

CEMIG DISTRIBUIÇÃO S.A.

Below are the original by-laws of the Public Deed of Constitution, of September 8, 2004, filed with the Minas Gerais State Commercial Board ('Jucemg') on September 15, 2004 under No. 3130002056-8, as amended by all General Meetings of Stockholders held for the purpose of altering the bylaws, up to and including the Extraordinary General Meeting of Stockholders opened on June 11, 2018 and completed on June 12, 2018.

BYLAWS

CHAPTER I

Name, constitution, objects, head office and duration

- Clause 1 Cemig Distribuição S.A. ('Cemig D') is a corporation constituted as a wholly-owned subsidiary of Companhia Energética de Minas Gerais – Cemig, ('Cemig'), a corporation with mixed private and public sector stockholdings, and is governed by these by-laws and by the applicable legislation.
- Clause 2 The objects of the Company are to provide public electricity distribution service, through study, planning, designing, building and commercial operation of a distribution system, sale of electricity, and related services for which concessions have been or may be granted to it under any form of law. The distribution activities specified in the present concession contracts of the sole stockholder, Cemig, shall be operated directly by the Company, pursuant to Section 3 of Law 15290 of August 4, 2004.
- §2 Subject to § 1, upon authorization by the National Electricity Agency and the Board of Directors of its sole stockholder, Cemig, the Company may, constitute or have holdings, as majority or minority stockholder, in other companies the objects of which include provision of electricity distribution services for which concessions have been acquired or granted after the date of constitution of the Company.
- §3 In the exercise of its corporate activities the company shall obey the applicable legislation and regulations from time to time issued by the Concession-granting Power and by the National Electricity Agency, Aneel, and through the regulatory clauses contained in any concessions to which it is a signatory.
- §4 Any transfer, assignment or disposal of shares by Cemig by any means – direct or indirect, for consideration or free of charge – may take place only with prior approval of Aneel.
- Clause 3 The Company shall have its head office and management at Av. Barbacena 1219, 23rd Floor, Part I, District of Santo Agostinho, 30190-131 Belo Horizonte, Minas Gerais State, Brazil, and may open offices, representations and any other establishments in or outside Brazil, on authorization by the Executive Board.
- Clause 4 The Company shall have indeterminate duration.

CHAPTER II

Share capital

- Clause 5 The share capital of Cemig D is R\$ 2,771,997,787.64 (two billion seven hundred seventy one million nine hundred ninety seven thousand seven hundred eighty seven Reais sixty four centavos), represented by 2,359,113,452 (two billion three hundred fifty nine million one hundred thirteen thousand four hundred fifty two) nominal common shares without par value.
- § 1 Each common share carries the right to a vote in decisions of General Meetings of Stockholders.
- Clause 6 The Company's Share Capital may be increased by up to a limit of 10% (ten percent) of the share capital set in the by-laws, without need for change in the by-laws and upon decision of the Board of Directors, having previously heard statement of opinion by the Audit Board.
- §1 As well as the other conditions relating to the issuance of new shares, the Board of Directors shall be the competent body for deciding the number of shares to be issued, the issue price, and the period and terms for paying up of shares subscribed.

CHAPTER III

The General Meeting of Stockholders

- Clause 7 Cemig, as sole stockholder of the Company, has full powers to make all the business decisions in relation to the Company's objects and to adopt what resolutions it deems necessary for the defense of its interests and its development. The General Meeting of Stockholders shall meet, ordinarily, within the first 4 (four) months of the year, for the purposes specified in law, and extraordinarily, whenever necessary and when called with at least 15 (fifteen) days' prior notice and the relevant provisions of law on convocation, opening and decisions being complied with.
- §1 When due to any provision of law or regulation the minimum period for convocation is different from the above, such different minimum period shall prevail.

CHAPTER IV

Management

- Clause 8 The Company shall be managed by the Board of Directors and the Executive Board, which shall act in conformity with the applicable legislation and with these by-laws.
- §1 Members of the Company's Executive Board or Board of Directors who are also members of the management bodies of Cemig may not receive remuneration.
- §2 In management of the Company, the Board of Directors and the Executive Board must obey the provisions of the Company's Long-term Strategy.
- §3 The Long-term Strategy shall contain fundamentals, targets, goals and results to be pursued and achieved in the long term by the Company, reflecting its dividend policy, and must obey the commitments and requirements specified in §7 of Clause 8 of these by-laws.
- §4 The Company's multi-year Business Plan shall reflect the premises of the Long-term Strategy and shall contain goals for 5 (five) years, including the Annual Budget.
- §5 The Long-term Strategy, the Multi-year Business Plan and the Annual Budget shall be revised annually by the Executive Board and submitted for decision no later than the last ordinary meeting of the Board of Directors of the prior year, in the terms of the applicable legislation.
- §6 The Executive Board shall obey and comply with goals and limits established by the Board of Directors, especially in relation to indebtedness, liquidity, rates of return, investment, and regulatory compliance.

- §7 For any interest that the Company may have, whether with stockholding control of the business or not, governance and control practices should be adopted that are proportional to the importance, materiality and risks of the business.
- §8 The Long-term Strategy, the Multi-year Business Plan, and the Annual Budget shall be reflected in all the Company's plans, projections, activities, strategies, investments and expenses.
- §9 The global or individual amount of the compensation of the Board of Directors, the Executive Board and the Audit Committee shall be set by the General Meeting of Stockholders, in accordance with the applicable legislation. Payment of any type of percentage or other participation in the profits of the Company to any member of the Audit Committee or the Board of Directors is forbidden, with the exception of the Board member representing the employees.
- §10 For the purpose of improving the Company, every year the managers and the members of the committees shall undergo individual and collective performance evaluation, with the following minimal requirements:
- a) description of acts of management practiced, as to lawfulness and efficacy of administrative action;
 - b) contribution to the profit for the period; and
 - c) achievement of the objectives established in the Multi-year Business Plan and compliance with the Long-term Strategy.
- §11 The managers of the company may not be sworn in unless they have agreed to and signed the applicable legal and regulatory terms and documents. In the practice of their responsibilities they shall obey the requirements, prohibitions and obligations specified in the applicable legislation and regulations.

Section I

The Board of Directors

- Clause 9 The Board of Directors of the Company comprises 9 (nine) sitting members and the same number of substitute members. One shall be the Chair, and another shall be the Vice-Chair.
- §1 The substitute members shall substitute the respective members of the Board if the latter are absent or impeded from exercising their functions and, in the event of a vacancy, shall do so until the related replacement.
- §2 The members of the Board of Directors shall be elected for concurrent periods of office of 2 (two) years, and may be dismissed at any time, by the General Meeting of Stockholders. Re-election for a maximum of 3 (three) consecutive periods of office is permitted, subject to the requirements and prohibitions established in the applicable legislation and regulations.
- §3 The members of the Board of Directors must, obligatorily, be the same members of the Board of Directors of the sole stockholder, Cemig, for periods running concurrently from start to termination, being remunerated for only one of these positions, shall obey the same rules and prohibitions applicable to them, and each of them shall be remunerated for only one of the positions.
- §4 Without prejudice to the impediments and prohibitions specified in these by-laws, the member of the Board of Directors representing the employees shall not take part in debate and decisions on subjects that involve union relationships, remuneration, and/or benefits, including matters relating to private pension plans and/or other assistance plans, and/or in any other situation in which a conflict of interest is characterized.
- §5 The posts of Chairman of the Board of Directors and Chief Executive Officer of the Company may not be held by the same person.
- §6 The Board of Directors may confer delegation of powers to the Executive Board for approval and signature of legal transactions related to the ordinary acts of management, including sale of electricity.

- Clause 10 In the event of a vacancy on the Board of Directors, the first subsequent General Meeting of Stockholders shall elect a new member, for the period of office that remained to the previous member.
- Clause 11 The Board of Directors shall meet ordinarily, in accordance with its Internal Regulations, at least once a month, to analyze the results of the Company and to decide on other matters included on the agenda. It shall also meet extraordinarily, on convocation by its Chair, or by its Vice-Chair, or by one-third of its members, or when requested by the Executive Board
- §1 Meetings of the Board of Directors shall be called by its Chair or Vice-Chair, with at least 10 (ten) days' prior notice in writing or by email, containing the agenda. Convocation is not necessary when all the members of the Board of Directors, or their substitute members, are present. The Chair may call meetings of the Board of Directors on the basis of urgency without their being subject to this period of notice, provided that the other members of the Board are advised of the convocation.
- §2 Decisions of the Board of Directors shall be taken by the majority of the votes of the Board Members present, and in the event of a tie the Chairman shall have the casting vote.
- Clause 12 The Chair of the Board of Directors has the competency to grant leave to the Board's members, and the other members of the Board have the competency to grant leave to the Chair.
- Clause 13 The Chair and Vice-chair of the Board of Directors of the Company shall be the same as the same persons as are elected for the Board of Directors of Cemig, and the Vice-Chair shall take the place of the Chair when the Chair is absent or impeded from exercising his/her functions.
- Clause 14 The following are functions of the Board of Directors:
- a) to set the general orientation of the Company's business;
 - b) to elect, dismiss and evaluate the Executive Officers of the Company, in accordance with the applicable legislation, subject to the by-laws;
 - c) to approve the policy on transactions with related parties;
 - d) to decide, upon proposal by the Executive Board, on disposal of, or placement of a charge upon, any of the Company's property, plant or equipment, and on the Company giving any guarantee to any third party of which the individual value is equal to 1% (one per cent) or more of the stockholders' equity of Cemig;
 - e) to decide, upon proposal by the Executive Board, on the Company's investment projects, signing of contracts and other legal transactions, contracting of loans or financings, or the constitution of any obligations in the name of the Company which, individually or jointly, have value equal to 1% (one per cent) or more of the stockholders' equity of Cemig;
 - f) to call the General Meeting of Stockholders;
 - g) to monitor and inspect the management by the Executive Board: the Board of Directors may, at any time, examine the books and papers of the Company, and request information on contracts entered into or in the process of being entered into, and on any other administrative facts or acts which it deems to be of interest to it;
 - h) to give a prior opinion on the Executive Board's report of management and accounts of the Company;
 - i) to choose and to dismiss the Company's auditors, from among companies with international reputation that are authorized by the Securities Commission (CVM) to audit listed companies, subject to statement of position by the Audit Committee;

- j) to authorize, upon proposal by the Executive Board, opening of administrative tender proceedings, or proceedings for dispensation or non-requirement of tender, or of non-applicability of the duty to tender, and the corresponding contracting, when the amount is more than 1% (one percent) or more of the stockholders' equity of Cemig, or more than R\$ 100,000,000.00 (one hundred million Reais), as adjusted annually by the IPCA Inflation Index, if positive;
 - k) upon proposal by the Executive Board, to authorize filing of legal actions, or administrative proceedings, or entering into court or out-of-court settlements, for amounts equal to 1% (one per cent) or more of the Company's stockholders' equity;
 - l) to authorize the issuance of securities in the Brazilian or external market, for raising of funding in the form of non-convertible debentures, promissory notes, commercial papers and other instruments;
 - m) to approve the Long-term Strategy, the Multi-year Business Plan and the Annual Budget, and alterations and revisions to them;
 - n) annually, to set the directives and establish the limits, including financial limits, for spending on personnel, including concession of benefits and collective employment agreements, subject to the competency of the General Meeting of Stockholders and the Annual Budget;
 - o) to approve, in accordance with its Internal Regulations, the institution of committees supporting the Board of Directors – the opinions or decisions of which are not a necessary condition for decision on the matters by the Board of Directors;
 - p) to manage and direct the activities of internal auditing;
 - q) to discuss, approve and monitor decisions that involve corporate governance practices, relationship with interested parties, people management policy and code of conduct;
 - r) to ensure implementation of, and to supervise, the systems for management of risks and internal controls established for the prevention and mitigation of the principal risks to which the Company is exposed, including the risks related to safety and security of accounting and financial information and the occurrence of corruption or fraud;
 - s) to establish an information disclosure policy to mitigate the risk of contradiction between the various areas and the managers of the Company;
 - t) to make statements on any increase in number of the Company's own staff, concession of benefits or advantages, or revision of a salaries and careers plan, including alteration in the amount paid for commissioned posts or free appointments, and compensation of Chief Officers;
 - u) to appoint, and to dismiss, in both cases with grounds, the head of the Internal Audit Unit, from among the Company' career employees;
 - v) to elect the members of the Audit Committee, at the first meeting held after the Annual General Meeting, and to dismiss them, at any time, upon vote given with grounds by absolute majority of the members of the Board of Directors;
 - w) to arrange for analysis, every year, of the success in meeting targets and results in execution of the Multi-year Business Plan and the Long-term Strategy, and to publish its conclusions and state them to the Legislative Assembly of Minas Gerais State and to the Minas Gerais State Audit Court; and
 - z) to approve the complementary policies, including the policy on holdings, in accordance with the terms of these by-laws.
- §1 The financial limits relating to decisions by the Board of Directors that are identified by a percentage of the stockholders' equity of Cemig shall be automatically adopted when the financial statements of each year are approved.

Section II

The Executive Board

- Clause 15 The Executive Board comprises eleven Executive Officers, who may be stockholders, resident in Brazil, elected by the Board of Directors for a period of two years, subject to the requirements of the applicable legislation and regulations. Re-election for a maximum of three consecutive periods of office is permitted.
- §1 The members of the Executive Board shall obligatorily be the respective Chief Officers of Cemig; the post of Chief Officer without specific designation being occupied, also obligatorily, by the Chief Generation and Transmission Officer of the sole stockholder, Cemig;
- §2 The Executive Officers shall remain in their posts until their duly elected successors take office.
- §3 The Executive Officers shall exercise their positions as full-time occupations in exclusive dedication to the service of the Company. They may at the same time exercise non-remunerated positions in the management of companies of the “Cemig Group”, at the option of the Board of Directors.
- §4 The members of the Board of Directors shall be allowed to exercise other remunerated activity, in companies that are not of the “Cemig Group”, as long as there is no incompatibility of time and/or conflict of interests.
- §5 Those members of the Executive Board who are not employees, or those with employment contracts suspended, shall have the right to annual paid leave of not more than 30 (thirty) days, non-cumulative, receiving an additional one-third of their current monthly remuneration.
- Clause 16 In the event of absence, leave, vacancy, impediment or resignation of the Chief Executive Officer, this post shall be exercised by the Deputy Chief Executive Officer.
- §1 In the event of any of the other members of the Executive Board being absent, on leave, their seat being vacant, impediment of their position or resignation, that Board may, on approval by the majority of its members, attribute the temporary exercise of the related functions to another member of the Executive Board for as long as the absence or leave lasts.
- §2 The Chief Executive Officer or member of the Executive Board elected in this way shall hold the position for the remaining time of the period of office of the Executive Officer who is substituted.
- Clause 17 The Executive Board shall meet, ordinarily, at least two times per month; and, extraordinarily, whenever called by the Chief Executive Officer or by two Executive Officers with at least two days’ prior notice in writing or by email or other digital medium, such notice not being required if all the Executive Officers are present. The decisions of the Executive Board shall be taken by vote of the majority of its members, and in the event of a tie the Chief Executive Officer shall have a casting vote.
- Clause 18 The Executive Board is responsible for current management of the Company’s business, subject to obedience to the Long-term Strategy, the Multi-year Business Plan, and the Annual Budget, prepared and approved in accordance with these by-laws.
- §1 The Multi-year Business Plan shall comprise plans and projections for the period of five business years, and must be updated at least once a year, and shall deal in detail with the following subjects, among others:
- a) the Company’s strategies and actions, including any project related to its objects;
 - b) new investments and business opportunities;
 - c) the amounts to be invested or in any other way contributed from the Company’s own funds or funds of third parties; and
 - d) the rates of return and profits to be obtained or generated by the Company.

- §2 The Annual Budget shall reflect the Company's Multi-year Strategic Implementation Plan and, consequently, the Long-Term Strategy, and must give details of the operational revenue and expenses, the costs and capital expenditure, the cash flow, the amount to be allocated to the payment of dividends, investments of cash from the Company's own funds or from funds of third parties, and any other data that the Executive Board considers to be necessary.
- §3 The Long-term Strategy, the Multi-year Business Plan, and the Annual Budget shall be:
- a) prepared under coordination by the Chief Executive Officer, with participation of all the Chief Officers;
 - b) prepared and updated annually, by the end of each business year, to take effect in the following business year;
 - c) submitted to examination by the Executive Board and, subsequently, to approval by the Board of Directors.
- §4 The following matters shall require a decision by the Executive Board:
- a) approval of the plan of organization of the Company and issuance of the corresponding rules and any changes to them;
 - b) examination, and submission to the Board of Directors, for approval, of the Long-term Strategy and the Multi-year Business Plan, and revisions of them, including timetables, amount and allocation of the capital expenditure specified therein;
 - c) examination, and submission to the Board of Directors, for approval, of the Annual Budget, which must reflect the Business Plan at the time in force, and revisions of it;
 - d) decision on reallocation of investments or expenditure specified in the Annual Budget which amount, individually or in aggregate, in a single financial year, to less than 1% (one per cent) of the stockholders' equity of Cemig, with consequent adaptation of the targets approved, obeying the Multi-year Business Plan, the Long-term Strategy and the Annual Budget;
 - e) approval of disposal of, or placement of a charge upon, any of the Company's property, plant or equipment, and/or giving of guarantees to third parties, in amounts less than 1% (one per cent) of the stockholders' equity of Cemig;
 - f) authorization of the Company's capital expenditure projects, signing of agreements or other legal transactions, contracting of loans and financings, and creation of any obligation in the name of the Company, based on the Annual Budget approved, which individually or in aggregate have values less than 1% (one per cent) of the stockholders' equity of Cemig, including injection of capital into wholly-owned or other subsidiaries, affiliated companies, and the consortia in which the Company participates;
 - g) authorization to open administrative tender proceedings, and proceedings for dispensation from or non-requirement of tender, and contract, for amounts of up to 1% (one per cent) of the stockholders' equity of Cemig, limited to R\$ 100,000,000.00 (one hundred million Reais), adjusted annually by the IPCA (expanded Consumer Price) index, if it is positive;
 - h) authorization to file legal actions and administrative proceedings, and to enter into Court and out-of-court settlements, for amounts less than 1% (one per cent) of the stockholders' equity of Cemig;
 - i) approval of the nominations of employees to hold management posts in the Company, upon proposal by the Chief Officer concerned, subject to the provisions of Sub-clause 'h' of Sub-item I of Clause 19;
 - j) authorization of expenditure on personnel expenses and collective employment instruments, subject to the competency of the General Meeting of Stockholders, the directives and limits approved by the Board of Directors and the Annual Budget;
 - k) examination of and decision on the contracting of external consultants, when requested by the office of any Chief Officer's Department, subject to the provisions of Clause 14, Sub-clause 'j', and Clause 18, §4, Sub-clause 'g'; and
 - l) formulation, for decision by the Board of Directors or the General Meeting of Stockholders, of policies complementary to these by-laws, including the policy on stockholding interests.

- §5 Actions necessary for the regular functioning of the Company, signature of contracts, and other legal transactions shall be carried out by the Chief Executive Officer jointly with one Executive Officer, or by two Chief Officers, or by a person holding a duly constituted power of attorney.
- §6 Powers of attorney must be granted by the Chief Executive Officer, jointly with one Executive Officer, except for the power described in Sub-clause 'c' of Sub-item I of Clause 19, for which only the signature of the Chief Executive Officer is required.
- §7 Subject to the provisions of these by-laws the Executive Board may delegate powers to approve and sign legal transactions relating to matters in the remit of the bodies pertaining to each Executive Officer, for ordinary acts of management, including sale of electricity.
- §8 The financial limits for decision by the Executive Board that correspond to a percentage of the stockholders' equity of Cemig shall be automatically adopted upon approval of the financial statements of each year.
- §9 Within the limits of its competencies and areas of autonomy, the Executive Board may attribute, by formal act, limits of autonomy to lower levels, upon composition of technical committees with decision capacity in specific subjects.

Clause 19 Subject to the provisions in the preceding Clauses and good corporate governance practices, it shall be the duty of each member of the Executive Board to comply with these by-laws, the decisions of the General Meeting of Stockholders and of the Board of Directors, the Internal Regulations and the decisions of the Executive Board, and cause others to comply with them. The duties of the members of the Executive Board, among others, are as follows:

I – Duties of the Chief Executive Officer:

- a) to coordinate and manage the work of the Company;
- b) to coordinate preparation, consolidation and implementation of the Company's Long-term Strategy and Multi-year Business Plan, with the participation of the other Chief Officers;
- c) to represent the Company in the Courts, on the plaintiff or defendant side;
- d) to sign, jointly with one Chief Officer, documents which bind the Company;
- e) to present the annual report on the Company's business to the Board of Directors and to the Ordinary General Meeting of Stockholders;
- f) to hire and dismiss employees of the Company;
- g) to be responsible for the activities of the Management Units controlling Governance, Strategic Planning, Compliance and Corporate Risk Management;
- h) jointly with the Chief Officer responsible, to propose to the Executive Board nominations for management positions in the Company; and
- i) to propose the nominations for positions on the statutory bodies of Fundação Forluminas de Seguridade Social (Forluz) and Cemig Saúde, after consultation of the Chief Officer responsible.

II – Duties of the Deputy Chief Executive Officer:

To assist the CEO in the exercise of his/her functions and substitute him/her in the event of absence, leave, the position being vacant or impeded, or resignation.

III – Duties of the Chief Finance and Investor Relations Officer:

To manage the processes and activities relating to the financial area and relations with investors.

IV – Duties of the Chief Corporate Management Officer:

To plan and arrange the activities relating to supply of materials and services, infrastructure, information technology, telecommunications and transactional services.

V – Duties of the Chief Officer for Distribution and Sales:

To manage the processes and activities of distribution of electricity and sales in the Regulated Market.

VI – Duties of the Chief Officer without specific designation:

To carry out all the acts specifically provided for in the legislation and these by-laws

VII – Duties of the Chief Trading Officer:

To generate the processes and activities related to trading and sale of electricity and the use of the electricity system, market planning, and commercial relationship in the Free Market;

VIII – Duties of the Chief Officer for Management of Holdings:

To participate in the processes and activities related to the Company's business, as appropriate.

IX – Duties of the Chief Officer for Human Relations:

To coordinate policy and actions in the Company's management of people.

X – Duties of the Chief Counsel:

To plan, coordinate and manage the legal activities of the Company.

XI – Duties of the Chief Officer for Institutional Relations and Communication:

To coordinate and administer processes and activities related to communication and institutional relations, externally and internally, in the area related to the Company.

- §1 In relation to the affiliated companies the Executive Officers shall act at all times in obedience to the related by-laws or articles of association and stockholders' agreements.
- §2 The competencies given to the Chief Officers under this Clause to enter into contracts and other legal transactions and for constitution of any obligation in the name of the Company do not exclude the competency of the Executive Board and of the Board of Directors, as the case may be, nor the need for obedience to the provisions in these by-laws in relation to the financial limits and to prior obtaining of authorizations from the management bodies, when required.
- §3 As well as exercise of the duties set for them in these by-laws, each Chief Officer's Department has the right to cooperation, assistance and support of the other Chief Officers in the areas of its respective competencies, aiming for the Company's success in its greater objectives and interests.
- §4 It is the competency of each Chief Officer, within the area of his/her activity, to arrange for the actions necessary for compliance with and effective implementation of the work safety policies approved by the Company.
- §5 The individual attributions of each Chief Officer are set specifically in the Internal Regulations of the Executive Board. Among others, these include the following:
- a) to propose to the Executive Board, for approval or submission to the Board of Directors or the General Meeting of Stockholders, approval of legal transactions in the Chief Officer's area of activity;
 - b) to propose, implement and manage the work safety policy within the scope of his/her activities;
 - c) to disclose, at least annually, to the Executive Board, the reports on performance related to the activities which he/she coordinates and monitors; and

- d) to represent the Company in relations with the market, and the bodies, associations and other related entities of the electricity sector, including those of regulation and inspection.

Section III The Audit Committee

- Clause 20 The Audit Committee is an independent, consultative, permanent body, with its own budget allocation. Its objective is to provide advice and support to the Board of Directors, to which it reports. It also has the responsibility of other activities attributed to it by legislation.
- §1 The Company will adopt the Audit Committee Sharing Structure with Cemig, in the terms of the applicable legislation and the by-laws of Cemig.
- §2 The Audit Committee has three members, the majority of them independent, nominated and elected by the Board of Directors in the first meeting after the Annual General Meeting for periods of office of three years, not to run concurrently. One re-election is permitted.
- §3 Exceptionally, in the first election of the members of the Audit Committee, one member shall be elected for a period of office of two years.
- §4 The minutes of the meetings of the Audit Committee, which shall be every two months, must be disclosed, except when the Board of Directors considers that disclosure might put legitimate interest at risk, and in this case only its summary shall be disclosed.
- §5 The restriction in §5 may not be used in opposition to the control and/or inspection bodies to which the Company – these shall have total and unrestricted access to the content of the minutes of the Audit Committee, subject to the obligation of secrecy and confidentiality.
- §6 The internal control over the Company entrusted to the Office of the General Inspector (*‘Controladoria’*) of Minas Gerais State shall be of a subsidiary nature, and shall be subject to the principles of motivation, reasonableness, appropriateness and proportionality, and it must make itself compatible with the duties of the Internal Audit Unit and the Audit Committee.
- §7 Members of the Board of Directors who are also members of the Audit Committee shall receive only the remuneration of the latter.
- Clause 21 The Audit Committee may exercise its duties and responsibilities in relation to such wholly-owned and other subsidiaries of the Company as adopt the structure of joint sharing of an Audit Committee.
- Clause 22 The following are attributions and duties of the Audit Committee:
- a) to state opinion on contracting, and dismissal, of external auditors;
 - b) to supervise the activities of the independent auditors, evaluating their independence, the quality of the services provided and the appropriateness of such services to the Company’s needs;
 - c) to supervise activities in the areas of internal control, internal audit and preparation of the financial statements;
 - d) to monitor the quality and integrity of the internal control mechanisms, the financial statements and the information and measurements disclosed by the Company;
 - e) to evaluate and monitor the Company’s exposures to risk – it may requisition, among other matters, detailed information on policies and procedures relating to compensation of the management, utilization of assets, and expenditures incurred in the name of the Company;
 - f) to evaluate and monitor, jointly with the management and the Internal Audit Unit, the appropriateness of the transactions with related parties;
 - g) to prepare an annual report with information on its activities, results, conclusions and recommendations, reporting any significant divergence between management, the independent auditors and the Audit Committee in relation to the financial statements;
 - h) to assess the reasonableness of the parameters on which the actuarial calculations are based, and the actuarial result of the benefit plans maintained by the pension fund, when the Company is sponsor of a closed private pension plan entity;

- i) to give opinion. to assist the stockholders in their appointment of managers, members of the Board of Directors' support committees, and members of the Audit Board, on compliance with the requirements of, and absence of prohibitions for the related elections; and
- j) to verify compliance in the process of evaluation of managers, members of the Board of Directors' support committees, and members of the Audit Board.

§1 If an eligibility and evaluation committee is created, the competencies described in sub-clauses 'i' and 'j' of this Clause shall be transferred to that body.

Clause 23 The Audit Committee has operational autonomy to conduct or order consultations, evaluations and investigations within the scope of its activities, including contracting and use of independent external specialists.

§1 The Audit Committee must have the means for receiving accusations, including those of a confidential nature, internal and external to the Company, on subjects related to its area of duties.

CHAPTER V

Control Areas

Clause 24 The following are Control Areas: Internal Audit, Compliance, and Corporate Risk Management.

§1 The Control Areas operate with independence, and have the prerogative of reporting directly to the Board of Directors, as applicable, in accordance with the applicable legislation.

Clause 25 The Internal Audit Unit is linked to the Board of Directors, with a view to preparation of the financial statements, and is responsible for assessing:

- a) appropriateness of internal controls, and the effectiveness of risk management and the governance process; and
- b) reliability of the process of collection, measurement, classification, accumulation, recording and disclosure of events and transactions.

Clause 26 The Compliance Management Unit, responsible to the Chief Executive Officer and led by a Chief Officer, is responsible for:

- a) managing the Company's compliance program, with prevention and detection of, and response to, any failings in compliance with internal or external rules and/or inappropriate conduct; and
- b) coordinating and defining the methodology to be used in the management of internal controls.

§1 The person responsible for the Compliance Management Unit shall report directly to the Board of Directors in any situation in which it is suspected that the Chief Executive Officer is involved in irregularities, or when the CEO omits to act on his obligation to adopt necessary measures in relation to the situation reported to him.

Clause 27 The Corporate Risk Management Unit, linked to the CEO and led by a statutory director, is responsible for:

- a) coordinating and mapping the management of the portfolio of corporate risks;
- b) supporting the other areas of the Company in adoption of the decisions on the corporate risks policy and adoption of the risk appetite parameters decided by the Board of Directors; and
- c) deciding the methodology to be used in corporate risk management; and supporting the other areas in its implementation.

- §1 The Risk Management Unit shall periodically send reports to the Audit Committee containing its indications and recommendations.

CHAPTER VI
The Audit Board

- Clause 28 The Audit Board shall function permanently, and shall comprise five sitting members and their respective substitute members, who shall all be members of the Audit Board of Cemig. They shall be elected for a period of office of two years.
- §1 The Audit Board shall be chaired by the Chair of the Audit Board of Cemig, who shall call and conduct the meetings.
- §2 Members of the Audit Board may not be remunerated if they also members of a management body of Cemig.
- Clause 29 In the event of resignation, death or impediment, a member of the Audit Board shall be replaced by his or her respective substitute, until the new member is elected, by the General Meeting of Stockholders.
- Clause 30 The Audit Board shall have the duties and competencies set by the applicable legislation and, to the extent that they do not conflict with Brazilian legislation, those required by the laws of the countries in which the Company's shares are listed and traded, including the following:
- a) to monitor and inspect, through any one of its members, the acts of the managers and to verify compliance with their duties under the law and by-laws;
 - b) to give opinion on the annual report of management, and to include in such opinion any such complementary information that it deems to be necessary or useful to the decision of the General Meeting of Stockholders;
 - c) to give opinion on any proposals made by the bodies of management to be submitted to the General Meeting of Stockholders or the Board of Directors, as the case may be, in relation to change in the share capital, issue of debentures or warrants, investment plans and/or capital budgets, distribution of dividends, transformation, absorption, merger or split;
 - d) to report, through the person of any of its members, to the management bodies and, if these do not take the measures necessary for the protection of the Company's interests, to the General Meeting of Stockholders, any errors, frauds or crimes that they discover, and suggest measures that will be useful to the Company;
 - e) to call the Annual General Meeting, if the management bodies delay its convocation by more than one month, and to call an Extraordinary General Meeting of Stockholders whenever there are serious or urgent reasons, and include on the agenda of such Meetings whatever matters they consider to be necessary;
 - f) to analyze, at least quarterly, a trial balance and other financial statements prepared periodically by the Company;
 - g) to examine the financial statements for the business year and to give opinion on them; and
 - h) to carry out these functions during liquidation, having in mind the special provisions that regulate that procedure.
- Clause 31 The global or individual compensation of the members of the Audit Board shall be set by the General Meeting of Stockholders which elects it, in accordance with the applicable legislation.

CHAPTER VII

The business year

Clause 32 – The business year shall coincide with the calendar year, closing on 31 December of each year, when the Financial Statements shall be prepared, in accordance with the Application legislation. Financial statements for periods of six months or interim statements for shorter periods may be prepared.

Clause 33 – Before any sharing of the profit, there shall be deducted from the result for the business year, in this order: retained losses, the provision for income tax, the Social Contribution tax on Net Profit, and then, successively, employees' and managers' profit shares.

§1 The net profit ascertained in each business year shall be allocated as follows:

- a) 5% (five per cent) to the legal reserve, up to the maximum limit specified by law;
- b) 50% (fifty per cent), at least, shall be distributed as mandatory dividend, to the sole stockholder Cemig, subject to the other provisions of these by-laws and the applicable legislation;
- c) the balance, after retention of the amounts allocated for investments specified in a capital and/or investment budget prepared in accordance with the Long-Term Strategic Plan and the Company's Multi-year Business Plan, and approved by the Board of Directors of Cemig D, shall be distributed, as dividends and/or Interest on Equity, subject to the availability of cash, to Cemig, as sole stockholder.

§2 Non-compliance with the annual global limits for collective service continuity indicators for two consecutive years or for three years in any five years may, under regulations by Aneel, limit distribution of dividends or of Interest on Equity to a maximum, in isolation or jointly, of twenty five percent of the net profit, less, or augmented by, amounts allocated to the Legal Reserve and to the Reserve for Contingencies, and reversal of that reserve formed in prior business periods, until the regulatory parameters have been restored, subject to Sub-item I of Subclause One of Clause Seven of the Fifth Amendment to Public Electricity Distribution Service Concession Contracts 002/1997/DNAEE, 003/1997/DNAEE, 004/1997/DNAEE and 005/1997/DNAEE, signed between Cemig D and the Union.

§3 Non-compliance with the minimum parameters for economic and financial sustainability defined in the Fifth Amendment to Public Electricity Distribution Service Concession Contracts 002/1997/DNAEE, 003/1997/DNAEE, 004/1997/DNAEE and 005/1997/DNAEE, signed between Cemig D and the Union, shall result in limitation on any distribution of dividends or payment of Interest on Equity, individually or in aggregate, to twenty five percent of the net profit, less, or augmented by, amounts allocated to the Legal Reserve and to the Reserve for Contingencies, and reversal of that reserve formed in prior business periods, until the regulatory parameters have been restored and are observable from the regulatory accounting statements of the following calendar year, delivered to Aneel.

Clause 34 Without prejudice to the mandatory dividend, the Company may, subject to the applicable legislation and at the option of the Board of Directors, declare extraordinary, additional or interim dividends, which may, also, comprise total or partial early payment of the mandatory minimum dividend for the business year in progress.

Clause 35 The Board of Directors may decide to pay Interest on Equity, in accordance with the applicable legislation, in total or partial substitution of the dividends referred to in the previous Clause, or in addition to them, and the amount so paid or credited shall be for all purposes of law imputed against the amounts of dividends distributed by the Company.

Clause 36 The dividends declared, mandatory or extraordinary, shall be paid in 2 (two) equal installments, the first by June 30 and the second by December 30 of each year, and the Executive Board shall decide the location and processes of payment, subject to these periods.

§1 Dividends not claimed within 3 (three) years from the date on which they are placed at the disposal of the stockholder shall revert to the benefit of the Company.

Clause 37 The employees have the right to a share in the profits or results of the Company, upon criteria authorized by the Executive Board based on the guidelines approved by the Board of Directors and limits established by the General Meeting of Stockholders, in accordance with the applicable legislation.

CHAPTER VIII

Liability of the Managers

Clause 38 Members of the Company's management are accountable to the Company and to third parties for the actions which they take in the exercise of their functions, in the terms of the applicable law and regulations.

Clause 39 The Company will provide defense, on the plaintiff or defendant side, for members and former members of the Board of Directors, the Audit Board and the Executive Board in Court and/or administrative proceedings, during or after their periods of office, occasioned by events or acts related to the exercise of their specific functions.

§1 This guarantee also extends to employees who legally carry out actions by delegation or under orders from members of the Company's Management.

§2 Upon decision by the Board of Directors, the Company may contract third-party liability insurance to cover procedural expenses, fees of counsel and indemnities arising from legal or administrative actions referred to in the head paragraph of this Clause.

§3 Contracting of insurance may also cover defense of the insured parties in other spheres, provided that the acts in question do not show manifest illegality or abuse of power.

§4 If funding of procedural expenses, fees and/or other expenses is less expensive than contracting or activation of insurance, the Company may alternatively contract a specialized external office for defense in relation to the acts being impugned.

§5 Any member of the Board of Directors or the Audit Board, or any Chief Officer or employee against whom final judgment, subject to no further appeal, is given, must reimburse the Company all the costs, expenses and losses caused to it..

CHAPTER IX

Resolution of disputes

Clause 40 The Company, its stockholders, managers and members of the Audit Board undertake to resolve through arbitration, preceded by mediation, before the Market Arbitration Chamber (CAM) of the B3 or the FGV Mediation and Arbitration Chamber, all and any dispute or controversy that may arise between them related to or arising from, in particular, the application, validity, efficacy, interpretation or violation of the provisions contained in the applicable legislation and regulations, the by-laws, any stockholders' agreements filed at the head office, the rules issued by the Brazilian Securities Commission (CVM), or the other rules applicable to the functioning of the capital markets in general, as well as those contained in the Level 1 Regulations of the B3.

§1 Without prejudice to the validity of this arbitration clause, application for urgency measures, before the arbitration tribunal has been constituted, should be remitted to the Judiciary, through the courts

of the legal distinct of Belo Horizonte, Minas Gerais.

CHAPTER X

General provisions

- Clause 41 Admission to the permanent staff of employees of the Company shall be by approval in a public competition.
- §1 The employees are subject to the applicable employment law and the internal regulations of the Company.
- Clause 42 In contracts entered into, and other legal transactions, between the Company and its related parties, including the State of Minas Gerais and Cemig, the Company's policy on transactions with related parties shall be obeyed.
- Clause 43 References to the term 'applicable legislation' in these by-laws shall include reference to the regulatory rules, subject to the prevalence of Law over rules of an infra-legal nature.
- Clause 44 The Company shall apply in full the tariffs set by the regulatory bodies.
- Clause 45 Financial covenants currently in effect for the Company must obligatorily be mentioned in the Company's policy on dividends and indebtedness, to be approved by the General Meeting of Stockholders.
- Clause 46 Policies complementary to these by-laws, required by the applicable legislation, shall be approved by the Board of Directors upon proposal by the Executive Board.
- Clause 47 Upon being sworn in, and annually, management, members of the Audit Board and members of the Audit Committee, including the representatives of employees and minorities, must take part in specific trainings made available by the Company on the following subjects:
- a) corporate law and the capital markets;
 - b) disclosure of information;
 - c) internal controls;
 - d) code of conduct;
 - e) Federal Law 12846 of August 1, 2013;
 - f) tenders and contracts; and
 - g) other subjects related to the Company's activities.
- §1 Those who have not participated in annual training made available by the Company in the last two years are prohibited from being re-appointed to their positions.
- Clause 48 For the purposes of the provisions of Article 17, §2, IV and Article 22, §1, V of Law 13303 of June 20, 2016 and Article 26, IX of State Decree 47154 of February 20, 2017, any contracting of Cemig or any of its wholly-owned subsidiaries for activities carried out under natural monopoly, in the role of consumer, is not considered to be an activity preventing appointment as managers, nor as independent managers.

CHAPTER XI
Transitory provisions

- Clause 49 The rules relating to the members of the Board of Directors, the Executive Board, the Audit Board and the Audit Committee specified in these by-laws shall be applied as from the first periods of office beginning after the change in these by-laws, reflecting the adaptation specified by Law 13303/2016 and State Decree 47154/2017.
- §1 Exceptionally, the first period of office of the members of the Board of Directors, the Executive Board and the Audit Board shall begin with the election held immediately after the approval of these by-laws, ending at the Annual General meeting of 2020.
- §2 The inter-regnum period between the Annual General Meeting held on April 30, 2018 and the election immediately after the approval of these by-laws shall not be considered as a new period of office for the purposes of Clause 9, §2, Clause 19 and Clause 28 of these by-laws.
- Clause 50 Until the specific decisions by the Board of Directors take place, the internal processes, organizational structure, names and terms used in the Company on the date of approval of these by-laws shall remain operative.
- Clause 51 Any cases of omission in these by-laws shall be resolved by the General Meeting of Stockholders, subject to the applicable legislation.