Dear Reader,

On March 2nd, Samarco, Vale and BHP Billiton signed an important agreement with the Brazilian Federal Government, the governors of the states of Minas Gerais and several other bodies and authorities.

The initiative aims to formalize the coordinated implementation of measures for the social, environmental and economic recovery of the regions affected by the burst of the Fundão dam in November last year.

The Agreement foresees the creation of a Business Law Foundation that will be responsible for implementing about 40 programs into two main work streams, one being socio-economic and the other socio-environmental.

The document encompasses the emergency, recovery and compensation actions already adopted by Samarco since November and proposes new projects. Samarco will provide all the required funds to run the Foundation and its ventures.

We understand that we are responsible for the great task expressed in the agreement and we will spare no efforts to fulfill our obligations. Samarco has a strong commitment with the people and the environment affected, and will continue to support the full implementation of all programs in the work fronts.

The agreement is a great step forward to continue doing what is right for the people and communities impacted by the incident.

We start to rebuild the company, where other stakeholders, such as employees, contractors, suppliers and especially our customers, play a fundamental role in the future of Samarco.

Sincerely,

Roberto Lucio Nunes de Carvalho
CEO

Leonardo Sarlo Wilken, Chief Strategy and Planning Officer (CSPO) will accumulate the position Chief Commercial Officer (CCO).

Leonardo has a strong Marketing and Commercial background, and worked as the Managing Director of Samarco's Amsterdam subsidiary, accounting for relationship with customers in Europe, the Middle East & North Africa.

He also worked as Marketing General Manager in the Belo Horizonte Office from October 2010 to October 2015, when he took over Strategy and Planning functions.
The document signed in the Federal Capital is the result of a broad discussion that involved Samarco, its shareholders, government leaders and representatives of society.

The Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), the Chico Mendes Institute for Biodiversity Conservation, the National Water Agency (ANA), the National Department of Mineral Production (DNPM), the National Indian Foundation (FUNAI), the State Forestry Institute (IEF), the Institute of Water Management of Minas Gerais (IGAM), the State Environmental Foundation (FEAM), the State Institute for the Environment and Water Resources of Espírito Santo (IEMA) and the State Agency for Water Resources of Espírito Santo (AGERH) all participated in the negotiations.

The agreement reaffirms Samarco’s commitment to fully recovery the affected regions, accelerating the coordinated implementation of measures for the social, environmental and economic rehabilitation. It offers clear commitments, sets deadlines for the submission and execution of projects, and applies the rules of transparency and accountability of the activities.

The affected populations will follow up all projects. There will be external audits and an ombudsman will be created to assist the citizens. We are working to restore the economic activities of other parts of the society, such as employees, contractors and suppliers, who were also affected by the accident.

We are studying various technical alternatives to resume production. Among them is the possibility of not using dams at this stage for tailings disposal.

Discussions with authorities have already started as we require the license to restart operations.
ABOUT THE FOUNDATION
The injection of funds may total BRL 6 billion by 2022

The Foundation will be headquartered in Belo Horizonte and must be established within 120 days. It will be maintained with funds from Samarco, totaling BRL2 billion this year, BRL1.2 billion in 2017 and BRL1.2 billion in 2018.

Another BRL500 million will be made available by the company by the end of 2018, as a compensatory measure for sewage and sanitary landfill. Between 2019 and 2021, the annual budget of the Foundation will correspond to an amount between BRL800 million and BRL1.6 billion per year.

The Foundation will consist of a Board of Directors, an Executive Board, an Advisory Council and an Audit Committee. Additionally, it will hire technical experts and independent audits. It will also set up an Inter-Federative Committee, external and independent from the Foundation, which will track, monitor and supervise the projects to be executed.

Samarco will remain responsible for the execution of all projects in progress until the Foundation is fully constituted.

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AGREEMENT SIGNED

Vale and BHP Billiton sign the agreement with the Union and the governments of Minas Gerais and Espírito Santo. The document assures the recovery of the environment and the reestablishment of economic activities in the region affected by the burst of the Fundão dam.

Total reconstruction of Bento Rodrigues, Paracatu de Baixo and Gesteira in 36 months.

Creation of a business law foundation to execute 40 Socio-economic and Socio-environmental programs.

Transfer of 4.4 billion to the foundation in the first 3 years.

BRL240 million/year for compensatory actions for the next 15 years.

Fund of BRL500 million for basic sanitation in cities affected.
EMERGENCY ACTIONS

The agreement expands actions already implemented by Samarco in States of Minas Gerais and Espirito Santo

Samarco had already been making all necessary efforts to assist the people affected and to mitigate the environmental consequences before the agreement was even signed. “We are deeply sorry for the impact on those who were affected by the burst of the dam. Nothing can replace the lives lost. From the first moment, we have been constantly working to provide emergency assistance to the victims, and immediately began the rehabilitation of affected areas. The agreement will allow centralizing all actions, giving them even greater transparency and momentum”, says Roberto Lucio de Carvalho, Samarco CEO.

KEY ACTIONS IN PROGRESS

Samarco is the signatory of the United Nations Global Pact since 2002. In 2013, the company established a Human Rights Management Committee composed by the CEO and General Managers of Human Resources, Legal, Procurement, Communication and Socio-institutional development, in addition to areas of Ombudsman and Compliance. The policies and values developed by the Committee are now being applied to assure all actions required to guarantee the Human Rights Principles in the impacted communities. Anticipation of indemnification to people who lost relatives and goods, reconstruction of communities and infrastructure, support to education and financial subsidy to those who were deprived of their incomes are among the measures taken.

SOCIAL

Reconstruction of communities

Regular meetings with residents and the presentation of three areas identified, based on the criteria set by the community for the reconstruction of Bento Rodrigues.

Reconstruction of local infrastructure

All seven bridges affected were rebuilt, being four in the city of Mariana and three in Barra Longa. Other infrastructure projects are being built by Samarco in cities along the Doce River, such as a pipeline of 2.7 km for water harvesting and a water treatment plant.

Emergency support cards

Since November 5, approximately 3,500 emergency financial support cards were delivered to the affected families in Mariana and Barra Longa, Minas Gerais, and to riparian workers who relied on the Doce River to make a living in both Minas Gerais and Espirito Santo.
Indemnification

Throughout January, each family of missing persons or fatal victims of the accident received BRL100,000 in anticipation of compensation. Each of the 349 families who lost their homes received BRL20,000, and fifty percent of this amount will not be considered as an anticipation of compensation.

Farmers

Approximately 170 farmers have been visited and are being watched over. They have received support from Samarco to resume their activities at farms and ranches.

ENVIRONMENTAL

Monitoring of the Water

In conjunction with relevant authorities, a comprehensive plan for monitoring of fresh and marine water is executed. There are 85 monitoring points, 57 in the basin of the Doce River and 28 in the ocean. With this data, Samarco maps the evolution of the quality of water resources and the amount of sediment in the region of the Rio Doce River.

Dredging of the Hydroelectric Power Plant of Risoleta Neves

In order to promote improvement in the levels of color and turbidity of the affected water streams, dredging is being performed at the Hydroelectric Power Plant of Risoleta Neves (Candonga). The plant is located between the municipalities of Santa Cruz do Rio Doce and Escalvado, about 100 km from Mariana, and has an installed capacity of 140 MWH. The first phase of the work, which began in January, is foreseen to be completed in 120 days, in which 400 linear meters will be dredged, starting from the dam of the hydroelectric power plant.

Construction of Dikes

With the objective to improve the color and turbidity of the watercourses, Samarco is building dikes near the Fundão dam. The structures retain sediments and release cleaner water.

Rescue of marine life from the Doce River

Fish and crustaceans were rescued before the passage of the turbidity plume of the river and will contribute to the repopulation of the watercourse. In parallel, Samarco hired an expert consultancy company that detected several schools of fish in the bed of the Doce River by sonar.

Animal Rescue

Samarco and a group of animal defense NGOs are defining the future of the pets and wild animals assisted at the Collection Centers implemented by the company.

A group of independent world class specialists is investigating the causes and, as soon as we have a conclusive report based on technical premises and out of any sort of speculation, we will share it with our Customers with total transparency.

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