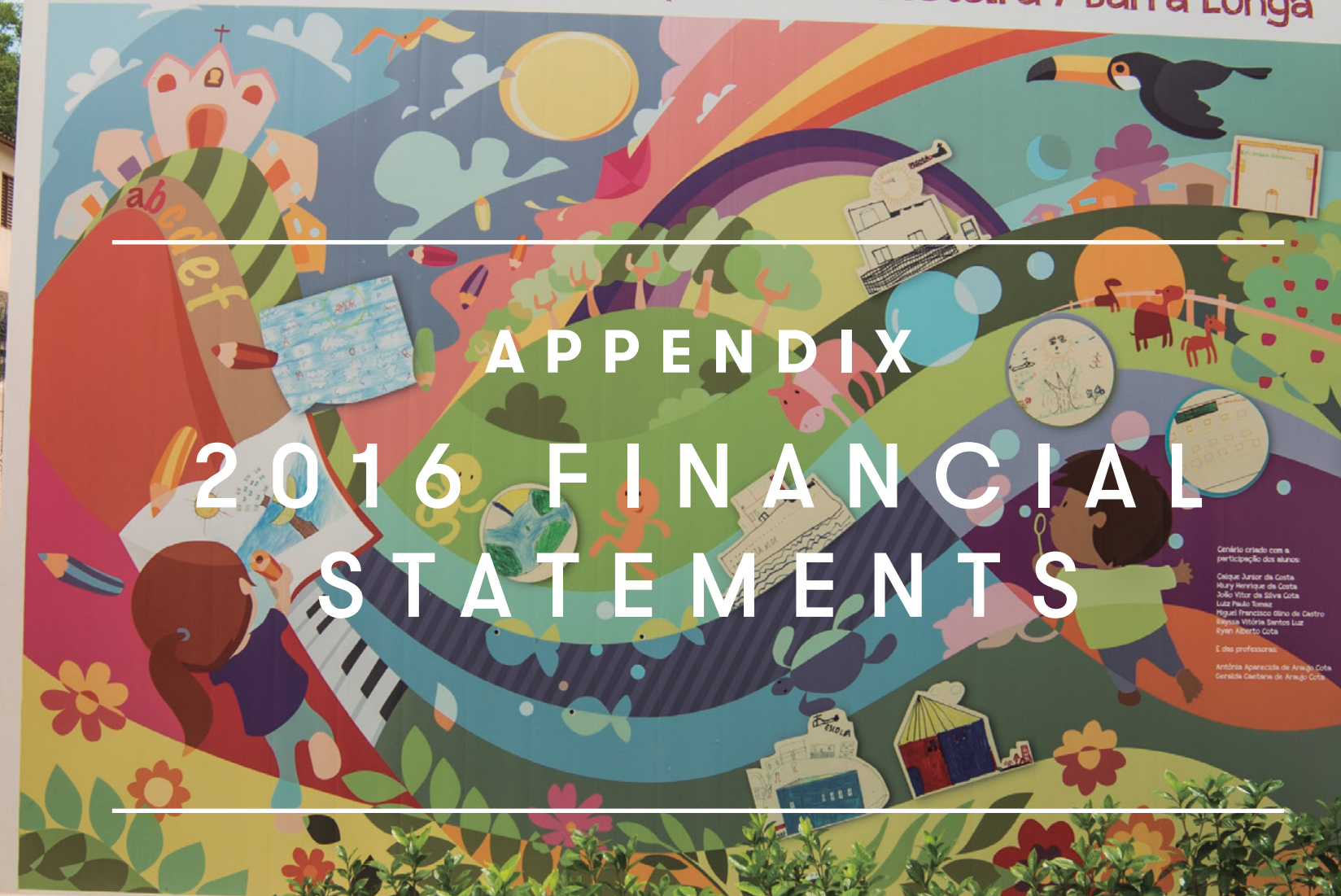


Escola Municipal Gustavo Capanema - Gesteira / Barra Longa



APPENDIX  
2016 FINANCIAL  
STATEMENTS

Ricardo Correa

Gesteira school has been rebuilt and has a panel made by students



# AUDITOR'S INDEPENDENT REPORT ON THE FINANCIAL STATEMENTS



*To the Renova Foundation Board  
of Directors and Shareholders*

## OPINION

We have audited the financial statements of Renova Foundation (“Foundation”), which comprise the statement of financial position as at December 31, 2016 and the related statements of surplus or deficit, the statement of changes in shareholders’ equity and statements of cash flows for the year then ended, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation on 31 December 2016, and its financial performance and its cash flows for the financial year then ended, in accordance with accounting practices adopted in Brazil.

## BASIS FOR OPINION

We conducted our audit in accordance with Brazilian and international auditing standards. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in compliance with the ethical requirements that are relevant to our audit of the financial statements in Brazil, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OTHER INFORMATION ACCOMPANYING THE FINANCIAL STATEMENTS AND AUDITORS’ REPORT

Foundation Management is responsible for this other information that

comprises the Management Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work that we have performed, we conclude that there is a material misstatement of this Management Report, then we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Foundation management is responsible for preparing and adequately presenting these financial statements in accordance with the accounting practices adopted in Brazil and the internal controls necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

Foundation management is responsible for preparing and adequately presenting these financial statements in accordance with the accounting practices adopted in Brazil and the internal controls necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation’s ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian auditing standards and ISAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian auditing standards and ISAS, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers  
Auditors Independents  
CRC 2SP000160/O-5 "F" MG

Guilherme Campos e Silva  
Accountant  
CRC 1SP218254/O-1 "S" MG

## Statement of Financial Position

Assets	NOTE	2016	Liabilities	NOTE	2016
<b>CURRENT</b>			<b>CURRENT</b>		
Cash and cash equivalents	3	567,465	Trade payables	7	47,746
Recoverable taxes	4	853	Salaries and payroll contributions	8	608
<b>Total current assets</b>		<b>568,318</b>	Taxes payable	9	3,839
<b>NONCURRENT</b>			Other provisions	11	19,989
Assets under construction intended for donation	5	5,022	Socio-environmental and socioeconomic obligations	12	499,561
Property, plant and equipment	6	38	Other liabilities		1
<b>Total non-current assets</b>		<b>5,060</b>	<b>Total current liabilities</b>		<b>571,744</b>
			<b>EQUITY</b>		
			Equity	13	693,950
			Transfer to socio-environmental and socioeconomic obligations	13	(693,950)
			Surplus for the year		1,634
			<b>Total shareholders' equity</b>		<b>1,634</b>
<b>TOTAL ASSETS</b>		<b>573,378</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>573,378</b>

## Statements of Surplus (Deficit)

	NOTE	2016
<b>REVENUE</b>		
Operating revenue - contributions	14	194,389
Contribution revenue	14	4,928
Voluntary service revenue	14	27,993
<b>Total revenue</b>		<b>227,310</b>
<b>OPERATING EXPENSES</b>		
On programs	15	(194,389)
General and administrative	16	(33,826)
Other net operating expenses		(40)
<b>Operating deficit before financial income/loss</b>		<b>(945)</b>
<b>FINANCE INCOME</b>		
Finance revenue	17	2,585
Financial expenses	17	(6)
<b>Surplus for the year</b>		<b>1,634</b>

## Statements of Changes in Shareholders' Equity

	NOTE	Equity	Accumulated deficit	TOTAL
At June 24, 2016		-	-	-
Funders' contribution	13	693.950	-	693.950
Transfer to socio-environmental and socioeconomic obligations	13	(693.950)	-	(693.950)
Surplus for the year		-	1.634	-
Balance at December 31, 2016		-	1.634	1.634

## Statement of Cash Flow

	NOTE	2016
<b>SURPLUS FOR THE YEAR</b>		1.634
<b>ADJUSTMENTS TO RECONCILE THE DEFICIT FOR THE YEAR TO THE CASH PROVIDED BY OPERATIONS:</b>		
Provision for other liabilities	11	19.989
		21.623
<b>(INCREASE) DECREASE IN OPERATING ASSETS:</b>		
Recoverable taxes	4	(853)
<b>INCREASE (DECREASE) IN OPERATING LIABILITIES:</b>		
Trade payables	7	47.746
Payroll, provisions and social contributions	8	608
Taxes payable	9	3.839
Socio-environmental and socioeconomic obligations	12	499.561
Other liabilities	12	1
Net cash provided by operations		572.525
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Assets under construction intended for donation	5	(5.022)
Acquisition of property, plant and equipment	6	(38)
Net cash used in investment activities		(5.060)
Net increase in balance of cash and cash equivalents		567.465
Cash and cash equivalents at beginning of year	3	-
Cash and cash equivalents at end of year	3	567.465
		567.465

*Management notes to the financial statements  
as of December 31, 2016*

(In thousands of Reals - R\$, unless stated otherwise)

## 1. REPORTING ENTITY

Renova Foundation (“Foundation” or “Entity”) is a private non-profit company incorporated on June 24, 2016 with principal place of business at Avenida Getúlio Vargas 671, 4o andar, Belo Horizonte – MG. The “Foundation” is supported by Samarco Mineração S/A (“Samarco”), as the “Principal Maintaining Company”, Vale S/A (“Vale”) and BHP Brasil Ltda. (“BHP”) (jointly “maintaining companies”), responsible for donating the funds necessary to carry out its activities.

It is governed by its Bylaws and the applicable legislation. Its sole activity is the management and delivery of the measures set out in the socio-economic and socio-environmental programs, including the provision of social assistance to those affected by the collapse of the Fundão dam owned by Samarco, as detailed in the Framework Agreement (TTAc) entered into on March 2, 2016 by Samarco, Vale, BHP and various government agencies.

The “Foundation” holds the following registers and titles:

- Public deed of incorporation registered at

the Registry Office of the 2nd Notary Office of Belo Horizonte, book 2800N, pages 052 and 053, on June 29, 2016;

- Bylaws registered at the civil corporate registry office of Belo Horizonte under no. 138160 on July 5, 2016;
- CNPJ Corporate Taxpayer Registration Number no. 25.135.507/0001-83.

The Foundation is a social assistance entity and as such is exempt from taxes on its assets, income or services under article 150 (VI, 'c') of the Federal Constitution and the incidence of contributions on social security financing as stated by article 195 (7) also of the Federal Constitution.

As required by the TTAC, an audit firm has been hired to conduct an assurance engagement on the socioeconomic and socio-environmental projects to be delivered by the Foundation. Given the Foundation’s recent creation, the assurance engagement for FY 2016 is in progress and expected to be completed in the second half of 2017.

The Board of Trustees approved the issuance of these financial statements on April 27, 2017, and the Audit committee issued its favourable opinion on April 18, 2017.

## 2. PRESENTATION OF THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING PRACTICES

The main accounting policies used to prepare these financial statements are as described below.

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the provisions of Resolution 1409/12, issued by the Federal Accounting Council, which approved the Technical Interpretation “Non-profit Entities – ITG 2002 (R1)” and the pronouncements issued by the Accounting Pronouncements Committee (“CPC”), ratified by the Federal Accounting Council - CFC, and reflect all material information related to the financial statements only, which corresponds to that used by it in its management.

The preparation of the financial statements requires that Foundation Management use its judgment in determining and recording accounting estimates. The Foundation reviews the estimates and assumptions at least once a year. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note

2.2.

### Changes in accounting policies and disclosures

There were no amendments or new pronouncements and amendments in force for the financial year commencing 1 January, 2016 that had material impacts on the Foundation.

### 2.2 Critical accounting estimates and judgments

The preparation of financial statements requires the use of critical accounting estimates. It also requires Foundation management to exercise its judgment in the process of applying the accounting policies, which affect the assets, liabilities and expenses reported.

Estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Based on assumptions, the Foundation makes estimates for the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of



assets and liabilities within the next year are addressed below.

a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below.

### Provision for contingencies

Contingencies are analysed by Foundation Management in conjunction with its legal advisers. The Foundation's analyses include factors like hierarchy of laws, case law available, recent decisions delivered by courts and their relevance in the legal order. These evaluations involve Management judgments.

Provisions are recorded when the value of the loss can be reasonably estimated, as stated in note 10.

### 2.3 Functional currency and reporting currency

The financial statements were prepared in Brazilian Reals, the functional currency and main economic environment the Foundation operates, generates and consumes cash, which is also its presentation currency.

### 2.4 Cash and cash equivalents

They include the balances of cash, bank deposits and investments in marketable securities with immediate liquidity whose

maturities as of the effective date of the investment are equal to or less than three months and pose insignificant risks of change in fair value.

### 2.5 Financial assets

The Foundation classifies its financial assets upon initial recognition in the following categories: measured at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity.

As of December 31, 2016 the Foundation did not have any financial instruments classified as fair value through profit or loss, available-for-sale and held-to-maturity.

The financial assets are presented as current asset, except for those with maturities greater than 12 months after the end of the reporting period.

#### (a) Recognition and measurement

Loans and receivables are subsequently carried at amortized cost using the effective interest method.

#### (b) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legal right to offset the recognized amounts and there is an intention

to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### (c) Provision for financial asset impairment

The Foundation assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets has impairment losses only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event"), and that event(s) had an impact on the estimated future cash flows of that financial asset that can be estimated reliably.

An impairment loss is measured as the difference between the carrying amount of assets and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income.

### 2.6 Noncurrent assets intended for donation

Assets are classified as intended for donation when the Foundation is committed to a program with an asset acquisition or construction plan (or set of assets) in which the donation is considered highly likely. These assets are stated at the cost of acquisition,

formation or construction.

### 2.7 Property, plant and equipment

Property, plant and equipment is recorded at the cost of acquisition, donation, formation or construction.

Depreciation and amortization commence from the date the assets are installed and ready for use.

Depreciation is calculated based on the straight-line depreciation and amortization method.

### 2.8 Trade Payables

Trade payables are obligations payable to suppliers for goods and services acquired in the normal course of business, and are classified as current liabilities if the payment is due within a year. If not, they are presented as non-current liabilities.

### 2.9 Provision for contingencies

A provision is made for legal obligations when losses and resulting outflows are rated as probable and the amounts can be measured reliably.

A provision is recognized for a past event when the Foundation has a legal or constructive obligation, and it is probable

that an outflow of funds will be required to settle the obligation. Provisions are calculated by discounting future expected cash flows at a before-tax rate that reflects current market valuations regarding the value of the money over time and specific risks posed by the liability.

### 2.10 Employee benefits

#### Health insurance

The Foundation awards life insurance and health care insurance benefits to its employees and their dependents, which are recorded on the accrual basis and are discontinued in the event the employee leaves the Foundation.

### 2.11 Shareholders' equity

Consists of the initial donation by its maintaining companies, plus or minus the surplus or deficit determined in each year.

### 2.12 Statement of surplus (deficit)

Income and expenses are recognized on the accrual basis, and include revenue and expenses, in addition to the earnings, charges and monetary or exchange variance at official indexes or rates applied to current and noncurrent assets and liabilities.

#### (a) Recognition of contribution revenue

Revenue is recognized when the funds are actively received.

#### (b) Recognition of voluntary work revenue and expenses

The services provided by the maintaining company, Board of Trustees, Advisory Board and Audit Committee were recognized when they were effectively realized and in accordance with Technical Interpretation “Non-profit Entities – ITG 2002 (R1).

The amounts are measured at fair value and recorded as if a disbursement had been made, i.e. an inflow and outflow of financial funds. These amounts were recorded as revenue and expenses in the same amount without changing the deficit/surplus for the year and the net equity.

#### (c) Financial revenue and Financial expenses

Financial revenues encompass interest revenue on funds invested at fair value through profit or loss.

Financial expenses include arrears interest expenses, IOF and bank expenses.

Interest revenue is recognized as it accrues in profit or loss, using the effective interest method. Foreign currency gains and losses

are reported on a net basis.

## 3. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents breaks down as follows:

	2016
<b>CASH AND BANKS</b>	
Domestic	1
<b>SHORT-TERM INVESTMENTS</b>	
Domestic	567.464
	567.465

In 2016, the amounts available in the bank were invested in remunerated bank accounts, with daily liquidity at national financial institutions. Amount linked to the client account yielding the Selic base interest rate, ranging from 10% to 100%, as per the maintenance period of the amounts invested. These short-term investments are recorded at market value, in accordance with periodical restatements by the financial institutions.

Of this amount, R\$ 240,000 was reserved in 2016 for delivering compensatory projects and compensatory measures, where this reserve closed the year with the balance of R\$ 228,338, including the IPCA restatement

required by the TTAC. R\$ 51,895 has been deposited in a segregated bank account for exclusive use in the “development of basic sanitation plans, sewage system engineering, construction of sewage collection systems, eradication of garbage dumps and construction of regional sanitary landfills” (as worded in TTAC), where these funds should be passed through in their entirety to the municipalities specified by the inter-federative committee (IFC). This amounts shall be invested as soon as the IFC has examined the projects presented by the interested municipalities.

## 4. RECOVERABLE TAXES

The balance of recoverable taxes breaks down as follows:

		2016
IRRF tax on short-term investments	(a)	580
Recoverable INSS on payroll	(b)	273
		853

Given its tax exemption, the Foundation seeks to recover taxes withheld by other entities or improperly paid.

- (a) Income tax withheld at source - by banks where the Foundation has short-term investments – on yields made in 2016.
- (b) The employer’s portion of INSS for the



months August to November, the period in which the Foundation is assessing its tax classification. In the Entity’s opinion, these amounts were unduly paid and can be recovered in accordance with article 2 (I, 1) of RFB NI 1300/2012.

### 5. ASSETS UNDER CONSTRUCTION INTENDED FOR DONATION

In 2016 the Foundation initiated the investments comprising the Reconstruction Program of Bento Rodrigues, Paracatu and Gesteira, as required by the TTAC. These disbursements are classified in non-current assets, as the project is expected to be completed in 2019, when the properties built in the new villages will be delivered to the respective owners.

The amounts comprising this item are set out below:

		2016
Land	(a)	4.134
Engineering Projects	(b)	888
		5.022

(a) Refers to the acquisition of land for the construction of the village called Novo Bento Rodrigues.

(b) Disbursements related to the conceptual and detailed designs for the construction of the villages from Program 08.

### 6. PROPERTY, PLANT AND EQUIPMENT

The Entity began its activities in August 2016, at a rented property, and refurbishment was then carried out on the head office located in Belo Horizonte. These investments are classified in property, plant and equipment in progress.

	2016
Improvements to Third-Party Assets	38
	38

The Entity also received assets under lease to carry out its operational and administrative activities from its maintaining companies Samarco and Vale. These items essentially consist of properties, utensils and IT and telecommunications equipment. The reported amounts are the residual carrying amounts of these assets at the owner companies.

Given the Foundation’s obligation to return these assets to the maintaining companies at the end of the contracted period, the values of these assets have been recorded as follows:

FREE-LEASED ASSETS	2016
Data Processing	7
Furniture and Fixtures	196
<b>Sub Total</b>	<b>203</b>
FREE-LEASED ASSETS TO BE RETURNED	
Data Processing	(7)
Furniture and Fixtures	(196)
<b>Sub Total</b>	<b>(203)</b>

### 7. TRADE PAYABLES

The balance of trade payables essentially consists of amounts payable to service providers, which break down as follows as of December 31, 2016:

	2016
Domestic sales	47.569
Overseas sales	177
	47.746

### 8. PAYROLL, PROVISIONS AND SOCIAL CONTRIBUTIONS

The balance of payroll, provisions and contributions is shown below:

		2016
Payroll payable	(a)	373
Provision for vacations	(b)	128
FGTS payable	(c)	52
Employee INSS payable	(d)	15
Other	(e)	40
		608

(a) Salaries are paid by the 5th working day of the following month, with a fortnightly advance of 40% of the gross amount.

(b) The provision for vacations is made in proportion to the period worked in accordance Brazilian law.

(c) Monthly contribution of 8% of the employee’s salary which the employer has to pay under the existing legislation.

(d) Denotes the employee’s contribution to the National Institute of Social Security – INSS.

(e) Primarily consists of amounts payable for group life insurance covering the Entity’s employees.

## 9. TAXES PAYABLE

This entire item consists of taxes withheld from suppliers, generally service providers. The balances of these taxes payable are shown below:

	2016
ISS withheld from suppliers payable	1.625
INSS withheld from suppliers payable	1.083
IRRF withheld from suppliers payable	572
Federal taxes withheld (a)	559
	<b>3.839</b>

(a) Denotes the PIS, COFINS and CSLL federal taxes withheld in accordance with Law 13137/2015 issued June 19, 2015.

## 10. PROVISION FOR CONTINGENCIES

The Entity is party to 3 judicial proceedings, arising from the normal course of operations, mainly involving civil claims. Based on the information and opinions of its internal and external legal advisors, Management has not made provisions for contingencies, as it does not consider all of the cases to be rated as possible defeats.

The value of these cases has been stated at the restated case amount, i.e. the amounts attributed by the respective plaintiffs.

Possible contingencies:

### DESCRIPTION

Case 0034197-49.2016.8.13.0400 - This entails a Public Interest Civil Action led by the Public Prosecutor’s Office against Samarco Mineração, Vale S.A., BHB and Renova Foundation, in which interlocutory relief was granted on 9/12/2016, suspending transactions involving the purchase and sale of animals to/from the affected population, obliging the defendants to abstain from carrying out any further transactions of this nature with the affected population until a new court order was issued.

### POSITION

Following the petition submitted by MPMG on page 485, the hearing previously scheduled was cancelled on 10/27/2016 and the case stayed for the term of 120 days.

2016: 511

### DESCRIPTION

Case 5007288-91.2016.8.13.0105 - Refers to a Public Civil Action led by the Public

Prosecutor’s Office against Renova Foundation, in which the plaintiff (i) is claiming annulment of certain sections and clauses of the Settlement Agreement under the mediated compensation program; (ii) is requesting that the mediated compensation program continues, provided that the minimum amount of R\$ 1,000.00, per adult, and R\$ 1,100.00 per vulnerable person, is paid, without prejudice to the filing of new claims by those affected or the continuation of those already filed, to address damages and negative impacts exceeding said amount, where any amounts previously paid can be deducted, and (iii) impose a punitive fine of at least R\$ 20,000.00, per each transaction made in contravention or repeated contravention of the above orders petitioned for, in addition to R\$ 300,000,000.00, in the event of an interruption to the aforesaid minimum compensation amounts.

### POSITION

The case was stayed on 12/6/2016 as a result of the stay awarded under Interlocutory Appeal 0905717.72.2016.8.13.0000, to be judged on 4/20/2017.

2016: 303.210

### DESCRIPTION

Case 0038496-04.2016.8.08.0014 – Pertains to a Public Civil Action led by the Public

Prosecutor’s Office of Espírito Santo against Renova Foundation seeking: (i) annulment of certain sections and clauses of the settlement agreement under the mediated compensation program (PIM) in Colatina; (ii) continuation of the PIM providing the minimum amount is paid out of R\$ 1,000.00, per adult, and R\$ 1,100.00 per vulnerable person, without prejudice to the filing of new claims by those affected or the continuation of those already filed, to address damages and negative impacts exceeding said amount, where any amounts previously paid can be deducted, and (iii) imposition of a punitive fine of at least R\$ 20,000.00, per each transaction made in contravention or repeated contravention of the above orders petitioned for, in addition to R\$ 300,000,000.00, in the event of an interruption to the aforesaid minimum compensation amounts.

### POSITION

The interim relief claimed by MPES was denied on 12/1/2016, and the evidentiary stage opened for the parties.

2016: 303.210

**Total: 606.931**



## 11. OTHER PROVISIONS

The entity acquires substantial volumes of outsourced services to carry out its activities. As of December 31, 2016 a number of its suppliers were unable to invoice services already provided, for a number of reasons. Based on its internal control and measurements, management therefore made a provision to comply with the accrual basis of accounting. Details of these services can be seen below:

		2016
Civil construction	(a)	8.082
Leasing of support equipment	(b)	5.086
Legal advisory	(c)	2.875
Environmental and forest compensation services	(d)	807
Engagement with communities	(e)	703
Consultancy and various studies	(f)	600
Other	(g)	1.836
		19.989

(a) Civil works: construction and maintenance services on fences in the properties and on roads, reconstruction of properties and infrastructure in the region of Barra Longa, road surfacing and bioengineering for environmental

recovery. B) Leasing of support equipment: machinery and equipment leasing equipment to clean rural properties and repair and conservation of Barra Longa.

(b) Leasing of support equipment: machinery and equipment leasing agreements to clean rural properties and ensure the remediation and conservation of Barra Longa.

(c) Legal consultancy: consultancy services regarding engagement with the inter-federative committee (IFC) and the compensation Program (PIM).

(d) Environmental and forest recovery services: agricultural crop plantation services, orchards, allotments and formation of pastures in properties between the municipalities of Mariana and Santa Cruz do Escalvado-MG.

(e) Engagement with communities: services for the public in the offices of the PIM negotiation centres.

(f) Consultancy and various studies: consultancy services for the diagnosis and proposal of improvements to processes for following up service contracts related to delivering projects

(g) Other: Other smaller expenses relating to communication services, identification of areas for irrigation, cleaning rural properties, aiding animals and D&O insurance.

## 12. SOCIO-ENVIRONMENTAL AND SOCIOECONOMIC OBLIGATIONS

The socio-environmental and socio-economic

obligations consist of the endowment received from the maintaining companies and allocated to expenses involved in implementing the socio-environmental and socio-economic programs, as defined in the framework agreement (TTAC)

The socio-environmental and socio-economic obligations break down as follows:

	2016
Remedial programs	219.747
Compensation programs	227.919
Compensation programs - initiatives related to the preparation of basic sanitation plans	51.895
	499.561

The above obligations consist of expenses on projects to be delivered within 12 months.

## 13. SHAREHOLDERS' EQUITY

### Equity

The public deed creating the Foundation establishes that the endowment of assets to be provided under article 62 of the Brazilian civil code (Note 1) will be the sum of endowment contributions made up to 2018 and any subsequent contributions deemed by the Board of Trustees to be necessary for the operation of the Foundation's programs

as from 2019.

in accordance with the Framework Agreement (TTAC), Samarco and its shareholders Vale and BHP have provided and will continue to provide resources to the Foundation as follows:

- R\$2,089,682 in 2016, of which R\$1,112,195 was used directly by Samarco within programs under the Settlement Agreement, R\$283,537 was retained under a Public civil Action in the city of Mariana, and R\$693,950 was deposited into the Foundation.  
- R\$1,200,000 in 2017. - R\$1,200,000 in 2018.

From 2019 to 2021, annual contributions to the Foundation will be sufficient to cover the remediation and compensation programs planned for each year under the Settlement Agreement, with indicative annual contribution amounts set at between R\$800,000 and R\$1,600,000. From 2022 onwards, contributions to the Foundation will be based on a program schedule approved by the Foundation each year. The Settlement Agreement does not specify a minimum or maximum amount for this period.

As from the signature of the Settlement Agreement, the Foundation will allocate an annual amount of R\$240,000 to compensation programs over a period of 15 years. These annual amounts are included in the contributions for the first six years (2016 – 2021). In addition, a contribution

of R\$500,000 will be allocated to the sewage collection and treatment and waste disposal programs to be implemented in certain areas. The contributions made by Foundation sponsors will be initially recognized in Equity and transferred to a social, environmental and economic program obligations account under equity, as all endowments received from sponsoring entities under the Settlement Agreement are intended exclusively for expenditure within the social, economic and environmental programs. As the Foundation utilizes the funding contributed by sponsoring entities on program expenditure, these amounts will be recognized as revenue to offset program expenses.

### 14. REVENUE

The Entity’s funding and resources derive from contributions made by sponsoring entities as well as from volunteer services provided by the sponsoring entities and their directors. The amounts received in 2016 are shown below:

		2016
Operating revenue -contributions	(a)	194.389
Contribution revenue	(b)	4.928
Voluntary Service Revenue - Assigned	(c)	19.679
Voluntary Service Revenue - Shared	(d)	8.098
Voluntary Service Revenue - Directors	(e)	216
		227.310

entities and utilized in program expenditure throughout 2016.

(b) Amounts received from the main sponsor, Samarco, to defray the Foundation’s administrative expenses.

(c) A number of employees (469 - unaudited) from sponsors Samarco and vale were dedicated full-time to Foundation activities throughout 2016. These employees were allocated by the sponsoring entities due to the fact that the Foundation was then being structured and

the programs initiated by Samarco could not be discontinued. The sponsoring entities have seconded their employees but have not charged for their services. The amounts for 2016 represent these employees’ salaries, payroll charges and benefits, which are paid by each sponsoring entity.

(d) Part of the administrative services necessary for the operation of the Foundation are provided by the main sponsor, Samarco, free of charge, i.e. they are not paid for by the Foundation.. These services essentially consist of purely administrative functions, primarily: financial, information technology, procurement, and human resources.

These amounts were recorded based on the cost of providing the services as reported by the relevant sponsoring entity, which manages all expenses incurred on those services.

(e) Consists of time donated by Directors serving on the Foundation’s Board of Trustees, providing services voluntarily. The value of the services was calculated based on hours incurred (1,194 hours in 2016 - unaudited) by the 7 Directors from August to December, multiplied by their hourly rate (R\$ 181.35 on average - unaudited). The other Boards did not hold meetings in 2016.

### 15. OPERATING EXPENSES ON PROGRAMS

Operating expenses under the Entity’s programs consist of expenses incurred in the period on the socio-environmental and socioeconomic remediation and compensation programs set out in the settlement agreement. The tables below break down expenses by group of measures and program in FY 2016:

		2016
Socio-environmental programs - Remediation	(a)	60.161
Socioeconomic programs - Remediation	(a)	125.210
Socio-environmental programs - Compensation	(b)	2.057
Socioeconomic programs - Compensation	(b)	6.961
		194.389

#### (a) Programs - Remediation

These include remedial measures and actions to mitigate, remedy and/or repair social, environmental and economic damages caused by the dam collapse.



SOCIO-ENVIRONMENTAL PROGRAMS	2016
Recovery of environmental area 1	32.040
Conservation of aquatic biodiversity	462
Water supply systems	2.881
Environmental risk management	49
Investigation of water monitoring	18.669
Program management	6.060
	60.161
SOCIOECONOMIC PROGRAMS	2016
Emergency mitigation measures	10.727
Survey and registration of affected parties	7.109
Reimbursement of Compensation of Affected People	6.447
Protection of indigenous peoples	4.599
Social protection program	300
Communications and engagement	4.453
Aiding animals	1.496
Reconstruction of Bento, Paracatu and Gesteira	1.219
Recovery of affected infrastructure	12.425
Recovery of schools	11
Preservation of historical heritage	5.463
Support for tourism, culture and sport	1.327
Physical and mental health of affected people	4.931
Resumption of agricultural activities	2.480
Recovery of micro and small businesses	59
Emergency financial aid	61.725
Reimbursement of extraordinary expenses	439
	125.210

(b) Programs - Compensation

These include measures and initiatives to compensate for non-mitigating or irreversible damages caused by the dam collapse by improving environmental and economic conditions in affected areas where remediation is impossible or impracticable, in accordance with the programs.

SOCIO-ENVIRONMENTAL PROGRAMS	2016
Recovery of APP and Erosion Control	1.300
Water supply systems	14
environmental deduction system	115
Preparing for environmental emergencies	433
Nacional and international communications	195
	2.057
SOCIOECONOMIC PROGRAMS	2016
Reimbursement of compensation of affected people	6.961
	6.961

16. OPERATING AND ADMINISTRATIVE EXPENSES

The administrative expenses break down as follows. These expenses are classified as necessary to maintain the Foundation’s operating activities, and are not directly related to delivery of the programs. They include expenses recognized for voluntary services received by the Entity.

	Note	2016
Legal advisory		3.096
Own staff		1.820
Insurance		351
Outsourced services		320
Travel		178
Other expenses		68
Voluntary service assigned employees	14.b	19.679
Voluntary service shared	14.c	8.098
Voluntary service directors	14.d	216
		33.826

17. FINANCIAL INCOME/LOSS

The Company’s financial results are broken down as follows:

FINANCIAL REVENUE	2016
Earnings on investments	2.585
	2.585
FINANCE EXPENSES	2016
Banks fees	(1)
IOF - Tax on financial transactions	(5)
	(6)

18. RELATED PARTIES

In 2016 the maintaining companies made the following contributions. These contributions do not constitute the Foundation’s liabilities towards them.

	2016
Samarco Mineração S.A.	221.390
Vale S.A.	238.744
BHP Billiton Brasil Ltda.	238.744
	698.878

## 19. COMMITMENTS

The Foundation has long-term service agreements as shown in the table below:

CONTRACTED SERVICES	
Up to 1 year	673.002
1 to 2 years	6.298
2 to 3 years	3.002
3 to 5 years	1.904
Total 2016	684.206

## 20. INSURANCE COVERAGE

In order to partially mitigate the risks and given the nature of its operations, the Foundation takes out a number of insurance policies in accordance with the guidelines of its management committee which are similar to policies contracted by other foundations engaged in similar activities.

The coverage of these policies include: life insurance and employee personal accidents, civil liability insurance and others.



# BOARD MEMBERS

## BOARD OF TRUSTEES

#	Entity		Name
1	BHP Brasil Ltda.	Serving member	Ian Burton Wood
2	BHP Brasil Ltda.	Serving member	Flávio de Medeiros Bocayuva Bulcão
3	BHP Brasil Ltda.	Alternate	Sergio Consoli Fernandes
4	BHP Brasil Ltda.	Alternate	Luis Fernando Madella Athayde
5	Vale S.A.	Serving member	Wilson Márcio Depes
6	Vale S.A.	Serving member	Luiz Soresini
7	Vale S.A.	Alternate	Eustaquio Coelho Lott
8	Vale S.A.	Alternate	Ricardo Eugênio Jorge Saad
9	Samarco Mineração S.A.	Serving member	Celso Castilho De Souza
10	Samarco Mineração S.A.	Serving member	Wilson Nélio Brumer
11	Samarco Mineração S.A.	Alternate	Jose Carlos Gomes Soares
12	Samarco Mineração S.A.	Alternate	Rafael Tiago Juk Benke
13	Inter-Federative Committee	Serving member	Fábio José Feldmann
14	Inter-Federative Committee		Not stated to date

## AUDIT COMMITTEE

#	Entity	Name
1	Fundação Renova	Carlos Henrique Ribeiro
2	BHP Brasil Ltda.	Edgar Augusto Alfonso Vargas
3	Vale S.A.	Murilo Müller
4	Samarco Mineração S.A.	Luís Eduardo Fischman
5	Government	Not stated to date
6	MG state	Rafael Amorim
7	ES state	Rodrigo Lubiana Zanotti

## ADVISORY BOARD

#	Entity	Name
1	CBH Rio Doce	Senisi de Almeida Rocha
2	CBH Rio Doce	João Lages Neto
3	CBH Rio Doce	José Geraldo Rivelli Magalhães
4	CBH Rio Doce	Hernani Ciro Santana
5	CBH Rio Doce	Carlos Alberto Sangália
6	Interministerial Commission for Marine Resources	Not stated to date
7	Interministerial Commission for Marine Resources	Not stated to date
8	Specialist (appointed by MPF)	Not stated to date
9	Specialist (appointed by MP MG and ES)	Alceu Torres Marques
10	Specialist (appointed by Oversight Board)	Cláudio Bruzzi Boechat
11	Specialist (appointed by Oversight Board)	Not stated to date
12	Specialist (appointed by IFC)	Igor Rodrigues de Assis
13	Community (MG - appointed by IFC)	Not stated to date
14	Community (MG - appointed by IFC)	Not stated to date
15	Community (MG - appointed by IFC)	Not stated to date
16	Community (ES - appointed by IFC)	Andrea Aparecida Ferreira Anchieta
17	Community (ES - appointed by IFC)	Élcio José Souza de Oliveira

## IFC MEMBERS

Representation	Agency	Serving member	Alternate
MMA	Ibama	Suely Mara Vaz Guimarães de Araújo	Ana Alice Biedzicki de Marques
	ANA	Vicente Andreu	Gisela Damm Forattini
Federal Government	Chief of Staff's Office	-	Isabele Villwock Bachtold
	Segov	João Mendes da Rocha Neto	Luciano de Oliveira Gonçalves
MG Government	Semad/MG	Germano Luiz Gomes Vieira	Zuleika Stela Chiacchio Torquette
	Secir/MG	Izabel Cristina Chiodi de Freitas	Wesley Cantelmo
ES Government	Sedurb/ES	João Carlos Coser	Marinely Santos Magalhães
	Seama/ES	Aladim Fernando Cerqueira	Andreia Pereira Carvalho
Representation Municipalities of MG	Municipal government	Duarte Eustáquio Gonçalves Júnior - Mayor of Mariana	André Luiz Coelho Merlo - Mayor of Governador Valadares
		Silvério Joaquim Aparecido da Luz - Mayor of Rio Doce	Wellington Moreira de Oliveira - Mayor of Caratinga
		Guerino Luiz Zanon - Mayor of Linhares	José Barros Neto (Neto Barros) - Mayor of Baixo Guandu
CBH-Doce	CBH-Doce	Leonardo Deptulski	Carlos Eduardo Silva