raw materials in the market, adding greater value to the reuse of materials with disposition of scrap.

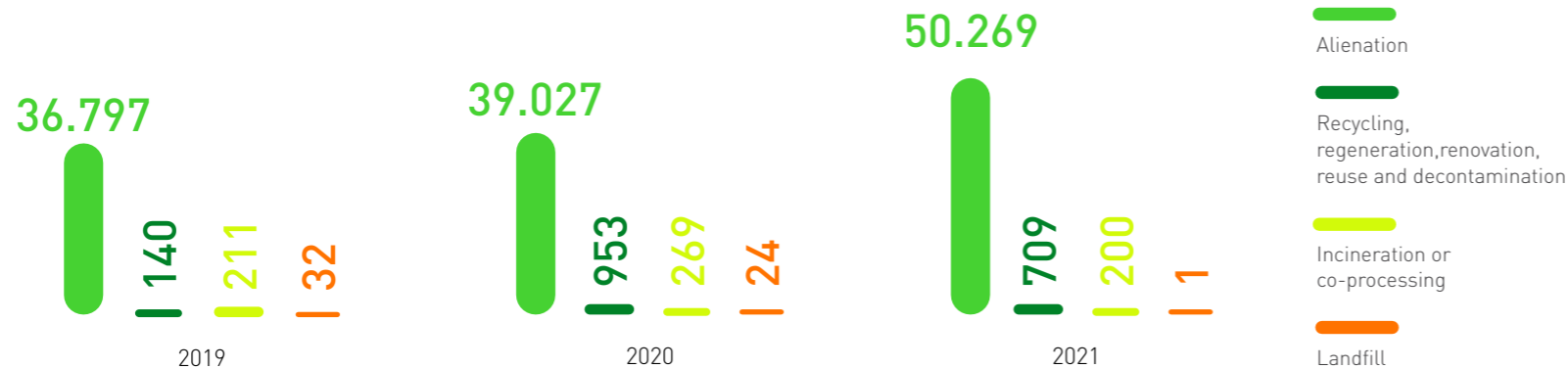
In 2021, waste disposal had a cost of about R\$114.7 thousand, representing a 14.6% drop in amount spent, compared to 2020.

In 2021, approximately 213 tons of insulating mineral oil were regenerated, representing savings of more than R\$1.6 million (avoiding expense with purchase of new oil). Considering the weight of 520 tons of inputs reinserted in the network, which represents 0.66% of recycled inputs used in the manufacture of the organization's main products and services.

This measure provides environmental benefits, such as the non-generation of hazardous waste, in addition to avoiding a cost for Cemig to acquire new oil, without considering the costs with final waste disposal. Cemig also monitors potential oil leaks in water and soil and, in case of occurrence, records the event in the Environmental Incident Report (ROA). **GRI 306-3; 306-5**



**FINAL DESTINATION OF INDUSTRIAL WASTE, IN TONS AND BY DISPOSAL METHOD (ton)**



In 2021, approximately 213 tons of insulating mineral oil were regenerated.

# Consumption of Water and Effluents Generated

GRI 103|303; 303-1; 303-2;303-3



Water is Cemig’s main raw material for the production of electricity, used to drive turbines, 100% of which is returned to its watercourse.

It is a resource sensitive to climate variations, vulnerable to the consequences of the exploitation of other natural resources, heavily impacted by human actions and subject to the regulatory environment, making its management and conservation issues of high relevance for Cemig.

The water consumption goals from artesian wells and public supply are defined considering the limits of the volumes granted defined by the respective grants, the consumption record, the existence of civil works to replace equipment and/or install new equipment.

Administrative consumption of water comes from consumption in faucets, toilets, irrigation of gardens and other potable and non-potable activities and, after passing through treatment systems, treated industrial and sanitary effluents are disposed of again in the watercourse.



The largest volume of effluent generated by Cemig comes from sanitary facilities. The Company considers that 80% of the water consumed becomes effluent, so in 2021, 199,356.4 m<sup>3</sup> of effluent were discarded. Disposal is mostly done directly in the public network and another part is destined for the septic tank.

Disposals are carried out in compliance with Conama Resolution No. 430/11 and COPAM/CERH-MG Joint Regulatory Resolution No. 01/08, which deal with the conditions and patterns for discharge of effluents into water bodies.

Water is Cemig’s main raw material for the production of electricity, used to drive turbines, **100%** of which is returned to its watercourse.



The Company does not dispose of effluents in watercourses. Septic tanks or biodigesters are used to dispose of water in sinkholes installed in the ground and perform an annual analysis of liquid effluents as determined by CONAMA Resolution No. 430 of 5/13/2011 - Provides for the conditions and patterns for discharge of effluents, supplements and amends Resolution No. 357, of March 17, 2005.

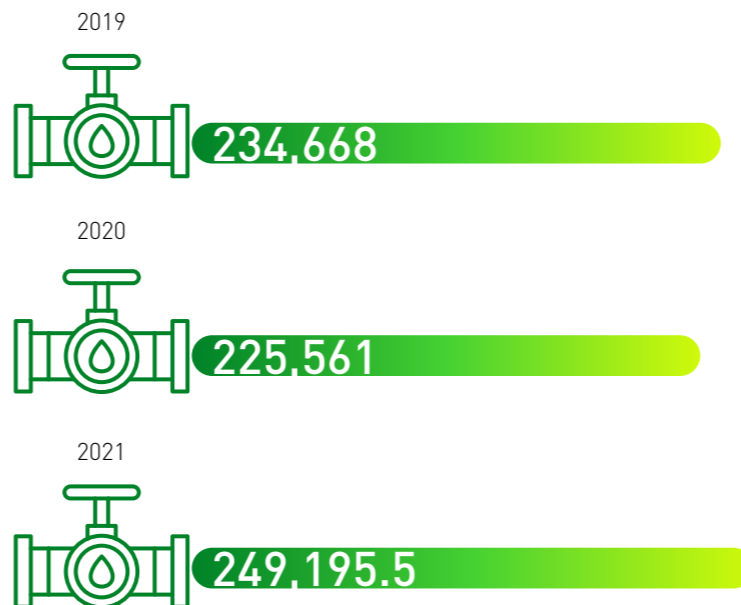
Some facilities have water and oil separator boxes are used to dispose of water in sinkholes installed in the ground and perform an annual analysis of liquid effluents as determined by CONAMA Resolution No. 430 of 5/13/2011 - Provides for the conditions and patterns for discharge of effluents, supplements and amends Resolution No. 357, of March 17, 2005. **GRI 303-2**

Cemig has two indices that monitor the company's water consumption: Artesian Well Water Consumption Index (ICA PA) and Public Service Water Consumption Index (ICA SP). The water catchment from artesian wells respects the limits granted for each well.

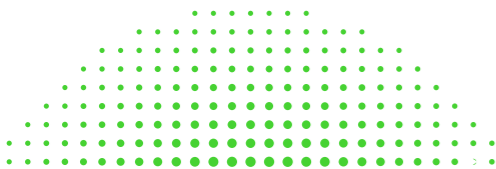
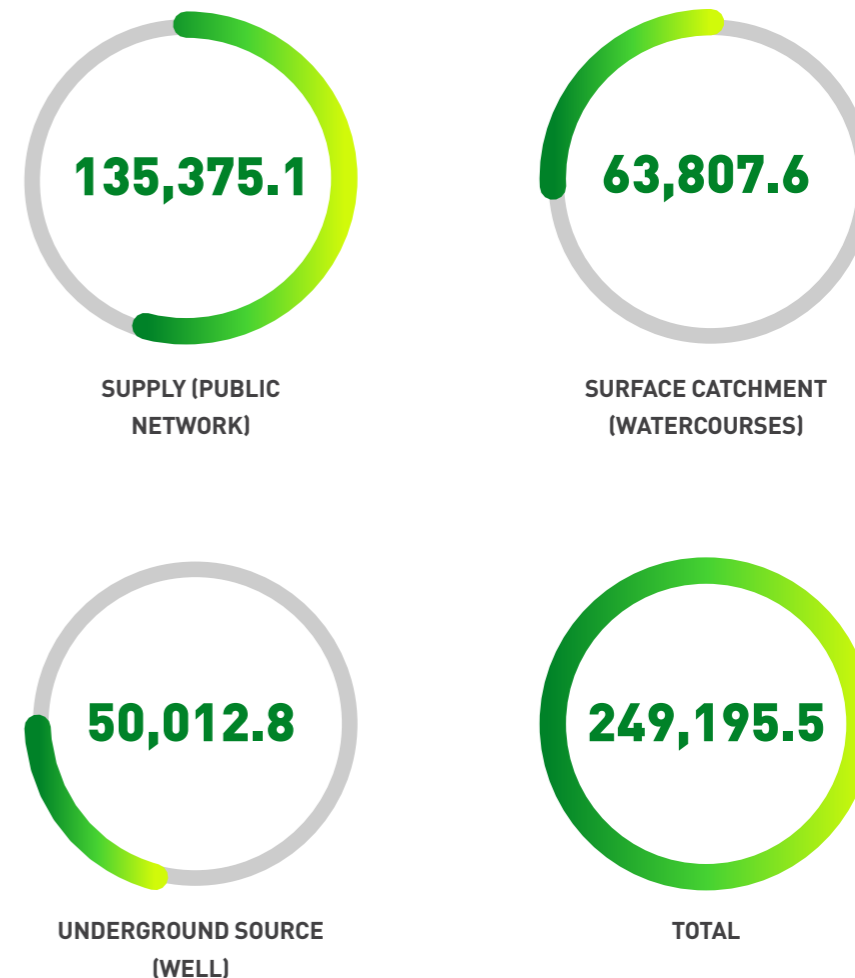
The water catchment through artesian wells is intended for human consumption, cleaning and occasionally for irrigation of gardens, with no consumption of water for industrial use or as a shared resource.

Cemig has a goal of 6% reduction in water consumption established in 2020 with 2019 as the base year of consumption and 2025 as goal year. In 2021, the Company did not achieve the reduction goal, remaining 9% above the defined goal. The increase in water consumption, both from artesian wells and supply by public service, was caused by the existence of civil works to replace equipment and/or install new equipment. There was also a 53% increase in relation to the base year in surface water catchment due to the reactivation of the seedling nurseries at the Itutinga Environmental Station.

**TOTAL WATER CONSUMPTION (IN M<sup>3</sup>)**



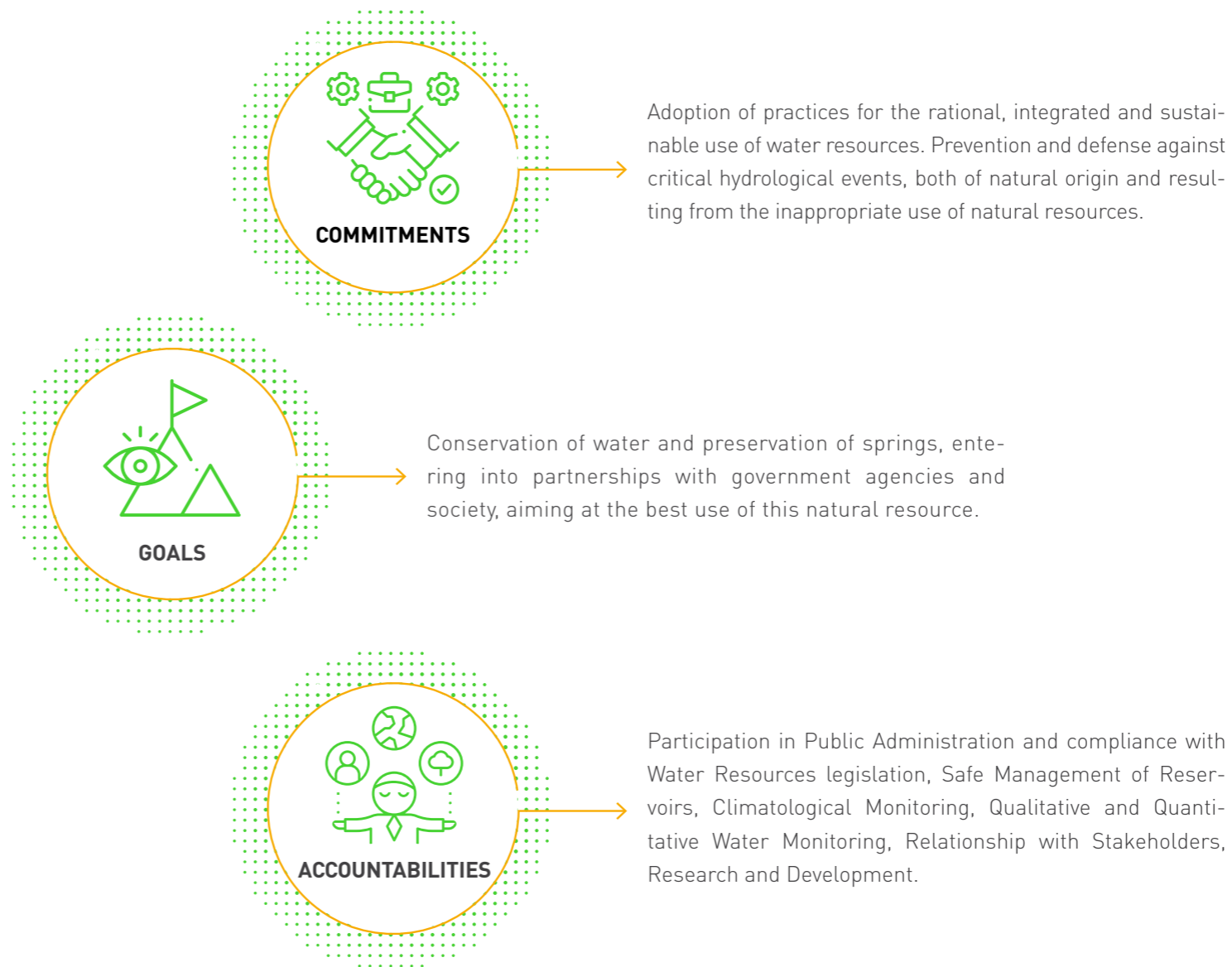
**TOTAL WATER CONSUMPTION BY SOURCE IN 2021 (IN M<sup>3</sup>)**



# Water Resources Management

Water is the strategic resource on which Cemig's business depends, as almost 100% of the electricity generated comes from hydroelectric plants and units. Cemig recognizes its role in conserving this resource and the potential impacts of its activities on water availability, and for the second consecutive year was recognized as a global leader in water management, earning a place in the top "A list" group of CDP Segurança Hídrica.

Since 2016, Cemig has a Water Resources Policy, whose principles are detailed below: **GRI 1031303**



Even though it does not consume water in its hydroelectric generation process, Cemig is a major user of this resource and, therefore, actively participates in monitoring and proposing more appropriate decisions for the electricity sector, reconciling it with the multiple uses of hydrographic basins. Cemig is part of the regulatory scenario, supporting the formulation of laws and regulations for the water sector, so that in 2016 the company's Water Resources Policy was published.

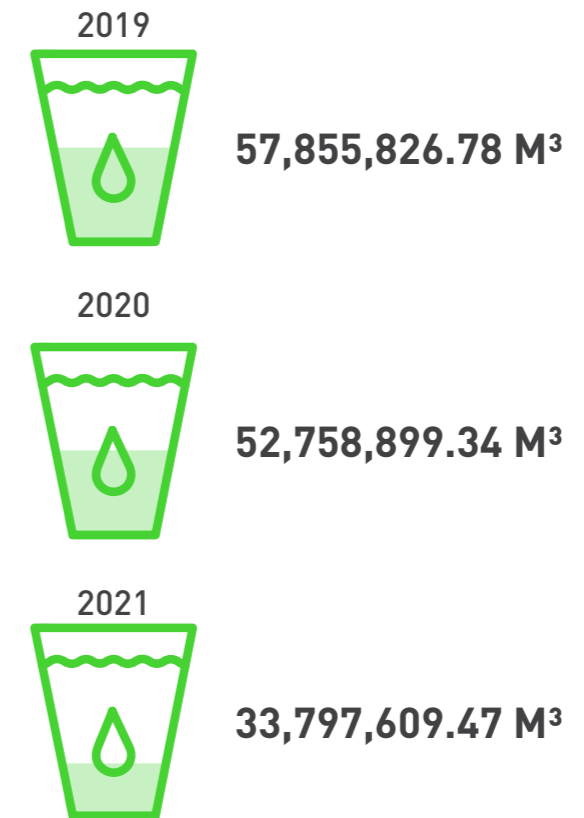
The company participates in all forums dedicated to water resources in its area of operation, such as the National and State Water Resources Councils, Hydrographic Basin Committees, Technical Chambers and Work Groups. With operations focused on Minas Gerais, Cemig is a member of 20 state Hydrographic Basin committees and 4 federal committees, in addition to being part of the Brazilian Association of Electric Power Generation Companies (ABRAGE). **GRI 103|303**

**2021 was characterized by a water crisis in the reservoirs of large hydroelectric plants.**

Year 2021 was characterized by a year of water crisis in the reservoirs of large hydroelectric plants, located in the central-south region of the country, and flows reached record low levels during the drought, with a slight recovery in the fourth quarter of the year. This scarcity regime caused the depletion of several reservoirs in the Southeast, among which it is worth mentioning the reservoirs of the Emborcação and Nova Ponte plants. As to the latter, multiple use management actions had to be intensified, which took place through participation in public hearings held at the Legislative Assembly of Minas Gerais and at ONS, in addition to face-to-face meetings and field actions to monitor the ichthyofauna.

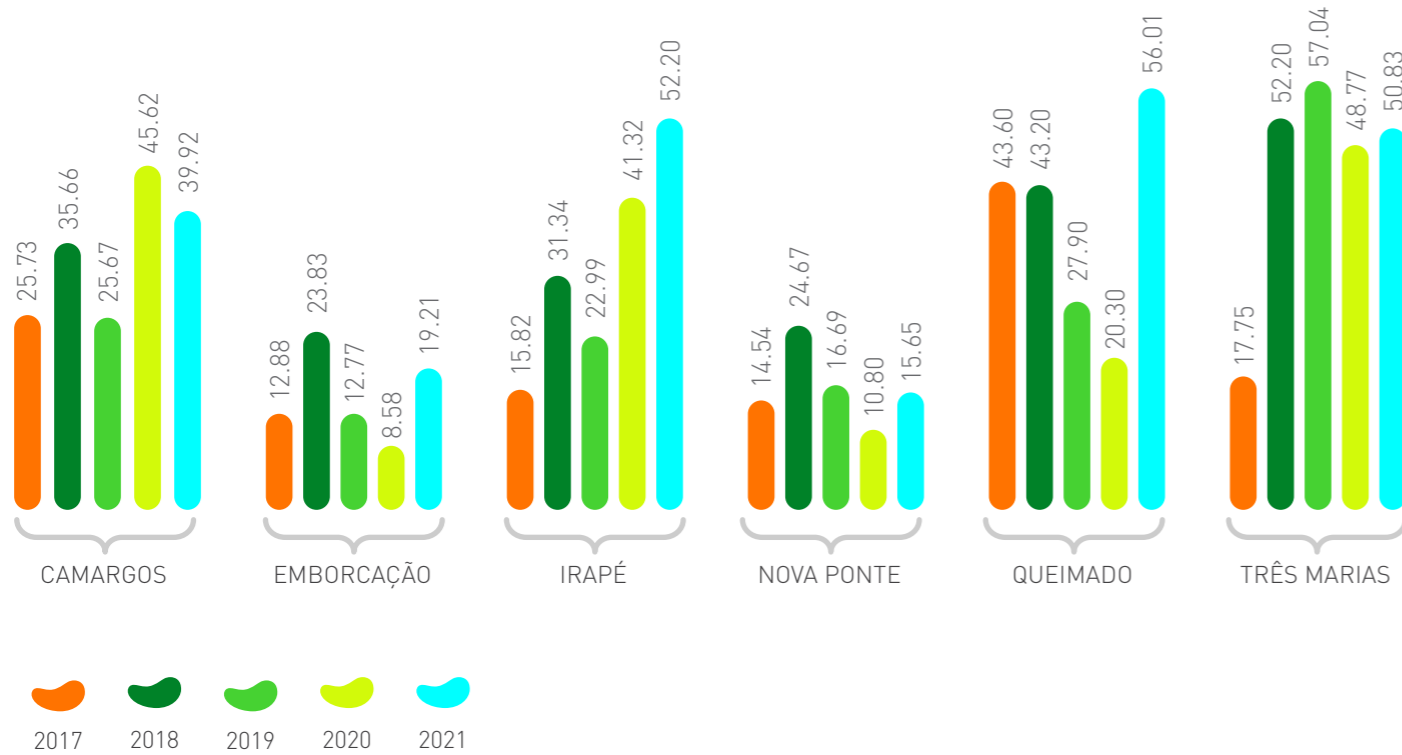
Cemig makes operational information available on its plants through the PROX application, in addition to publishing it on its website and social media. In addition, Cemig produces guidance videos and uses the Community Relationship Program, called Proximidade, for clarification meetings.

**Surface water catchment, not consumed in electricity generation:**



The amounts presented above consider the own hydroelectric plants and wholly-owned subsidiaries.

**Storage evolution:**



## Hydrometeorological Monitoring

In its preventive stance, Cemig adopts a storm location system, a Telemetry and Hydrometeorological Monitoring System, mathematical models for hydrological simulation and weather and weather forecasting to base its decision-making regarding the use of the resource.

The Company also operates the hydrometeorological network and monitors 372 variables related to rainfall, levels and flows in watercourses, levels of reservoirs and rivers and climatological stations that monitor factors such as temperature, air humidity, wind speed and direction, solar radiation and atmospheric pressure. All information is monitored in real time by the Cemig central unit in Belo Horizonte – MG.

To improve its forecasts, Cemig has a meteorological radar, which provides greater security for the operation of hydroelectric projects and society. The radar is also strategically important for the control and operation of hydroelectric reservoirs. By predicting information on the direction of travel and rainfall intensity, it is possible to estimate the amount of water that reaches the reservoir and adjust its hydraulic operation to minimize the impact of floods on populations and businesses, take precautionary measures and communicate it to the state government.

Using the results of the climate model described above and a hydrological model of rainwater flow conversion, Cemig prepared inflow scenarios for the main hydrographic basins of the national interconnected system. Based on these scenarios, the official hydrothermal optimization models (Newave and Decomp133) used by the Brazilian electricity sector are fed back. These models determine energy prices in the short-term market, in addition to the operational policies of Brazilian electric parks.

The methodology for defining the policy for the operation of reservoirs used by Cemig for generation of hydroelectric energy essentially implies the consideration of the multiple uses of water for generation and by other users of the hydrographic basin, which, in turn, leads to the need to consider a series of restrictions of environmental, safety, irrigation systems, human supply nature, waterways, bridges, among others, which are strictly followed by Cemig. Based on the Risk Management System, Cemig analyzes the scenarios and determines the business' level of exposure and the risk for multiple uses. Short, medium and long-term meteorological and climate models are used, supporting the analysis of future water availability through hydrological models, allowing the management of reservoirs for energy generation purposes and ensuring the other uses of water in the dry and wet periods.

In addition, based on a business risk management system, Cemig analyzes scenarios and determines exposure to financial risk, considering the probability of occurrence and its impact, and develops control measures for the following risks: reservoirs, weather forecast deviations, loss of physical assurance of SHP and reduction of water availability, impact on trade.



**Cemig monitors 372 variables that may affect availability of water.**



## Water Quality



Cemig has an energy matrix based mainly on water sources and plays an important role in the management of this resource, essential for the maintenance of biodiversity and natural cycles.

The Company monitors water quality in accordance with the guidelines of the company's biodiversity policy, with the assumption of developing more effective strategies for biodiversity conservation and complying with state and federal decisions. This monitoring is an important tool to identify and gather information to assess and control environmental impacts on aquatic ecosystems at all stages, from project design to operation.

Water quality monitoring studies are carried out in cooperation with research institutes and companies specialized in identifying opportunities and improvements that contribute to the implementation of methodologies and innovations. The minimization of the environmental impact on biological systems obtained through these studies fosters the production of energy with greater environmental safety.

The water quality of Cemig's reservoir is regularly monitored through a network that includes 46 reservoirs and 176 physical, chemical and biological data collection stations in the main hydrographic basins of Minas Gerais. Upstream and downstream monitoring of the dam allows the company to identify any impact on watercourses. This monitoring serves as an assessment of the quality of the project's effluent management and aims to ensure that the effluent parameters are in accordance with those specified by law.

Qualitative and quantitative monitoring of parameters determined in regulatory standards is carried out systematically and periodically in the company's reservoirs and in tributary rivers.

To carry out the monitoring of predefined sanitary and industrial liquid effluent sampling points, the simple sampling technique is used, where samples are taken at the exit of industrial effluent treatment systems and at the entrance and exit of sanitary effluent treatment systems.

An onsite analysis with the aid of a previously calibrated multi-parameter probe is made of the temperature and pH of the water.

The results referring to the sampling campaign are compared with the maximum values allowed (VMP) by the legislation in force.





**Water Quality Index (IQA)**

The degradation level of water resources is measured and monitored through the Water Quality Index (IQA), which aims to simplify, quantify, analyze, synthesize and communicate the data generated during the monitoring process, translate and facilitate communication with the public. The results in 2021 were:

**Average IQA for SHP Cajuru, HPP Emborcação, HPP Nova Ponte, SHP São Bernardo, and HPP Irapé.**

	2019	2020	2021
SHP Cajuru	71.62	75.87	76.75
HPP Emborcação	83.1	79	77.2
HPP Nova Ponte	74.11	77	81.8
SHP São Bernardo	74.25	81.75	65
HPP Irapé	81.94	86.44	81.7

The SHP São Bernardo unit presented average water quality indices, while the others showed good levels.

The Brazilian electricity sector has faced several environmental issues during the planning, implementation and operation of projects. It can be highlighted, specifically, that the implementation of dams in rivers causes considerable impacts from the hydro-morphological changes in the water body.

These changes can directly or indirectly influence the balance of an aquatic ecosystem, which is mainly characterized by its ability to continuously assimilate and transform the present matter and energy. With the accumulation of matter and energy, the possibility of an imbalance in the ecosystem can be considered, which causes a series of physical, chemical, and biological changes in the system.

Initially, Siságua (database that groups different information and relevant indicators on water) was developed with the objective of monitoring water quality; however, given the growing demand for environmental information from society and, mainly, from environmental agencies, in addition to the growing transformations resulting from technological development in the areas of information and communication, in 2019 Siságua started to assume a more strategic role in the organization.

Through the Double Diamond methodology applied in part of Cemig's environmental area, the proposal to improve and increase the scope of this system emerged, in order to increase the integration between the structures of internal environmental processes, allowing improvements in management and business strategy. For the year 2021, as expected, the company reached the established goal, which consisted of gathering requirements and developing the System.

This robust system of identification, assessment, and control of environmental impacts allows for greater agility in controlling operational risks in terms of protecting biodiversity and social pressure. It also improves communication and reduces asymmetry between organizations and their stakeholders, such as suppliers, customers, investors, civil society, government, the scientific community, among others.

The Water Quality team monitors the companies contracted to carry out the monitoring through internal audits of the collections made, audits in the databases and analysis of the reports generated for legal compliance. It should be noted that in 2021 the scope of accreditation requirement was expanded, covering all the physical-chemical and biological tests carried out.

It is important to emphasize the gradual achievement of objectives and the continuity of standardization and continuous improvements in monitoring has been providing effective interaction between managing agencies, users and the company, with a view to achieving sustainable management of water resources.

The minimization of environmental impacts on biological systems through the performance of these programs makes it possible to generate energy with environmental safety, tending to the sustainability of human processes compared to ecological ones.





## Biodiversity



With a predominantly renewable matrix, Cemig's has an intrinsic relationship with biodiversity and its commitment to the conservation of fauna and flora, formalized by its Biodiversity Policy. The Company's area of operation is comprised of two terrestrial hotspots, Cerrado and Mata Atlântica, and in the aquatic environment, is responsible for managing more than 3,500 km<sup>2</sup> of fresh water in its reservoirs.

**GRI 103|304**

The Company operates in different businesses and specialized studies for each project, which characterize, evaluate and establish environmental programs aimed at controlling, mitigating, offsetting negative impacts and enhancing positive ones, according to their nature. Therefore, there is synergy between research, innovation and the practice of solutions that, in line with its competence, add value to society and the biomes where it operates.

Impacts related to biodiversity directly impact Cemig's operations and financial results, as for the Company all risks related to legal compliance are relevant, while non-compliance (whether with deadlines, obtaining licenses or complying with environmental conditions in inadequate manner, not validated by environmental agencies) can generate losses of environmental licenses, penalties/fines, outage of units, loss of revenue, in addition to negatively affecting the Company's image.

As the Company's main generation source is of hydraulic origin, a spatial rearrangement is necessary for the implementation of a hydroelectric plant. In this way, Cemig dedicates special attention to the conservation of the biodiversity of that environment in which it operates, since water and biodiversity are closely related.

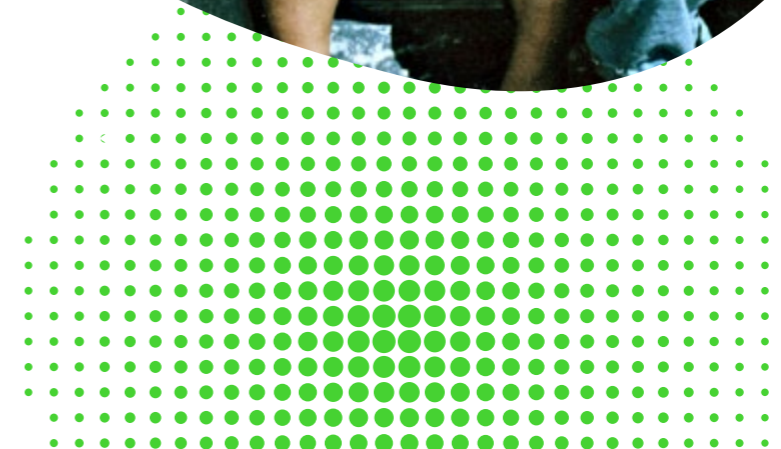
There is a legal commitment to recover, protect and conserve the forests, rivers and fauna surrounding the projects. In this way, the Company is contributing to the fulfillment of UN SDG 15: "Protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt the loss of biodiversity".

In view of the large number of hydroelectric plants that Cemig manages and their interference in the aquatic environment, specifically the impacts on ichthyofauna, which have great amplitude and environmental relevance, the Company recognizes that its activities interfere with the environment, and this theme, therefore, object of significant attention and control in the Company.

The studies carried out by the Company contribute to the formation of a portfolio of threatened species listed by the IUCN on the Red List of the International Union for the Conservation of Nature and Natural Resources, the National list of the Chico Mendes Institute - ICM-Bio and the Ministry of the Environment - MMA (2018) in the Red Book of Brazilian Fauna Threatened with Extinction and the List of the State of Minas Gerais of Copam Regulatory Resolution no. 147/10.

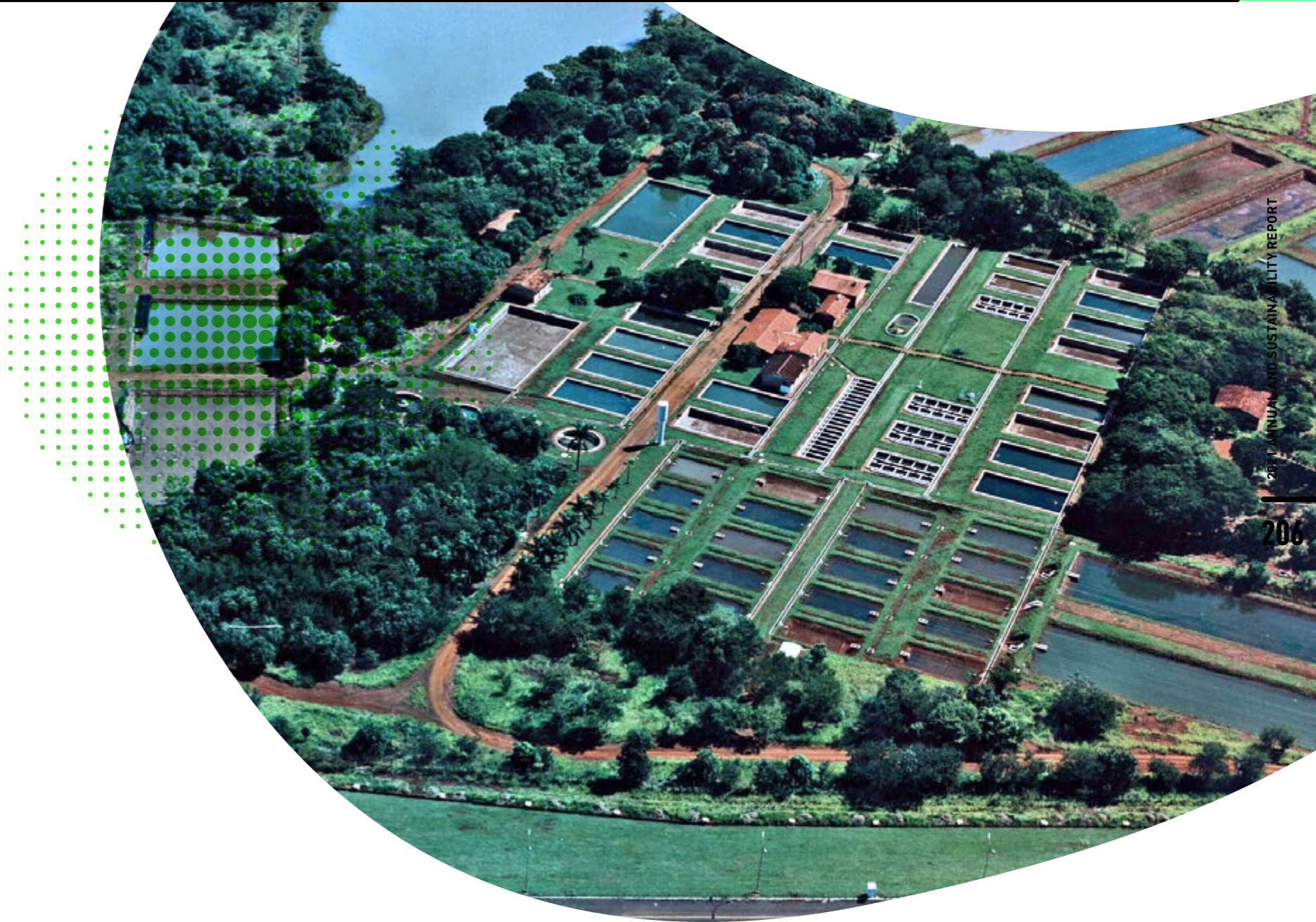
The operation of a hydroelectric plant is responsible for severe and irreversible changes in watercourses and in the organisms living there, especially fish. Considering the construction phase, there is a change from a flowing river to a region of stagnant water or with low flow, which changes the dynamics of the environment and can favor or harm species in the process of adaptation to the modified habitat. In the operational phase of the plants, generally, there is a greater impact for the areas downstream of the generation units or spillway, and although the impact usually occurs on a short term, the damages to the environment can be irreversible.

**GRI 304-2**



Therefore, Cemig plays its role in the protection of ichthyofauna through different projects aimed at minimizing damage to the group's components and developing solutions and innovations that aim to promote the proper handling of species, as well as conservation in an environment shared with operations.

In Cemig group's projects, species are monitored as part of environmental programs to comply with licensing conditions. There is the Ichthyofauna Monitoring Program, the Terrestrial Fauna Monitoring Program, the Riparian Reforestation Program and the Program for the Recovery of Degraded Areas, in addition to the Peixe Vivo Program.

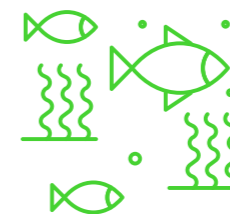




## Care for the ichthyofauna

Whether in operation or construction, the Hydroelectric Power Plant impacts the aquatic fauna and flora. Considering the change in the environment for the water damming process, where a flowing river is transformed into a calm water dam, the dynamics of the environment is altered and can favor or harm species in the process of adaptation to the modified habitat. There is a greater impact for areas downstream the generation units or spillway, and although the impact usually occurs on a short term, the damage to the environment can be irreversible. **GRI 304-2**

Therefore, Cemig plays its role in the protection of ichthyofauna through different projects aimed at minimizing damage to the group's components and developing solutions and innovations that aim to promote the proper handling of species, as well as conservation in an environment shared with operations.

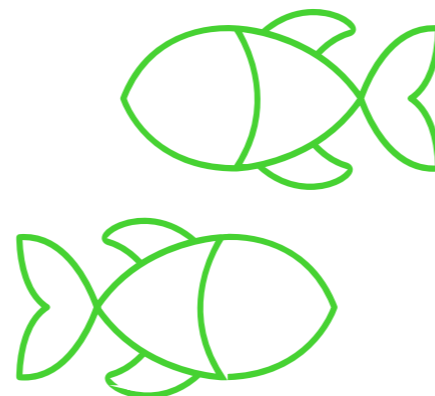


In the case of Peixe Vivo Program, whose mission is to minimize the impact on ichthyofauna, Cemig carried out an analysis of historical data and a risk classification of the impacts of the power plants, creating a Service Instruction called "Protection of ichthyofauna in the operation and maintenance of hydroelectric plants". In addition, the Program carries out previous and periodic monitoring according to specific protocols to identify fish mortality in hydroelectric plants and, then feeds the data to assess the indicator of affected biomass. This control is part of the company's Top Risk and is audited within the company.

During the operation and maintenance of the plants, the “Death of Fish Risk Assessment Program in Hydroelectric Plants of the Cemig Group” is applied under the supervision of Peixe Vivo, in which the risks are assessed through recurrent monitoring and prior to the activities, through the characterization of fish density and environmental conditions downstream the plants.

In addition, Cemig has the Affected Biomass indicator (BA), where annual limits (Kg/year) are established as a result of historical analysis, seeking a continuous reduction. This indicator is extremely important to monitor environmental events at the plants and try to determine situations of attention. The historical monitoring of the indicator makes it possible to understand how fish can respond to certain environmental conditions over the years.

**For 2021, the established limit was 754 kg and the Company reached 441.2 kg, approximately 42% below the annual value.**



**Although the value for 2021 was below the established annual limit, we noticed an increase compared to previous years.**

Although the value for 2021 was below the established annual limit, we noticed an increase compared to previous years, which can be explained by the increase in rainfall at the end of last year, generating greater movement of shoals of fish in regions close to the plants.

**GRI EU13**

The impacted species are recorded in the Affected Biomass indicator and, when the annual limit is exceeded, an action plan is generated so that, as far as possible, deaths are avoided.



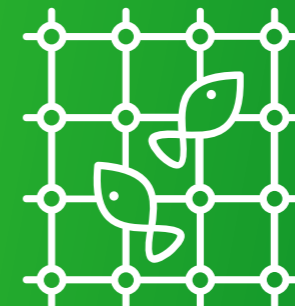




## Conservation Units

Cemig currently has conservation areas that are highly significant for the biomes where they are located. The company has two Private Natural Heritage Reserves (RPPN): one in Fartura, in the Municipality of Capelinha-MG, with 1455 hectares of conservation, and the other is located in Perdizes-MG, with 2695 hectares of conservation. It also has the Peti Environmental Station, which is located on the banks of the Peti Hydroelectric Power Plant reservoir, with 504 hectares and is divided between the municipalities of Santa Barbara and São Gonçalo do Rio Abaixo – MG **GRI 304-1; 304-3**

In addition to the areas mentioned above, the Company also has Restored areas from the implementation of the Degraded Areas Recovery Plan (PRAD) – one at the Irapé plant and the other at the Emborcação plant. Studies of different types are developed for both areas, in addition to mitigation and area recovery activities.



## Fauna Monitoring

The Queimado HPP has the Fauna Monitoring Program as a condition in its operating license, with a view to understanding the changes resulting from the mitigating measures taken by the project at the local and landscape level, with regard to the local fauna. The following subprograms are established:

### FAUNA ENHANCEMENT SUBPROGRAM

With the objective of favoring the regeneration of fauna through the attraction of native species, helping to establish animal, plant and microorganism species and entail interaction between them, resulting in new populations, regeneration niches and landscape connectivity.

### SWIFT MONITORING SUBPROGRAM

With the reduction in the flow of Cachoeira do Queimado, studies carried out by Queimado HPP identified a lower occurrence of swifts at the site. Therefore, through monitoring, the project evaluates the effectiveness of the mitigation measures adopted and the proposal of handling measures so that the repopulation of swifts occurs in the place.

### CROCODILIANS AND CHELONIANS MONITORING SUBPROGRAM

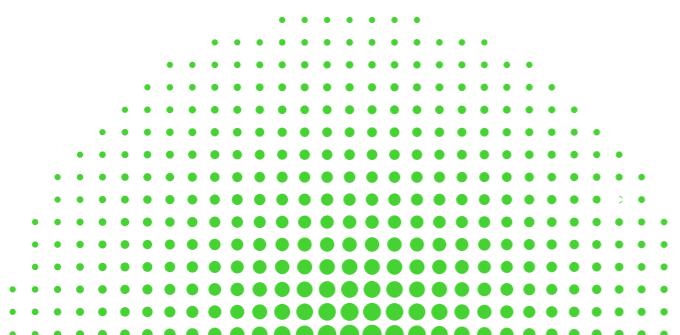
The objective of the Subprogram is to develop actions for population and behavioral monitoring of the chelonian and crocodilian populations existing in the area covered by the project, generating data that allow the adoption of effective practices for the maintenance and growth of these populations, mainly focused on environmental education, handling and conservation and preservation of riparian forests and other riverside habitats occupied by the species.

### LONGICAUDIS OTTER MONITORING SUBPROGRAM

The objective of the Subprogram is to develop action to monitor population and the longicaudis Otter population existing in the area covered by the project, generating data that facilitate the adoption of effective practices for the maintenance and growth of these populations, mainly focused on environmental education, handling and conservation, and preservation of riparian forests and other riverside habitats occupied by the species.

### FAUNA MONITORING SUBPROGRAM UNDER A LANDSCAPE ECOLOGY FOCUS

The Subprogram carried out in the areas surrounding the Queimado HPP aims to determine the importance of the spatial distribution of the landscape on ecological processes and the importance of these relationships in the conservation of these species.



## Vegetation Handling

The important, as well as essential, role of vegetation for the maintenance of life on the planet is widely known in several fields of research. The presence of trees, green areas and forest massifs in the urban area are crucial for the maintenance of safe environmental conditions and the development of society.

However, the interaction of vegetation with electricity distribution cables can cause serious risks to the population, in addition to outages in energy supply to consumers. Therefore, Cemig annually carries out regular preventive maintenance programs in both urban and rural regions.

In urban areas, maintenance occurs mainly through pruning of trees that present a real or potential risk of reaching the power cables. Pruning is supervised by professionals legally qualified for this function and performed by teams trained to preserve the electrical system and the health and safety of the trees.

In rural areas, strip cleaning takes place, which basically consists of removing vegetation, whether herbaceous, shrub or arboreal located in the right-of-way of distribution networks and lines. This activity is also supervised by qualified professionals and can be carried out one-off in order to preserve the environmental conditions of the place as much as possible.

Vegetation Handling also developed research projects to generate innovative methodologies and improve Cemig's environmental performance in this field of activities, with emphasis on:

**P&D 601:** "Quebra Galho" Project: model of risk of falling branches for preventive maintenance and reduction of the impact on the distribution network".

- Project in partnership with IPT – Instituto de Pesquisas Tecnológicas de São Paulo whose objective is to build an easy-to-use mathematical model that, according to the physical and morphological characteristics observed in tree branches over energy networks, can predict their risk of falling. Thus, preventive measures can be taken to avoid accidents and interruption of energy supply.

**P&D 615:** Development of a methodology for evaluating urban trees as to risk of falling, using ground penetrating radar (GPR).

Project in partnership with the Federal University of São João del Rei, Sete Lagoas Campus, to develop a methodology for evaluating the conditions of urban tree roots, given that the main cause of trees falling over power networks is due to rupture or absence of supporting roots.

**P&D 628:** Development of a Computational Tool for the Management of Afforestation close to the electric networks – Extension Other Causes".

Project in continuity of the D509 project in partnership with the Federal University of Rio de Janeiro, which aims to build a low-cost system for monitoring power supply outage caused by the interaction of vegetation with distribution cables.



## Riparian Reforestation

Due to the changes made to the environment to receive the hydroelectric plants, a perimeter free of vegetation formation occurs around the project due to the difficulty of adapting the pre-existing vegetation to the wet soil.

In order to comply with environmental conditions, Cemig carries out the recovery and conservation of riparian forests. Through the R&D Programs, the Company has sought to study and propose innovations to the technological challenges in the electricity sector. **GRI 304-3**

In 2021,  
**27.85 hectares**  
were reforested on the banks  
of Cemig's reservoirs, with



8.23 hectares  
in SHP Emborcacão

1.60 ha  
in SHP Joasal

11.5 hectares  
in SHP Poço Fundo

0.20 ha  
in SHP

0.27 hectares  
in SHP Marmelos

0.70 ha  
in SHP Martins

1.17 ha  
in SHP Coronel Domiciano

1.06 ha  
in SHP Piau

2.83 ha  
in SHP Ervália

0.29 ha  
in SHP Salto Voltão

In addition to the planting, Cemig  
carried out maintenance activities on  
**269.31 hectares**  
of riparian forests



61.62 ha  
of which are in the  
reservoir of the  
HPP Emborcacão

2.0 hectares  
in SHP Salto do Passo Velho

0.50 hectare  
in SHP Coronel Domiciano

1.60 hectares  
in SHP Marmelos

0.82 ha  
in SHP Ervália

11.94 ha  
in SHP Poço Fundo

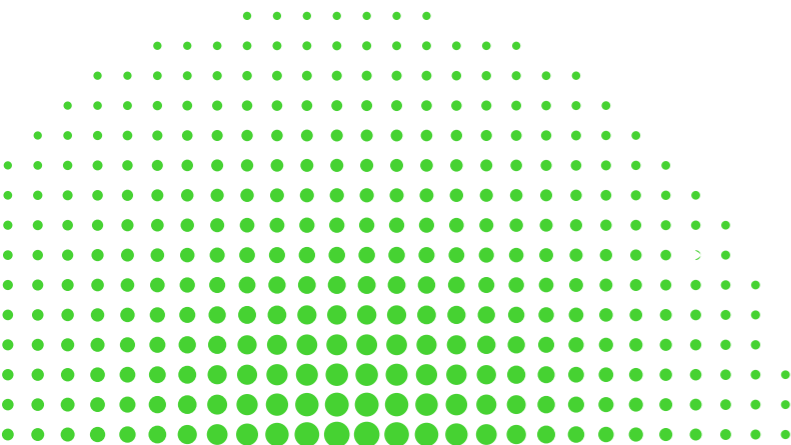
0.50 ha  
in SHP Joasal

1.84 ha  
in SHP Rio de Pedras

0.55 ha  
in SHP Piau

187.89  
in HPP Rosal

0.03 ha  
in SHP Santa Luzia



# CLIMATE CHANGE

## Climate Management and its Implications

Cemig makes every effort to improve its processes, with a view to eliminating or mitigating the risks inherent to the operations of its units and the provision of its services. In this line of reasoning, it recognizes the dependence and importance of climate resilience for the business, so that it measures the risks and opportunities in its operation based on its classification method, considering a time horizon.

**GRI 201-2**

Within the analysis, risks are classified into short, medium and long-term risks. Short term considers (0-1 year), medium term (1-7 years), and long term (up to 21 years). Initially, the Company classifies the risks identified as (i) process risks, which are related to operations, limited to the activities of each process; (ii) macro-processes risks, whose impacts cover different processes and management of the Company; and (iii) Top Risks, which are macro-processes risks that can directly impact the Company's strategy.

The risks are divided according to the following aspects:



### Physical-chronic

Changes in rainfall patterns and extreme variability in weather patterns.

Drought is a factor to be observed, as two fundamental services can be compromised: supply of water and energy, therefore, Cemig works together with other agencies and groups to study the possibilities of improving the system without compromising either side, both in terms of resource quality and quantity.

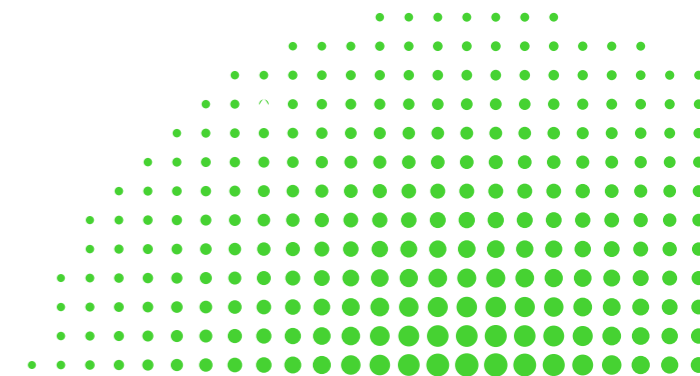
On the other hand, the high flow of water is also considered a potential risk, as the Company is required to open the floodgates to ensure the safety of the dams, which leads to the flooding of the downstream area.

Mitigation of both scenarios is done through the following practices: dampen runoff variations, accumulate large volumes in the dry period and apply them during the drought and maintain constant flow or with minimal variation.

**Main impact:** shortage of Cemig D's cash flow due to the increase in energy purchase prices (short term)

Cemig has a specific organizational structure, fully dedicated to managing the purchase and sale of energy. It has the Energy Risk Management Committee – CGRE, with the objective of minimizing risks in energy purchase and sale contracts, in addition to mitigating the risk of short-term exposure, resulting from bad hydrological conditions.

**Total risk 1 management cost:** R\$1,628,077.07. The management cost is calculated based on the company's costs with the tariff team. Cemig has seven employees in the tariff team and the cost per employee is R\$232,582.44.



**RISK 2**

**Acute physical**

Increase in severity and frequency of extreme weather events such as cyclones and floods. Occurrence of heavy rains in a short period, accompanied by gales and lightning. These phenomena are increasingly associated with the effects of an unfavorable microclimate, typical of large urban centers.

**Main impact:** Risk of damaging energy transport and distribution facilities, making the resource unavailable to customers. There is also the cost of repairing structures and reimbursement to consumers for the Company (DEC and FEC indicators) (medium term).

Cemig manages these adverse events with a view to reducing the magnitude of their impacts through adaptation measures such as tree pruning, monitoring through weather stations and meteorological radar, and through the emergency plan for immediate energy restoration. At the same time, the Company is carrying out works to improve its distribution system.

**Total risk 2 management cost:** R\$503.2 million Calculation of the management cost added investments in expansion and reinforcement of high voltage (R\$348.5 million), renovation of the high voltage system (R\$5.4 million), reinforcement of medium and low voltage (R\$82.9 million) and network renewal in medium and low voltage (R\$66.4 million).

**RISK 3**

**Transition**

The greatest risk to which Cemig is exposed today is adapting to possible regulatory changes determined by the government to achieve the goals it has committed to through the National Policy on Climate Change, which establishes commitments to reduce emissions by 2030, and through emerging regulations covering carbon pricing mechanisms.

**Main impact:** Increase in indirect (operating) costs.

The incidence of risk would be in the application of a regulation on the consumption of fossil fuels. The price of carbon applied in the fuel sector would imply an increase in the prices of fossil fuels or fossil fuel thermal plants. One of the ways to manage this risk is through the vehicle fleet renewal contract (medium term). The company also uses the internal carbon price in the feasibility analysis stages of new electric power generation projects. Currently, the established price is US\$20.00/ton CO<sub>2</sub> or R\$101/ton CO<sub>2</sub>.

In this regard, Cemig actively participated in the Consultative Committee of PMR Brazil Project, which ended in December 2020 and aimed to discuss the convenience and opportunity of including GHG emission pricing in the package of instruments aimed at implementing the National Policy on Climate Change (PNMC) in the post-2020 period.

Another concern of the company is in relation to the commitment to reduce emissions by 2030 due to the possibility of make investments in natural gas thermoelectric plants in the future, in view of the emission caused by this type of energy generation.

It is important to mention that the Company seeks to increase its portfolio with clean and renewable energy so as not to have to resort to more aggressive sources of generation, as well as participating in sector associations for the purpose of benchmarking and continuous improvement.

# Risks and Opportunities Arising from Climate Change



Based on the guidelines established in the Risk Management Policy, Cemig has structured a program which allows the mapping and assessment of both strategic risks and those arising from operational processes.

The program is coordinated by the Risk Management and Internal Controls Department and provides technical support to the different areas of the Company. The objective is to provide information to Senior Management for decision-making regarding the most relevant risks and opportunities.

**Total risk 3 management cost:** R\$43,149,707.33

**The table below presents risk management costs in 2020 and 2021:**

**2020** R\$ 204,897,924.42  
**Total risk management cost**  
 R\$ 553,067,784.33 **2021**

**2020** R\$ 1,243,955,045.47  
**Total Opportunities management cost**  
 R\$ 2,539,776,076.66 **2021**

The global relevance of the discussions on the effects of climate change reinforces the special attention that Cemig dedicates to the identification of business risks and opportunities, in addition to intensifying the search for solutions for adaptation and mitigation, avoiding risks and impacts to the Company's business.

During the risk identification activity, the area responsible for the centralized management of risks and internal controls consults the managers of the areas correlated to the identified themes, including the areas that interact with external stakeholders (investor relations, strategic planning, sustainability, and the general secretariat).

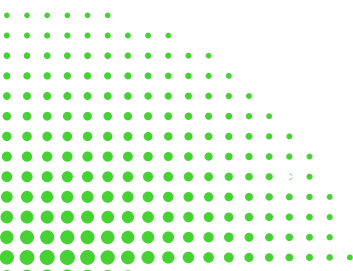
After the result of this consultation with the leaders, a risk matrix proposal is submitted to the CMRC and forwarded for resolution by the Executive Board, which also improves the product, forwarding it to the Board of Directors. Additionally, the proposed matrix can be submitted to the Board of Directors' support bodies, such as the Audit Committee and the Fiscal Council.

As a result of this process, Cemig builds the Top Risks Matrix, which covers Generation, Transmission, Distribution, Trade, Distributed Generation and Holding, in addition to the risks common to the businesses and/or any adjustments for adaptation to the current Strategic Plan. Top Risk stands out as an economic, environmental and social corporate risk prioritized by the Board of Directors.



**TOP RISK:**

They refer to the inadequacy of measures to mitigate and adapt to climate change in the long term, resulting from the non-implementation or inefficiency of the measures necessary to minimize the impacts resulting from extreme weather events.



**Main impacts:**

- Damage to the electricity generation, transmission and distribution infrastructure, which may cause interruption of these services;
- Loss of revenue and market, due to new low carbon solutions implemented by competitors.

**Sample of Mitigation Actions:**

- Structuring and execution of the Distributor Development Plan (PDD) for the 2023 – 2027 period;
- Research and Development Program (P&D) Distribution Operations Center of the future, which consists of the implementation of a software based on the concepts of time-oriented visual analytics and hyper-vision, responsible for providing situational awareness to operators through a graphical interface.

In addition, Cemig has a Sustainability Plan (2021-2025), which includes actions to combat climate change, and a Strategic Planning (2020-2024) with approved investments in expansion of renewable energy generation, modernization of distribution networks and smart grids, investments in distributed generation (DG) and energy efficiency, all in line with the low carbon energy transition.





The main opportunities in the area are listed below:

### SELLING CERS IN A CAP-AND-TRADE SYSTEM

The establishment of a cap-and-trade market for emission trading in Brazil or in the world, along the lines of the CDM, for example, could lead Cemig to position itself as a major supplier of emission reduction certificates. This opportunity could lead to an increase in revenue at Cemig. (mid-term).

### SALE OF ENERGY SOLUTIONS PROJECTS

In a scenario of greater business investments in energy efficiency to reduce electricity consumption and GHG emissions, the subsidiary CEMIG SIM may find an increase in demand for its services, such as the implementation of LED lighting projects, cogeneration, distributed generation and other energy solutions services.

### SALE OF CERTIFIED RENEWABLE ENERGY

The Emborcação Plant, located in the municipality of Araguari (MG), was certified by the "International Renewable Energy Certificate Standard" (I-REC) system. It is a certificate that certifies that the energy produced comes from a renewable source. With the certification, Cemig can sell energy to RE100 companies, a group that brings together companies committed to 100% renewable energy consumption, which already represents a demand of more than 170 TWh. 1,591,114 I-RECs were sold.

### CREATION OF OWN CERTIFICATE, CALLED CEMIG REC

It complies with international standards, such as the GHG Protocol and CDP, and guarantees that the company's energy is renewable, through its own controls and a methodology proposed by a specialized consultancy. With this certificate, companies can guarantee that the energy they consume comes from renewable sources. In 2021, 1,106,545 Cemig RECs were sold from HPPs Emborcação, Nova Ponte, and Três Marias.

Considering the sale of I-REC and Cemig REC, 2,697,659 renewable energy certificates were sold in 2021.

REFERENCE YEAR	CEMIG REC	I-REC	SUB TOTALS
<b>2021</b>	1,106,545	1,591,114	2,697,659
<b>2020</b>	712,842	57,432	770,274
<b>2019</b>	1,236,861	0	1,236,861



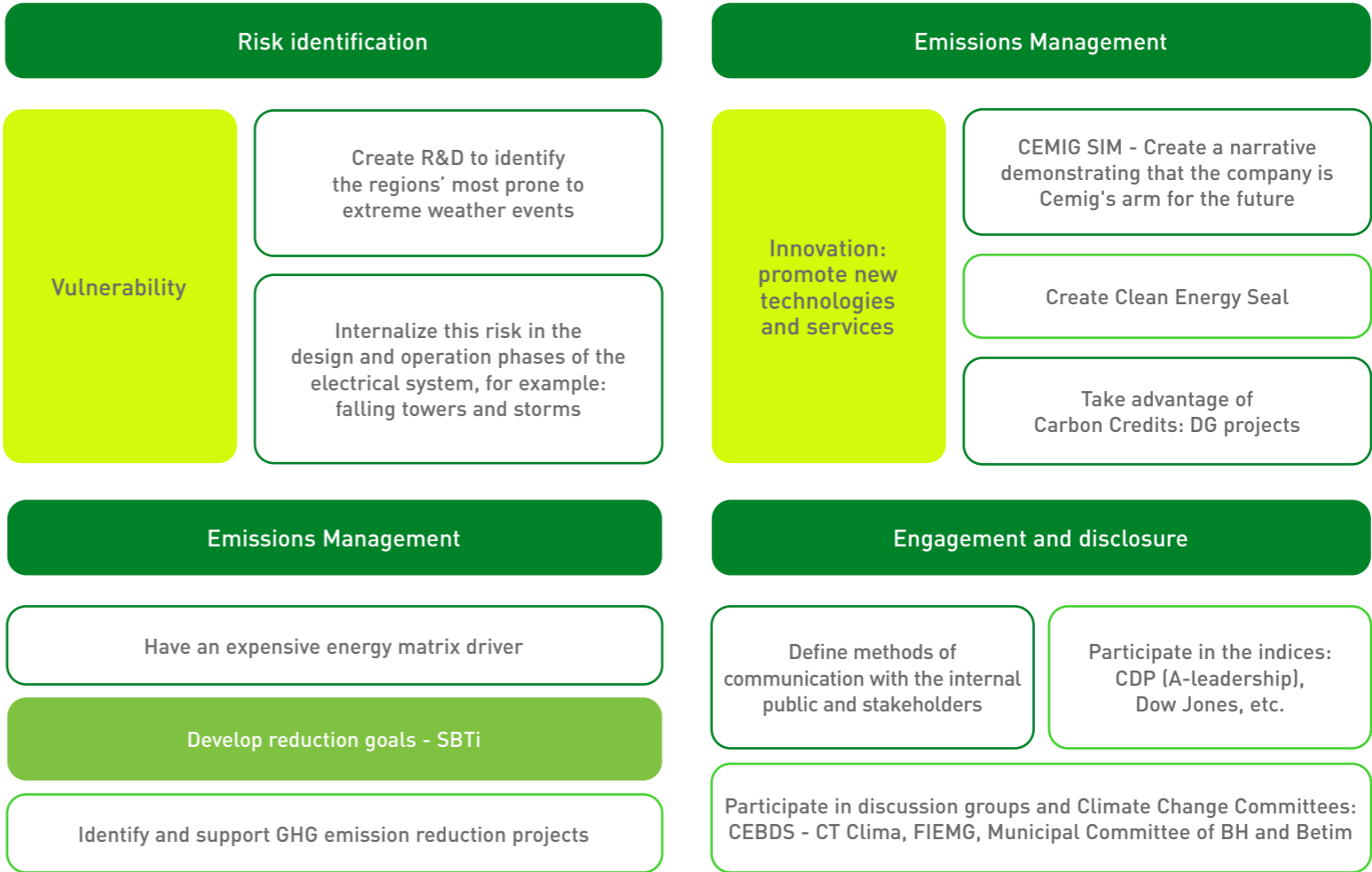
# Climate Strategy and Adaptation Plan



## Climate Strategy

Despite the characteristics of Cemig's electricity matrix, which is predominantly renewable and low in GHG emissions, senior leadership is involved in defining strategies to reduce GHG emissions, as evidenced by the establishment of voluntary goals (i) to reduce emissions; (ii) electricity consumption; and (iii) energy losses. Cemig's strategy for mitigating, adapting and disclosing the issue to society and its investors is explained in its Commitment to Climate Change (10 Climate Change initiatives), undertaken on December 1, 2011 by the Executive Board. The main guidelines of Cemig's Climate Strategy are exemplified in the figure below. **GRI103|305**

### CEMIG'S CLIMATE STRATEGY GUIDELINES



In 2021, Cemig prepared the Climate Change Adaptation Plan, which will be updated annually. The Plan aims to describe climate risks, mitigation and adaptation actions and present analyzes of climate scenarios and their possible impacts on the company's business.

To this end, Cemig defined the “10 climate initiatives”, presented next:



Energy generation from renewable sources



Creation of the first Brazilian Esco – Energy Service Company certified in ISO 9001 and linked to an energy concessionaire



Implementation of energy conservation and efficiency projects



Activities in the natural gas sector



Investment in new energy sources



Integration of carbon risk in the technical-economic feasibility of new projects and in asset acquisitions and mergers



Assessment of risks and opportunities from climate change



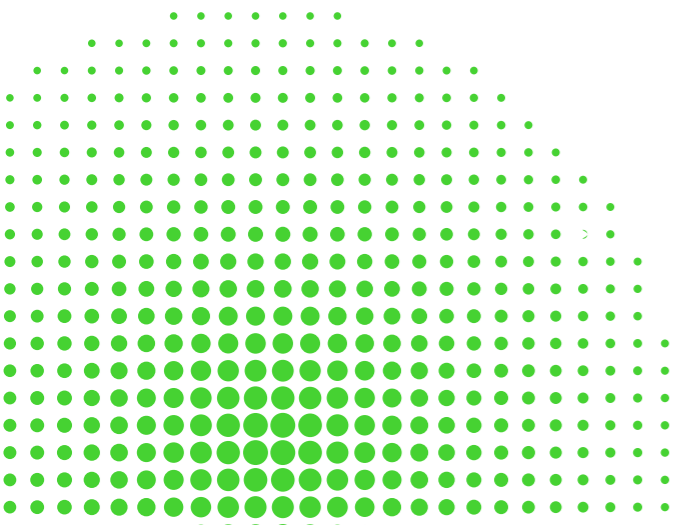
Improved process efficiency



Emission reduction in transport



Technology and Innovation Program



In addition, in 2021 the company participated in the ACT - Assessing Low Carbon Transition and DDP - Deep Decarbonization Pathways project, which aims to raise the level of decarbonization ambition in critical economic sectors, including the electricity sector.

The alliance of innovative ACT - DDP methodologies will make it possible to evaluate the company's decarbonization strategies in relation to national and sectoral decarbonization routes consistent with the objectives of the Paris Agreement.

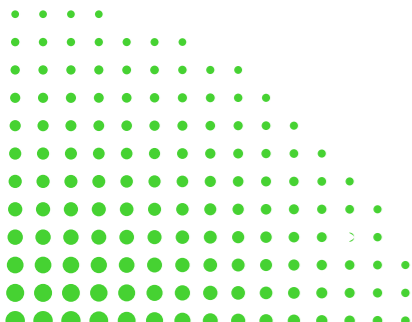
**The project focused on:**

- Construction of decarbonization scenarios and sectoral trajectories;
- Assessment of the decarbonization strategies of local companies in relation to the developed routes;
- Knowledge transfer and communication on low carbon sectoral transition at national level;
- International communication with a focus on Latin America.

The result of the assessment received by Cemig showed that there was a need to develop the Low Carbon Transition Plan, which will be prepared in 2022.

The objective of following the lines of action established in the Company's Commitment to Climate Change is to prepare Cemig for a low carbon economy, promoting an alignment of its businesses based on the assessment of climate risks and opportunities.

The theme of low carbon economy is a central issue for sustainable development, given the potential impacts arising from global warming and climate change. Therefore, Cemig has intensified the search for adaptation and mitigation solutions, avoiding risks and impacts to its business and always seeking to make economic development compatible with the protection of the climate system.





## Clean Development Mechanisms (CDM) Projects

Cemig Group participates in CDM projects registered with the United Nations Framework Convention on Climate Change (UNFCCC), including six SHPs with a 96 MW capacity, a hydroelectric plant with a 3,150 MW generation capacity.

At Guanhães Energia, the potential for generating credits is 44,488, 49% of which are from Cemig; at SHP Cachoeirão, it totals 34,059 credits, 49% of which are from Cemig; at the Santo Antônio HPP it totals 4,015,196, 15% of which are from Cemig; and at HPP Paracambi it totals 33,993 credits, 49% of which are from Cemig. In 2021, these projects were monitored, corresponding to 662,824 Cemig credits.

As part of the 2025 Strategic Plan, the company has the goal of adding ~1GW of capacity (approx. 450MWh of physical guarantee) to Cemig's portfolio, through projects in hydro, wind and solar sources with adequate financial returns, thus maintaining its 100% renewable matrix.

Several units have CDM processes in progress: SPE Guanhães (4 SHPs, 44 MW)<sup>12</sup>; SHP Cachoeirão (27 MW)<sup>13</sup>; SHP Pipoca (20 MW); SHP Paracambi (25 MW)<sup>14</sup> and HPP Santo Antônio (3568 MW). **GRI EU5**

**Cemig Group participates in CDM projects, including 6 SHPs with a 96MW capacity, a hydroelectric plant with a 3,150MW generation capacity.**



## External initiatives

Recognizing the impact of its business and with a view to consolidating its image and participation in the climate agenda, the Company adhered to several initiatives on the subject, the most relevant ones highlighted below: **GRI102-12**

Initiative	Year of adhesion	Purpose
CDP	2007	Report risks and opportunities for its business, arising from climate change and monitoring and control measures, as well as establish goals and deadlines for impact reduction.
Carbon Efficient IC02 Index (B3)	2010	By joining the index, the Company expresses its commitment to being transparent in its emissions, anticipating the vision of preparation for a low carbon economy.
CDP Benchmark Club	2019	Individually support the Companies in their CDP reporting process, to improve data quality and effectiveness of the action plan generated by it.
Thematic committees	N/A	Participate in legal discussion forums and assist in the formulation of regulations and laws through participation in Municipal Committees that deal with the climate issue.
Climate Action Platform (Global Compact – UN)	2020	The Climate Action Platform of Brazil Network of the Global Compact aims to mobilize its members to integrate the Climate Agenda into their organizational strategies, contributing to the construction of a resilient and carbon neutral economy in a transparent, socially fair and inclusive manner.

# Greenhouse Gas Emission (GHG)



Cemig makes the annual inventory its greenhouse gas (GHG) emissions according to the calculation parameters established by the Brazilian GHG Protocol Program.

Cemig's leadership is engaged and involved in discussions related to Greenhouse Gas (GHG) emissions, focusing on effective action, as can be seen from the establishment of voluntary goals to reduce (i) emissions; (ii) electricity consumption; and (iii) energy losses.

In addition to monitoring, inventories are also used to assertively manage the risks and opportunities of the Company's emissions, establish reduction goals, systematize monitoring and mitigation actions, and participate in climate dissemination programs and the Company's comparability with other players in the sector.

**GRI 1031305**

Cemig inventory records CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and SF<sub>6</sub> emissions and, optionally, quantifies CO<sub>2</sub> emissions from renewable sources. The document undergoes external verification and the data is extracted directly by those responsible for the areas through Cemig ERP records, operational and corporate control systems, invoices, contracts, registration spreadsheets.



In 2018, Cemig defined two tCO<sub>2</sub> emission goals, one of which consists of the absolute goal based on the combination of scope 1 and 2 emissions. As a reference, the target year 2022 and base year 2017 were determined for total emissions.

For scope 1 emissions, the following criterion was adopted: maintain the SF<sub>6</sub> emission percentage at a maximum of 0.66% and reduce 10% emissions from mobile sources in relation to the 2017 value. Regarding scope 2 emissions, the following criterion was defined: maintain electricity consumption at 41,334 MWh (2017 figures) and have 12.56% of total losses in 2020, 11.28% in 2021 and 11.16% in 2022.

For the 2021 report, the reference adopted was NBR ISO 14064, jointly with the GHG Protocol specifications. The emission factors and Global Warming Potential (GWP) are taken from the Intergovernmental Panel on Climate Change (IPCC).

All information used undergoes internal audits, including by international references, such as NBR ISO 9001:2008, NBR ISO 14001:2004. Known as the operational control approach, Cemig quantifies the emissions of its fully controlled companies. **GRI 103|305; 305-1; 305-2; 305-3**

At Cemig, CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and SF<sub>6</sub> gases are generated by the following activities:

- CO<sub>2</sub>: generated by burning fossil fuels (such as diesel, natural gas, kerosene and liquefied petroleum gas) by mobile and stationary sources. In addition, there are CO<sub>2</sub> emissions related to waste treatment and the use of agricultural fertilizers;
- CH<sub>4</sub>: generated in the burning of fuels by mobile and stationary sources, fugitive emissions in natural gas distribution lines and in the decomposition of organic matter in solid waste treatment processes;

- N<sub>2</sub>O: generated by burning fossil fuels (such as diesel, natural gas, kerosene and liquefied petroleum gas) by mobile and stationary sources. In addition, there are N<sub>2</sub>O emissions related to waste treatment and the use of agricultural fertilizers;
- SF<sub>6</sub>: generated in the maintenance of energy transmission and distribution equipment, which use this gas as an insulator or to extinguish electric arcs. In these maintenance actions, the gas was lost due to fugitive emission is replaced.

**2021 Emissions by Scope**

scope 1	12,848
scope 2	861,233
scope 3	9,280,380





Putting the results in perspective, Scope 1, 2 and 3 emissions for the last 3 years are presented below:

<b>Historical series of Cemig's emissions (tCO<sub>2</sub>e)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
scope 1	51,939	11,419	12,848
scope 2	598,518	448,083	861,233
scope 3	6,451,432	5,246,668	9,280,380

**CEMIG'S TOTAL EMISSIONS**

<b>Scope</b>	<b>Category</b>	<b>Emission (tCO<sub>2</sub>e)</b>	<b>Representativeness (%)</b>
<b>Scope 1</b>	Stationary combustion	114.27	0.9%
	Mobile combustion	8,956.83	69.7%
	Fugitive	3,688.06	28.7%
	Agricultural activities	46.98	0.4%
	Soil Change and Use	41.5	0.3%
	<b>TOTAL</b>	<b>12,847.64</b>	<b>100.0%</b>
<b>Scope 2</b>	Electricity Consumption	4,707.95	1%
	T&D losses	856,525.09	99%
	<b>Total Scope 2</b>	<b>861,233.04</b>	<b>100%</b>
<b>Scope 3</b>	Waste generated in operations	558.17	0%
	Employees' commuting (home-work)	533.58	0.01%
	Purchased goods and services	244.06	0.00%
	Transport and distribution (upstream)	2,726.37	0.03%
	Business trips	96.52	0.00%
	Use of goods and services sold	9,276,221.56	99.96%
	<b>Total Scope 3</b>	<b>9,280,380.25</b>	<b>100.00%</b>

In 2021, Cemig's operations were responsible for the direct emission (Scope 1) of 12,847.64 tCO<sub>2</sub>, representing a 13% increase compared to 2020, with mobile combustion as the largest representative of emissions, 69.7%, which means 8,956.83 tCO<sub>2</sub>e. **GRI 305-1**

Indirect emissions related to energy acquisition (Scope 2) in 2021 totaled 861,233.04 tCO<sub>2</sub> e, representing a 92% increase compared to 2020 emissions (448,083 tCO<sub>2</sub> e) and a 30% increase compared to year 2017

(664,413.00 tCO<sub>2</sub>e). In terms of Transmission and Distribution Losses (which correspond to 99% of Scope 2 emissions), there was a 92% increase compared to 2020. **GRI 302-4 | 305-2**

Cemig uses 2 emission intensity indicators as a reference for its assessment of greenhouse gas emissions. The first compares total scope 1 and 2 emissions to net operating revenue (tCO<sub>2</sub> e/R\$) and the second, to net energy generation (tCO<sub>2</sub> e/MWh) in the year. **GRI 305-3**

Cemig's Scope 3 emissions in 2021 totaled 9,280,380.25 tCO<sub>2</sub> e, representing a 77% increase over the previous year (5,246,668 tCO<sub>2</sub> e in 2020). Scope 3 emissions are mainly associated with the sale of energy and natural gas, categorized as Use of goods and services sold. Emissions in this category make up almost all Scope 3 emissions, representing 99.96% of the total.

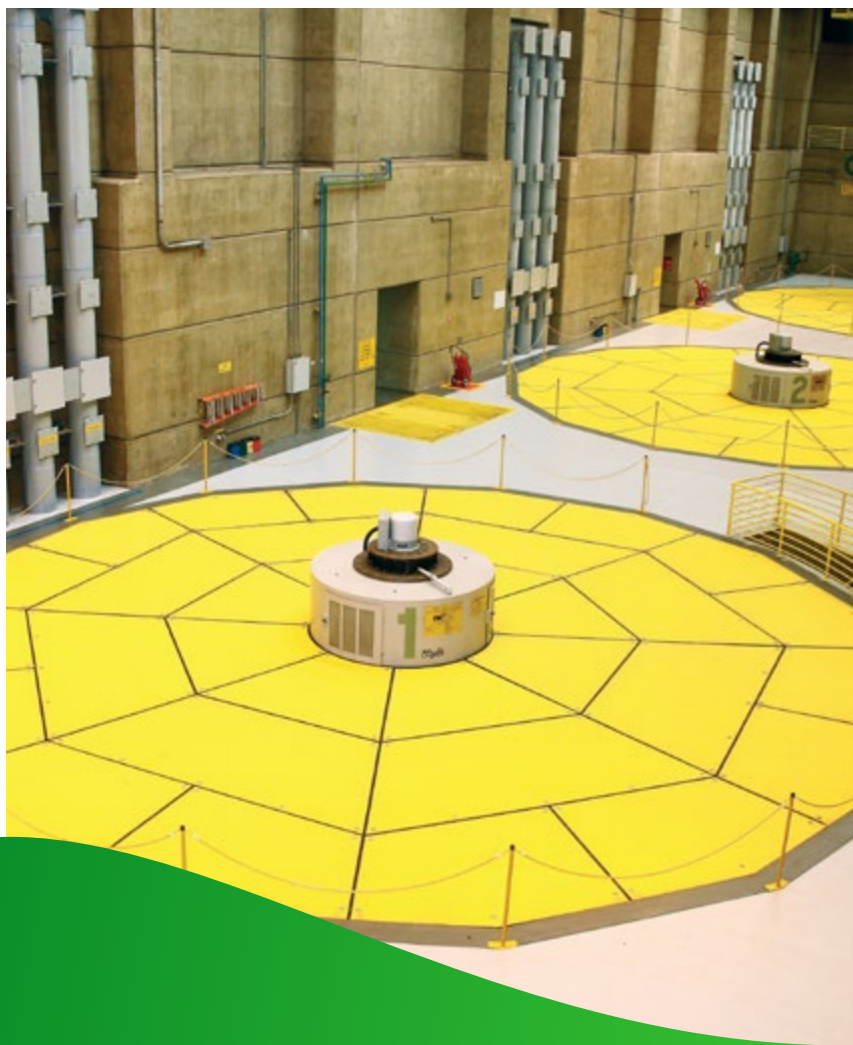
**REPRESENTATIVENESS OF EMISSION BY COMPANY**

UNIT	SCOPE	CONSOLIDATED PERCENTAGE (TOTAL Scope 1,2,3)	CONSOLIDATED PERCENTAGE (BY SCOPE)
CEMIG D	1	0.09%	68.64%
	2	8.35%	98.43%
	3	30.53%	33.40%
CEMIG GT	1	0.02%	15.82%
	2	0.11%	1.32%
	3	30.19%	33.04%
CEMIG 3 Marias	1	0.01%	6.44%
	2	0.01%	0.17%
	3	0.46%	0.50%

UNIT	SCOPE	CONSOLIDATED PERCENTAGE (TOTAL Scope 1,2,3)	CONSOLIDATED PERCENTAGE (BY SCOPE)
CEMIG Camargo	1	0.01%	6.44%
	2	0.00%	0.00%
	3	0.06%	0.07%
CEMIG Horizonte Energia	1	0.00%	0.00%
	2	0.00%	0.00%
	3	0.11%	0.12%
CEMIG Itutinga	1	0.00%	0.07%
	2	-	-
	3	0.09%	0.10%
CEMIG Leste	1	0.00%	0.10%
	2	0.00%	0.00%
	3	0.06%	0.06%
CEMIG Oeste	1	0.00%	0.09%
	2	0.00%	0.00%
	3	0.04%	0.04%

UNIT	SCOPE	CONSOLIDATED PERCENTAGE (TOTAL Scope 1,2,3)	CONSOLIDATED PERCENTAGE (BY SCOPE)
CEMIG Parajuru	1	0.00%	0.15%
	2	0.00%	0.00%
	3	0.09%	0.10%
CEMIG PCH	1	0.00%	0.15%
	2	0.00%	0.00%
	3	0.14%	0.16%
CEMIG Rosal Energia	1	0.00%	0.07%
	2	0.00%	0.00%
	3	0.27%	0.30%
CEMIG Sacarvalho	1	0.00%	0.03%
	2	0.00%	0.00%
	3	0.59%	0.65%
CEMIG Salto Grande	1	0.00%	0.07%
	2	0.00%	0.00%
	3	0.28%	0.30%

UNIT	SCOPE	CONSOLIDATED PERCENTAGE (TOTAL Scope 1,2,3)	CONSOLIDATED PERCENTAGE (BY SCOPE)
CEMIG SIM	1	0.00%	0.06%
	2	-	-
	3	0.00%	0.00%
CEMIG Sul	1	0.00%	0.13%
	2	0.00%	0.00%
	3	0.09%	0.10%
CEMIG Volta do Rio	1	0.00%	1.08%
	2	-	-
	3	0.10%	0.11%
CEMIG Centroeste	1	0.00%	0.32%
	2	0.01%	0.07%
	3	-	-
GASMIG	1	0.00%	2.40%
	2	0.00%	0.00%
	3	28.29%	30.95%



At Cemig, the main atmospheric emissions come from mobile sources (light and heavy vehicles), which mainly account for NOx, SOx and Particulate Materials (PM) emissions. The table below presents the emission of these pollutants in tonnes (t) per year. **GRI 305-7**

Pollutant emission/year (t)	2019	2020	2021
NOx	8.58	7.09	6.89
SOx	0.763	0.600	0.662
MP	0.265	0.252	0.171

The data presented indicate a 2.82% drop in NOx emissions compared to 2020 and the goal, which was to reduce emissions to a maximum value of 7.916 in 2021, was exceeded by 13%.

On the other hand, there was a 10.3% increase in SOx emissions compared to 2020, although the goal for this year (0.714 tons) was exceeded by 13.2%. Particulate Material (PM) emissions dropped 32.14% compared to 2020 and exceeded the goal (0.225 tons) by 24%.



# OTHER DATA

# OTHER DATA

## GRI Summary GRI 102-55

### General Disclosures

GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
<b>Organizational profile</b>			
	Disclosure 102-1 Name of the organization	4	-
	Disclosure 102-2 Activities, brands, products, and services	24	-
	Disclosure 102-3 Location of headquarters	24	-
	Disclosure 102-4 Location of operations	24	-
	Disclosure 102-5 Ownership and legal form	24	-
	Disclosure 102-6 Markets served	24	-
GRI 102: General Disclosures	Disclosure 102-7 Scale of the organization	145 and 146	-
	Disclosure 102-8 Information on employees and other workers	99	-
	Disclosure 102-9 Supply chain	123	-
	Disclosure 102-10 Significant changes to the organization and its supply chain	27	-
	Disclosure 102-11 Precautionary Principle or approach	67	-
	Disclosure 102-12 External initiatives	222	-
	Disclosure 102-13 Membership of association	51	-



GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
<b>Strategy</b>			
GRI 102 General Disclosures 2016	Disclosure 102-14 Statement from senior decision-maker	9	-
<b>Ethics and integrity</b>			
GRI 102 General Disclosures 2016	Disclosure 102-16 Values, principles, standards, and norms of behavior	65	-
<b>Governance</b>			
GRI 102 General Disclosures 2016	Disclosure 102-18 Governance structure	54 and 55	-
<b>Stakeholder engagement</b>			
	Disclosure 102-40 List of stakeholder groups	12	-
	Disclosure 102-41 Collective bargaining agreements	115	-
GRI 102 General Disclosures 2016	Disclosure 102-42 Identifying and selecting stakeholder	12	-
	Disclosure 102-43 Approach to stakeholder engagement	12	-
	Disclosure 102-44 Key topics and concerns raise	13	-
<b>Reporting practice</b>			
	Disclosure 102-45 Entities included in the consolidated financial statements	4	-
GRI 102 General Disclosures 2016	Disclosure 102-46 Defining report content and topic Boundaries	12	-
	Disclosure 102-47 List of material topics	13	-
	Disclosure 102-48 Restatements of information	NA	-

GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
GRI 102: General Disclosures 2016	Disclosure 102-49 Changes in reporting	18	-
	Disclosure 102-50 Reporting period	4	-
	Disclosure 102-51 Date of most recent report	4	-
	Disclosure 102-52 Reporting cycle	4	-
	Disclosure 102-53 Contact point for questions regarding the report	5	-
	Disclosure 102-54 Claims of reporting in accordance with the GRI Standards	4	-
	Disclosure 102-55 GRI content index	232	-
	Disclosure 102-56 External assurance	4	-
<b>Material topics</b>			
<b>Combating Losses, Risk Management, Governance of ESG Aspects, Research, Development and Innovation, Energy Quality, Customer Satisfaction and Loyalty</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	146	-
	Disclosure 103-2 The management approach and its components	146	-
	Disclosure 103-3 Evaluation of the management approach	146	-
GRI 201: Economic Performance 2016	Disclosure 201-1 Direct economic value generated and distributed	162 and 167	-
	Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	213	-
	Disclosure 201-3 Defined benefit plan obligations and other retirement plans	102 and 104	-
	Disclosure 201-4 Financial assistance received from government	As in 2019, in 2020 Cemig did not receive any type of financial assistance received from the government.	-

GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
<b>Market Presence</b>			
GRI 202 Market Presence 2016	Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	103	-
	Disclosure 202-2 Proportion of senior management hired from the local community	57	-
<b>Combating Losses, Risk Management, Governance of ESG Aspects, Research, Development and Innovation, Energy Quality, Customer Satisfaction and Loyalty</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	155 and 167	-
	Disclosure 103-2 The management approach and its components	155 and 167	-
	Disclosure 103-3 Evaluation of the management approach	155 and 167	-
GRI 203: Indirect Economic Impacts 2016	Disclosure 203-1 Infrastructure investments and services supported	38,162 and 167	-
	Disclosure 203-2 Significant indirect economic impacts	38	-
GRI 204: Procurement Practices 2016	Disclosure 204-1 Proportion of spending on local suppliers	122 and 123	-
<b>Compliance and Ethical Conduct</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explicação sobre o tópico material e seus limites	65	-
	Disclosure 103-2 Abordagem de gestão e seus componentes	65	-
	Disclosure 103-3 Evolução da abordagem de gestão	65	-
GRI 205: Anti-corruption 2016	Disclosure 205-1 Operations assessed for risks related to corruption	65	-
	Disclosure 205-2 Communication and training about anti-corruption policies and procedures	65	-
	Disclosure 205-3 Confirmed incidents of corruption and actions taken	65	-
GRI 206: Anti-competitive behavior 2016	Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	65	-

GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
<b>Materials</b>			
GRI 301: Materials 2016	Disclosure 301-1 Materials used by weight or volume	191	-
	Disclosure 301-2 Recycled input materials used	190	-
<b>Combating Losses, Promotion of the Energy Transition</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	190	-
	Disclosure 103-2 The management approach and its components	190	-
	Disclosure 103-3 Evaluation of the management approach	190	-
GRI 302: Energy 2016	Disclosure 302-1 Energy consumption within the organization	189	-
	Disclosure 302-2 Energy consumption outside of the organization	190	-
	Disclosure 302-4 Reduction of energy consumption	190 and 226	-
<b>Water Resources Management</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	183,197 and 198	-
	Disclosure 103-2 The management approach and its components	183,197 and 198	-
	Disclosure 103-3 Evaluation of the management approach	183,197 and 198	-
GRI 303: Water and effluents 2018	Disclosure 303-1 Interactions with water as a shared resource	195	-
	Disclosure 303-2 Management of water discharge-related impacts 8	195 and 196	-
	Disclosure 303-3 Water withdrawa	195	-

GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
<b>Biodiversity and Habitat Protection</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	183 and 204	-
	Disclosure 103-2 The management approach and its components	183 and 204	-
	Disclosure 103-3 Evaluation of the management approach	183 and 204	-
GRI 304: Biodiversity 2016	Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	209	-
	Disclosure 304-2 Significant impacts of activities, products, and services on biodiversity	188, 205 and 207	-
	Disclosure 304-3 Habitats protected or restored	209 and 212	-
	Disclosure 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	182 and 183 RAS 2020 Access: <a href="https://www.cemig.com.br/wp-content/uploads/2021/05/ras-2020.pdf">https://www.cemig.com.br/wp-content/uploads/2021/05/ras-2020.pdf</a>	-
<b>Combating Losses, Promotion of the Energy Transition</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	218, 223 and 224	-
	Disclosure 103-2 The management approach and its components	218, 223 and 224	-
	Disclosure 103-3 Evaluation of the management approach	218, 223 and 224	-
GRI 305: Emissions 2016	Disclosure 305-1 Direct (Scope 1) GHG emissions	224 and 226	-
	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	224 and 226	-
	Disclosure 305-3 Other indirect (Scope 3) GHG emissions e 305-4 GHG emissions intensity	224 and 226	-
	Disclosure 305-5 Reduction of GHG emissions	226	-
	Disclosure 305-6 Emissions of ozone-depleting substances (ODS)	Emissions of ozone-depleting substances are not relevant for the Company.	-
	Disclosure 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	230	-

GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
<b>Waste</b>			
GRI 306: Waste 2016	Disclosure 306-1 Waste generation and significant waste-related impacts	190	-
	Disclosure 306-2 Management of significant waste-related impacts	190	-
	Disclosure 306-3 Waste generated	194	-
	Disclosure 306-4 Waste diverted from disposal	194	-
	Disclosure 306-5 Waste directed to disposa	194	-
<b>Biodiversity and Habitat Protection, regulatory framework</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	183	-
	Disclosure 103-2 The management approach and its components	183	-
	Disclosure 103-3 Evaluation of the management approach	183	-
GRI 307: Environmental compliance 2016	Disclosure 307-1 Waste generation and significant waste-related impacts	187	-
<b>Supplier Management</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	129	-
	Disclosure 103-2 The management approach and its components	129	-
	Disclosure 103-3 Evaluation of the management approach	129	-
GRI 308: Supplier environmental assessment 2016	Disclosure 308-1 New suppliers that were screened using environmental criteria	132	-
	Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	129 and 131	-

GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
<b>People management</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	99 and 106	-
	Disclosure 103-2 The management approach and its components	99 and 106	-
	Disclosure 103-3 Evaluation of the management approach	99 and 106	-
GRI 401: Employment 2016	Disclosure 401-1 New employee hires and employee turnover	106	-
	Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	104	-
	Disclosure 401-3 Parental leave	104	-
<b>Workforce Health and Safety</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	116 and 117	-
	Disclosure 103-2 The management approach and its components	116 and 117	-
	Disclosure 103-3 Evaluation of the management approach	116 and 117	-
GRI 402: Labor/Management relations 2016	Disclosure 402-1 Minimum notice periods regarding operational changes	162	-
GRI 403: Occupational health and safety 2018	Disclosure 403-1 Occupational health and safety management system	117	-
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	119	-
	Disclosure 403-3 Occupational health services	117	-
	Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	117	-
	Disclosure 403-9 Work-related injuries	119	-

GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
<b>People management</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	99	-
	Disclosure 103-2 The management approach and its components	99	-
	Disclosure 103-3 Evaluation of the management approach	99	-
GRI 404: Training and education 2016	Disclosure 404-1 Average hours of training per year per employee	113	-
	Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	102	-
	Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	111	-
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	105 and 109	-
	Disclosure 103-2 The management approach and its components	105 and 109	-
	Disclosure 103-3 Evaluation of the management approach	105 and 109	-
GRI 405: Diversity and equal opportunity 2016	Disclosure 405-1 Diversity of governance bodies and employees 6	101	-
	Disclosure 405-2 Ratio of basic salary and remuneration of women to men	107	-
<b>Human Rights, People Management</b>			
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	105	-
	Disclosure 103-2 The management approach and its components	105	-
	Disclosure 103-3 Evaluation of the management approach	105	-
GRI 406: Non-discrimination 2016	Disclosure 406-1 Incidents of discrimination and corrective actions taken	106	-




GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
GRI 407: Freedom of association and collective bargain 2016	Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	129	-
GRI 408: Child labor 2016	Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	129	-
GRI 409: Forced or compulsory labor 2016	Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	129	-
GRI 410: Security practices 2016	Disclosure 410-1 Security personnel trained in human rights policies or procedures	182	-
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	175	-
	Disclosure 103-2 The management approach and its components	175	-
	Disclosure 103-3 Evaluation of the management approach	175	-
GRI 412: Human rights assessment 2016	Disclosure 412-1 Operations that have been subject to human rights reviews or impact assessments	175	-
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	155	-
	Disclosure 103-2 The management approach and its components	155	-
	Disclosure 103-3 Evaluation of the management approach	155	-
GRI 413: Local communities 2016	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	154	-
	Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities	154	-
GRI 414: Supplier social assesement 2016	Disclosure 414-1 New suppliers that were screened using social criteria	129	-
	Disclosure 414-2 Negative social impacts in the supply chain and actions taken	129	-
GRI 415: Public policy 2016	Disclosure 415-1 Political contributions	50	-

GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	156	-
	Disclosure 103-2 The management approach and its components	156	-
	Disclosure 103-3 Evaluation of the management approach	156	-
GRI 416: Customer and health safety 2016	Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	157	-
	Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	157	-
GRI 417: Marketing and labeling 2016	Disclosure 417-1 Requirements for product and service information and labeling	156	-
	Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling	156	-
	Disclosure 417-3 Incidents of non-compliance concerning	156	-
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	94	-
	Disclosure 103-2 The management approach and its components	94	-
	Disclosure 103-3 Evaluation of the management approach	94	-
GRI 418: Customer privacy 2016	Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	94	-
GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	62	-
	Disclosure 103-2 The management approach and its components	62	-
	Disclosure 103-3 Evaluation of the management approach	62	-
GRI 419: Socioeconomic compliance 2016	Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area	62	-

GRI STANDARD	DISCLOSURE	PAGE/ANSWER	OMISSION
<b>SECTOR SPECIFIC GENERAL STANDARD DISCLOSURES</b>			
Electric Utilities Sector Disclosures GRI G4	EU1 Installed capacity, broken down by primary energy source and by regulatory regime	27 and 28	-
	EU2 Net energy output broken down by primary energy source and by regulatory regime	28 and 76	-
	EU3 Number of residential, industrial, institutional and commercial customer accounts	76	-
	EU4 Length of above and underground transmission and distribution lines by regulatory regime	30 and 31	-
	EU5 Allocation of CO <sub>2</sub> e emissions allowances or equivalent, broken down by carbon trading framework	221	-
	EU27 Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	84	-

# Independent Verification Statement

**ASSURANCE STATEMENT - BUREAU VERITAS**



**INTRODUCTION**  
Bureau Veritas Certification Brazil ('Bureau Veritas') was engaged by Companhia Energética de Minas Gerais S.A. (CEMIG) to conduct an independent assurance of its Annual and Sustainability Report for the year 2021 (hereinafter referred to as the Report).  
The information published in the report is the sole responsibility of CEMIG's management. Our responsibility is defined according to the scope below.

**SCOPE OF WORK**  
The scope of this verification encompassed the Standards and Principles<sup>1</sup> of the Global Reporting Initiative™GRI for Sustainability Reports, including the Electric Utility Sector Supplement, for the period from 1 January to 31 December 2021.

**CEMIG'S AND BUREAU VERITAS RESPONSIBILITIES**  
The collection, calculation and presentation of the data published in the report are CEMIG's management sole responsibility. Bureau Veritas is responsible for providing an independent opinion to the Stakeholders, pursuant to the scope of work defined in this declaration.

**METHODOLOGY**  
The Assurance covered the following activities:

1. Interviews with the personnel responsible for material issues and involved in the Report content;
2. Review of documentary evidence provided by CEMIG in relation to the reporting period (2020);
3. Evaluation of the systems used for data compilation;
4. Analysis of CEMIG's stakeholder engagement activities; and
5. Evaluation of the method used to define material issues included in the Report, taking into account the sustainability context and the scope of the information published.

The level of verification adopted was Limited, according to the requirements of the ISAE 3000 Standard<sup>2</sup>, which were incorporated to the internal assessment protocols of Bureau Veritas.

**LIMITATIONS AND EXCLUSIONS**  
Excluded from the scope of this work was any assessment of information related to:

- Activities outside the defined assessment period;
- Statements of position (expressions of opinion, beliefs, goals, or future intentions) on the part of CEMIG;
- Economic and financial information contained in this Report which has been taken from financial statements verified by independent financial auditors;

The following limitations apply for this assurance engagement:

- The principles of Accuracy and Reliability were limited to data samples related to material aspects published within the Report;

1. Materiality, Stakeholder Inclusiveness, Sustainability Context, Completeness, Balance, Comparability, Accuracy, Periodicity, Clarity, and Reliability  
2. International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information

- Economic and financial data presented within the report were assessed against the GRI reporting principle of Balance;
- CEMIG's Greenhouse Gas (GHG) Emissions Inventory was verified by BUREAU VERITAS in a specific work, according to the criteria of ISO 14.064-1:2007 and GHG Protocol. An Assurance Statement was issued exclusively regarding the verification of the GHG inventory.

**TECHNICAL OPINION**

- CEMIG presents its Report based on 19 material themes, updated through a materiality test carried out in 2020. Update of the materiality report was not verified, it is recommended to update for the next cycle.
- CEMIG reported its performance in relation to sustainability goals, allowing an objective analysis by the reader;
- During the Verification process, some inconsistencies found in the reporting data, in relation to one or more Principles of the GRI Standard, were satisfactorily corrected;
- It is our understanding that sufficient indicators were reported, including those from the Electric Utility Sector Supplement, to achieve the Core option of the GRI Standard for Sustainability Reports.

**RECOMENDATION**

- Update of the materiality report was not verified, it is recommended to update for the next cycle.

**CONCLUSION**  
As a result of our assurance nothing has come to our attention that would indicate that:

- The information presented in the Report is not balanced, consistent and reliable;
- CEMIG has not established appropriate systems for the collection, aggregation and analysis of quantitative and qualitative data used in the Report;
- The Report does not adhere to the Principles for defining report content and quality of the GRI Standards and does not meet its Core level.

**DECLARATION OF INDEPENDENCE AND IMPARTIALITY**  
Bureau Veritas Certification is an independent professional services firm specializing in Quality, Health, Safety, Social and Environmental Management, with more than 185 years' experience in independent assessment.  
Bureau Veritas has a quality management system that is certified by a third party, according to which policies and documented procedures are maintained for the compliance with ethic, professional and legal requirements.  
The assessment team has no links with CEMIG and the assessment is performed independently.  
Bureau Veritas implemented and follows a Code of Ethics throughout its business, in order to assure that its staff preserve high ethical, integrity, objectivity, confidentiality and competence/professional attitude standards in the performance of their activities. At the end of the assessment, a detailed report was drawn up, ensuring traceability of the process. This Report is kept as a Bureau Veritas management system record.

**CONTACT**  
Bureau Veritas Certification is available for further clarification on <https://certification.bureauveritas.com.br/fale-conosco/> or by telephone (55 11) 2655-9000.

**São Paulo, Brazil, April 27, 2022.**



**Nelson Luiz Magalhães Bastos**  
Lead Auditor Assurance Sustainability Reports (ASR)  
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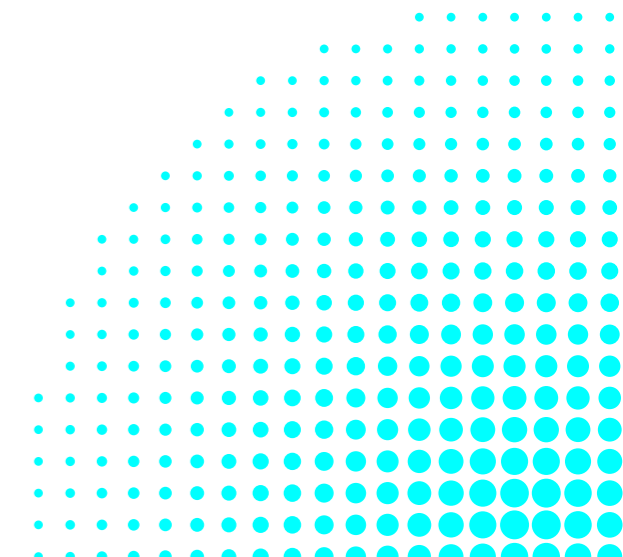
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**CEMIG**