

BUREAU VERITAS' INDEPENDENT ASSURANCE STATEMENT



INTRODUCTION

Bureau Veritas Certification Brasil(Bureau Veritas)has been engaged by Companhia Energética de Minas Gerais S.A. (Cemig) to conduct independent assurance of its 2014 Annual Sustainability Report (the Report), coveringevaluation of the report content, quality and the reporting boundary. The information and its presentation in the Report are the sole responsibility of the management ofCemig. Bureau Veritas' responsibility was to provide independent assurance according to the scope defined below.

SCOPE OF WORK

Assurance conducted on the Report, that included in its criteria the requirements set out in the Guidelines and Principles¹ of the Global Reporting Initiative GRI-G4 (2013) and Electric Utility Sector Supplement³.

The assurance process was conducted to meet the requirements of a Type 2 assurance engagement as defined by AA1000 2008 Assurance Standard² (AA1000 AS).

The Assurance over the accuracy and reliability of the reported performance data and information relates solely to the companies Cemig Distribuição S.A. and Cemig Geração e Transmissão S.A. concerning the period from 1 January to 31 December 2014.

Excluded from the scope of our work is assurance of any information relating to:

- Activities outside the defined assurance period;
- Statements of position (expressions of opinion, belief, goals or future intention)on the part of Cemig;
- Economic and financial information contained in this Report which has been taken from financial statements verified by independent financial auditors;
- Inventory of Greenhouse Gas (GHG) emissions in its entirety.

1 Materiality, Stakeholder Inclusiveness, Sustainability Context, Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity, and Reliability

2 Published by *AccountAbility: The Institute of Social and Ethical Accountability*<http://www.accountability.org.uk>, including the Principles of Materiality, Responsiveness and Completeness.

3 Sustainability Reporting Guidelines & Electric Utility Sector Supplement, Version 3.0/EUSS Final Version

METHODOLOGY

Our work was conducted using Bureau Veritas' internal protocol for the Independent Assurance of Sustainability Reports, based on current best practice and included the following activities:

1. Interviews with the personnel responsible for material issues and Report content;
2. Analysis of documentary evidence provided by Cemig in relation to the reporting period (2014);
3. Desk review of Cemig's stakeholder engagement activities and response to stakeholders through the reporting process;
4. Evaluation of the method used to define material issues and aspects included in the Report, taking into account the sustainability context and the scope of CEMIG's activities;
5. The following facilities were visited: Head Office in Belo Horizonte (MG); Logistic and Material Administration MS/LA.

The process was designed to provide a high level of assurance concerning the nature and extent of Cemig's adherence to the AA1000 AS accountability principles, and a high level of assurance concerning the reliability of specified performance information within the report, providing a sound basis for our conclusions.

TECHNICAL REPORT

- CEMIG sets out a documented method for the analysis of Materiality and the establishment of the material issues for inclusion in the Report. We evidenced the application of this method in 2014, which encompassed an extensive global analysis of sustainability trends, and consults with internal functions of CEMIG, responsible for engagement with stakeholders (including local governments) identified for the Materiality analysis. Communication records between internal and external stakeholders relating to the materiality assessment were also reviewed. We considered the method used by CEMIG and its results to be appropriate;
- CEMIG continued to publish its short and medium term Objectives and Targets, in line with the strategy of the company, accounting for the company's performance in 2014;
- CEMIG resubmitted its Inventory of Greenhouse Gas emissions for independent external certification in compliance with the NBR ISO 14064 standard. The data used to compile the EN3, EN4, EN16, EN17 and EN19 GRI indicators were derived from this inventory;
- Concerning the recovery of riparian woodlands, CEMIG explains that the company donates saplings of native species, but it monitors only the projects for the recovery of the margins of the reservoirs that are under the company's responsibility;
- It is positive that CEMIG reports upon measurement and monitoring systems adopted for business contingency planning, as well as the management plan and training programs for disasters/emergencies (EU21 indicator);

- Regarding the Index of Satisfaction with the Quality Perceived (ISQP) information was evidenced regarding the actions taken by the company to improve its performance with clients, which are followed up and validated by the CEMIG Clients Committee;
- CEMIG continued to publish information about projects, programs and actions of companies in which it has an interest. Such information was gathered from queries raised concerning material issues associated with the companies in question;
- Information on human rights management in the supply chain of the Distribution Business was evidenced, related mainly to criteria of registration, selection and contracting of suppliers. However, there was limited information on the systematic monitoring of human rights, social, environmental and labor practices concerning CEMIG's suppliers;
- Significant improvements in the methodology for collecting quantitative data for the Report was seen, as well as training for the employees engaged for this purpose (Respondents) across the identified 11 material issues. During field visits more precise data consolidation and a better understanding of the information was also evidenced;
- CEMIG sets out a new communication flow regarding environmental fines and non-monetary sanctions and the data and information obtained to comply with indicator EN28 was deemed to be reliable;
- The channels for grievances used by CEMIG do not fully meet the criteria set out in GRI key performance indicator for environmental and social grievances (EN34, SO11);
- During the course of the assurance, inconsistencies identified in the Report regarding one or more principles of the GRI G4 were satisfactorily revised;
- It was noted that recommendations made in the assurance Statement for the previous reporting period were addressed by CEMIG in this reporting cycle, with the exception of one. For continuity, that recommendation is maintained below, alongside new recommendations from this assurance cycle.

RECOMMENDATIONS FOR THE NEXT CYCLE

CEMIG should:

- Improve its management of human rights, labor practices, environmental and social responsibility in its supply chain, establishing a monitoring system for the requirements it sets out in contracts and procedures applicable to suppliers;
- Improve the system for collecting and consolidating information concerning the SO8 indicator (fines and non monetary sanctions for non compliance with laws and regulations), given that there was no evidence of centralized management of this issue, making difficult the collection of associated data (recommendation from previous cycle, updated);
- Improve the management of environmental and social grievances, with the standardization of the reporting channels used, enabling grievance follow up, concerning its classification, quantification, handling and solution.

CONCLUSION

As per the scope of the assurance, the information and data presented in the Report were deemed to be accurate, free from significant error or misrepresentation, accessible and understandable to stakeholders.

The Report provides a fair and balanced representation of CEMIG's sustainability performance.

We conclude that the Report adheres to the Principles of content and quality of the GRI-G4 guidelines, and fulfils the criteria of the option Essential.

STATEMENT OF INDEPENDENCE, IMPARTIALITY AND COMPETENCE

Bureau Veritas is an independent professional services firm that specializing in Quality, Health, Safety, Social and Environmental management with more than 180 years history in providing independent assurance services.

No member of the assurance team has any commercial links with CEMIG, its Directors or Managers beyond that required of this assignment. We have conducted this assurance independently, and it is our opinion that there has been no conflict of interest.


Bureau Veritas has implemented a Code of Ethics across its business to maintain high ethical standards across staff in their day to day business activities.

CONTACT US

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