

**DUE DILIGENCE
PROCESS
IN HUMAN
RIGHTS
- 2024 -**



May/2024

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1 INTRODUCTION

Considering the responsibility of Cemig to respect Human Rights, preventing its own activities from generating negative impacts on human rights or contributing to them; and seeking to prevent or mitigate negative impacts on human rights in its operations and services through its commercial relationships, including when it has not contributed to generating them, the Company has carried out an annual review of the Due Diligence Process in Human Rights since 2017, in alignment with the United Nations (UN) Guiding Principles on Business and Human Rights

The purpose of this report is to present, in short, the Due Diligence process Human Rights carried out, in which the main human rights themes for Cemig were analyzed, the way in which they relate to its interested parties, the real and potential problems, the actions prevention, mitigation and monitoring of these issues.

The scope of the Due Diligence Process involves:

- 100% of the operations of the Company (Cemig, subsidiaries and affiliates. There are 95 Companies, 48 Consortium Members);
- Supply chain (1,064 suppliers with effective contracts);
- Customers / Consumers (more than 9.21 million);
- Communities where the Company operates (774 municipalities in the Brazilian states of Minas Gerais and Rio de Janeiro, in a concession area of 562,760 km²).

It is in compliance with:

- UN Universal Declaration of Human Rights,
- UN Sustainable Development Goals,
- United Nations (UN) Guiding Principles on Business and Human Rights,
- Core labor rules of the International Labor Organization – ILO,
- UN Global Compact, with Cemig being a signatory.

To list the impacts of Cemig in relation to Human Rights, it was necessary to identify a number of priority issues, from a wide range of potential problems, which were addressed through the Human Rights Impact Assessment. In other words, it translates into an attempt to focus the evaluation on important issues. This way of operating by Cemig is set out in the document: "GUIDING PRINCIPLES FOR BUSINESS AND HUMAN RIGHTS: IMPLEMENTING THE UNITED NATIONS "PROTECT, RESPECT AND REMEDY".

(http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

2 DUE DILIGENCE PROCESS IN HUMAN RIGHTS

The Due Diligence Process in Human Rights at Cemig is reviewed every year. In 2024, an important change was the expansion of the concept of the right to non-discrimination, in line with recent studies on the subject – emphasizing other violence in the workplace, in addition to harassment. For this matter, a Committee was created and a “Program to Prevent and Combat Moral and Sexual Harassment, Discrimination and other forms of violence in the Workplace” was prepared.

The right to decent working conditions was already a priority in previous years and gained greater importance, focused on suppliers whose contracts include the need for employee accommodation. Accordingly, Cemig plans to intensify actions in the Supply Chain, reviewing the supplier risk matrix, defining control indicators in audits and reviewing contracting procedures with a focus on sustainable practices.

Below is described the process of identifying risks, rights holders and locations with the greatest risk of non-compliance.

To identify priority issues, several sources of consultation with potentially impacted individuals were taken into consideration:

Query Sources X Potentially Impacted Individuals	
Groups / Individuals	Query Sources
Employees and leadership	Engagement Research; Diversity Census Research, Anonymous Tip Hotline.
Suppliers	Audits in Human Rights and Anonymous Tip Hotline of Cemig.
Customers and community	Customer survey and community engagement actions, Ombudsman of Cemig.
Minorized groups (women, immigrants, black people, people with disabilities, LGBT+, indigenous people, quilombolas) inside and outside Cemig	Internal and external surveys, Diversity Census Research, Anonymous Tip Hotline, investigation of cases of harassment, discrimination or violence in the operations of Cemig or involving employees, suppliers, forums on the topic of Human Rights, diversity and inclusion.

Table 1: Query Sources X Potentially Impacted Individuals

At first, the Control Listing Method was used to preliminarily assess how the activities of Cemig can interact with the principles of UN Human Rights.

For each right, it was assessed whether the effect was positive, negative or null and whether it was relevant or not. It is worth noting that we sought to identify negative impacts.

The principles that presented negative and relevant effects passed to the second stage of assessment (marked in red).

Interaction between activities of Cemig and UN Human Rights					
Rights	Effect			Relevant	
	Negative	Positive	Null	Yes	No
Right to life	X			X	
Right to freedom and security	X				X
Right not to be subjected to forced labor	X			X	
Right not to be subjected to torture, cruelty, inhuman and degrading treatment	X			X	
Right to recognition as a subject before legislation		X			X
Right to equality before the law, equal legal protection and non-discrimination	X			X	
Right not to be subjected to war propaganda or incitement to racial, religious or nationalist hatred			X		
Right to access effective reparation			X		
Right to fair trial			X		
Right not to be subject to retroactivity of criminal laws			X		
Right to privacy	X				X
Right to come and go	X				X
Right to seek asylum from persecution in another country			X		
Right to a nationality			X		
Right to protection for children	X			X	
Right to marry and found a family			X		
Right to property	X			X	
Right to freedom of thought, conscience and religion	X			X	
Right to freedom of opinion, information and expression	X			X	
Right to freedom of assembly/civic demonstration			X		
Right to freedom of association	X			X	
Right to civic participation			X		
Right to social security, including income and health	X				X
Right to work		X			X
Right to decent and fair working conditions	X			X	
Right to form and join unions and right to strike	X			X	
Right to an adequate standard of living		X			X
Right to health	X			X	X
Right to education		X			X
Right to self-determination		X			X
Right to humane treatment when deprived of liberty			X		
Right not to be subject to imprisonment for inability to fulfill a contract			X		
Right of foreigners to fair trial in case of expulsion			X		
Right of minorities	X			X	

Table 2: Preliminary assessment of the interaction between activities of Cemig and Human Rights

In the second stage, it was assessed which rights (already previously filtered) could interact with the activities, products, services and stakeholders of Cemig through an Interaction Matrix. This assessment considered the real and potential impacts.

The Score of each interaction was considered in the table below:

Score of impact			
Character (ca)	Positive (1)	Neutral (0)	Negative (-1)
Relevance (I)	High (3)	Average (2)	Low (1)
Coverage (Co)	Regional (3)	Local (2)	Punctual (1)
Duration (D)	Permanent (3)	Average (2)	Short (1)
Reversibility (R)	Irreversible (3)	Partial (2)	Reversible (1)
Was or is the target of administrative/judicial proceedings (J)	Yes (5)	-	No (0)

Table 3: Criteria for Ranking the Impacts of Vulnerable Publics and Human Rights

The total impact was calculated as follows (IT) (presented in each cell of the matrix):

$$IT = Ca.(I+Co+D+R+J)$$

Below is presented the stakeholder interaction matrix of Cemig and topics of human rights:

Interaction of Stakeholders of Cemig and topics of Human Rights														
Right		Right to life	Right not to be subjected to forced labor	Right not to be subjected to torture, cruelty, inhuman and degrading treatment	Right to non-discrimination	Right to freedom of thought, conscience and religion	Right to protection for children	Right to freedom of association	Right to decent and fair working conditions	Right to form and join unions and right to strike	Right of minorities	Right to property	Right to health	
Public	Employees	-17	-7	-8	-10	-10	0	8	-5	-4	-10	0	-10	
	Suppliers	-17	-14	-6	-10	-10	-4	0	-15	-4	-10	0	-6	
	Residential customers	-10	0	0	-4	0	0	0	0	0	-4	0	-6	
	Surrounding community	-16	0	0	0	0	0	0	0	0	0	-8	-4	
	Community in general	-4	0	0	0	0	0	0	0	0	0	0	0	
	Children	-4	0	0	0	0	0	0	0	0	0	0	0	
	Indigenous	-4	0	0	0	0	0	0	0	0	0	0	0	
	Migrant workers	-5	-4	0	-4	0	0	0	0	0	0	0	0	-10
	Quilombolas	-6	0	0	-8	0	-5	0	0	0	0	-7	-10	0

Table 4: Interaction Matrix

The result of the interaction matrix presented the following as the main risks of non-compliance with human rights, which are focus of Due Diligence:

Interaction Summary		
Public	Subject	SDG
Employees	Right to life	3 and 8
	Right to non-discrimination (including harassment and other forms of violence in the workplace) and freedom of opinion	5 and 8
	Right to health	3 and 8
Suppliers	Right to life	3 and 8
	Right not to be subjected to forced labor	8
	Right to decent and fair working conditions	8
	Right to non-discrimination and freedom of opinion	5 and 8
Surrounding community	Right to life	3

Table 5: Summary of interactions with the greatest risk of non-compliance with human rights and which are focus of Due Diligence

With the purpose of increasing the focus of the work since the universe of employees, suppliers and the community surrounding Cemig is extensive, we sought to identify which activities present the greatest risks to the rights mentioned in the table above. By analyzing these requirements, it was concluded that the following activities are the target of Due Diligence:

- ❖ Right to life not to be subjected to forced labor, to decent and fair working conditions:
 - Implementation of enterprises of high voltage of Distribution;
 - Construction of distribution networks;
 - Maintenance of distribution;
 - Service to distribution customers;
 - Civil constructions without authorization from Cemig close to the electricity grid; and
 - Contracts or enterprises of Cemig requiring accommodation and/or displacement of a significant number of people.

- ❖ Right to non-discrimination, freedom of opinion, to health:
 - Implementation of enterprises of high voltage of Distribution;
 - Construction of distribution networks;

- Maintenance of distribution;
- Service to distribution customers; and
- Civil constructions without authorization from Cemig close to the electricity grid.
- Administrative units of Cemig.

The following table lists activities assessed with the percentage of risks identified and the percentage covered by mitigation actions:

Activities X Risks identified with X percentage covered by mitigation actions			
Category	% of total assessed	% of the total assessed (column A) where risks were identified	% risk (column B) with mitigation actions taken
Own operations	100	48.38% (Number of employees with hazardous work / Total number of employees)	100
Contractors / Suppliers	100	24.54% (Percentage of critical suppliers with contracts in force)	100
Equity interests above 10%	100	72.22% *	100

Table 6: Activities X Risks identified with X percentage covered by mitigation actions

* Cemig has interests in the business of Generation, Transmission and Distribution. By carrying out the Due Diligence process, it was identified that the generation business is the most exposed to risks related to human rights, since they are the largest companies. In the energy generation activity, the risks are related to the implementation of companies with indigenous people and the surrounding community. With regard to the indigenous public, the risk is the right to social security, including income and health. In relation to the surrounding communities, the risk of property rights is the most relevant. Of the hydroelectric projects, the Hydroelectric Power Plant of Belo Monte, due to its size and geographic location in the Amazon, is the most exposed to risks. The mitigation and monitoring actions carried out for the surrounding and indigenous communities around this Plant are described on pages 20 and 21 of this document.

*The percentage of the total assessed where risks were identified increased significantly due to divestment strategy of Cemig in recent years: the Hydroelectric Power Plant of Belo Monte now represents a much higher percentage in relation to total holdings.

Still following the environmental impact assessment methodology, the mitigation and monitoring actions carried out by the Company are detailed in Sustainability report of Cemig – item 3.1.21. Human Rights and were audited by a third party.

CEMIG

Pursuant to 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 the public within the operations or area of influence of the Company, the health, safety and social service teams monitor the entire process, supporting the victim and family. Expenses related to the accident not covered by the Brazilian Universal Healthcare Program (SUS) are paid - including accommodation, transportation, medication, consultations, exams, prosthetics. Depending on the severity of the accident, monitoring will continue for the entire life of the injured party.

Every year, the Company reports on its human rights actions, through the United Nations Global Compact Report, Sustainability Report (RAS), ISE B3 and DJSI. It also monitors its performance in human rights through these instruments, generating improvement actions based on inputs obtained and analyzes carried out.

Chart 1: Actions of risk mitigation by interested party

Interested Parties	Human Rights	Commitment of Cemig	Actions of mitigation	Actions of monitoring	Area responsible	Budget reserved for action
Employees	Right to life	Cemig must ensure that its employees carry out their work activities with the appropriate level of safety, thus avoiding accidents that could lead to deaths. (Human Rights Commitment of Cemig – Topic: Health and Safety).	Risk analysis; Criteria for Educational Occupational Safety Checks; Security Inspection; Environmental Risk Prevention Program; Audits, ISO 45001; Inspections and audits in the supply chain carried out by independent teams; Monitoring the work of field teams by security technicians, aiming to eliminate any unsafe act; Non-participation in activities that involve risk for employees who are not in adequate health conditions (physical, emotional and social).	Monitoring and Auditing System for Analysis of Safety Practiced (SIMASP); Occupational Accidents and Risks monitoring system (SMART); Security Observations – Leadership in field – App Click Segurança; Audits of ISO 45001 (Cemig GT); Security Inspection Systems; Outstanding Employee in Safety Award (annual); Award 'Capacete de Ouro' Safety Highlight Program “Valorização da Vida”.	Health and Safety	Yes

Chart 1: Actions of risk mitigation by interested party

Interested Parties	Human Rights	Commitment of Cemig	Actions of mitigation	Actions of monitoring	Area responsible	Budget reserved for action
Employees	Right to health	Cemig must ensure the health of its employees. Respect for life is one of the values of the Company. (Human Rights Commitment of Cemig – Topic: Health and Safety).	Corporate physical activity platform focused on quality of life, health and well-being providing access to gyms and classes. Mental Health Program, with support from psychologists and a counseling team, aimed at the mental and emotional health of employees. Easy, direct and confidential access channel for providing assistance to employees regarding mental health issues and psychological problems. Meetings, lectures, awareness actions and conversation circles about the importance of mental health. Online medical appointments through Cemig Saúde for employees and dependents. Street Race Organization.	Consolidated management of the access channel for employee assistance regarding mental health issues and psychological problems: Monitoring of consolidated numbers, preserving individual confidentiality; medical evaluation after sick leave lower than 15 days; monitoring indicators of absenteeism among the employee population through Business Intelligence to verify the health reasons that are most involved in absenteeism and define specific actions.	HR, Health and Safety and Cemig Health	Yes

Chart 1: Actions of risk mitigation by interested party

Interested Parties	Human Rights	Commitment of Cemig	Actions of mitigation	Actions of monitoring	Area responsible	Budget reserved for action
Employees	Right to non-discrimination and freedom of opinion	CEMIG believes in the power of transformation and innovation when working in an environment where people are respected, and believes that encouraging a diverse and inclusive environment means respecting and promoting the principles of non-discrimination, guaranteeing equal opportunities for everyone, regardless of gender, color, race, sexual orientation, appearance, nationality, religion, physical and mental conditions, age, marital status or political ideology. (Diversity Policy)	Program to Prevent and Combat Moral and Sexual Harassment, Discrimination and other forms of violence in the Workplace; Diversity Policy; Human Rights Commitment of Cemig; Code of Conduct of Cemig; Diversity Program; training on the Code of Ethics, Human Rights, Moral and Sexual Harassment; Moral and Sexual Harassment Manual; Diversity Program; Awareness campaigns; Cemig Cultural Identity Book; Creation of affinity groups (gender, people with disabilities, race/ethnicity, LGBT+); representation and diversity goals.	Diversity Census Survey; Monitoring of Diversity indicators; Investigations of complaints received and application of penalties, in valid cases (According to the Code of Conduct of Cemig).	HR, Compliance and Ethics Committee	Yes

Chart 1: Actions of risk mitigation by interested party

Interested Parties	Human Rights	Commitment of Cemig	Actions of mitigation	Actions of monitoring	Area responsible	Budget reserved for action
Suppliers	Right to life	Cemig must ensure that its suppliers carry out their work activities with the appropriate level of safety, thus avoiding accidents that could lead to deaths.	Risk analysis; Criteria for educational Occupational Safety checks; Safety Inspection; Presentation of the action plan to correct errors.	Technical Assessment Questionnaire; Occupational Accident and Risk Monitoring System (SMART); Security Inspection System – Click Security; Daily Safety Inspections; Formal Safety Guidance to Contractors and Employees of Contracted Companies.	Health and Safety	Yes

Chart 1: Actions of risk mitigation by interested party

Interested Parties	Human Rights	Commitment of Cemig	Actions of mitigation	Actions of monitoring	Area responsible	Budget reserved for action
Suppliers	Right not to be subjected to forced labor, and to decent and fair working conditions	Cemig must ensure that its suppliers carry out work activities according to Brazilian labor legislation, which prohibits forced or slave labor.	Contractual clauses protecting Human Rights; Periodic audits including visits to facilities of suppliers; Verification of working conditions: employees labor rights, legal working hours, minimum of 11 hours between working hours, hygiene and health conditions, accommodation and other items; Industrial Technical Assessment (ATI); Technical Assessment of Contractors (ATE); Identification of suppliers with high sustainability risk.	QAT - Technical Assessment Questionnaire; ATI; ATE; Supplier Performance Index (IDF); Award 'Sinal Verde na Rede' – Semi-annual; Award 'Siga em Frente no Trânsito' – Semiannual; Award 'Empregado Destaque em Segurança' - Annual	Supplies	Yes

Chart 1: Actions of risk mitigation by interested party

Interested Parties	Human Rights	Commitment of Cemig	Actions of mitigation	Actions of monitoring	Area responsible	Budget reserved for action
Suppliers	Right to non-discrimination and freedom of opinion	In all its relationships, Cemig combats 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 equality of opportunity.	Training of the Code of Conduct on the Supplier Website of Cemig, which includes the subject of non-discrimination and valuing diversity; Anti-harassment training; Decent Work Booklets (SDG 8); ESG Training for Suppliers; Creation of the Diversity Appreciation Group; Supplier qualification process (Declaration on Basic Registration Requirements).	Control and investigation of complaints about discrimination, moral and sexual harassment. (It should be emphasized that the Code of Conduct of Cemig includes contractors and subcontractors as recipients).	Audit and Compliance	Yes

Chart 1: Actions of risk mitigation by interested party						
Interested Parties	Human Rights	Commitment of Cemig	Actions of mitigation	Actions of monitoring	Area responsible	Budget reserved for action
Community	Right to life	Respect for life is one of the values of the Company and in the new strategic planning, efforts to promote public safety are highlighted in the initiative "Reducing Impacts on the Community". This initiative presents a specific guideline for this subject: "Expanding accident prevention actions among the population".	The Company operates jointly to the society by providing information and clarifications regarding the safe use of energy and promotes public awareness regarding the necessary precautions	Survey and mapping of critical areas most likely to occur accidents with the electrical network, identifying priority areas for action:	HR Health and Safety	Yes

Chart 1: Actions of risk mitigation by interested party

With regard to the surrounding communities, it is important to highlight that Cemig has several actions aimed at minority groups, not reported in the table above as they do not refer to the Right to Life. Highlights:

- Entrepreneurial Women Program – for women in vulnerable situations;
- Sports sponsorship of Paralympic athletes;
- Social tariff;
- Account in Braille;
- *Cemig no Campo* Program, aimed at low-income rural communities;
- 100% discount on energy tariffs for indigenous and quilombola families up to a consumption limit of 50 kWh/month.

3 DUE DILIGENCE PROCESS IN EQUITY INTERESTS OF THE GROUP

Companhia Energética de Minas Gerais - Cemig operates in the areas of generation, transmission, commercialization and distribution of electrical energy, energy solutions and distribution of natural gas (Gasmig). The group is made up of the holding Companhia Energética de Minas Gerais – Cemig, by wholly-owned subsidiaries Cemig Geração e Transmissão S.A. (Cemig GT) and Cemig Distribuição S.A. (Cemig D), totaling 95 Companies, 48 Consortium Members, resulting in assets present in 24 Brazilian states and the Federal District.

The first stage of the analysis was to understand how the process of energy generation, transmission and distribution can impact human rights, both in the implementation phase and in the operation phase of the projects.

Below is a figure showing the “energy path”.



3.1 Generation

The electrical energy generation segment operates in the construction and operation of plants that generate energy from water, wind, solar and thermal sources.

- 1) Development and implementation of new projects: prospecting and selection of new opportunities for energy generation projects in Brazil are carried out and analyzes are carried out to assess the feasibility of developing the project.

Impacted public: employees, service providers and regulatory and industry authorities.

- 2) Implementation of energy generation projects: at this stage, projects are prepared to implement the new plant. Subsequently, construction of the plant begins.

Impacted public: employees, surrounding community, indigenous people, suppliers of service and material and public authorities.

- 3) Energy production: Planning is carried out to determine the generation program of the plant. Based on this planning, the operation and maintenance of the generating unit is carried out.

Impacted public: employees and suppliers.

3.2 Power Transmission

Transmission companies are dedicated to the construction, operation and maintenance of transmission lines in all regions of the country. The Transmission system is regulated by the National Agency of Electric Power (ANEEL).

- 1) Implementation of power transmission projects: At this stage, projects are prepared to implement the new line. Subsequently, construction of the line begins.

Impacted public: employees, surrounding community, indigenous people, suppliers of service and material and public authorities.

- 2) Power transmission: The operation and maintenance of power transmission lines and substations are carried out. The Distribution Operations Center monitors the operation of the distribution system and directs teams to carry out control and improvement activities in the operation of the electrical network.

Impacted public: customers, employees and suppliers of services and materials.

3.3 Power Distribution

Electricity distribution companies deliver energy to customers in concession areas. The distribution system is regulated by the National Agency of Electric Power (ANEEL).

- 1) Service to the distribution market: At this stage, analysis and planning of the electrical energy distribution system are carried out to determine the investments necessary for expanding the network and the amount of energy that must be purchased to meet consumer demand.

Impacted public: employees and suppliers.

- 2) Power Distribution: The operation and maintenance of power distribution lines are carried out. The Distribution Operations Center monitors the operation of the distribution system and directs teams to carry out control and improvement activities in the operation of the electrical network.

Impacted public: customers, employees and suppliers of services and materials.

4 PERFORMING DUE DILIGENCE

The Control Listing Method previously presented was used to preliminarily assess how the energy generation, transmission and distribution activities of Joint Ventures can interact with the principles of UN Human Rights.

It is important to observe that the risk analysis occurs at the time of acquiring the business. From then on, reviews are annual.

As a result of this work, it was identified that energy transmission and distribution activities present low risks in relation to human rights, considering interested parties. With regard to the energy generation activity, the risks are linked to the implementation of projects, namely:

- Indigenous communities – Right to social security, including income and health;
- Surrounding communities – Property rights.

Below are the projects in which Cemig is involved. Indeed, hydroelectric projects have much more impacts than wind and solar projects. Therefore, in terms of projects with risks in relation to human rights, hydroelectric power plants have much more risks.

Of the hydroelectric projects, the Hydroelectric Power Plant Belo Monte, due to its size and geographic location, is the most exposed to risks in relation to the surrounding community and the indigenous community.

When it comes to the Belo Monte Plant, the engagement process is carried out through constant dialogue and social interaction and communication actions, such as community meetings, door-to-door visits, reports broadcast on local radio and TV stations, and through RCP – Popular Communication Network. Around BRL 6.3 billion were invested in more than 5 thousand actions carried out in municipalities neighboring the Plant, including 78 education projects; construction of 31 Primary Healthcare Units (UBSs), in addition to three new hospitals to expand service to the surrounding population.

With the construction of the Plant, 3,500 families were resettled. With regard too indigenous communities, the entirety of the 12 territories occupied by indigenous populations in the Médio Xingu was guaranteed, ensuring that not one centimeter of the more than 5 million hectares, which are occupied by 9 different ethnicities, was flooded by the reservoirs of the Plant.

Furthermore, the Basic Environmental Plan - Indigenous Component (PBA-CI) has been ensuring fundamental rights and promoting quality of life for around 4 thousand indigenous people through actions that strengthen ethnic and cultural characteristics and their traditional activities and promote territorial security, environmental, cultural and food.

Equity Interests of CEMIG Holding:



[**LEGEND:** Holdings and Subholdings | Gas Distribution Company | Generation Companies | Distribution Companies | Wind Generation Companies | Trade Companies | Transmission Companies | Service Companies | Generation Consortia].

Adielton Galvão de Freitas

Sustainability Management – DCS/SE