

# **Climate Positions and Lobbying Activities Report**

**2024**



## 1. Introduction

Climate change is currently one of the most important issues of and requires immediate and coordinated action involving the cooperation of several players in search of sustainable solutions aimed at implementing public policies and business incentives promoting the mitigation of greenhouse gas (GHG) emissions.

We believe that companies, governments, associations, NGOs, must support the climate goals of the Paris Agreement and commit to science-based actions to keep global temperature increases well below 2°C or 1.5°C above pre-industrial levels, as well as ensuring a neutral balance between emissions and removal by sinks of Greenhouse Gases (GHG), in the period 2050-2100.

We support the energy transition and influence public policies promoting renewable energy through our participation in associations and business groups. We invest in technological development for energy transition and energy storage, helping the country achieve a 100% renewable electrical matrix.

Cemig is part of industry associations and all are aligned with the ambition of limiting global warming to 1.5°C. We do not carry out political standing activities individually, only through associations. As we are located exclusively in Brazil, our focus is within national scope.

These organizations provide a forum to allow members to focus on advocating for issues and promoting best practices. Through our membership in trade associations, we can collaborate and combine efforts with others in the industry on a range of issues we face, including climate change.

Through our participation in meetings and the review of documents formulated by these institutions, we monitor whether the positioning of associations is aligned with our premises on the ambition to reduce global warming.

Specifically in 2023, the bill of the Federal Government establishing the Carbon Market in Brazil was highlighted, an initiative aligned with the ambition of limiting global warming to 1.5°C. No institution we are part of took a stance against the initiative.

## 2. Political Standing

Our standing is to support initiatives promoting laws and regulations related to matters as:

- a) **Greenhouse gas emissions:** We support laws imposing emissions limits on industries, incentives for renewable energy sources, and policies reducing the use of fossil fuels.
- b) **Adaptation to climate change:** we work to promote initiatives aiming to finance protection measures against extreme climate events, such as droughts and floods.

- c) **Carbon prices:** we support groups that can lobby for the implementation of carbon pricing mechanisms, for example, the implementation of the regulated carbon market in Brazil.

The associations and alignment levels are presented below.

Table 1: Presentation of Political Engagement data aligned with the Paris Agreement

Association Name	Association Category	Description	Level of alignment with Paris Agreement	There is a gap between the performance of the association and the Paris agreement in 2023	Operation of Cemig in the Association
Global Compact – Net Zero Ambition Movement	Civil Society – Non-governmental organization (NGO)	The initiative aims to adopt rigorous and immediate measures to reduce global emissions by 2030 and achieve net-zero greenhouse gas emissions by 2040.	Level of alignment with the Paris Agreement and considered “high”	no	Cemig participates in meetings and seeks to influence other players in the pursuit of net zero commitment. By joining the Net Zero Ambition Movement, Cemig made a commitment to annually publish an inventory of greenhouse gas (GHG) emissions; and reduce GHG emissions in line with the criteria of the Science Based Targets initiative (SBTi). In 2023, all operations and positions were aimed at limiting global warming to 1.5°C.
Brazilian Business Council for Sustainable Development (CEBDS)	Civil Society – Non-governmental organization (NGO)	Organized in 1997, the goal of CEBDS is to disseminate the debate on Sustainable Development in Brazil, and works to consolidate itself as a reference initiative in the country, and in the world, in fighting the main crises affecting the climate, nature and society.  Through advocacy, CEBDS works as a network to influence public policies and develops initiatives in partnership with companies, organizations and governments, seeking to promote sustainable actions and practices.	Level of alignment with the Paris Agreement and considered “high”	no	Cemig participates in meetings, contributing to influencing public policies and strategic guidelines that promote a development model, focused on a cleaner and more inclusive economy.  The organization supports the regulated carbon market in Brazil and the promotion of sustainable development. In 2023, it held a workshop “Carbon markets in Brazil: connections between regulated and voluntary”, and a Climate Change and Human Rights Workshop and performance at COP 28 with the aim of accelerating the transformations of companies and their value chains.

CLIMATE POSITIONS AND LOBBYING ACTIVITIES REPORT

Association Name	Association Category	Description	Level of alignment with Paris Agreement	There is a gap between the performance of the association and the Paris agreement in 2023	Operation of Cemig in the Association
Municipal Committee on Climate Change and Eco-efficiency - CMMCE of Belo Horizonte	Local Government - City Hall of Belo Horizonte	CMMCE is a collegiate and advisory agency, which aims to support the implementation of the municipal policy of the City of Belo Horizonte for climate change, acting in the articulation of public policies and private initiatives aimed at reducing emissions of greenhouse gases and air pollutants, reducing the production of solid waste and greater efficiency in the processes of reuse and recycling of waste; encouraging the use of renewable energy sources, improving energy efficiency and rational use of energy and increasing environmental awareness of citizens.	Level of alignment with the Paris Agreement and considered "high"	no	Cemig participates in meetings, contributing to the search for initiatives to reduce GHG emissions and formulating legislation on the subject.  In 2023, all operations and positions were aimed at limiting global warming to 1.5°C.
ENVIRONMENTAL Thematic Group – Preparing the Climate Crisis Technical Seminar in Minas Gerais (MG)	Local government – State Legislature of Minas Gerais (ALMG)	ALMG is discussing public policies necessary to combat extreme weather phenomena in the state of Minas Gerais. In March 2024, it was launched the Climate Crisis Technical Seminar in Minas Gerais – Challenges	Level of alignment with the Paris Agreement and considered "high"	Yes	Cemig participates in meetings, supporting the search for technological solutions and public policies promoting continuous actions, of a medium and long-term structuring nature, mitigating the impacts of climate change in the most affected regions of the state of MG.  In 2024, all operations and positions were aimed at limiting global warming to 1.5°C.
Alliance for Climate Action (ACA-Brazil)	Civil Society - NGO	Coalition of players from different industries of society, such as business leaders, investors and state and municipal governments, to strengthen the subnational climate agenda.	Level of alignment with the Paris Agreement and considered "high"	no	Cemig participates in meetings, aiming to influence the proposal of initiatives that promote the energy transition and combat climate change.  In 2023, all operations and positions were aimed at limiting global warming to 1.5°C.
Council for Environment and Development - CEMA of the Federation of Industries of Minas Gerais - Fiemg	Civil Society - NGO	The purpose of the council is to propose changes to the environmental policy of Minas Gerais and Brazil with the aim of improving the business environment for the productive industry of Minas Gerais.	Level of alignment with the Paris Agreement and considered "high"	no	Cemig participates in meetings of the GT CEMA Climate Change and Air Quality, aiming to influence the proposal of environmental policies that promote the energy transition and combat climate change. In 2023, it is highlighted the evaluation

CLIMATE POSITIONS AND LOBBYING ACTIVITIES REPORT

Association Name	Association Category	Description	Level of alignment with Paris Agreement	There is a gap between the performance of the association and the Paris agreement in 2023	Operation of Cemig in the Association
					of the bill introducing the carbon market in Brazil, where Fiemg was favorable, which demonstrates the position in the search to limit global warming to 1.5°C.
ABRAGE – Brazilian Association of Electricity Generating Companies	Business Association	ABRAGE aims to exchange technical, commercial, financial and legal information regarding electricity generation activities. In this association, there are renewable and non-renewable generators.	Level of alignment with the Paris Agreement and considered “average”	no	Abrage in 2023 did not oppose the Bill that establishes the carbon market. Cemig is positioned to support the energy transition in the country by helping to achieve a more renewable matrix.
APINE – Brazilian Association of Independent Electricity Producers	Business Association	APINE has purposes making the association a strategy for Cemig. The purpose of promoting the defense of the interests of the electricity generation segment stands out, especially with regard to independent producers and similar generators, promoting the expansion of their market space and their profitability preserved. In this association, there are renewable and non-renewable generators.	Level of alignment with the Paris Agreement and considered “average”	no	Abrage in 2023 did not oppose the Bill that establishes the carbon market. Cemig supports the energy transition and invests in infrastructure lines and networks to connect new renewable energy sources.
Brazilian Clean Energy Generation Association – Abragel	Business Association	ABRAGEL currently represents the most relevant generation agents for Hydroelectric Hydropower Generating Plants – HGP, Small Hydroelectric Power Plants – SHPs and Hydroelectric Power Plants – HPPs up to 50 MW in the country. Its main purpose is to promote the union of small and medium-sized electricity producers, companies, entities and associations interested in this market, representing their associates before public authorities, national and international bodies and institutions, defending their rights, interests and aspirations.	Level of alignment with the Paris Agreement and considered “high”	no	All materials and publications made by Abragel in 2023 were aligned with the Paris Agreement. Cemig supports the energy transition and invests in infrastructure lines and networks to connect new renewable energy sources.

### 3. Engagement Guidelines

We are committed to establishing a target aligned with a 1.5°C decarbonization trajectory. In 2022, we joined the UN Global Compact's Net Zero Ambition Program and we undertook the commitment to reducing 90% of greenhouse gas emissions by 2040.

For this reason, our Strategic Planning 2023-2030 foresees investments to expand generation in renewable energy, modernization and reform of the electricity distribution infrastructure, investments in R&D Projects including energy storage and hydrogen and Energy Efficiency actions.

Our engagement management system in associations includes the following premises:

- a) our executives and leaders do not directly or indirectly support policies or initiatives that increase the risks and impacts of climate change.
- b) We participate in industry associations defending climate change policies.
- c) We monitor participation in direct and indirect associations, evaluating the alignment of these associations with the commitment to limit global warming to 1.5°C.
- d) We establish political positions aligned with strategic planning, as well as climate commitments.
- e) Representatives of the Company seek to influence or support research projects, specialized studies on the topic, political and business forums favorable to businesses aligned with the Paris Agreement.
- f) Participation in commercial associations, forums, committees, working groups, NGOs, are conditioned on the political alignment of initiatives that contribute to the reduction of GHG emissions and policies that encourage climate transition that limit global warming to 1.5°C. If there is lack of awareness in actions of any trade association in which the company participates, the representatives of the Company express their opinion by reaffirming their commitment to supporting regulatory changes that promote a sustainable future and informing their leaders about the issue.
- g) The representatives of the Companies in these associations, together with the executive board, analyze the climate policy positions and influences of commercial associations and when political inconsistencies occur, the option of distancing or discontinuing participation in these associations is analyzed, something that has not yet occurred.
- h) We support coalitions acting aligned with climate policies.

At Cemig, the Communication and Sustainability Department is responsible for monitoring public policies linked to the ESG agenda and climate change, including the Paris Agreement.

The Board considers ESG issues to be an integral part of its business strategy oversight. The Executive Board, based on recommendations from the Communication and Sustainability Board, assumes public commitments and validates goals related to tackling climate change.

The Sustainability Management supports the areas of the Company in carrying out actions that impact greenhouse gas emissions; tracks and monitors the performance of the Company in relation to the topic, in accordance with legislation, sustainability requirements and corporate goals.

To ensure the transparency of our actions:

- a) we publicly inform our participation in trade associations, NGOs, forums, committees, and their position in support of climate policies or initiatives that promote renewable energy growth measures or the introduction of a carbon price that is aligned with the achievement of net zero until 2050.
- b) we make this information available annually in the Annual Sustainability Report and in the CDP Climate Change questionnaire, reporting the connection with the Company's strategic planning and business.
- c) We annually disclose information on how climate risks impact business, we report investment data to limit global warming to 1.5°C, as well as our decarbonization strategy, in the questionnaire CDP for Climate Change, Report TCFD and Sustainability Report.

Finally, as previously mentioned, we closely monitor the position of the associations we participate in in relation to the Paris agreement. So far, they all support and seek to work to limit global warming. If there is lack of awareness in actions of any association in which the company participates, the representatives of the Company will express their opinion by reaffirming their commitment to supporting regulatory changes that promote a sustainable future and informing their leaders about the issue.

#### 4. Climate lobbying expenses

Table 2: Presentation of climate lobbying expenses

Organization Name	Lobbying expenses	Arguments and positions
Global Compact	BRL 101,160.00	Action to comply with the Paris Agreement and develop low-carbon solutions.
Brazilian Business Council for Sustainable Development (CEBDS)	BRL 108,000.00	The Organization supports the regulation of the carbon market in Brazil and the development of public policies encouraging sustainable practices

## CLIMATE POSITIONS AND LOBBYING ACTIVITIES REPORT

Organization Name	Lobbying expenses	Arguments and positions
APINE – Brazilian Association of Independent Electricity Producers	BRL 227,016.72	It operates to disseminate technical information that contributes to the energy transition and interacts with the executive and legislative branches in the formulation of public policies aligned with sustainable development.
ABRAGE – Brazilian Association of Electricity Generating Companies	BRL 178,000.74	It operates to disseminate technical information that contributes to the energy transition and interacts with the executive and legislative branches in the formulation of public policies aligned with sustainable development.