

## **POLICY ON GOVERNANCE, MANAGEMENT, AND CONTROL IN INVESTEES IN WHICH CEMIG DOES NOT HOLD SHAREHOLDING CONTROL**

### **1. INTRODUCTION AND BACKGROUND INFORMATION**

1.1. Law 13,303, of June 30, 2016, known as “State-Owned Companies Law”, introduced a significant and important framework aimed at the control, transparency, and administrative management of state-owned companies and government-controlled companies, including the stake held by state-owned companies in the capital of non-government companies.

1.2. In this sense, Companhia Energética de Minas Gerais - CEMIG, as a state-owned company and shareholder of other companies, must adopt governance and control practices in its duty to oversight, aiming to enhance transparency regarding decisions made within “Grupo CEMIG” and its effective performance as a shareholder.

### **2. PURPOSE AND COVERAGE**

2.1. Establish the policy on non-controlling interest applicable to CEMIG, its wholly-owned subsidiaries, and subsidiaries (jointly, for the purposes of this Policy, “CEMIG”) to ensure the adoption of best governance, control, and transparency practices in the management of companies in which CEMIG holds up to 50% (fifty percent) of the voting capital (“Investees”), proportional to the significance, materiality, and risks of the business in which they hold an interest (“Policy on Governance, Management, and Control in Investees in which Cemig does not hold shareholding control” or, simply, “Policy”).

2.2. This Policy also applies to the managers and other representatives appointed by CEMIG to compose the governance bodies of the Investees.

### **3. PRINCIPLES AND GUIDELINES**

3.1. The Policy must align with good corporate governance practices, value creation assumptions, optimization for shareholders, Long-Term Strategy, Multi-Year Business Plan, and Annual Budget of CEMIG, as well as the principles of constitutional, administrative, and corporate law applicable to CEMIG.

3.2. For this Policy, the following principles and basic guidelines of integrity, risk, and internal control that guide its broad and effective application are taken into consideration, among others provided for in applicable legislation and regulations:

a) Legality: fulfillment of the corporate purpose of the Investee under applicable laws and regulations, as well as administrative, regulatory, fiscal, and control rulemaking applicable to the Investees and CEMIG;

b) Efficiency: generation of economic and financial returns, as defined in the Long-Term Strategy and Multi-Year Business Plan, approved by CEMIG’s senior management, while considering

cost-effectiveness, quality, and strategy to minimize expenditures, enabling the best results for CEMIG;

c) Impersonality: performance of managers appointed by CEMIG in the Investees with equality, autonomy, and compliance with the public interest, in the best interest of both the company and CEMIG as a shareholder;

d) Morality and administrative probity: guarantee of honest and efficient conduct of managers and representatives of CEMIG in the Investees, with strict adherence to the principle of objective good faith and avoiding practices that would lead to conflicts of interest and abuse of power;

e) Publicity and transparency: timely availability and disclosure of information, not limited to those of a mandatory nature and/or due to legal, administrative, or judicial provisions, subject to the Information Disclosure Policy;

f) Justification of actions and legal transactions: all actions and legal transactions performed by managers and representatives of CEMIG in the Investee, considering their competence and proportional to the significance, materiality, and risks of the business, must be objectively justified in periodic accountability reports that demonstrate the factual and legal reasons and assumptions behind such actions and transactions, with appropriate legal, normative, strategic, market-oriented, and economic-financial foundations, as applicable;

g) Public interest and fulfillment of the corporate purpose: CEMIG's interest held in Investees should be directed towards fulfilling its own corporate purpose, aligning the public interest with the best business outcomes and observing the social function of the companies involved;

h) Diligence, loyalty, and purpose: CEMIG should diligently and loyally interact with the Investee, guiding its conduct to achieve its own interests and those of the Investee;

i) Accountability: accountability of the Investees by representatives and/or managers appointed by CEMIG must be clear, objective, intelligible, independent, and timely;

j) Corporate responsibility: the representatives and/or managers appointed by CEMIG in the Investees should act according to CEMIG's Long-Term Strategy, Business Plan, and investment policy, being accountable for their decisions, considering economic, financial, social, and environmental impacts;

k) Return on investment: the decision to hold an equity interest with no shareholding control, as well as to remain in business, should focus on the Business Plan, investment profitability, shareholder remuneration, value addition to CEMIG, social responsibility, and sustainability to achieve the business goals established by CEMIG.

3.3. The appointment of administrators, Fiscal Council members, and statutory committee members in the Investees by CEMIG must observe the same requirements and prohibitions applicable to the appointment of its own administrators, statutory committee members, and Fiscal Council members.

3.4 Shareholder agreements, member agreements, investment agreements, and/or related documents must comply with the principles and guidelines of this Policy, and all their terms and conditions must be justified, including clauses with rights proportional to CEMIG's investment and relevance in the Investee, whenever possible, to ensure representation in the management, veto rights in highly

important decisions, shared control, qualified resolution quorum, transfer of equity interest regime, dividend distribution policy, right to exit, and equity and third-party capital guarantees.

3.4.1. Execution of governance instruments by CEMIG will depend on authorization from the competent statutory body(ies), accompanied by a Proposal for Resolution with due justifications for the business. It must include a draft of the legal instrument to be executed and, if necessary, a technical note from the responsible management area to ensure proportional participation to the investment made by CEMIG in the Investees, strictly adhering to the principles of non-encumbrance, proportional guarantees, guarantee of contribution from other shareholders involved in the business, and management of the related-party transaction, aligned with good corporate governance practices and the assumptions of value creation and optimization for shareholders.

#### **4. MECHANISMS FOR CHOOSING THE BUSINESS AND PARTNERS**

4.1. Choosing a business includes assessing the opportunity for the investment and/or venture and selecting partners for CEMIG.

4.2. Identified investment projects should align with CEMIG's Strategic Planning, observing the principles of legality, efficiency, transparency, and accountability. Any documents signed, such as Confidentiality Agreements, Memorandum of Understanding, Investment Agreements, Bylaws, or Shareholders' Agreements, must meet all legal, administrative, and regulatory requirements, as well as complementary policies to CEMIG's Bylaws.

4.3. The selection of partners and the assessment of the investment opportunity should be based on objective criteria, comply with applicable laws and regulations, and at a minimum consider CEMIG's corporate purposes, the financial, market, and strategic context of the equity interest with no shareholding control, shareholder return rate, integrity, qualification, and technical, financial, and fiscal capabilities of the Investee, we well as the strategic alignment of CEMIG with the partner chosen. Studies supporting the choice of business in the Affiliates must be documented and consolidated in a specific Business Plan of the corresponding company.

4.4. CEMIG's potential partners must meet the Compliance requirements of Law 12,846/2013 ("Anti-Corruption Law") and the State-Owned Companies Law, which should be verified through a specific report prepared and issued by CEMIG showing the partners' regularity, as well as a compliance statement to be issued by the partners. Furthermore, the report must include economic and financial aspects, using indicators that prove the partners' financial capacity.

4.5 Economic and financial assessment (“Valuation”) is essential and should follow the assumptions and methodologies established by CEMIG, always taking into consideration the cost of capital approved by CEMIG for each business.

4.5.1 Economic and financial assessment can be conducted internally or by a specialized company when an independent opinion on the economic and financial feasibility of the business is required. This may also include the issue of an independent report, as defined by Law 6,404/1976.

4.5.2 All assumptions used in the economic and financial assessment, such as investment values, operating costs, energy price curves, and financing conditions, must be duly validated by CEMIG’s responsible technical areas to ensure the traceability of all information used as assumptions for the preparation of the Valuation.

4.5.3 The investment process should undergo due diligence covering corporate, legal, regulatory, fiscal, operational, environmental, security, and compliance aspects, among others, to quantify potential risks and identify contingencies that should be appropriately considered in the economic and financial assessment.

4.6 Any commitment resulting from the selection or partnership studies, as described above, can only be undertaken after approval by the competent statutory body(ies) and should be justified based on the technical documentation presented.

## **5. PREPARATION OF THE BUSINESS PLAN**

5.1. The Business Plan is the foundational document that will consolidate the assumptions and assessments of the business and guide the management of the Investee. Its purpose, among others, is to monitor the fulfillment of pre-established operational and financial goals to ensure the company’s sustainability and maximize returns to shareholders.

5.2. The Business Plan should include, but not be limited to:

- a) description of the business;
- b) justification, motivation, assumptions, and minimum limits for the business or investment continuity, and should demonstrate the advantageousness of the business and partnership for CEMIG;
- c) relationship of the business with CEMIG’s corporate purpose (activities developed) and the opportunity for synergy with other businesses already developed by CEMIG;
- d) analysis of the partner;
- e) legal structure of the business and its tax classification;
- f) amount of capital to be invested and indication of the source of funds;
- g) operational plan and value creation strategy;
- h) macroeconomic projections, fiscal and tax aspects, legal and regulatory requirements, dividend and interest on equity distribution policies, and capital structure;

- i) economic and financial planning (e.g. contribution schedule, fixed investments, pre-operational investments, working capital);
- j) feasibility indicators, including shareholder rate of return, description of expected business profit (profitability and earnings), and estimated time of return on invested capital;
- k) Income Statement, Balance Sheet, Cash Flow, and Dividends projected for the entire period considered in the business structure;
  - l) appraisal report;
  - m) record of risks, contingencies, and opportunities identified in the due diligence;
  - n) business risk analysis;
  - o) drafts of bylaws and shareholder's agreements;
  - p) where applicable, drafts of concession agreements, energy purchase and sale agreements, investment agreements, share purchase and sale agreements, etc.;
  - q) construction of scenarios, considering optimistic and pessimistic results;
  - r) analysis of the business's adherence to CEMIG's Policies.

5.3. Monitoring the operational and financial performance of the Investees, based on the Business Plan, will allow for short-, medium-, and long-term preventive and corrective actions aiming to ensure the original return approved by the shareholder.

## **6. MECHANISMS FOR MONITORING AND CONTROL OF INVESTEES**

6.1. CEMIG should provide the Investees with Cemig's Code of Conduct<sup>(1)</sup> and other related documents.

6.2. In order to adopt governance and control practices in the Investee, proportional to the relevance, materiality, and risks of the business, as well as to support the justification for business continuity, CEMIG should require the production of documents and periodic reports as part of its duty to oversight. These include:

- a) strategic documents and information of the Investee and other reports and information produced by virtue of shareholders' agreement and applicable laws and regulations for the defense of its interests in the Investee;
- b) budget execution report and investments planned by the Investee, including regarding alignment of budgeted costs and investments made with market costs;
- c) report on situations in which the Related-Party Transaction Policy was applied;
- d) analysis of the Investee's financial leverage conditions;
- e) assessment of financial investments and relevant processes for the sale of the Investee's movable and immovable properties;
- f) risk report for contracts related to the execution of works, supply of goods, and provision of services relevant to CEMIG's and the Investee's interests;
- g) report on the execution of projects relevant to CEMIG's interests;

- h) report on compliance, in the Investee's businesses, with socio-environmental requirements established by environmental authorities;
- i) evaluation of the need for new contributions in the Investee and the possible risks of reducing the expected business profitability;
- j) analysis of contingencies, with information on ongoing lawsuits, administrative or arbitration proceedings, provisions, and other information about the Investee and its partners;
- k) analysis of compliance with agreed-upon goals and justification for business continuity in the Investees;
- l) documented rationale for the need to change the Business Plan, assessing investments in a comprehensive manner; and
- m) any other reports, documents, or information considered relevant for the fulfillment of the Investees' oversight, governance, and control duties.

6.3 The assessment of compliance of the ventures/investments to the Business Plan approved by the competent statutory body(ies), considering its duly approved revisions, as well as its performance, should be subject of an annual report on accountability and justification for investment continuity, to be presented to the Board of Directors, accompanied by a proposal for resolution for its amendment, if necessary. Interim reports may be required by CEMIG, as appropriate.

6.4 When applicable, an updated appraisal report of the investment, prepared internally or by an independent company contracted according to CEMIG's Internal Regulations for Bidding Processes and Contracts, should be included in the report on accountability and justification for investment continuity.

6.5 Reports on the performance of the Investees, both in a consolidated and individual manner, must include, at a minimum, performance indicators related to business and economic-financial sustainability objectives.

6.6 In addition to requesting periodic documents and information, CEMIG must monitor the performance of the Investee through other means, conducting an analysis of material facts as soon as they are disclosed, monitoring news published in mass media that could impact the business, and requesting, at any time, other reports, documents, or information produced by the Investee that are considered relevant to fulfill its duties of oversight, governance, and its rights as a shareholder.

6.7 Within the limits of statutory provisions and those provided in shareholder's agreements, CEMIG must participate in the preparation and implementation of annual and multi-year budgets of the Investees.

6.8 The evaluation of the need for new contributions in the Investee and the possible risks of reducing the expected business profitability, mainly those not foreseen in the Business Plan, must be objectively presented in a report that shows a viability comparison between alternatives to make contributions, dilution, divestment, and others.

6.9 The original, amended, or revised Business Plan must be approved by the competent statutory body(ies) and accompanied by a technical note including the supporting documents that justify the investment option presented, duly based on aspects of convenience and opportunity, legal, economic, financial, market-related, among others, and by an Independent Evaluation Report, when requested by the Company's Management.

## **7. OPERATIONALIZATION AND ACCOUNTABILITY**

7.1. The competencies for the exercise of oversight of the Investees and the information and record-keeping mechanisms for senior management will be included in a specific procedural instruction, approved by the competent statutory body(ies), and reviewed at least every 2 (two) years, ensuring its alignment with best governance practices, CEMIG's organizational structure, and the Investees' portfolio.

7.1.1 The representatives and managers appointed by CEMIG in the Investees, even indirectly, must have their responsibilities formally defined, including, among others, qualifications and experience for the position to be held, high standards of professionalism and governance, structured and transparent processes of institutional support and performance evaluation, permanent dialogue with CEMIG, periodic reports on their activities and on the activities of the companies under their coordination, as well as continuous education training that assist qualification and refreshment.

7.1.2 The representatives and managers appointed by CEMIG in the Investees, even indirectly, will be supported by CEMIG's departments for decision-making, through studies, analysis, and technical voting recommendations, based on the best market and corporate governance practices.

7.2 Failure to adopt this Policy will result in the accountability of those who are required to comply with it by virtue of their duties.

Original signed by:

**MÁRCIO LUIZ SIMÕES UTSCH**  
**CHAIR OF THE BOARD OF DIRECTORS**

<sup>(1)</sup> Document approved by the Board of Directors on April 18, 2022.