

Cemig Supply Policy and Supplier Relationship Manual

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The digital version of this booklet, along with the pertinent appendices, are available at the address below:

<http://compras.cemig.com.br>, accessing:

**Novo Portal de Compras Cemig
> Fornecedores > Manual do
Fornecedor > Visualizar**

The Cemig Supply Policy and Supplier Relationship Manual are merely informative tools that complement the registration instructions contained on Cemig's website and the pertinent legislation, which shall prevail in the event of any conflict between them.

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Cemig Supply Policy and Supplier Relationship Manual

Objective

To establish a set of principles and objectives, translated into commitments that guide the actions undertaken by Cemig's Logistics, Services and Materials Supply Superintendence, in consonance with the Company's corporate policies and focused on the quest for excellence client and supplier relations.

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Cemig Supply Policy Commitments

Commitment to the public good and respect for the principles of legality:

- Constantly work to maximize the Company's financial resources, through the search for the best deals possible for the acquisition of materials and contracting of services always with the due legal foundation;
- Utilize, as the premise for the efficient use of financial resources, adequate planning and control measures and ensure compatibility between availability, cost and quality;
- Continuously work to optimize the acquisition of materials and services, maintaining the technical, legal, socio-environmental and quality conditions compatible with the activities being undertaken;
- Be guided by the basic public bidding process principles in its relations with Cemig suppliers and contracted parties;
- Ensure the Company's interests are protected through the rigorous management of contracts and assessment of the performance of suppliers and service providers, observing all the legal, technical, economic-financial and socio-environmental requirements;

Commitment to Corporate Ethics

- Work to ensure an essentially professional relationship between contracted parties, suppliers and collaborators, in accordance with legislation and specific internal instructions;
- Prioritize a relationship based on trust, integrity and respect with shareholders, investors, clients, employees, suppliers, society and the government;
- Make available relevant information on Cemig through ample and unrestricted announcements, removing the possibility of privileged or confidential information not yet announced to the market being passed on to third parties;
- Act in an independent and loyal manner with regard to Cemig, not allowing specific interests to create opportunities for corruption, the favoring of third parties, the improper use of assets or the abuse of transactions involving the Company;
- Avoid involvement in commercial discussions and decisions by Cemig employees that may come to have a conflict of interest involving suppliers;
- Value diversity and not permit any form of discrimination based on race, sex, color, appearance, nationality, religion, age, physical and mental state, marital status and political ideology;
- Do not accept presents, benefits or advantages that may come to influence a corporate or commercial decision, unless they are merely courteous in nature or small gifts with no commercial value (*);
- Comply with Cemig's "Declaration of Ethical Principles and Code of Corporate Conduct".

* State Decree No. 43.673 of December 04/2003, which instituted the Ethical Code of the State of Minas Gerais, establishes in article 18 that the acceptance of presents, benefits or advantages is strictly prohibited, except for presents or gifts that: have no commercial value; those distributed for the purpose of courtesy, advertising, habitual distribution or for special events or commemorative dates, with a value of less than one minimum salary (one month's minimum wage).

Commitment to isonomy:

- Establish and implement procedures that guarantee equity of treatment among suppliers, establishing requirements for legal eligibility, providing proof of financial good standing and technical, economic-financial and socio-environmental qualification;
- Apply the criteria established in all phases of the supply process, guaranteeing equality of competition conditions among suppliers;
- Ensure uniformity in the monitoring of fabrication and testing of equipment, in control measures and in the monitoring and payment of contracts, as well as in the inspection of projects and construction work.

Commitment to transparency:

- Ensure exactitude, objectivity and equity in the dissemination of information to clients and suppliers with regard to Cemig's materials and service supply processes;
- Provide safe and economical service by making an adequate and satisfactory physical and IT structure available;
- Guarantee that society, clients and suppliers have access to information on processes regarding materials acquisition and to concluded, ongoing and planned service contracting processes;
- Work to ensure transparent commercial relations through the accessibility and objectivity of information and clarity in the specifications that support the materials acquisition and service contracting processes.

Commitment to social and environmental responsibility:

- Consider in its planning process and in the conduction of its activities the need to protect the environment, to collaborate towards the social development of the population in area where it operates and to strive to maintain relationships of respect and cooperation with its clients and suppliers, as well as with other parties involved in Cemig's supply processes;
- Comply with all legislation and with Cemig's Environmental Policy;
- Demonstrate promptness and commitment in relation to the prevention of minimization of environmental damage that is foreseeable in activities related to the supply processes;
- Orient and encourage suppliers regarding the adoption of measures to prevent and mitigate environmental damage, as well as to comply with the legislation applicable to the various fields of operation in the market;
- Identify, in the supply chain, the main risks to sustainability and establish, in the assessment, contracting and inspection phases, minimum requirements to be met by suppliers in economic, social and environmental terms in order to mitigate such risks.
- Collaborate towards the formulation of an environment that favors the creation of an awareness of citizenship among Cemig's collaborators, suppliers and the market in general;
- Adopt and encourage the adoption by its collaborators and suppliers of the following social responsibility practices: eradication of child labor, eradication of forced or compulsory labor, combat discrimination in all its forms, valuing diversity, combating illegal remuneration policies and working hours, prevention of moral and sexual harassment and guarantee free union association and the right to collective bargaining.

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Relationship with Suppliers

How to become a Cemig materials supplier and service provider?

Physical or legal persons interested in supplying materials and services to Cemig must first request to be registered with the companies in the Cemig group by contacting the Registration Sector.

The required documentation should be sent to the Supply Planning and Supplier Market Registry Management Office, MS/PG, located at Av. Barbacena, 1200 - Bairro Santo Agostinho 30190-131 - Belo Horizonte – MG, Brasil. E-mail: cadastrodefornecedores@cemig.com.br

Why register with Cemig?

Only through registration are suppliers authorized to participate in bidding processes for materials and service supply to the Cemig group.

Following the promulgation and entrance into force of Federal Law 8.666/93 of June 1993, this registration became a legal requirement aimed at providing proof of the legal, fiscal, economic-financial and technical status of suppliers.

What documentation is necessary for registration?

Domestic Suppliers:

Documentation for legal qualification

- Identification Card, in case of physical persons;
- Commercial Registration, in the case of individual companies;
- Articles of incorporation, statute or bylaws in force, duly registered, for corporations and, in the case of publicly traded corporations, accompanied by documentation on the selection of their upper management;
- Registration of articles of incorporation/by-laws, in the case of civil societies, accompanied by documentation proving the composition of the current executive board;
- Decree of authorization, for foreign companies or organizations operating in Brazil, and the registration or authorization certificate for operation issued by the competent body, when the activities undertaken require such;
- Bylaws and Minutes from the General Assembly of Constitution compatible with the field of activity, as well as a report on the cooperative members in the case of cooperatives.

Documentation for Fiscal Regularity

- Proof of registration with the Registry of Physical Persons (CPF) or National Registry of Legal Persons (CNPJ);

- Proof of good standing with Federal, State and Municipal Treasury Departments where the company is domiciled or headquartered;
- Proof of registration with the Registry of State or Municipal Tax Payers, if applicable, related to the region where the company is domiciled or headquartered;
- Certificate of Good Standing from the Time of Service Security Fund (FGTS), except for cooperatives;
- Debt Clearance Certificate (CND), issued by INSS, or proof of registration with INSS as a self employed person, together with proof of payment for the last six months, in the case of individuals, except for cooperatives.
- Labor-Related Debt Clearance Certificate - CNDT.

Documentation for Economic and Financial Qualification

- Balance sheet and financial statements from the last fiscal year, in summarized form, that prove the company's sound financial status, with the replacement of these documents with partial or provisory balance sheets being strictly prohibited;
- The sound financial status of companies shall be ascertained by Cemig by means of positive Equity and Net Circulating Capital;
- With regard to Corporations, a copy of the publication of the report in a newspaper must be presented;
- With regard to Limited Liability Companies, it is essential that the reference number of the daily ledger, the numbers of the pages on which the financial statements are transcribed, and the registration number for the Day Book at the competent authority (Commercial Board or Civil Notary Public for Legal Persons) be provided;

- With regard to newly founded companies, the opening balance sheet, duly registered with the competent authority, must be presented;
- With regard to physical persons, an Income Tax Return for the most recent fiscal year must be presented;
- For cooperatives, proof must also be provided of the participation by cooperative members in any devolution or pro rata apportionment during the last fiscal year;
- Non-Bankruptcy Certificate issued to Companies by the notary public respective to the location where the legal person is headquartered, or an Absence of Lien Certificate, issued in the city where the physical person is domiciled, except for cooperatives.

Declaration regarding Minors

- Declaration that the company does not employ minors under the age of 18 in compliance with paragraph XXXIII of article 7 of the Federal Constitution.

Requirements and documentation for Technical Qualification:

For materials supply:

- General requirements for all groups of goods: certificates of technical competence provided by legal persons, whether public or private in nature, that are directly related to the line of goods for which the registration is intended;
- List of the facilities, vehicles, machinery, equipment, suppliers, production capacity and materials catalogue, in case they exist;
- Registration with the Organization of Brazilian Cooperatives or with a state entity, if there is such, by means of the presentation of company bylaws and any posterior alterations (art. 107 of Law No. 5.764/71) for cooperatives;
- Special requirements: Industrial Technical Assessment (A.T.I.) / Request for letter of guarantee;

Note: Companies that wish to register as distributors of products for which Cemig requires inspection at the factory must also present: letter from the manufacturer duly approved to supply Cemig, authorizing them as a distributor / reseller of their products.

Foreign Suppliers:

Documents of Legal Eligibility:

- Documentation proving the legal status of the company.

Documents of Fiscal Good Standing

- A statement issued by a competent authority in the company's country of origin that the applicant is not in arrears with their taxes or a certificate providing such proof.

Documentation of Economic and Financial Qualification

- Balance sheets and financial statements from the last fiscal year, which provide proof of the good financial status of the bidding company;
- Certificate stating that no Bankruptcy or Restructuring proceedings have been filed against or by the company, issued by a court of the location where the company is domiciled or headquartered, or any other equivalent document.

Documentation for Technical Qualification

- Detailed list of goods for which the supplier intends to apply for registration;
- Catalogues of goods/materials;
- List of the major supply transactions during the past two years, including a brief description of the materials, customers, quantities, approximate value and final delivery date;

- Statements or Certificates issued by major customers concerning the supply transactions entered into and actually completed;
- Statements declaring which tests from among those required for that line of goods that the supplier can perform in their industrial facility;
- List of the third-party laboratories usually used to perform the tests required for the line of goods for which the supplier intends to apply for registration, if necessary;
- ISO 9000 Certificate, if available;
- Statement of monthly production capability for each line of goods for which the supplier intends to apply for registration;
- In the event an offer is submitted for a product that is not manufactured by the applicant, letter of guarantee issued by the manufacturer shall also be submitted, covering the guarantees below. The manufacturer shall be duly registered/approved by CEMIG, and shall authorize the applicant to act on their behalf as a distributor or reseller of their products:
 - guarantee of the good performance of the materials and post-sales services;
 - guarantee access by inspector accredited by CEMIG to the facilities throughout the manufacturing process;
 - guarantee to provide the necessary conditions for the performance of all tests that are required.

The letter of guarantee mentioned above shall be submitted to CEMIG, either the original or an authenticated copy, on company letterhead, bearing the signature and seal of the person authorized to sign for the manufacturer (Power of Attorney).

For the rendering of services:

General requirements for all groups of merchandise:

- Statements of technical idoneity provided by public or private companies or persons, duly registered with the competent professional authorities, if such exist, attesting to their competence to render the services in the quantities required.
- Report of the service provider's basic structure, containing a list of facilities, vehicles, machinery, equipment and technical personnel trained and available for the execution of the services, if applicable.
- Registration with the Organization of Brazilian Cooperatives or with a state entity, if there is such, by means of the presentation of company bylaws and any posterior alterations (art. 107 of Law No. 5.764/71) for cooperatives;

Special requirements for the rendering of distribution services and works:

- Technical Contractor Assessment (A.T.E.).

All the documentation established in Federal Law 8.666/93 of June 21, 1993, as well as the specific forms and requirements may be found at the following address: <http://procurement.cemig.com.br> – New Cemig Procurement Portal / Suppliers / Domestic company registry or Foreign company registry

What is authorization for the procurement portal?

This is permission to access the restricted area of Cemig's procurement portal, which allows for the visualization and monitoring of the company's procurement processes.

How to gain authorization

In order to be authorized, suppliers must send to Cemig's registration sector the "Term of Responsibility for Authorization to Access the Procurement Portal", duly completed and signed by the legally responsible person, with their signature authenticated by a notary public and accompanied by an authenticated copy of the respective statute or by-laws in force, in which are expressly stated the powers to exercise rights and assume obligations resulting from such investiture. After receiving this document, Cemig will send, via e-mail, a username and the respective password, which is personal and non-transferrable, to the person that will be responsible, in the name of the supplying company, for all the information and transactions undertaken through the portal.

Registration Renewal

As each registration expires, all the documentation must be renewed and the supplier may be subject to a new technical assessment at Cemig's discretion.

When the renewal is only for materials and services already approved during the previous fiscal year, the company shall be exempt from the requirement to present documentation related to their technical qualification, except for those with a specific period of validity, provided that it is proven that none of the people listed as being Responsible for the Technical aspects of the work has left the company (in the case of services). In the event that one or more of the people listed as being Responsible for the Technical aspects of the work has left the company, all the technical documentation must be presented again.

How is technical approval gained?

In the event that the supplier produces some type of material or renders some type of service that is subject to technical and quality criteria defined by Cemig, it may be necessary, prior to the supply of the material or rendering of the service, to undergo on the modalities of technical assessment listed below:

- **Industrial Technical Assessment (ATI):** This is aimed at confirming that the facilities, infrastructure, workforce, procedures, processes and production capacity will allow for the satisfactory and safe production of the materials, in conformity with the applicable technical norms and legal requirements. To this end, suppliers will receive from Cemig, in advance, a Pre-Technical Assessment Questionnaire - QPAT, which must be completed and returned to Cemig for analysis. If the questionnaire is approved, based on predetermined criteria, a visit to the supplier will be scheduled, during which a representative from Cemig will appear at the registered facilities in order to assess the fabrication potential and to confirm the information provided in the QPAT. Only following approval of the Industrial Technical Assessment will the supplier be considered technically approved to supply materials to Cemig.
- **Technical Contractor Assessment (ATE):** This is aimed at confirming whether the facilities, infrastructure, vehicles, personnel, depot, documents, norms and tools required by Cemig allow for the rendering of adequate and safe services are in conformity with the applicable legal and contractual requirements. Registered companies will be classified into levels of ability to execute services in function of the UEB (Basic Structural Unit) number presented and approved in the ATE. Cemig also reserves the right to consider an analysis of the supplier's balance sheet when classifying contractors.

In addition to approval of the company, for some materials Cemig may require that materials from said company be homologated in advance, which may prevent some approved companies from participating in some bidding processes. Therefore, suppliers must clarify, before the registration team, all the details listed regarding the materials that they manufacture.

How are materials homologated at Cemig?

- At Cemig the homologation of materials means performing all the routine and type tests required in the applicable technical specifications, all monitored by Cemig and prior to the bidding processes or when the first purchase order is issued. Suppliers whose materials have been homologated participate in bidding processes with no need to provide quotes or conduct new type tests (except when the test(s) are required in the request for proposals). In addition, they may supply materials for Cemig projects, contracted by individuals through the “PART” program.

In addition to the homologation of materials, Cemig may, at its discretion, temporarily pre-homologate materials based on reports of type tests not monitored by Cemig. When the request for proposal allows, the supplier may participate, but must quote the costs for all type tests required in the technical specifications, since they will be required to perform them. Only after approval of all the tests will the materials be considered homologated.

How to sell materials and render services to Cemig

Cemig is a semi-public corporation and is subordinate to Bidding Process legislation. In order to allow suppliers to sell materials and render services to the companies in the Cemig group, this legislation must be complied with, especially Federal Law 8.666/93 of June 21, 1993, Federal Law 10.520/02 and State Law 14167/02.

What is a Bidding Process?

A bidding process is an administrative procedure that is used to select the most advantageous proposal for an object that is to be acquired.

It is designed to provide an equal opportunity to all participants, whether domestic or foreign, confer efficiency and guarantee impartiality in procurement processes, within the principles of legality, impersonality, morality, equality, publicity, competitiveness, administrative probity, connection with the invitation instrument, objective judgment and efficiency.

The auction-type bidding process has the main advantage of expanding the number of competitors, especially in the national and international electronic modality. In addition, the fact that the approval phase only occurs at the end of the process and ability of the auctioneer to negotiate the values bid are other indisputable advantages of this modality.

What is a Price Registry?

The Price Registry is not a modality, but rather a procurement procedure that utilizes a bidding process modality to be realized.

The concept of the Price Registry is established in Law 8.666/93, State Law No. 14.167/02 and State Decree No. 44.787/08.

In contrast with contracts and purchase orders, the price registry does not obligate Cemig to contract/purchase the item being bid on. It simply records the price in the minutes, with the actual purchase depending solely on the effective needs of the Company.

What is the Permanent Price Registry?

The Permanent Price Registry is a special type of Price Registry, the bidding process for which is conducted in two distinct steps.

In the first of these, all the suppliers that are qualified to present proposals for the object of the request for proposals state their interest in participating in future bidding processes regarding such object.

In the second stage, the auction bidding processes are held only involving suppliers that have stated an interest in participating in processes containing the object described in the first stage.

How to follow Cemig's invitations to bid

Once a company has been registered and approved, it may consult on a daily basis the Cemig Procurement / Bidding Process Portal and learn what requests for proposals are available for download, as well as consult the Request for Proposal Alerts that are published in the O Tempo, Valor Econômico and Diário Oficial de Minas Gerais newspapers.

What information is provided in Cemig's requests for proposals to the bidding processes?

- Object;
- Location, date and time of the bidding process;
- Participation Conditions;
- Deadline for the Execution of the Services;
- Payment;
- Required documentation;
- Phases of the Auction Bidding Process Session;
- Clarification/Appeal/Impugnation;
- Adjudication/Homologation;
- Contract;
- Sanctions;
- Revocation and annulment of the bidding process;
- Reception of the object;
- General Information.

How to register proposals / qualification documents

Once in possession of a **password** and prior to the date and time indicated in the invitation to bid, you may register your proposal and upload your qualification documents to the Procurement Portal, in accordance with the **Cemig Procurement Portal System Utilization Manual**, attached to the Request for Proposals.

In order to formalize the materials supply process, Cemig, after the winning supplier has been determined, will issue the following documents:

- **PC - Purchase Order:** this is a document that establishes the commitment between Cemig and the supplier regarding the delivery of the material in accordance with the price, date and other conditions agreed to by the parties.
- **CF - Supply Contract:** this document establishes Cemig's intention to acquire from a supplier up to 75% of the total value established therein for a set of items of material. In the CF, in contrast with the PC, no desired delivery dates are established, as these will only be formalized when there is an effective need for the materials stated in the form of a PC linked to the CF.
- **ARP - Price Registry Sheet:** this document states Cemig's intention to acquire from a supplier a set of items of material, with no commitment to acquire such items. In the ARP, in contrast with the PC, no desired delivery dates are established, as these will only be formalized when there is an effective need for the materials stated in the form of a PC linked to the ARP.

Following approval of these documents, the Contract Management process will begin in order to monitor the effective delivery of the materials.

Some employees are assigned to the Contract Management process and will enter into contact with the suppliers in order to ensure that all contractual clauses are complied with.

To identify the manager responsible for your contract, after the document that makes the acquisition official has been sent, the supplier will receive via fax confirmation that the contract has been received and identification of the manager, who is the person that should be contacted whenever necessary during the process.

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Rendering Services:

How to sign the contract and begin the services?

Having won the bidding process by offering the lowest price and meeting the conditions of the request for proposals, the company will sign a **contract**, Attached to the request for proposal: Draft Contract.

How does Cemig inspect and execute the contract?

Cemig, through a duly appointed representative, may conduct wide-ranging inspections of the contracted services and may partially or totally suspend such services whenever there is a risk to the safety of the employees of the contracted company and/or third parties.

The inspection does not exempt the contracted company from their responsibilities in relation to the quality of the services rendered and the fulfillment of the contractual and legal obligations.

Should there be any instances of divergence from or non-compliance with the contract, said contract may be suspended and an administrative process may be initiated against the company.

How are fines and penalties applied?

Cemig will apply fines and penalties in accordance with the contractual clauses and legislation in force.

How is confidentiality dealt with?

The contracted company assumes the obligation, on behalf of its partners, managers, employees and representatives, to maintain the absolute confidentiality of data and information to which they have access as a result of the services rendered, both during the execution and following the end of this Contract, and shall be wholly liable before Cemig and third parties for any damages that result from acts or omissions that are their responsibility, without prejudicing any other applicable contractual or legal sanctions, including criminal charges.

Non-fulfillment of the obligation to maintain confidentiality will leave the contracted company subject to the payment of fine equal to 10% of the total updated value of the Contract, at the sole discretion of Cemig and via simple notification in writing, without prejudicing any other sanctions or indemnities due. The contracted party declares that it accepts that the obligation will remain in force even after the end of the Contract.

How to receive payment for services rendered?

Following the conclusion of the services, approval and acceptance of the invoice/bill by Cemig's inspection department, payment will be made within 30 days, as stated in the contract, by means of a credit to a current account made by the contract manager.

Should the invoice/bill not be issued in accordance with the instructions, the contracted company shall be subject to the non-release of the payment. If the invoice is in disagreement with the terms of the Contract, the invoice/bill shall be retained pending the arrival of the documentation, in order, and a new payment deadline will be established based on the stipulated payment condition, based on the registration number for the last document delivered.

The release of payment related to the invoice/bill shall also be conditional on the full and complete demonstration that all labor, security, pension, tax and other obligations to which the contracted company is subject have been fulfilled.

Materials supply:

How does Cemig inspect the materials acquired by the Company?

In order to avoid problems and ensure that your payment is made in the amount and on the date expected, all the clauses written in the Purchase Order must be observed.

On the first page of the Purchase Order, on the upper right-hand side, there is a field marked "inspection location".

- If it is blank, the material must be delivered to the location indicated in the Purchase Order, accompanied by the invoice. The material will simply be confirmed and checked, at Cemig, prior to its release for payment;
- If "CEMIG" is written in this field, the material also must be delivered to the location indicated in the Purchase Order, accompanied by the invoice. The material, however, will be tested at Cemig's laboratory and, only if approved will payment be released. If the material is refused, the supplier must replace it or repair it and bear all related costs;
- If "SUPPLIER" is written in the field, the material must be tested at the supplier's facilities or another location previously approved by Cemig and payment will only be released if the material is approved. In this case, the supplier must invite, using a standard form sent to our e-mail address: inspecao@cemig.com.br, an inspection team from Cemig to appear at the manufacturing facilities or a location previously agreed upon and monitor tests. This invitation must be extended a minimum of seven business days in advance of the date on which the material will be made available by the supplier for inspection in Brazil or thirty days for inspections abroad.

Note: In the event Cemig decides not to conduct an inspection at the production facilities and requests reports for analysis, these must be sent as quickly as possible. In this case Cemig's inspection area will have five days to analyze them. Only after this analysis and the issuance of the release documentation may the materials be delivered to Cemig.



Why is it important to meet these deadlines?

Cemig purchases a wide range of materials from various suppliers in Brazil and abroad. Cemig team of inspectors needs to travel to many different locations in the Brazil and abroad, which requires a minimum period of time to plan and to confirm the inspections and to take related measures such as purchase travel tickets, make hotel reservations, etc.

To help you understand, see the example below, considering the 2013 calendar year:

- The deadline for delivery of a material to Cemig is June 28th (a Friday);
- The time needed to inspect the material is two business days;
- The time to transport the material from the factory/plant to the delivery point at Cemig is two business days.

In order to avoid fines due to late delivery, when should the inspection be requested?

Because if an inspection is called on June 12th (a Wednesday), seven business days later we arrive at June 24th (a Monday) for the inspection to begin and June 25th for it to be finished (in case there are no problems). If the material is shipped on June 26th (a Wednesday), it is guaranteed to arrive at Cemig on June 27th (a Thursday), before the deadline for delivery, with no applicable fines.

But don't forget: the further in advance the inspection is scheduled, the less chance there is for delays and fines!

Note: Cemig normally plans the schedule for the coming week's inspections on Thursday.

How does Cemig assess the performance of its suppliers?

Materials Suppliers:

Cemig assesses the performance of its materials suppliers based on an indicator called the IDF - Supplier Performance Index.

For materials suppliers subject to inspection and delivery at Cemig, the following items are periodically checked:

- Prices;
- Correct supply: quantity of material in accordance with the order, material delivered on time, invoice does not contain errors and adequate packaging;
- Quality of the material and of the supplier: Results of inspections and of the last technical assessment performed at the supplier's facilities;
- Registry status in good standing;
- Quick and efficient handling of any failures in materials during the guarantee period.

Suppliers with a low level of performance may be penalized via fines, warnings, meetings, the cancellation of orders or contracts, failure during homologation and suspension from the registry, depending on the seriousness and recurrence of the incidents.

Those materials suppliers that display excellent performance may be exempted from on-site inspections, which will be replaced with the analysis of reports, and may be recognized at the annual Cemig Supplier Awards or earn Assured Materials Supply certification.

Service Providers:

For distribution services and works, Cemig assesses its suppliers based on the IQSC - Contracted Party Service Quality Index indicator.

For services that are considered critical, such as the construction, operation and maintenance of networks, tree pruning, clearing of right-of-ways and meter reading, the following requirements are periodically checked:

- Practiced safety by contractors;
- Quality of the services provided;
- The environment and waste management.

Suppliers with a low level of performance may be penalized via, warnings, meetings, fines, the non-renewal or cancellation of contracts and suspension from the registry, depending on the seriousness and recurrence of the incidents.

Those service providers that display excellent performance may be recognized at the annual Cemig Supplier Awards.

How do the Cemig Supplier Awards work?

The Cemig Supplier Awards is an annual event which was first held in 2010. The purpose of the Cemig Supplier Awards is to encourage the development of suppliers and recognize those that demonstrate the best annual performance in supplying Cemig.

The awards are broken down into four categories:

- Presentation of an award in the form of a plaque for performance to materials suppliers with an IDF indicator over 75% in the different supply categories, such as materials for substations, lines, networks, energy meters, public lighting, graphics, energy metering, reselling and others chosen by Cemig;
- Presentation of a plaque for performance to providers services for distribution networks (contractors) with an IQSC indicator of over 80% in the service categories, such as construction, operation, maintenance, clearing of right-of-ways, tree pruning, meter reading and others chosen by Cemig;
- Presentation of trophies and “Cemig Assured Materials Supply Certificates” to materials suppliers that, in addition to demonstrating good performance, have achieved a degree of excellence in supply, with no problems of a technical or commercial nature and an IDF indicator of over 80%. This allows them, for a period of one year, to deliver and invoice materials without the need for prior inspection by Cemig.
- Honorable mention, through the presentation of plaques, for suppliers with the best social, environmental and health and safety actions aimed at their employees and society in general.

At the event suppliers also receive copies of Cemig’s Supply Policy and are given information on the principles of Sustainability, Corporate Social Responsibility, Ethics and the Professional Code of Conduct, in addition to other themes of interest.

What is Cemig Assured Materials Supply?

With this initiative, CEMIG hopes to contribute towards the development of the supplier market, by motivating suppliers to constantly seek new investments in quality improvements for their production processes, with the goal of achieving excellent performance and a high degree of reliability in supplying Cemig, thereby qualifying for the CEMIG assured quality supply status and, consequently, reducing their own operating costs.

What are the advantages of Cemig Assured Materials Supply for suppliers?

- Dispensation of inspection summons by CEMIG as a pre-requisite for materials delivery;
- Reduction of production process cost since repetitions of tests in the presence of Cemig's inspectors will be dispensed with, as these have been made during the supplier's production process quality control
- Greater celerity in the process of materials acceptance by Cemig and, consequently, in the process of billing by the suppliers
- The possibility for the suppliers to announce to both domestic and international markets, their Cemig assured supply quality certification status

What are the criteria to qualify for Cemig Assured Materials Supply?

In order to qualify to receive the Cemig Assured Materials Supply certification, materials suppliers shall meet, simultaneously, the following pre-requisites for a period of one year:

- Within the assessment period, they must have undergone in-person inspection and delivered to Cemig at least six materials batches;
- No incidents of materials refusals;
- No incidents of critical observations in the materials approval process;
- No incidents of any claims concerning the guarantee policy, due to materials flaws;
- No incidents of any complaints from Cemig's areas regarding the performance of materials, even after the end of the guaranty period;
- Enjoy approved Technical Industrial Assessment status, previously assessed by Cemig, covering the Quality, Health and Safety, Environment and Social Responsibility requirements;
- Enjoy good standing in the Cemig supplier registry;
- There are no abeyances of either a technical or commercial nature with regard to Cemig's active Purchase Orders or Supply Contracts.



How to issue the Invoice

- The Invoice must be issued / completed correctly (see attached instructions), with the Company Name, billing address, effective delivery address, CNPJ, State Registry number and correct taxation, among other items. The material may be refused upon delivery if there are any differences between the Purchase Order and the data/information contained in the Invoice;

NOTE: In regions where the issuance of an Electronic Invoice is mandatory, the supplier must consult the fiscal legislation in force and the XML file shall be forwarded to the following address: CEMIG_Nfe_REC@cemig.com.br

- The following must be delivered together with the Invoice: checklist, report on tests conducted by the supplier (if applicable) and the “Inspection Results” form or other Cemig release document issued by the materials inspector, in the event the material has been inspected at the supplier’s facilities;
- In the event the supplier and materials to be delivered have been approved for Cemig Assured supply, the “Assured Materials Supply Shipping Notice” form must be attached to the invoice;
- In some specific cases it is required that obligatory/pertinent documents be delivered together with the invoice, such as: Importation Declaration (imported/foreign origin materials), copy of the Fumigation / Phytosanitary Certificate (in the case of wooden packaging), guarantee letter, DAE (State Tax Collection Document), Forestry Products (Certificate of Origin, Authorized Environmental Seal, Environmental Control guide and Fumigation Certificate) and FISPO - Chemical Product/Material Safety Data Sheet (for chemical/toxic products), among others.

NOTA FISCAL

Nº

1 -

SAÍDA

ENTRADA

1ª VIA

DESTINATÁRIO /
REMETENTE

DATA LIMITE PARA
EMISSÃO

CGC

5

NATUREZA DA OPERAÇÃO 2	CFOP 3	INSC. ESTADUAL DO SUBSTITUTO TRIBUTÁRIO 4	INSCRIÇÃO ESTADUAL 6
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DESTINATÁRIO/REMETENTE

NOME/RAZÃO SOCIAL 9		CGC/CPF 10	
ENDEREÇO 11	BAIRRO/DISTRITO 12	CEP 13	
MUNICÍPIO 14	FONE/FAX 15	UF 16	INSCRIÇÃO ESTADUAL 17

DATA DA EMISSÃO

DATA DA SAÍDA/ENTRADA

HORA DA SAÍDA

FATURA

18

DADOS DO PRODUTO

CÓDIGO PRODUTO	DESCRIÇÃO DOS PRODUTOS	CL. FISC.	SITUAÇÃO TRIBUTÁRIA	UNIDADE	QUANTIDADE	VALOR UNITÁRIO	VALOR TOTAL	ALÍQUOTAS		VALOR DO IPI
								ICMS	IPI	
19	20	21	22	23	24	25	26	27	28	29

CÁLCULO DO IMPOSTO

BASE DE CÁLCULO DO ICMS 30	VALOR DO ICMS 31	BASE DE CÁLCULO ICMS - SUBSTITUIÇÃO 32	VALOR DO ICMS SUBSTITUIÇÃO 33	VALOR TOTAL DOS PRODUTOS 34
VALOR DO FRETE 35	VALOR DO SEGURO 36	OUTRAS DESPESAS ACESSÓRIAS 37	VALOR TOTAL DO IPI 38	VALOR TOTAL DA NOTA 39

TRANSPORTADOR/VOLUMES TRANSPORTADOS

NOME/RAZÃO SOCIAL 40		FRETE POR CONTA 1. EMI TENTE 2. DESTINATÁRIO 41		PLACA DO VEÍCULO 42	UF 43	CGC/CPF 44
ENDEREÇO 45		MUNICÍPIO 46		UF 47	INSCRIÇÃO ESTADUAL 48	
QUANTIDADE 49	ESPÉCIE 50	MARCA 51	NÚMERO 52	PESO BRUTO 53	PESO LÍQUIDO 54	

DADOS ADICIONAIS

55	RESERVADO AO FISCO X	Nº DE CONTROLE DO FORMULÁRIO
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DADOS DA AIDF E DO IMPRESSOR

RECEBEMOS DE (RAZÃO SOCIAL DO EMITENTE) OS PRODUTOS CONSTANTES DA NOTA FISCAL INDICADA AO LADO	NOTA FISCAL Nº
DATA DO RECEBIMENTO IDENTIFICAÇÃO E ASSINATURA DO RECEBEDOR	

INSTRUCTIONS FOR THE ISSUANCE

1. Complete the SAÍDA field.
2. State the nature of the transaction in accordance with Appendix V of the RICMS - this information can be obtained at: www.fazenda.mg.gov.br.
3. State the CFOP in accordance with Appendix V of the RICMS - this code must correspond to the transaction.
4. Complete this field only if the sender is listed in the state registry as a tax replacement in the State of Minas Gerais.
5. CNPJ number printed by a printing company.
6. State Registration number of the sender.
7. Confirm that the utilization period for the form has not yet expired – the Invoice may not be issued after the expiration date.
8. The date on which the invoice was issued must be stated.
8. The date on which the merchandise was shipped from the sender's facilities must be stated - the validity period for the invoice begins on this date.
8. The time at which the merchandise was shipped does not have to be provided.
9. State the name of the company: _____
10. State the CNPJ number: _____
11. State the street address: _____
12. State the district: _____
13. State the CEP (postal or zip code): _____
14. State the city or town: _____
15. State the telephone number: _____
16. State the Province or State: _____
17. State the State Registry number: _____
18. If the invoice is a bill, state the expiration dates of any duplicates.
19. State the product code at the sender's establishment - internal code - utilized at the establishment.
20. Provide a description of the product including the brand, type, model, serial number, etc. - please do not use abbreviations.
21. State the fiscal classification of the merchandise - N C M code in the IPI table.
22. State the taxation status code in accordance with Appendix V of the RICMS - this code is composed of table A + B. For example: 000 - domestic merchandise subject to full taxation.

OF FISCAL DOCUMENTS TO CEMIGG

23. State the merchandise units: meters, liters, pieces, etc.
24. State the quantity of merchandise supplied.
25. State the unit price of the merchandise.
26. State the total value of the merchandise supplied.
27. State the ICMS rate for the merchandise supplied.
28. State the IPI rate for the merchandise supplied in accordance with the order/
contract, in compliance with the legislation in force.
29. State the value of the IPI.
30. State the calculation base for the ICMS for the transaction. Note: in the event the merchandise is
subject to the IPI tax, the value of such tax must be included in the calculation of the ICMS tax when
the merchandise acquired is destined for use, consumption or as a fixed asset by Cemig.
31. State the value of the ICMS tax: it corresponds to the multiplication of the rate by the calculation base value.
32. State the tax substitution calculation base: this field should only be completed by the substitutive
tax payer, or that is, the person responsible for the retention and collection of the tax.
33. State the ICMS (Tax on the Circulation of Goods and Services) tax substitution amount, which corresponds to the
multiplication of the internal merchandise rate by the substitution tax calculation base. This field should only be
completed by the substitutive tax payer, or that is, the person responsible for the retention and collection of the tax.
34. State the total value of the products.
35. State the freight value: only for own transport undertaken by the sender when a transport
fee is charged. If transport has been contracted, do not complete this field.
36. State the value of any insurance, if applicable.
37. Inform other additional expenses, if applicable.
38. State the value of the IPI tax.
39. State the total value of the invoice, adding up the IPI, ICSM ST and total value of the products.
- 40 a 54. List all the data related to the transporter of the merchandise.
55. Provide additional data:
 - a) the fiscal benefit and respective legal justification: suspension, deferment, reduction
in the calculation base, exemption, non-applicability, etc, if applicable.
 - b) The substitutive tax payer (the party that has already received the merchandise with the tax
collected) must state the values over which the tax has been levied. This information is obligatory
and indispensable to receive the ICMS credit, when permitted by the respective legislation.

What are the main reasons for the non-acceptance of materials by Cemig upon delivery?

- Packaging does not conform to the specifications or identification, on the material or external, is incorrect;
- Invoice completed incorrectly, with cancellations or not in agreement with the order (according to the Purchase Order), damaged (torn) invoices or lacking a sufficient number of copies;
- Delivery attempted outside of the shipping/receiving hours: from Monday to Friday from 8:00 to 11:00 and from 12:30 to 4:00;
- Lack of obligatory documents that must accompany the Invoice;
- Lack of Personal Protective Equipment, when necessary, for the loading and/or unloading of materials.

How are payments to the supplier made?

In the event there are no abeyances (material, fiscal and required documents, among others), payments will be made thirty days following the delivery of the material via a credit to a current account indicated by the supplier (**see form – payment via credit to current account**).

How are materials that have been refused, destroyed and/or left over by Cemig removed/collected?

- After contact is made by Cemig: The refused, destroyed and/or surplus materials must be removed by the CONTRACTED PARTY within a maximum of 15 days from the date of issue of the Centralized Inspection Report – RI. In the event that no formal response by the contracted party, Cemig will dispose of the material in the most convenient manner: donation, alienation or destruction. Material removal must be scheduled at least twenty-four hours in advance at the following e-mail address: crf@cemig.com.br
- **When does Cemig request action from the supplier due to faulty materials under guarantee?**

In cases in which the material develops flaws or failures during contractual guarantee period, or flaws are found even after the guarantee period, Cemig will call upon the supplier to responsible to replace or repair said material. The supplier must bear all the related expenses and appear at the indicated locations for removal, delivery and issuance of the fiscal documentation for the material.

Important information regarding access and vehicle and pedestrian traffic at the Cemig Materials Distribution Center – CDM-JT

- Service providers, including drivers, must utilize and present at the gatehouse personal protective equipment (PPE) that is necessary and be dressed appropriately for whichever services are to be rendered;
- When there is a need for visitors or service providers to enter operational areas, they must use all the PPE indicated on the signs at that location;
- Drivers' National Driver's Licenses – CNH must be checked when vehicles enter CDM-JT facilities;
- All materials being transported in the vehicle must be checked at the gatehouse by Cemig security staff, both when entering and leaving, at which time all fiscal documentation will also be checked;
- Vehicles carrying prototypes or that are to collect alienated/returned materials shall be granted permission to enter the CDM-JT, provided they have been granted prior authorization by the local Management Offices or are employees registered by them;

Supplier Development:

A commitment to the public good is the premise upon which Cemig seeks to achieve the highest possible level of competitiveness in its material and service acquisition processes.

Our goal is to identify, attract, prepare and qualify material and service suppliers that are strategic to the Cemig Group, with an eye to increasing competition in the Company's bidding processes, improving the financial results of the Group's purchases and guaranteeing that supply is met on time for internal and external clients, all in compliance with the relevant legal, technical, quality and socio-environmental requirements.

Cemig, with the goal of attenuating risks in supply, also identifies essential suppliers. For materials, essential suppliers are considered to be those that are exclusive producers, in function of technological expertise, patents or specificity for application and spare parts, along with those materials suppliers that experience low levels of competitiveness in bidding processes (need for more competing suppliers to be registered and qualified). Essential service providers are considered to be those that render services with a high contracted financial value (covering 70% of the total contracted) and services that are considered strategic or require the intensive use of labor by the company.

In addition, encouraging business with local suppliers and ensuring that micro and small companies that participate in the investments planned by Cemig are in line with the interests of the State Government, Trade Organizations and Labor Unions.

Material contracts for which there is a low level of competitiveness in acquisitions are announced as business opportunities for suppliers in the State, National and International Markets.



For further information
please contact us:
[desenvolvimento.fornecedores@
cemig.com.br](mailto:desenvolvimento.fornecedores@cemig.com.br)
We look forward to
having you with us.

Glossary and common public acquisition terms

- **Amendment:** possible alteration to be made to a contract signed by the parties.
- **Adjudication:** phase of the bidding process in which the supplier with the Best proposal is granted the right to supply the good or service to the Company.
- **Warning:** act of calling attention to non-compliance with the established bidding process norms. This type of sanction is applied to participating companies that do not comply with the legal norms.
- **Bidding process annulment:** this occurs when the bidding process is considered null and void as a result of some illegality.
- **Technical Industrial Assessment (ATI):** this is part of the technical supplier qualification process, which consists of a documentation analysis and technical visit to the supplier's facilities in order to verify, based on objective criteria, their capacity to supply products with the level of quality required by Cemig.
- **Class of goods:** subset of materials in a group of goods.
- **Registration Certificate (CRC):** certificate that guarantees that a company is registered with Cemig.
- **Material code:** unique numerical code that represents materials at Cemig.
- **Bidding process commission:** the body responsible for an entire bidding process. It must be comprised of at least three employees from the entity or corporation running the bid.

- **Debt Clearance Certificates:** documentation that proves that a company has no tax arrears.
- **Uniformity test:** tests aimed at assessing the uniformity of the production process. They are generally non-destructive and are performed on 100% of the lot or a representative sample.
- **Conformity test:** tests aimed at proving the conformity of a product with the design and the design with the specific norms-based characteristics.
- **Registered supplier:** these are suppliers that have won approval in the Technical Industrial Assessment whose documentation is not up-to-date.
- **Accredited materials supplier:** these are suppliers that possess reports from conformity tests performed on their materials, in accordance with Cemig specifications, that were performed at official laboratories, laboratories with recognized technical capacity or at own laboratories monitored by Cemig.
- **Pre-accredited materials supplier:** these are suppliers that are able to demonstrate their technical capacity to supply materials in accordance with the applicable norms, through the presentation of reports on conformity tests performed at official laboratories, laboratories with recognized technical capacity or own laboratories, provided they were granted approval during the respective Technical Industrial Assessment, and that they were monitored by Cemig.
- **Contract manager:** the person responsible for the administration of a contract signed by a private company and the Government.
- **Group of Goods:** set of materials that have the same general characteristics.
- **Accreditation:** the procedure that proves that a company has met all its tax obligations and has filed up-to-date documentation to participate in a bidding process, that is to say, they meet all the legal requirements for participation.

- **Legal qualification:** proof that the company is legally sound, that is to say, it was constituted in accordance with the law.
- **Supplier homologation:** the act performed by the Upper Management when confirming the winner of a bidding process.
- **Objection:** the act of contesting a Request for Proposals, prior to the opening of the bidding process, which may or may not be accepted by the bidding process commission.
- **Disqualification:** the exclusion of a company from the bidding process for not having met the necessary qualification requirements.
- **Request for Proposals instrument:** document that calls a company to participate in a bidding process, presented during bidding processes in the form of an invitation. This is also the name used to refer to the Request for Proposals.
- **Judgment of proposals:** in a bidding process this is the phase in which the winning company is selected, according to the type of bidding process held.
- **Bidding Process Law:** Law No. 8.666, of 1993, which establishes the procedures and rules for the purchase and contracting of services by the Government.
- **Fiscal Accountability Law:** the Law that establishes the norms and limits for the administration of public body finances.
- **Auction:** a form of bidding process utilized to sell or alienate public assets to private initiatives.

- **Bidding Process:** the formal administrative process through which the Government invites, in accordance with the conditions established by specific act, companies interested in presenting proposals for the supply of materials and/or services.
- **Contracting Party:** may refer both to the body or entity running the bidding process and the supplier (physical or legal person) participating in the bidding process.
- **Fine:** sanction applied to a supplier that does not comply wholly or in part with the contract signed with the Company.
- **Invoice:** legally binding document that guarantees the supplying company payment for the products or services supplied.
- **Object of the bidding process:** good or service the Government wishes to acquire by means of a bidding process.
- **Unacceptable price:** price presented by a company or individual for the sale of a good or service which is impossible to be employed in the market (e.g. figure is extremely low).
- **Auction and Electronic Auction:** see term of reference
- **Administrative probity:** morality along with the efficiency of the public administrator.
- **PART Program:** construction of distribution networks by private companies, in accordance with the criteria established by Cemig D.

- **Economic and financial qualification:** in public procurement, this is the qualification stage that is aimed at providing the Public Administration with a guarantee that the company has the financial capacity to fulfill the contract should they win the bidding process.
- **Technical qualification in public procurement:** qualification stage aimed at providing the Public Administration with a guarantee that the company is technically able to fulfill the contract should they win the bidding process.
- **Appeal:** instrument utilized to question issues before the Public Administration or the courts. It may be administrative or judicial.
- **Revocation of bidding process:** Managerial act that extinguishes the bidding process. It must be duly justified.
- **Sanction:** the penalty imposed for total or partial non-compliance with the contract.
- **Public session:** in bidding processes, this is the act through which participating companies and the Bidding Process Commission meet to begin the process of choosing the best proposal.
- **Temporary suspension:** in public procurement, this a sanction that prevents a company from participating in bidding processes for a determined period of time.
- **Term of reference (auction or electronic auction):** document that includes the Request for Proposals and contains the data and figures upon which the reference price is based.

CEMIG
A Melhor Energia do Brasil.

