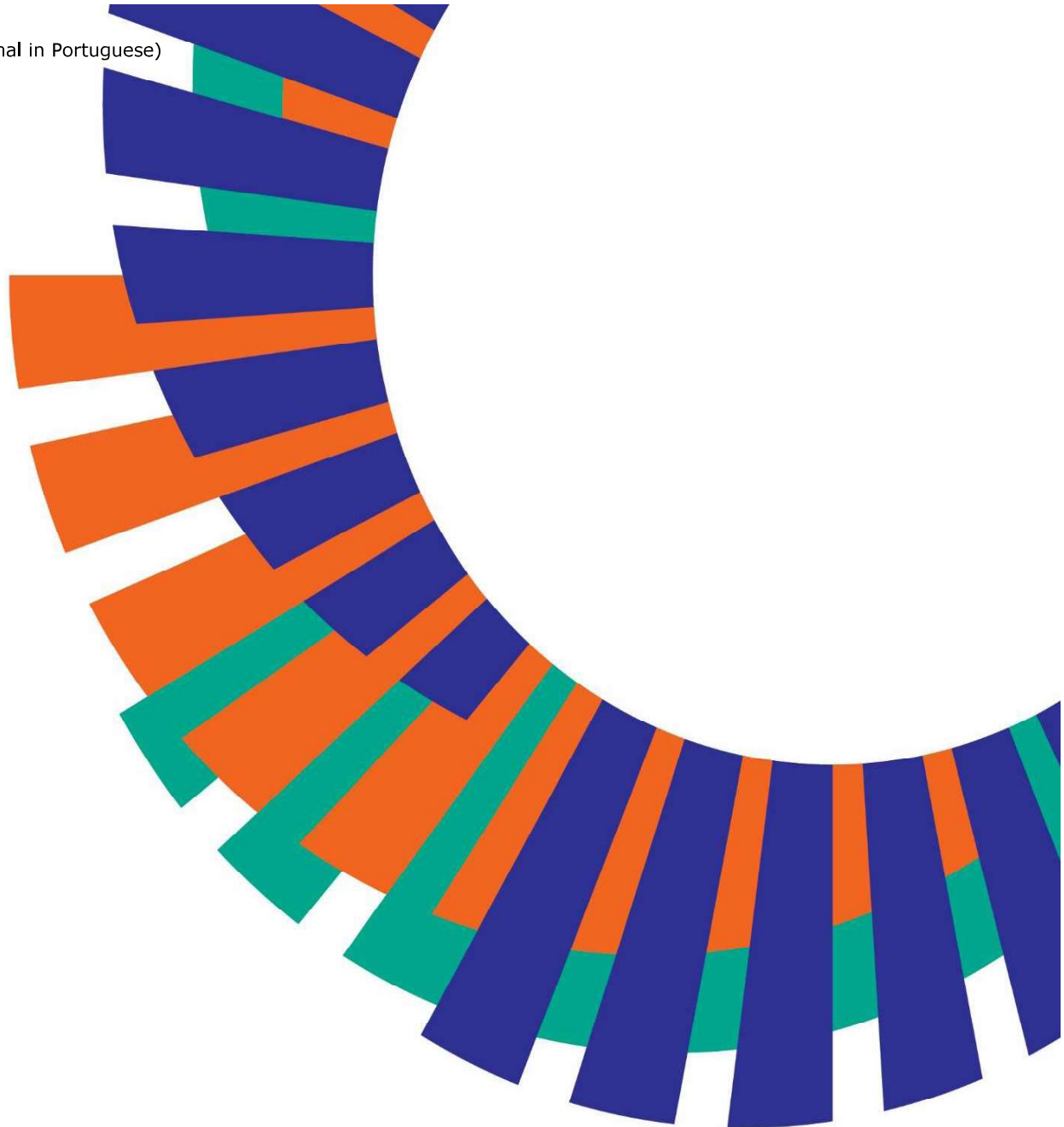
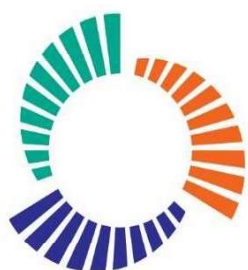


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MANAGEMENT REPORT AND FINANCIAL STATEMENTS

AT DECEMBER 31 2019



FUNDAÇÃO
renova

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Fundação Renova
Financial statements at
December 31, 2019
and independent auditor's report



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Independent auditor's report

To the Board Members and Managers
Fundação Renova

Opinion

We have audited the accompanying financial statements of Fundação Renova ("Foundation"), which comprise the balance sheet as at December 31, 2019 and the statements of surplus, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fundação Renova as at December 31, 2019, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Foundation in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other 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 the independent auditor's report

The Foundation's management is responsible for the 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 audit conclusion thereon.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this 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 we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.



Fundação Renova

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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.

Auditor's 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 auditor's 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 and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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.
- 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 Foundation'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, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.



Fundação Renova

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these 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.

Belo Horizonte, April 29, 2020

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

A handwritten signature in blue ink that reads 'Fábio Abreu de Paula'.

Fábio Abreu de Paula
Contador CRC 1MG075204/O-0

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Message from Management

Renova Foundation ("Foundation" or "Renova") is a private entity formed in August 2016 to carry out remediation and compensation measures in response to the damage caused by the failure of the Fundão dam in Mariana in Minas Gerais in November 2015. It is an independent non-profit organization, whose scope of activities involves the 42 programs defined for the impacted region covering 39 municipalities in the States of Minas Gerais and Espírito Santo¹. Renova was formed through and is governed by an agreement - known as the "Framework Agreement" or *Termo de Transação e Ajustamento de Conduta* ("TTAC") - signed in March 2016 by Samarco Mineração S.A. ("Samarco ") and its 50/50 shareholders Vale S.A. ("Vale") and BHP Billiton Brasil Ltda. ("BHP"), as well as several government (federal, state and municipal) agencies and self-managed government entities.

A Conduct Adjustment Agreement (referred to as the Governance TAC) was signed in June 2018, mainly addressing aspects of governance. It provides for the representation of the impacted population, at all decision making tiers, optimizing the model of collective construction of solutions advocated by the TTAC. Renova's goals include the improvement, encouragement and alignment of active participation of all players, and also the establishment of clear rules and objectives regarding their roles and responsibilities, both in the construction and implementation of the solutions and in the decision making process.

An important milestone of the Governance TAC was reached at the end of 2019, when a new Ombudsman began providing additional support, to not only listen to complaints, but also engage in an active and purposeful dialogue with the impacted population. This new role was approved by the Federal Public Prosecution office (MPF), the Public Defender's Office, the Interfederative Committee (CIF) and formally constituted technical advisors. In addition to liaising with the various stakeholders of the Foundation, this ombudsman receives, examines and forwards information related to the organization's procedures and actions to remedy the damage caused by the Fundão dam failure.

An Observer Forum, also established in the Governance TAC, is being formed. It is a body external to the Renova Foundation, composed of representatives from civil society, academia, traditional peoples and from the communities affected. It aims to monitor the progress made in recovering the sites impacted by the dam failure, thus supporting the Public Prosecutor's Office for Foundations.

In 2018, six territorial management areas were created - Mariana, Alto Rio Doce, Calha do Rio Doce, Middle Rio Doce, Baixo Rio Doce and Foz - and two new departments - Infrastructure and Planning and Management. In 2019, the Impact Stewardship area was added to the organization's structure. It is responsible for coordinating analyses and studies to measure impacts in a coordinated fashion (environmental, social and economic perspectives), to better understand the dynamics of the impacts associated with the failure of the Fundão dam in each region.

The complexity of the necessary interventions, unprecedented globally, has demanded a learning, process and research on all fronts involved in the execution of the different programs. Renova requires solutions be generated with the participation of all those involved. Thus, clarity and

¹ The TTAC originally covered 39 impacted municipalities. CIF Resolution 58, of March 31, 2017, included new areas of socioeconomic coverage in five other communities, taking these to 44 municipalities.

accurate understanding of situations is essential, in order to achieve the best solutions and an effective engagement.

Many of the problems encountered are of a public order nature, existing prior to the event. Their degree of complexity demand, above all, a qualified dialogue between the key players, specific governance models, and appropriate incentive and accountability strategies. Accordingly, state and municipal governments were invited by the Renova Foundation to work on an Integrated Agenda, so that the application of compensatory resources is connected to the regional development planned by the government. The actions to be implemented, as well as the resources to be applied, are under discussion.

It is essential that the Foundation act effectively and efficiently in the management of financial resources, so that its processes, methods and procedures, combined with material and human assets, obtain the maximum use and achieve the expected results. This goal implies constant improvement. We seek to continually streamline processes, increasingly promoting assertive and accurate decision-making, establish work and people management structures that promote high performance, well-being and safety, exercise strict economic and financial management, all accompanied by best compliance practices.

Compliance

The Renova Foundation's integrity program is based on the Brazilian Anti-Corruption Law (Law No. 12,846 / 2013), Decree No. 8,420 / 2015, subsequent legislation and international standards. The Compliance area has the autonomy to carry out its activities and issue semi-annual reports. It is composed of experienced professionals, who work to ensure probity and compliance with best practices in the execution of programs. The Renova Foundation seeks to take all necessary actions to ensure that its employees, contractors, representatives and agents comply with the relevant laws, as well as the applicable rules and regulations, in order to prevent corruption, bribery, conflict of interest, protection from competition, money laundering, fraud or administrative misconduct, both nationally and internationally.

Human Rights

The Renova Foundation bases its work on its respect for human rights, without discrimination of origin, ethnicity, race, gender, age, sexual orientation, religion or political opinion.

It is a theme so present in its day-to-day operations that a management area was created to foster this culture among all involved in the remediation process. In the programs it executes and in all its actions in the territories, respect for human rights is an active dimension, analyzed on a case-by-case basis, deserving special attention from all the entity's service and relationship channels. There is always a careful focus on identifying and expediting the resolution of cases involving situations of vulnerability and on promoting actions aimed at reducing inequalities, such as gender.

The IBGE's gender statistics point to historical imbalance between men and women in the domestic labor market. This is reflected in the data extracted from the data bank developed by the Renova Foundation along the 670 kilometers of rivers in the Doce River Basin affected by the Fundão dam failure. The Governance TAC itself addresses this provision, by providing for female participation in local commissions and technical advisory services.

New executive board

André de Freitas, a forestry engineer, assumed the post of CEO of the Renova Foundation from January 6, 2020. Mr. Freitas had previously served as the Socio-environmental and Socio-economic Programs director. He replaced Roberto Waack, who completed his three-year term at the helm of the remediation work.

The new CEO is committed to continuing and streamlining the ongoing remediation actions, especially on fronts such as indemnification and resettlement. A graduate from the University of São Paulo, he has a solid leadership background having served Brazilian and international organizations, such as Imaflora, Rabobank, Forest Stewardship Council and Sustainable Agriculture Network. He has broad experience in creating solutions and developing strategies and alignments in complex environments.

Scope of the Programs

The 42 programs executed by Renova are divided into three thematic 'axes' (People and Communities, Land and Water, Reconstruction and Infrastructure). These group the main targets of each front in the remediation of the impacts caused by the failure of the Fundão dam. However, the results of the programs are not be restricted to repairing the damage. Opportunities must be identified to optimize the use of the resources enabling Renova to leave a legacy of sustainable development for the region.

Remediation work currently generates 6,272 direct and indirect jobs. Of the total jobs generated, 53% are occupied by professionals from the affected municipalities, such as the more than 500 people distributed among the 22 Mediated Compensation Centers, located throughout the impacted territory.

Up to December 2019, the value of contracts signed with local suppliers in the entire area where the Renova Foundation operated was R\$ 1.43 billion. The calculation of Service Tax (ISSQN) generated by the services contracted and performed by Renova and Samarco - in connection with compliance with the TTAC obligations - totaled R\$ 136.1 million, of which R\$ 41.6 million in 2019. Amounts paid by Samarco include, in addition to those related to the obligations established by the TTAC, ISSQN tax on expenses incurred on works to reinforce its remaining structures, as well as other activities related to the failure of the dam.

People and Community Axis

Activities:

- Identification and indemnification
- Education and culture
- Health and well-being
- Traditional and indigenous communities
- Fostering economic activity
- Engagement and dialogue.

Related programs: survey and register of impacted population, compensation and indemnification of the impacted population; protection and recovery of the quality of life of indigenous peoples; protection and recovery of the quality of life of other traditional peoples and communities; social

protection; communication and social participation, participation, dialogue and social control; school recovery and reintegration of the school community; historical, cultural and artistic memory; tourism, culture, sports and recreation; support to the physical and mental health of the impacted population; promotion of innovation; resumption of water based and fishing activities; economic development and diversification; micro and small business recovery; stimulus to local hiring; emergency financial aid; environmental education; information for the population; national and international communication; reimbursement of extraordinary public authority expenditures.

Land and Water Axis

Activities:

- Land use
- Water management
- Tailings management
- Biodiversity
- Assistance to animals

Related programs: animal welfare; recovery of the Candonga dam of the Risoleta Neves hydropower plant; resumption of agricultural and livestock activities; recovery of Environmental Area 1; promotion of CAR and PRA; tailings management; rehabilitation of permanent preservation areas; recovery of natural springs; biodiversity conservation; wildlife recovery: land fauna and flora; preparation for environmental emergencies; monitoring of the Doce river basin and conservation units.

Reconstruction and Infrastructure Axis

Activities:

- Resettlement
- Tailings containment (Axis 1)
- Treatment of water and effluents
- Urban infrastructure and accesses

Related programs: Reconstruction of towns; recovery of other impacted communities and infrastructure; installation of tailings containment systems and *in situ* treatment of impacted rivers; collection and treatment of sewage and disposal of solid waste; improvement of water supply systems; environmental risk management.

Major deliveries in the year

People and Communities

- Compensation paid totaled R\$ 779.9 million in 2019 and R\$ 2.11 billion YTD, covering water damage (R\$ 273.7 million), general damages (R\$ 646 million) and emergency financial aid (R\$ 1,188.2 million), benefiting 320 thousand people.
- Since its creation in October 2017, the Desenvolve Rio Doce fund, which fosters the local economic activity, has released loans totaling R\$ 37.9 million, of which R\$ 15.3 million in 2019 alone. In the same year, Compete Rio Doce, which provides services to indebted

companies that are not eligible for Desenvolve Rio Doce, provided R\$ 4.2 million. In total, both funds offered 1,411 credit operations, corresponding to R\$ 42.1 million.

- Approximately 70 healthcare professionals - including doctors, nurses, social workers and psychologists - work in Mariana and Barra Longa (MG) with funds provided by the Renova Foundation. Actions are also underway, such as structuring of psychosocial care centers, building of Basic Health Units (UBSs) in Bento Rodrigues and Paracatu de Baixo and strengthening of the primary care medical teams and health surveillance teams.
- 2,300 people are enrolled in free professional training courses in the partnership between Senai and Renova Foundation in the States of Minas Gerais and Espírito Santo.
- The reimbursement of extraordinary public expenses resulting from the failure of the Fundão dam totaled R\$ 82.5 million, paid in 2019.
- In July 2019, Renova announced a package of approximately R\$ 100 million, intended for the municipality of Mariana. The planned interventions focus on economic diversification (including tourism) and infrastructure. Among the initiatives are the renovation of Gomes Freire square and the reactivation of a local dairy cooperative. The package includes the renovation and expansion of the Child and Youth Psychosocial Care Center, the implementation of the Casa do Empreendedor (Entrepreneur's Centre) and the acquisition of the necessary infrastructure, in addition to technical assistance for the preparation of the georeferencing and the city's Master Plan.

Land and Water

- The region's water safety is supported by the construction of 10 alternative water catchment systems and improvement in 13 Water Treatment Plants (WTPs).
- Approximately 355 thousand seedlings were planted in the recovery process of more than a thousand natural springs.
- An agreement was signed with UNESCO, in order to promote the integrated management of water resources and ecosystems.

113 tributaries were recovered, small rivers that feed the headwaters of the Doce River, that had disappeared after the failure of the dam, which were completely redesigned based on geoprocessed information.

Reconstruction and Infrastructure

- The compensation program for basic sanitation and disposal of solid waste (non-reimbursable fund, initially established for R\$ 500 million) was initiated in 39 municipalities along the watershed, in partnership with BDMG and Bandes. In compliance with clause 170 and other resolutions, inflation adjusted funds already total R\$ 568.6 million. By December, R\$ 4.1 million had been transferred to sanitary sewers and disposal of solid waste in the municipalities of Alpercata (MG), Dionísio (MG), Iapu (MG), Marliéria (MG), Rio Casca (MG), São José do Goiabal (MG), São Domingos do Prata (MG), Baixo Guandu (ES) and Colatina (ES).
- Approximately 1,500 works were completed and delivered, such as restoration of houses, rural properties and schools, reconstruction of bridges, artesian wells, embankments and slopes. In total, 142.2 km of accesses were renovated and 1,200 km underwent maintenance.

For more information on the evolution of the programs, visit www.fundacaorenova.org.

Strategy and allocation of funds

Renova Foundation's funds for execution of the TTAC programs and amounts disbursed by Samarco are shown below, demonstrating the fulfillment of the commitment for 2019.

The TTAC establishes the annual sponsor contributions to fund the assets necessary for Renova Foundation to execute its programs. Annual contributions comprise two different types:

- I. **Compensatory programs:** these total R\$ 4.1 billion and involve two initiatives. The first are funds for the Program for the Collection and Treatment of Sewage and Disposal of Solid Waste (PG 31) in the municipalities along the Doce River, of R\$ 500 million. The second, totaling R\$ 3.6 billion, distributed in annual installments of R\$ 240 million, over a period of 15 years from 2016, for different compensation programs, such as rehabilitation of Permanent Preservation Areas and natural springs and Groundwater Recharge.
- II. **Remediation program:** these do not have a ceiling, i.e. the necessary remediation actions will be implemented without being conditioned to pre-established amounts. Measures and actions of remedial nature are those that aim at mitigating, remedying and/or redressing socio-environmental and socio-economic impacts from the failure of the Fundão dam.

Disbursements of funds

R\$ 2,573.9 million was invested in TTAC programs in 2019, of which **R\$ 2,506.0 million** from Renova Foundation and **R\$ 67.8 million** from Samarco.

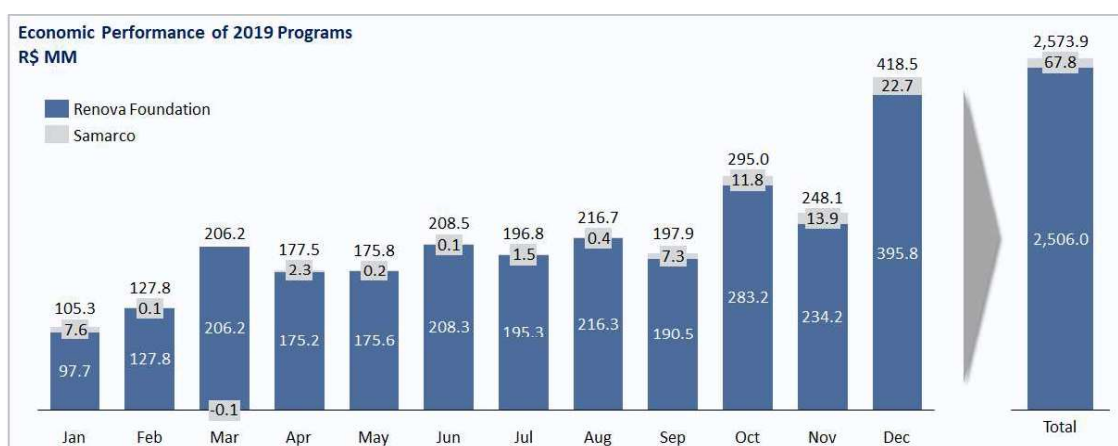


Chart 1 – Monthly economic performance – R\$ million

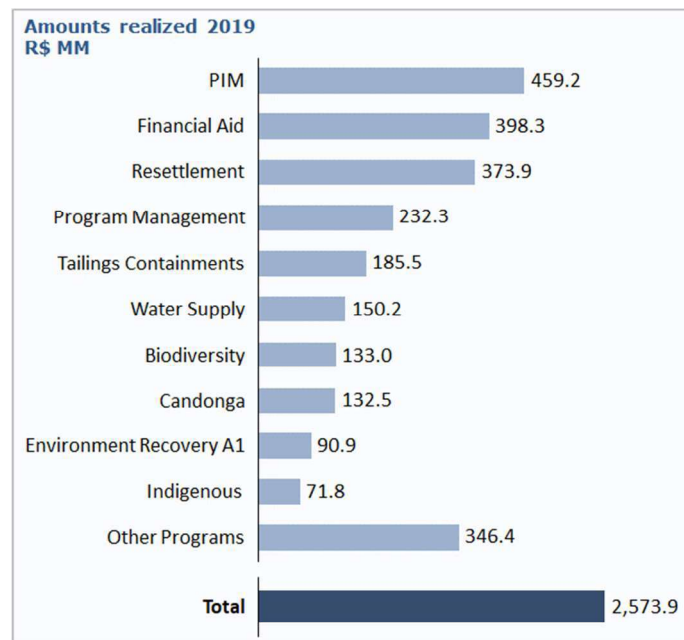


Chart 2 - Economic performance of the programs R\$ million

Program investments totaled **R\$ 7,836.5 million** through 2019, of which **R\$ 6,050.6 million** from Renova Foundation and **R\$ 1,785.9 million** from Samarco.



Chart 3 - Annual economic flow - R\$ million

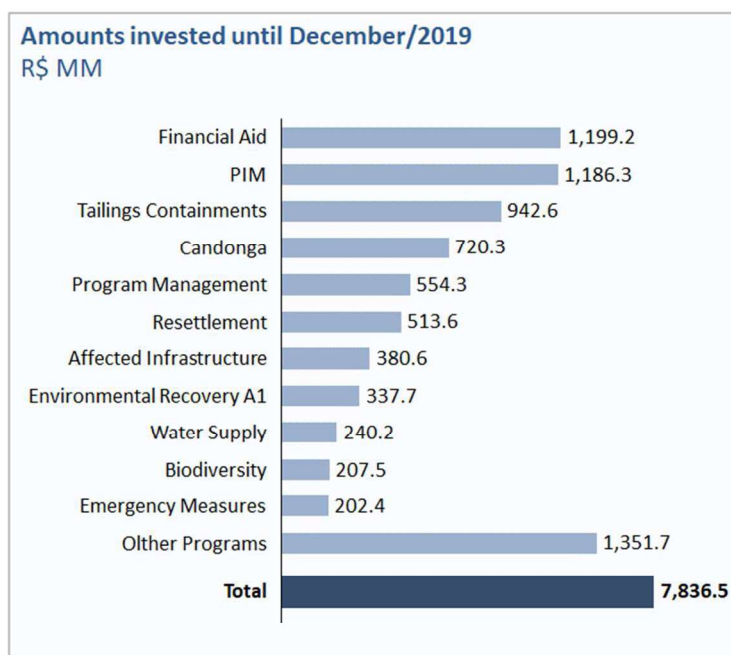


Chart 4 – Economic execution of the programs (accumulated) – R\$ million

Source of funds: sponsor funding

To fulfill its 2019 obligations, **R\$ 2,998.0 million** was invested in Renova Foundation by the sponsors Samarco, Vale S.A. and BHP Billiton Brasil Ltda., as shown in the following chart:

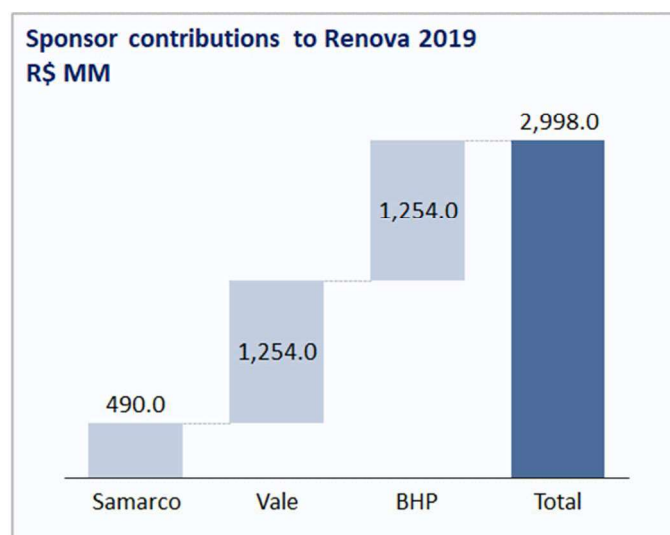


Chart 5 – Contributions to Renova Foundation 2019 – R\$ million

The monthly contributions were as below:



Chart 6 – Monthly contributions 2019 – R\$ million

In addition to the R\$ 2,998.0 million contribution to the Renova Foundation, R\$ 67.8 million was paid by Samarco for program activities during 2019.

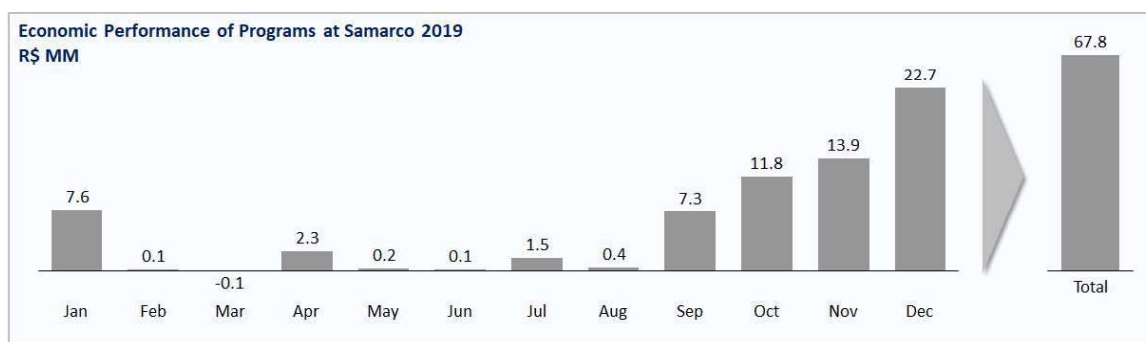


Chart 7 – Samarco monthly disbursements 2019 – R\$ million

Considering the amounts realized directly by Samarco, the total amount for investment purposes increased to **R\$ 3,065.8 million** in 2019.

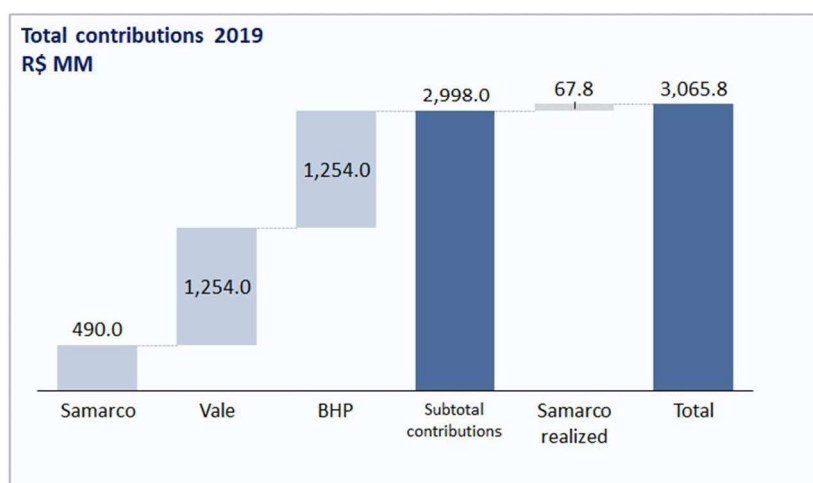


Chart 8 – Contributions to Renova and Samarco in 2019 – R\$ million

Contribution for the compensation programs (clause 232)

The contributions to compensatory programs, in compliance with clause 232, were made in full in December 2019, inflation adjusted by the IPCA, totaling **R\$ 274.9 million**, as shown in the chart below:



Chart 9 – Contribution to compensatory programs 2019 – R\$ million

Funding for the Collection and Treatment of Sewage and Disposal of Solid Waste Program (clause 170)

Renova is committed to settling the remaining contributions of R\$ 250 million for the Sewage Collection and Treatment and Solid Waste Disposal Program, of a compensatory nature, pursuant to items IV and V of clause 170, revised and rescheduled, being R\$ 125.0 million in the first half of 2019 and R\$ 125.0 million in the second half. In addition to the amounts provided for in clause 170 of the TTAC, Resolution 260 was issued by the CIF at the end of 2018, approving the allocation of additional compensatory funds of R\$ 17.0 million to the Condoeste, as highlighted below. In December 2019, Renova made a commitment to comply with this resolution, using the compensatory funds of clause 232.

The total contribution to the sanitation program in 2019 was R\$ 304.6 million, of which R\$ 250.0 million based on the TTAC, R\$ 17.0 million to meet Resolution 260 and R\$ 37.6 million for the IPCA indexation adjustment.

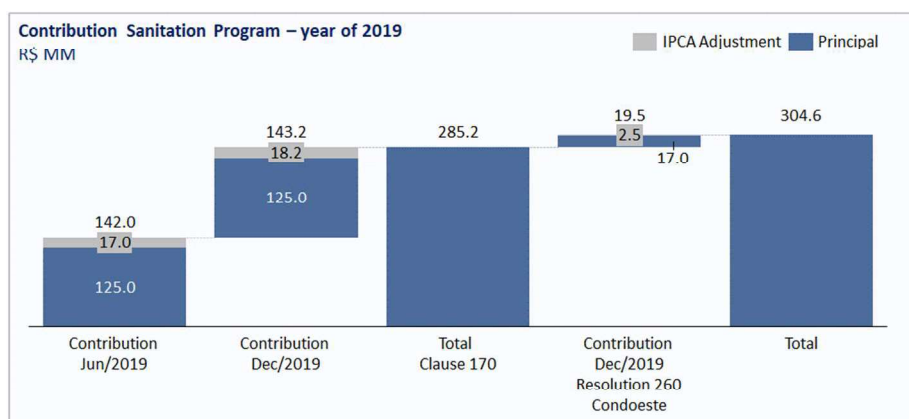


Chart 10 – Contributions to PG31 - 2019

Upon settling these deposits, Renova fully complied with the contributions provided for in clause 170 of the TTAC and in Resolution 260 of the CIF. Values from 2016 to 2019 totaled **R\$ 568.6 million**, of which R\$ 500 million correspond to clause 170 of the TTAC, R\$ 17.0 million to comply with Resolution 260 and R\$ 51.6 million to be adjusted by the IPCA.

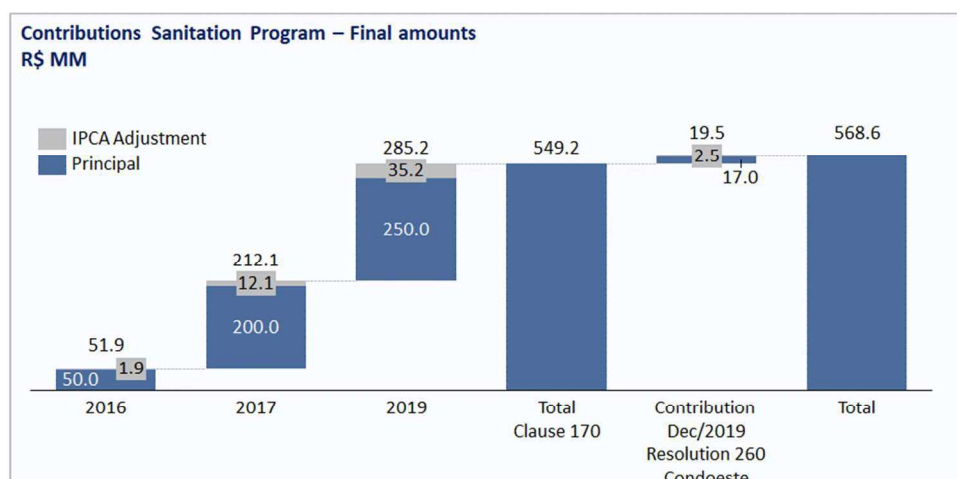


Chart 11 – Accumulated contributions PG31 – 2019

Allocation of total investment of 2019

The funds transferred by the sponsors via deposits to the Renova Foundation and amounts recorded by the sponsor Samarco were considered in the consolidation of the 2019 contributions, pursuant to the TTAC programs, all duly audited. The details of the allocation of the amounts contributed by the sponsors and the amounts realized by Samarco in programs are presented below, totaling **R\$ 3,065.8 million**.

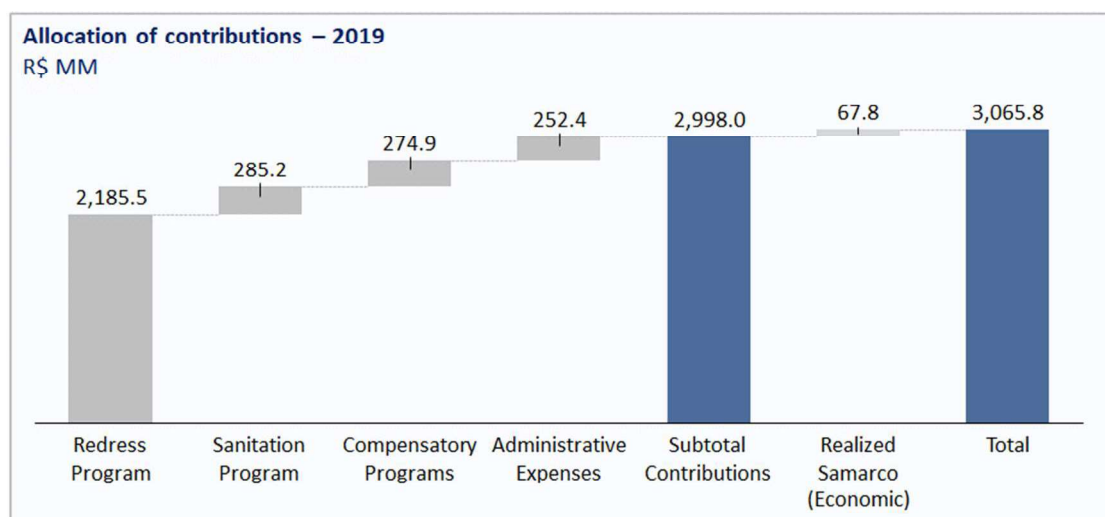


Chart 12 – Allocation of contributions 2019 – R\$ million

In the accumulated view, contributions made directly to the Foundation totaled **R\$ 7.081 billion**, which, when added to the amounts disbursed by Samarco in the cost of programs, total **R\$ 8.867 billion**.

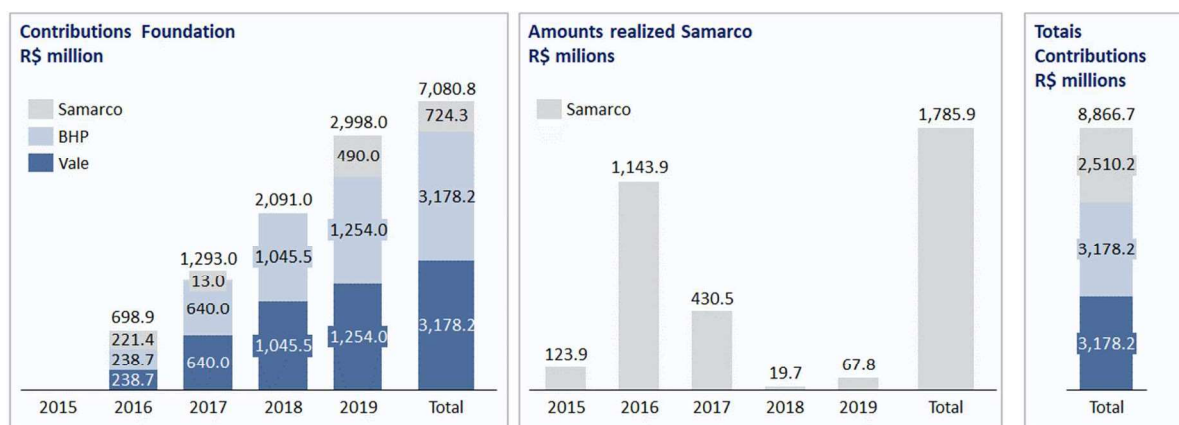


Chart 13 – Accumulated contributions – R\$ million

In addition to the contributions made to the Renova Foundation (R\$ 7,080.8 million) and the amounts paid by Samarco for the performance of programs and projects (R\$ 1,785.9 million), the amounts blocked by ACP 0400.15.004335-6 (ACP Mariana) are part of the control of accumulated contributions. The current blocked balance corresponds to R\$ 256.7 million, bringing the total of accumulated contributions to **R\$ 9,123.4 million**.

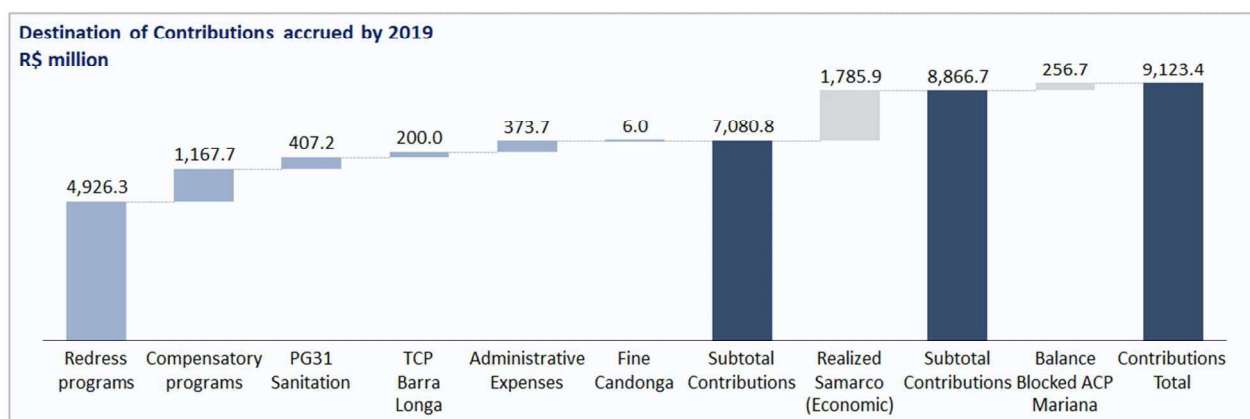


Chart 14 – Destination of accumulated contributions– R\$ million

Through December 2019, R\$ 43.3 million of the ACP of Mariana were released; the amount initially blocked was R\$ 300.0 million.

Cash position

Renova's cash at the end of 2019 totaled R\$ 1.152 billion, of which R\$ 587.1 million were funds for PG 31 - Sanitation, R\$ 52.0 million of the reserve balance created in response to the TCP Barra Longa and the rest for Renova's other obligations for programs and administrative expenses.

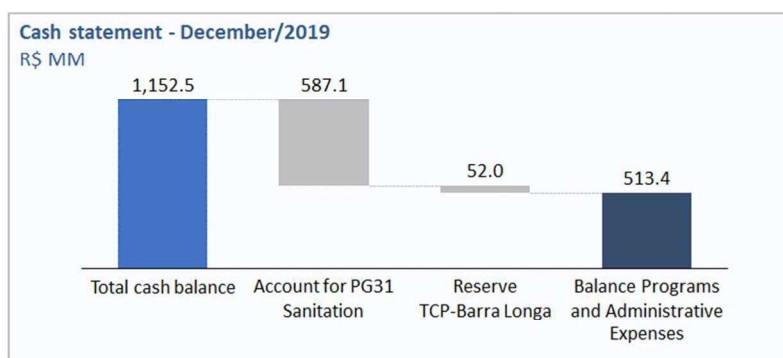


Chart 15 – Cash position at December 31 2019

Management expenses

All expenses related to the cost of Renova's structure are treated as management expenses. The total disbursed in 2019 was R\$ 292.1 million, of which 53% (R\$ 153.6 million) was allocated to earmarked expenses - a structure directed to program execution - and the rest (R\$ 138.5 million), to administrative expenses of support areas.

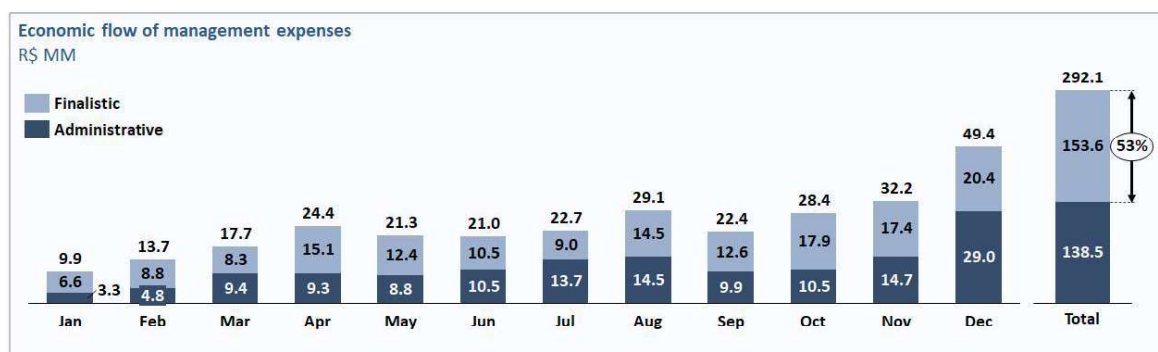


Chart 16 – Monthly management expenses - 2019

Governance system costing

In addition to the programs and administrative expenses, Renova is responsible for covering the cost of meetings and travel expenses for members of the CIF governance, as well as for the parties affected, in compliance with the provisions of the TAC Governance. Governance system costs in 2019 were R\$ 7.3 million, including: expenses for meetings and travel of the members of the technical chambers (R\$ 5.5 million) and the Interfederative Committee (R\$ 875.7 thousand) - totaling R\$ 6.4 million; Committee of Affected Parties office costs in Mariana (R\$ 300.8 thousand); and management costs (R\$ 655.3 thousand). Among the technical chambers, the largest volume of funds was allocated to CT Saúde, which represented 29% of the total (R\$ 1.4 million), excluding secretarial costs.

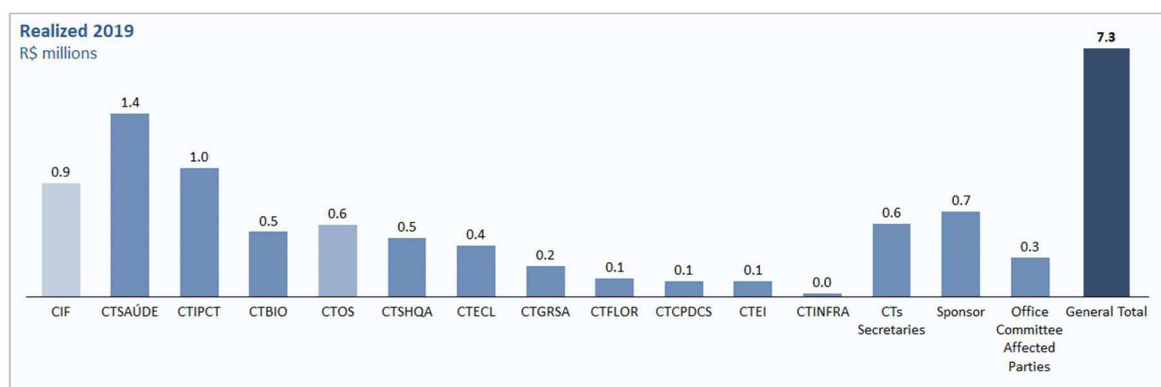


Chart 17 –Governance system costs disbursed - 2019

Governance system costs began to be incurred from August 2018 and the amounts realized since that period totaled R\$ 8.6 million.

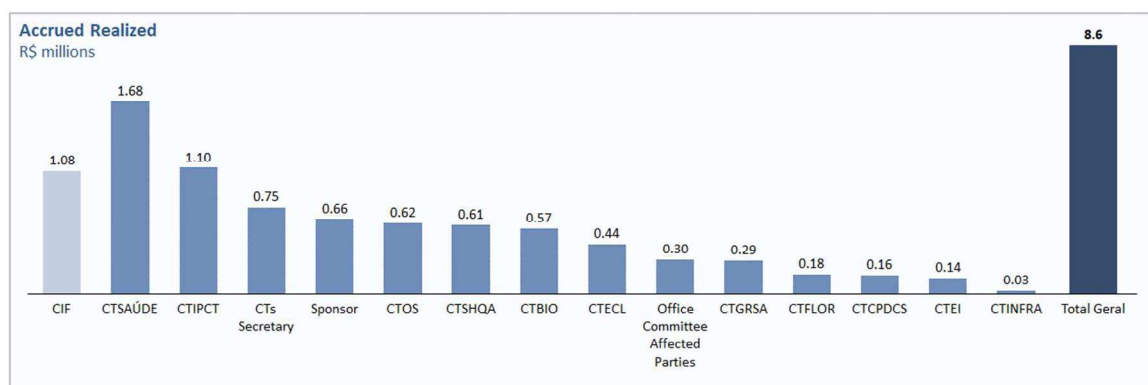


Chart 18 –Governance system costs

Direct economic value generated and distributed

The operations performed by Renova Foundation in 2019 generated R\$ 174.9 million in municipal and federal taxes.

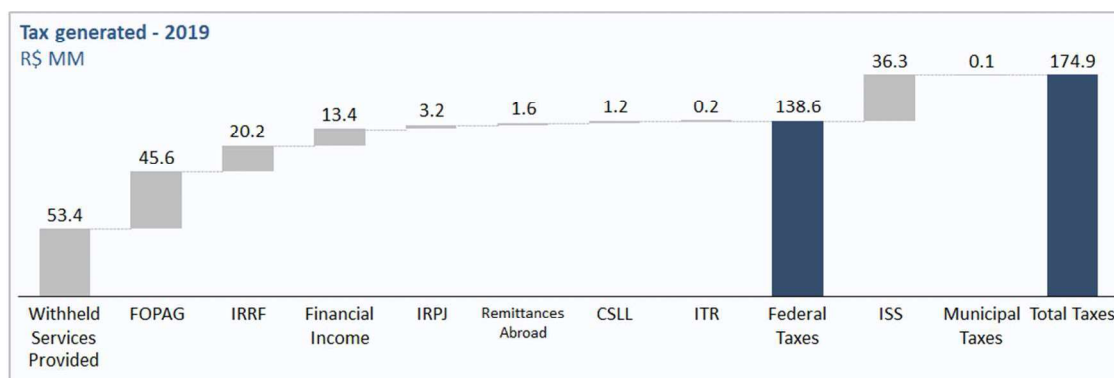


Chart 19 – Tax contributions in 2019

Upon modification of the tax structure, due to the change in Renova Foundation's tax framework, the tax burden for direct taxes was R\$ 120.5 million, for the period between the beginning of Renova's operations in 2016 until 2019. In addition to the amounts from the tax review, operations generated R\$ 300.2 million, including municipal and federal taxes withheld from 2016 to 2019, totaling R\$ 420.7 million.

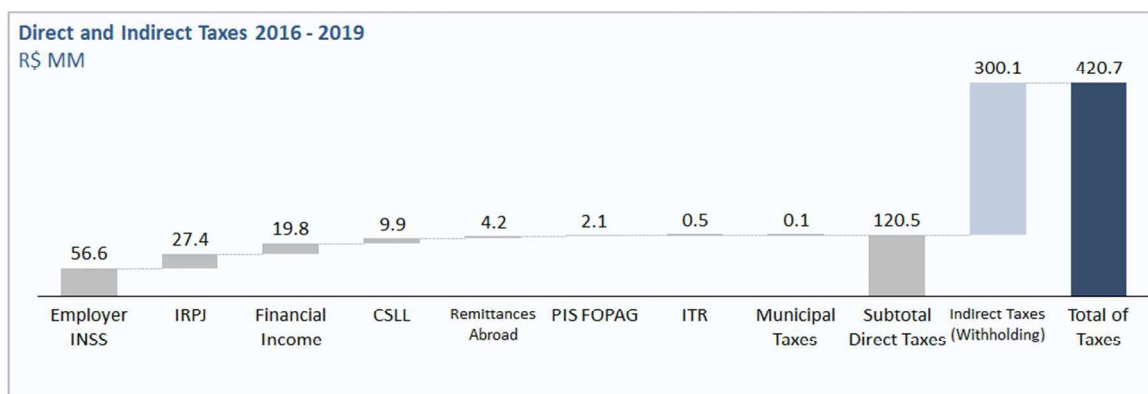


Chart 20 – Direct and indirect taxes 2016-2019

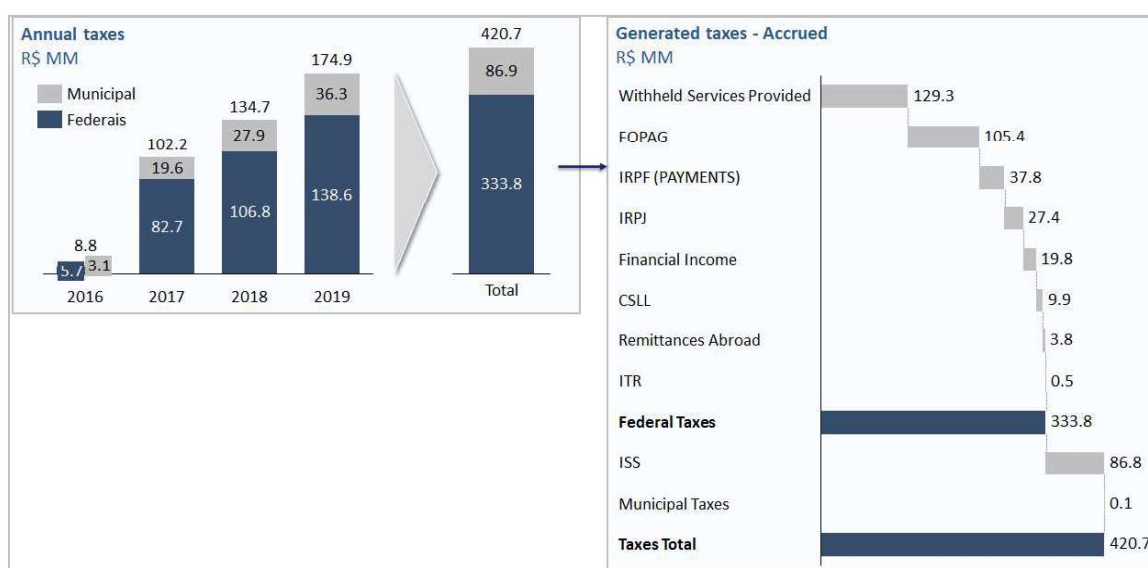


Chart 21 – Taxes generated annual

Summary

A total of R\$ 7.84 billion has been invested in the programs, since December 2015, in actions related to socio-economic and socio-environmental impacts arising from the failure of the Fundão dam, being R\$ 7.31 billion in redress actions and R\$ 0.54 billion in compensatory actions.

In 2019 alone, funds invested in programs totaled R\$ 2.57 billion, R\$ 0.5 billion more than in 2018. Administrative management expenses totaled R\$ 138.5 million in 2019, being R\$ 249.5 million to-date. The costing of the governance system required R\$ 7.3 million in 2019, being R\$ 8.6 million to-date. The compensations paid reached R\$ 779.9 million in 2019, being R\$ 2.11 billion, comprising damages related to water (R\$ 273.7 million) and general (R\$ 646 million), in addition to financial aid (R\$ 1,188.2 million).

The sponsors directly contributed R\$ 7.08 billion in the Renova Foundation, of which R\$ 2.99 billion in 2019.

The volume of funds distributed is witness to the complexity of the programs and the value generated, in providing support for future investment decisions.

Perspectives for 2020

Doce River watershed redress actions are expected to conclude 2020 with R\$ 12.3 billion in disbursed resources, from contributions since the failure of Fundão dam in 2015. Of this total, R\$ 7.84 billion had been invested through December 2019, of which R\$ 2.11 billion in compensation payments and financial aid to approximately 320 thousand people, in Minas Gerais and Espírito Santo.

In 2020, the Renova Foundation budget will be R\$ 4.68 billion, an increase of 72% in relation to the previous year. For compensation funds and financial aid, the projected volume increases 50% compared to 2019, reaching R\$ 1.5 billion.

The resettlement program will receive R\$ 889.3 million, 138% higher than 2019. More than half of this amount will be allocated to the resettlement of Bento Rodrigues (R\$ 467.3 million), which will have achieved 85% of works completion by the end of 2020.

At the peak of the resettlement works, approximately four thousand jobs will be generated. For the Bento Rodrigues community, houses under construction and the infrastructure - such as water, sewage and electricity networks - are at an advanced stage. The brickwork construction phase of future municipal school and the health center and services are progressing. The paving of the road leading to the resettlement site was completed in October 2019, along with signage and lighting.

For the community of Paracatu de Baixo, the foundations of the first houses were initiated and conceptual designs for housing and architectural designs for collective use, such as school and health center are being developed, with the participation of families. With regard to the Gesteira community, the residents approved a conceptual design for the resettlement, which will undergo a technical analysis by the Renova Foundation to start the implementation procedures, with the protocol of the appropriate licenses.

The estimated amount for Sustainable Land Use (UST) in 2020 is R\$ 224.9 million, with emphasis on the continuity of actions to resume agricultural activities, including complex rural infrastructure works. The funds projected for UST include those intended for the recovery of natural springs and APPs (Areas of Permanent Preservation), which in 2020 will reach R\$ 81.3 million, an increase of 177% in relation to the previous year, when R\$ 29.4 million were allocated to such programs.

In August 2019, an agreement was entered into between Renova Foundation and Francisca Veras Training Center, an organization of Governador Valadares, formed by settled families and mediated by the Landless Workers' Movement (MST). The agreement will enable the restoration of 180 hectares of forest in the Permanent Preservation and Water Recharge Areas (APP/ARH) in four mining settlements, located in Santa Maria do Suaçuí, Periquito, Campanário and Jampruca. The partnership will involve actions to mobilize, train and install boundary fences for the areas. The expected initial production is for 285 thousand seedlings, among native forest and agroforestry species, which will involve 200 families. This is a pilot partnership for further expansion, covering over 340 hectares.

In 2020, R\$ 357.9 million will be allocated for solutions to restore and monitor the socio-environmental conditions of the Rio Doce basin (sanitation, biodiversity, waste management, water monitoring).

For actions in the Candonga Plant, R\$ 290.1 million will be allocated to be invested in works necessary for the resumption of operations.

The socio-economic area will have R\$ 171.2 million, of which R\$ 101.1 million will be invested in actions related to education and culture and R\$ 24 million will be used to diversify the economy and recover businesses. Among the highlights are the completion of georeferencing and the structuring of the Information Technology area to carry out Mariana's Master Plan, the launch of the *Fundo Compete* in Espírito Santo, in addition to financial support and training to organizations related to entrepreneurship.

In the areas of Health and Social Protection, the projection is to contribute R\$ 49.6 million, with a focus on supporting public policies (R\$ 19.1 million), in addition to the delivery of the Psychosocial Care Center for Children and Youth (Capsij) of Mariana (as per commitments in the Mariana Letter).

The Renova Foundation is committed to building actions and solutions that provide communities with conditions to resume economic activity in a sustainable, diversified and inclusive way. The entity is also committed to transforming the actions projected in the TTAC into development-promoting fronts, with short, medium and long-term initiatives.

Covid-19

Renova Foundation, is following the guidelines of the World Health Organization and the Ministry of Health in relation to the COVID-19 pandemic to reduce the circulation of people from 03/16/2020 to protect its employees and the communities. All direct employees are working remotely, administrative activities in the CIM (Mediated Indemnity Centers) offices and CIA (Information and Service Centers) have been suspended, field activities related to works and forest recovery ceased, with only a few essential and emergency actions still in place.

Renova Foundation is unable to assess the impact on these activities currently, which will depend, in part, on measures to be taken by the public authorities, the duration of the social isolation period, the effectiveness of the actions taken to mitigate the spread of the pandemic, among other factors.

The financial statements prepared in accordance with accounting practices adopted in Brazil are presented below.

BALANCE SHEET

At December 31

In thousands of Reais

(A free translation of the original in Portuguese)

ASSETS

Current	Note	2019	2018
Cash and cash equivalent	3	28,698	23,017
Restricted financial investments	3	1,123,766	743,775
Accounts receivable - Sponsors		-	69,050
Taxes recoverable	4	16,170	195
Prepaid expenses - insurance		1,305	592
Prepayment - Partnerships and agreements	5	122,171	35,117
Other assets	6	43,151	8,268
Total current assets		1,335,261	880,014
Non-current			
Assets allocated to third parties	7	416,760	89,277
Amounts receivable - <i>Fundo Desenvolve Rio Doce</i>	8	46,076	42,949
Judicial deposits	15	608	69
Property and equipment	9	17,541	14,978
Intangible assets	9	4,296	2,875
Right-of-use assets	9	3,554	-
Total non-current assets		488,835	150,148
TOTAL ASSETS		1,824,096	1,030,162

LIABILITIES

Current	Note	2019	2018
Trade payables	10	219,729	93,943
Salaries, provisions and social contributions	11	14,761	7,822
Taxes payable	12	19,420	87,046
Miscellaneous provisions	13	166,349	155,186
Socio-environmental and socio-economic obligations	14	601,982	375,983
Administrative expense contributions to be appropriated	17	49,530	13,037
Leasing liabilities	9	2,890	-
Other liabilities		20	36
Total current liabilities		1,074,681	733,053
Non-current			
Socio-environmental and socio-economic obligations	14	732,183	293,394
Contingencies	15	3,322	162
Leasing liabilities	9	664	-
Total liabilities		1,810,850	1,026,609
Net equity			
Equity	16	6,707,173	3,961,523
Transfer to socio-environmental and socio-economic obligations account	16	(6,707,173)	(3,961,523)
Surplus for the year		13,246	3,553
Total net equity		13,246	3,553
TOTAL LIABILITY AND NET EQUITY		1,824,096	1,030,162

Management's explanatory notes are an integral part of the financial statements.

STATEMENT OF SURPLUS
Years ended December 31

(In thousands of Reais)

(A free translation of the original in Portuguese)

	Note	2019	2018
Income			
Operating income - funding	17	2,115,929	1,946,564
Income from contributions	17	146,806	135,893
Income from volunteer services	17	1,047	2,302
Total income		2,263,782	2,084,759
Operating expenses			
Programs	18	(2,115,929)	(1,946,564)
General and administrative	19	(140,606)	(113,204)
Volunteer services	19	(1,047)	(2,302)
Total operating expenses		(2,257,582)	(2,062,070)
Operating surplus (deficit) before financial result		6,200	22,689
Financial result			
Financial income	20	18,465	13,677
Financial expenses	20	(3,959)	(9,490)
Net foreign exchange losses		(66)	(64)
Profit before income tax and payroll taxes		20,640	26,812
Income tax and social contribution	12	(7,394)	(23,259)
Surplus for the year		13,246	3,553

Management's explanatory notes are an integral part of the financial statements.

COMPREHENSIVE STATEMENT OF INCOME

Years ended December 31

(In thousands of Reais)

(A free translation of the original in Portuguese)

	2019	2018
Surplus for the year	13,246	3,553
Total comprehensive income in year	13,246	3,553

Management's explanatory notes are an integral part of the financial statement.

STATEMENT OF EQUITY

Years ended December 31

(In thousands of Reais)

(A free translation of the original in Portuguese)

	Note	Equity	Transfer	Accumulated surplus	Total
Balance at January 1 2018		1.938.711	(1.938.711)	34.743	34.743
Sponsor contributions		2,022,812	-	-	2,022,812
Transfer to socio-environmental and socio-economic obligations account	16	-	(2,022,812)	(34,743)	(2,057,555)
Surplus for the year		-	-	3,553	3,553
Balance at December 31 2018		3,961,523	(3,961,523)	3,553	3,553
Sponsor contribution	16	2,745,650	-	-	2,745,650
Transfer to socio-environmental and socio-economic obligations account	16	-	(2,745,650)	(3,553)	(2,749,203)
Surplus for the year		-	-	13,246	13,246
Balance at December 31 2019		6,707,173	(6,707,173)	13,246	13,246

Management's explanatory notes are an integral part of the financial statements.

Statement of Cash Flow

Years ended at December 31

(In thousands of Reais)

(A free translation of the original in Portuguese)

	Note	2019	2018
Cash flows from operating activities			
Surplus for the year		13,246	3,553
Adjustment to reconcile surplus for the year with cash from operating activities:			
Depreciation and amortization	9	3,957	3,421
Changes to socio-environmental and socio-economic obligations	14	28,387	25,598
		45,590	32,572
(Increase) decrease in operating assets:			
Accounts receivable - Fundo Desenvolve Rio Doce	8	(3,127)	(2,690)
Accounts receivable - Sponsor		69,050	(69,050)
Judicial deposits	15	(538)	(66)
Taxes recoverable	4	(15,976)	2,051
Prepayments - Partnerships and agreements	5	(87,054)	(35,117)
Other assets	6	(35,596)	(6,261)
Increase (decrease) in operating liabilities:			
Trade payables	10	125,786	24,932
Salaries, provisions and social contributions	11	6,939	2,874
Taxes payable	12	(67,626)	78,867
Provision for other liabilities	13	11,163	50,261
Socio-environmental and socio-economic obligations	14	632,848	86,263
Administrative expense contributions to be appropriated	17	36,493	1,358
Contingencies	15	3,160	162
Other liabilities		(16)	(4)
Net cash provided by operations		721,096	166,153
Cash flows from investing activities			
Assets allocated to third parties	7	(327,483)	(65,940)
Acquisition of property and equipment and intangible assets	9	(7,941)	(12,431)
Restricted financial investments – inflow	3	(544,628)	(240,000)
Restricted financial investments – returns	3	(56,867)	(33,485)
Restricted financial investments – redemption	3	221,504	152,618
Net cash allocated to investing activities		(715,415)	(199,238)
Net increase (decrease) in cash and cash equivalents		5,681	(33,085)
Cash and cash equivalents at beginning of year	3	23,017	56,102
Cash and cash equivalents at end of year	3	28,698	23,017
		(5,681)	33,085

Management's explanatory notes are an integral part of the financial statements.

(A free translation of the original in Portuguese)

1. Operations

The Renova Foundation ("Foundation" or "Entity") is a non-profit private legal entity formed on June 24, 2016 in the city of Belo Horizonte, MG, with principal offices at Getúlio Vargas Avenue 671, 4th floor. The Renova Foundation was formed and is maintained by Samarco Mineração S.A. (Samarco) - as Main Sponsor - Vale S.A. (Vale) and BHP Billiton Brasil Ltda. (jointly the Sponsors), who are responsible for providing the funds needed to carry out the Foundation's activities.

The Foundation is governed pursuant to its by-laws and applicable legislation. Its sole objective is the management and implementation of the measures specified in the socio-economic and socio-environmental programs, including the promotion of social assistance to the population impacted as a result of the failure of the Fundão dam on Samarco property, as detailed in the Term of Transaction and Adjustment of Conduct (TTAC or Framework Agreement) signed on March 2, 2016 among Samarco, Vale, BHP Billiton Brasil on the one hand, and several government entities on the other.

The registration deed and by-laws for Renova Foundation include:

- Public deed of institution registered at the Notary Public Office No. 2 of the district of Belo Horizonte, book 2800N, pages 52 and 53, on June 29, 2016;
- By-laws registered at the Notary Public Office of Legal Entities in the district of Belo Horizonte under No. 138160 on July 5, 2016; and
- Federal Register of Legal Entities under CNPJ No. 25.135.507/0001-83.

The Board of Trustees authorized the issuance of these financial statements on April 16, 2020. The Fiscal Council issued its favorable opinion on April 8, 2020.

2. Presentation of the financial statements and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are described below.

2.1 Statement of compliance and basis of preparation

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including the provisions of Resolution No. 1,409/12 of the Federal Accounting Council, which approved the Technical Interpretation "Non-profit Entities - ITG 2002 (R1)" and the standards issued by the Accounting Pronouncements Committee ("CPC") approved by the Federal Accounting Council - CFC, and evidence all relevant information specific to the financial statements, and these alone, which are consistent with those used by management.

The preparation of the financial statements requires the Foundation's Management to make judgments in the determination and recording of accounting estimates. The

Foundation reviews the estimates and assumptions at least annually. Those areas that require a higher level of judgment and are more complex, as well as the areas in which the assumptions and estimates are significant for the financial statements, are disclosed in Note 2.2.

Changes in accounting policies and disclosures

New or revised standards adopted for the first time in 2019:

(i) IFRS 16/CPC 06 (R2) – Capital Leases

IFRS 16/CPC06 (R2) introduces a single model of accounting for leases for lessees. Lessees are now required to recognize a liability for future payments and the right-of-use asset for practically all leasing agreements, including operational leases. Certain short-term or low-value agreements may be outside the scope of this new standard.

Renova adopted IFRS 16/CPC06 on January 1, 2019, opting not to present comparative information for 2018, as permitted by the specific transition provisions of the standard.

The Entity recognizes right-of-use assets for its leases of administrative and operational properties. The nature of the expenses related to these lease agreements now changes, as the Entity depreciates the right-of-use asset and records interest expenses related to the lease obligations.

The transition method was as follows: (i) the value of the lease liability was calculated based on the present value of the remaining lease agreements, discounted using the incremental rate of 11.61%. p.a. – quoted by Banco do Itaú BBA at lease inception; and (ii) the value of the right-of-use asset on the initial application date was measured using the simplified approach.

(ii) IFRIC 23/ICPC 22 - "Uncertainty about Treatment of Income Taxes"

IFRIC 23/ICPC 22 - "Uncertainty about Treatment of Income Taxes": this interpretation clarifies how to measure and recognize current and deferred income tax assets and liabilities (IR/CS), in the light of IAS 12/CPC 32, in cases where there is uncertainty about treatments applied in the calculation of the respective taxes. Renova's management evaluated the main tax treatments adopted in the open periods subject to challenge by tax authorities and concluded that there is no significant impact to be recorded in the financial statements.

2.2 Critical accounting estimates and judgments

The preparation of financial statements requires the use of critical accounting estimates. It also requires management to exercise its judgment in applying the Company's accounting policies which affect the amounts reported.

Accounting 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 concerning the future. The resulting accounting estimates will, by definition, seldom equal the respective 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 financial year are addressed below.

2.2.1 Provisions for civil, tax and labor risks

The Entity recognizes provisions for civil, labor and tax claims. The assessment of likelihood of loss includes the available proof, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the assessment of internal and external counsel.

Provisions are reviewed and adjusted to take into account changes in circumstances, such as applicable prescriptive periods, findings of tax inspections or additional exposures identified based on new interpretations or court decisions.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the inaccuracies inherent in the determination process. The Foundation reviews its estimates and assumptions on a regular basis.

The recording of provisions occurs when the amount of the loss is probable and can be reasonably estimated (Note 15).

2.2.2 Miscellaneous provisions

The Foundation contracts significant third-party services to carry out its activities. When the services have been provided but not yet billed, management, based on its internal controls and measurements, records a provision for the recognition of these obligations under the accrual method (Note 13).

2.2.3 Provision for doubtful accounts

The Foundation revises the amounts receivable with a view to identifying indicators of losses to establish a provision for doubtful accounts, when necessary. The accounting policy to establish the provision requires the individual analysis of the credits based on their maturity dates.

2.3 Functional currency and presentation currency

The financial statements are presented in Brazilian Real/ Reais (R\$), which is the functional currency and the main economic environment in which the Foundation operates, generates and consumes cash, and is also its presentation currency.

2.4 Cash and cash equivalents

These include cash balances, bank deposits and highly-liquid investments with initial maturities of three months or less and which present an insignificant risk of change in fair value.

2.5 Non-derivative financial instruments

2.5.1. Non-derivative financial assets

The Entity recognizes receivables and deposits initially as of the date on which they originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the trade date, which is the date on which the Entity becomes a party to the contractual provisions of the instrument.

The Entity classifies the non-derivative financial assets into the following categories: (i) financial assets recorded at fair value through profit or loss and (ii) loans and receivables.

2.5.1.1. Financial assets recorded at fair value through profit/loss

A financial asset is classified as measured at fair value through profit or loss if it is classified as held for trading, that is, designated as such at the time of initial recognition. Financial assets are designated at fair value through profit or loss when investments purchase and sale decisions are based on their fair values in accordance with the risk management and investment strategy documented by the Entity. Transaction costs are recognized in profit or loss as they are incurred. Financial assets recorded at fair value through profit or loss are measured at fair value and changes in the fair value of these assets are recognized in surplus for the year.

2.5.1.2. Loans and receivables

Loans and receivables are financial assets with fixed or calculable payments that are not quoted in the active market. Such assets are initially recognized at fair value plus any attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

Loans and receivables include accounts receivable, receivables from the Fundo Desenvolve Rio Doce and other receivables.

2.5.2 Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value recognized in profit or loss) are recognized initially on the trade date on which the Entity becomes a party to the contractual provisions of the instrument. The Entity writes off a financial liability when contractual obligations are withdrawn, canceled or expired.

The Entity classifies non-derivative financial liabilities in the category of Other financial liabilities. Such financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Foundation has the following non-derivative financial liabilities: (i) trade payable and (ii) other accounts payable.

2.5.2.1 Trade and other accounts payable

The accounts payable to suppliers and other accounts payable are obligations to pay for goods and services that were acquired in the normal course of its statutory activities, and are classified as current liabilities if the payment is due in the normal course, for up to 12 months. After this period, they are presented in noncurrent liabilities. The amounts are initially recognized at fair value and subsequently, if necessary, measured at amortized cost using the effective interest rate method.

2.5.3 Loss due to impairment

A financial asset not measured at fair value through profit or loss is valued at each reporting date to determine whether there is objective proof that there has been a loss in its recoverable amount. An asset may have a recoverable value loss if objective proof indicates that a loss event occurred after the initial recognition of the asset and that the loss event had a negative effect on projected future cash flows that can be reliably estimated.

2.6 Non-current assets allocated to third parties

The assets are classified as assets intended to third parties, when the Renova Foundation is committed to a program that has a procurement plan for construction of assets (or series of assets) for which donation is considered highly probable. These assets are assessed at acquisition, formation or construction cost.

2.7 Property and equipment and intangible assets

Property and equipment and intangible assets are recorded at cost of acquisition, donation, formation or construction.

Depreciation and amortization starts as from the date the assets are installed and available for use.

Depreciation and amortization are calculated based on the straight-line method, considering their costs and their residual values over the estimated useful life, according to the rates detailed below:

Class	Useful life	Depreciation rate
Improvements to third party property	Variable	Contractual term, max. 3 years.
Machinery and equipment	10 years	10% p.a.
Furniture and fixtures	10 years	10% p.a.
Data processing equipment	5 years	20% p.a.
Systems - Software	5 years	20% p.a.

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.

They are initially recognized at the value of the corresponding invoice or contract.

2.9 Taxes payable

2.9.1 Income tax and CSLL

Income and social contribution taxes are calculated as per legislation in force. This process usually involves complex estimates to determine taxable profit (Note 12). Management periodically evaluates the positions assumed by the Entity in the income tax returns in relation to situations in which the applicable tax regulations give rise to interpretations. It establishes provisions, where appropriate, based on the amounts to be paid to the tax authorities.

2.10 Employee benefits

The Foundation provides benefits that include life insurance, private pension plan and health care plan 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 Net equity

Formed by funding from its founding sponsors, as established in the public deed of constitution of the Foundation, plus or minus the annual surplus or deficit.

2.12 Calculation of surplus (deficit)

The result is determined by the accrual basis of accounting and includes income and expenses, as well as income, charges and indexation or exchange variations, at official rates or indices, levied on current and noncurrent assets and liabilities.

a) Recognition of income from contributions

The contributions made by the sponsors to cover administrative expenses are recognized initially in liabilities upon receipt and are subsequently recorded as income when the corresponding expenses occur.

b) Recognition of income and expenses related to volunteer work

The services provided by the sponsors/funding companies, the Board of Trustees, the Advisory Council and the Audit Committee were recognized when effectively rendered, and when required by the technical interpretation of "Not for profit entities"- ITG 2002 (R1).

The amounts were measured at their fair value and reported as if a disbursement had occurred - in other words, incoming and outgoing financial resources.

These amounts were reported as revenues and costs in the same amount without generating a change in the surplus/deficit or net equity.

c) Finance income and costs

Financial revenues include interest income on financial investments measured at fair value.

Financial expenses include delinquent interest penalties, IOF (tax on financial transactions) and bank charges. Exchange gains and losses are reported on a net basis.

2.13 Financial risk management

Financial risk factors

The Entity's activities expose it to financial risks, namely: credit risk and liquidity risk. The entity's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Entity's financial performance.

Risk management is performed by the Entity's treasury, according to the policies approved by the Board of Trustees and Management procedure.

(a) Credit Risk

Credit risk arises from cash and cash equivalents, contractual cash flows derived from financial assets measured at amortized cost, at fair value through profit or loss, deposits with banks and other financial institutions, as well as credit exposures of the amounts receivable of the Rio Doce Fund.

Credit risk is managed centrally. For operations carried out to promote local activities (Fundo Desenvolve Rio Doce), the risk classification is performed by the financial institution, responsible for intermediating the fund, through its credit analysis area that assesses the credit quality of the affected party, taking into account its financial position, past experience and other factors. Individual risk limits are determined based on internal or external classifications of financial institutions. The use of credit limits is monitored regularly. The funds made available to those affected are settled in financial institutions.

The following financial assets held by the Entity are subject to the expected credit loss model:

- amounts receivable - Fundo Desenvolve Rio Doce;
- financial assets measured at amortized cost; and

Although cash and cash equivalents are also subject to the impairment requirements of IFRS 9/CPC 48, the impairment loss identified in these assets was immaterial.

(b) Liquidity risk

Cash flow forecasting is performed by the Treasury. This department monitors the entity's ongoing forecasts of liquidity requirements to ensure that it has sufficient cash to meet operational needs.

Financial investments linked to programs are transferred to the Treasury. Treasury invests in interest-bearing bank accounts, time deposits, short-term deposits, bonds, and securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margin as determined by the aforementioned forecasts.

3. Cash and cash equivalents and restricted short-term investments

The amounts received by the Renova Foundation from its sponsors (BHP Billiton Brasil Ltda., Vale and Samarco) and not immediately used for the remediation and compensation actions were invested with highly-rated Brazilian financial institutions in fixed income products, such as funds, CDB's, committed securities, LAM (fixed interest lease securities), considering the level of low risk classification, with daily liquidity, using as a benchmark the CDI interest rate. These financial investments are recorded at fair value, and periodically updated as reported by financial institutions.

a) Cash and cash equivalents

Cash and cash equivalents balances are detailed below:

	2019	2018
Cash and bank deposits		
In Brazil	355	79
Financial investments		
In Brazil	28,343	22,938
	28,698	23,017

Cash balance to be invested in other remediation programs and for the maintenance of Renova Foundation (administrative expenses).

b) Restricted short-term investments

Part of the funds contributed by the sponsors is restricted and, therefore, managed separately. The balance of financial investments of such funds area as below:

ALLOCATION	NOTE	2019	2018
Compensation programs - clause 232 TTAC	(i)	484,671	347,536
Sanitation and solid waste programs - PG31	(ii)	587,138	290,677
"TCP-Barra Longa" Reserve	(iii)	51,957	105,562
Total		1,123,766	743,775

- i. Funds received for compensatory projects, provided for in clause 232 of the TTAC. In 2019, R\$ 240,000 received, IPCA indexed; during the year R\$ 123.974 was disbursed, resulting in an accrued balance of the programs at the end of the year of R\$ 484.671.
- ii. In a separate bank account, R\$ 587,138 (2018 - R\$ 290,677) is allocated exclusively to basic sanitation plans, development of sanitary sewage system projects, implementation of collection and treatment works, eradication of garbage dumps and the implementation of regional sanitary landfills (TTAC wording), where such resources are to be fully transferred to the municipalities indicated by the Interfederative Committee (CIF). These transfers started in 2019.
- iii. The Renova Foundation was appointed by the sponsors to manage the resources related to the "Barra Longa TCP Reserve"; under an agreement signed by Samarco, Vale and BHP Billiton Brasil Ltda. with the Public Prosecutor's Office it created a reserve of R\$ 200,000 for remediation for the population of Barra Longa and surrounding areas. The amount was deposited in a specific bank account in 2017 as agreed. The balance at the end of the year was R\$ 51.967, indexed to the IPCA, the surplus of the amounts invested in comparison with the IPCA were transferred to the financial investments account.

4. Taxes recoverable

The balance of recoverable taxes is detailed below:

		2019	2018
IRRF without financial investment and other	(a)	8,689	36
IRPJ recoverable	(b)	5,091	-
CSLL recoverable	(c)	1,748	-
ISS recoverable	(d)	657	629
(-) Provision of losses		(515)	(515)
INSS recoverable on payroll	(e)	319	-
Other taxes recoverable	(f)	181	45
		16,170	195

- a) IRRF withholdings on financial investments, from March 2019, due to the change in the entity's tax status, from immunity to exemption.

- b) IRPJ - Corporate income tax - overpayment made in 2019, following income tax calculation estimates, to be offset in 2020.
- c) CSLL - Social contribution on net income - overpayment made in 2019, tax estimates, to be offset in 2020.
- d) ISSQN - Service Tax to be recovered - amounts overpaid to the municipalities where Renova carries out remediation and compensation projects. In 2018, the Foundation revised the payment of this tax for the municipalities of Rio Doce and Santa Cruz do Escalvado, for the period from August 2016 to March 2018, due to services performed on the riverbed of the Rio Doce, the boundary marker between the two municipalities. The result of this work generated refund requests from both locations of R\$ 515. As the receipt depends on an administrative decision of the city administrations, the Entity constituted a provision for loss.
- e) INSS recoverable on payroll - overpayment of INSS on payroll, to be offset in 2020.
- f) Other taxes recoverable - taxes incorrectly withheld by suppliers, service providers in general, to be offset in 2020.

5. Advance Payments – Partnerships and agreements

In 2019, Renova used partnership contracts and agreements, and transfers to other institutions, for the mutual promotion of development of research activities, new technologies and execution of projects under the TTAC Programs. These benefitted the Espírito Santo portion of the Rio Doce Aquatic Biodiversity Monitoring Project and adjacent marine and coastal regions. Such transfers were made according to the disbursement schedule provided for in the contract and through the rendering of accounts from the previous stage.

	2019	2018
Partnering for Monitoring of Aquatic Biodiversity - Espírito Santo	85,796	24,161
Forest recovery	8,951	-
Partnering for Technical Assistance of the impacted population of Barra Longa and surrounding areas	5,775	5,775
Social protection and health redress	4,924	-
Forestry Consultancy and Support for degraded areas	4,504	1,761
Youth engagement and strengthening of communitarian leaderships	3,620	-
Other partnerships	8,601	3,420
	122,171	35,117

6. Other assets

Comprised mainly of advances to Brazilian suppliers for the execution of resettlement works in the municipalities of Bento Rodrigues and Paracatu, and the provision of support services for their management and inspection, to implement programs in affected areas.

	2019	2018
Advance to Brazilian suppliers	41,998	7,782
Other assets	1,153	486
	43,151	8,268

7. Assets intended for third parties

Since 2016, the Renova Foundation has been making investments in the program for reconstruction of Bento Rodrigues, Paracatu and Gesteira. As provided in the TTAC, investments were intensified in 2018 especially upon the start of construction of the new district of Bento Rodrigues. In 2019, robust growth was witnessed in architectural, urban, civil and environmental projects, reflecting the Foundation's commitment to provide homes to those affected.

These costs are classified in long-term assets, as the conclusion of the project is scheduled for 2021, when all constructed properties and public facilities in the new villages will be delivered to their respective owners and costs recognized in results.

The balances are shown below:

		2019	2018
Civil works, surveying and soil boring tests	(a)	251,149	31,879
Management and other	(b)	58,966	3,803
Engineering design	(c)	41,842	17,763
Real estate	(d)	41,434	22,352
Environmental studies and consultancy	(e)	17,771	9,350
Support, communication and dialogue	(f)	5,598	4,130
		416,760	89,277

- a) Expenditure on civil works, earthworks, soil boring and topographic survey services of the land acquired.
- b) Expenditure on the management of Bento Rodrigues, Paracatu works for the operation and maintenance of projects related to the programs provided for in the TTAC.
- c) Hiring expenditures related to engineering, conceptual design and urban projects
- d) Acquisition of land, land tenure regularization and inspection for the construction of housing and infrastructure for the community resettlement program.

- e) Consultancy and environmental studies necessary to support project execution phases, as well as actions for environmental licensing and other measures
- f) Expenses with communication, advertising, events, as well as all worksite support activities (food, travel, vehicles, surveillance, IT, among others).
- g) Expenses with the civil works, earthworks, soil boring and surveying services of acquired land.

8.Amounts Receivable - Fundo Desenvolve Rio Doce

	2019	2018
Fundo Desenvolve Rio Doce MG	27,321	32,138
Fundo Desenvolve Rio Doce ES	11,682	10,811
Fundo Compete Rio Doce MG	7,073	-
	46,076	42,949

The Fundo Desenvolve Rio Doce and Compete Rio Doce funds were created by the partnership with the Espírito Santo Development Bank (BANDES) and the Minas Gerais Development Bank (BDMG). They offers credit lines to micro and small companies from 39 Brazilian municipalities in the States of Minas Gerais and Espírito Santo.

Upon constitution of the Funds, Renova Foundation provided R\$ 40,000. As of December 31, 2019, the balance was R\$ 46,076, reflecting surpluses of both Funds. Included are R\$ 20,081 available in the Fund's cash and R\$ 25,995 provided, predominant, in 24-month term loans.

Management assessed the risk of loss on receivables not to be significant.

The Fundo Desenvolve Rio Doce was launched in October 2017 and is effective for ten years, which may be extended for an equal period. As of November 2017, the Fund started to receive the borrowed amounts.

The Fundo Compete Rio Doce was launched in February 2019 and its term is valid for two years, which may be extended for an equal period. It is a complementary fund to the Fundo Desenvolve Rio Doce that offers guidance on management through specialized consultancy (credit oriented). As of March 2019, this Fund started to receive the borrowed amounts.

Both Funds are reimbursable, at competitive interest rates, below the market average with extended tenures. Credit lines may be used for working capital and other purposes, including investment. From inception of both Funds and through December 31, 2019, 1,411 loans (unaudited) were made available corresponding to R\$ 42,128.

9.Property and equipment and intangible assets

The Renova Foundation began operating in August 2016 from leased facilities. Office renovations were carried out in 2017 and 2018 in Belo Horizonte, Mariana, Governador Valadares and Linhares.

In addition, purchases were made of furniture, fixtures, computer equipment and systems, all essential for the execution of the administrative and operational functions of the Renova Foundation. The Entity also acquired property, machinery and equipment, to meet program needs as provided for in TTAC.

a) Fixed assets

The table below shows the changes in assets:

	Balance 2017	Additions	Depreciation	Balance 2018	Additions	Depreciation	Balance 2019
Improvements third party assets	3,216	869	(1,390)	2,695	638	(1,453)	1,880
Equipment and data processing	2,525	1,591	(584)	3,532	686	(868)	3,350
Machinery and equipment	242	5,903	(879)	5,266	930	(754)	5,442
Fixed assets in construction	1,124	286	-	1,410	2,694	-	4,104
Furniture and fixtures	622	466	(82)	1,006	821	(131)	1,696
Real estate	-	1,069	-	1,069	-	-	1,069
Total Fixed Assets	7,729	10,184	(2,935)	14,978	5,769	(3,206)	17,541

b) Intangible assets

	Balance 2017	Additions	Amortization	Balance 2018	Additions	Amortization	Balance 2019
Software systems	1,114	2,254	(493)	2,875	2,172	(751)	4,296
Total Intangible	1,114	2,254	(493)	2,875	2,172	(751)	4,296

c) Right-of-use asset - Leases (IFRS 16)

	Balance on 01/01/2019	Additions	Financial expenses	Present value	Depreciation	Balance 2019
Right-of-use assets	4,650	3,221	(942)	6,929	(3,375)	3,554
Total Leasing	4,650	3,221	(942)	6,929	(3,375)	3,554

d) Liability - Leases (IFRS 16)

	Balance 2019
Leasing liabilities	
Current	2,890
Non-current	664
Total	3,554

e) Loaned assets

The Entity received in 2016, as a loan, from its sponsors Samarco and Vale, assets for use in the execution of its operational and administrative activities. In 2019, Renova Foundation returned some IT equipment, furniture and fixtures. Other items loaned for use have remained with the Foundation comprising of furniture, fixtures, computer and telecommunications equipment.

In 2018, the Entity received real estate, under a loan for use, as below:

- Vale - Fazenda Mina da Alegria (registration 10.034 ha.) and Fazenda Fábrica Nova (registration 17.189 ha.);
- Samarco - Fazenda Asa Branca (registration 15.313 - area 95.93 ha.);
- Grupo Aliança - land area (registration 1.553 ha.).

The amounts below are the residual book values of the respective assets in the owner's accounting records.

Considering the obligation of the Renova Foundation to return these items to the sponsors, at the end of the contracted period, the values of these assets are recorded as follows:

ASSETS LOANED FOR USE	2019	2018
Real estate	2,027	2,027
Furniture and fixtures	176	196
Data processing equipment	7	57
Subtotal	2,210	2,280
ASSETS LOANED FOR USE TO BE RETURNED		
Real estate	(2,027)	(2,027)
Furniture and fixtures	(176)	(196)
Data processing equipment	(7)	(57)
Subtotal	(2,210)	(2,280)

Because of the nature of the assets, there is no evidence of impairment.

10. Suppliers

The Suppliers balance comprises amounts payable to service providers and the purchase of material. The balances are shown below:

	2019	2018
Brazilian suppliers	219,729	93,943
	219,729	93,943

11. Salaries, provisions and payroll taxes

The balance of salaries, provisions and contributions is as below:

		2019	2018
Provision for vacation	(a)	10,672	6,699
Employee social security (INSS)	(b)	2,869	275
FGTS payable	(c)	974	694
Salaries payable		-	24
Other	(d)	246	130
		14,761	7,822

- a) The vacation provision is recorded in proportion to the period worked, taking into account legal requirements.
- b) Employee contribution, duly withheld for transfer to the National Social Security Institute - INSS.
- c) Monthly contribution of 8% of the employee's salary, which is the employer's obligation, as per current legislation.
- d) Mainly amounts payable for PIS on payroll and group life insurance for the Entity's permanent employees.

12. Taxes payable

The balance of taxes payable is shown below:

		2019	2018
ISS - withheld service tax	(a)	6,035	3,170
IRRF - withheld income tax	(a)	5,002	2,951
INSS – withheld from suppliers	(a)	4,900	2,018
Federal taxes withheld	(c)	3,077	2,163
IRPJ / CSLL	(b)	276	28,730
Taxes on financial income	(b)	130	6,656
Taxes on payroll	(b)	-	40,636
ITR and ISS remittances abroad	(b)	-	722
		19,420	87,046

- a) Taxes withheld from suppliers, generally service providers.
- b) Direct taxes from Renova's operations.
- c) Withholding of federal taxes PIS, COFINS and CSLL, in accordance with Law 13,137/2015 of June 19, 2015.

Income and social contribution taxes on net income

The Renova Foundation is subject to income tax at a rate of 15%, plus an additional 10% and a rate of 9% of the social contribution on the profit resulting from the financial result.

The change in income tax payable was as follows:

	2019	2018
Opening balance	4,111	23,259
IRRF offset	(2,021)	-
Payments (estimates)	(2,090)	-
Closing balance	-	23,259

	2019	2018
Financial surplus before IRPJ/CSLL	20,640	26,812
+ Add backs	4,479	-
Spontaneous bonuses	1,319	-
Civil contingency provision	3,239	-
Provision for labor lawsuits	(79)	-
- Exclusions	(12,959)	-
Tax fines	(12,959)	-
CALCULATION BASE	12,160	26,812
IRPJ/CSLL	4,110	9,899
IRPJ/CSLL - Prior periods	3,284	13,360
IRPJ/CSLL current expense	7,394	23,259

13. Miscellaneous provisions

The Entity acquires significant third-party services to carry out its activities. At December 31, some of its suppliers may not yet have issued their invoices for services already rendered. Additionally, the Entity has teams working with numerous municipalities negotiating indemnities and financial assistance (PIM - Mediated Indemnity Program and AFE - Emergency Financial Assistance) agreements for damages caused by the failure of the Fundão Dam, which result in commitments payable. Management constituted a provision, based on its internal controls, to under the accruals principle, as below:

		2019	2018
Compensation – Loss of profit	(a)	95,592	-
Reimbursement to City Halls	(b)	11,968	40,092
Compensation - PIM GENERAL DAMAGES	(c)	11,124	8,374
Consulting	(d)	8,469	1,519
Civil Works	(e)	7,876	1,627
Emergency financial aid – AFE	(f)	6,861	77,681
Engineering services	(g)	4,922	222
Compensation - PIM WATER DAMAGES	(h)	4,488	5,710
Infrastructure	(i)	-	11,689
Other third party services	(j)	15,049	8,272
		166,349	155,186

- a) Loss of Profit – Loss of Profit corresponds to net income that the affected party had obtained from its activities and which was interrupted as a direct consequence of the Fundão dam failure. The provision refers to the compensation for loss of profit in 2019 for affected parties who signed the agreement in the Mediated Compensation Program (PIM) continue to be affected, even if partially. According to a decision by CIF, the payment of loss of profits must be made in the year following the year to which its relates.
- b) Reimbursement to municipalities - reimbursement of extraordinary expenses due to the failure of the Fundão Dam, agreed in the CIF, which were assumed by the Renova Foundation with the municipalities, as specified in the official letters, and which had not yet been paid due to the discrepancies in the wording of the settlement document.
- c) Compensation - PIM General Damages: loss of personal income or material assets such as vehicles, residential and commercial properties, rural properties, among others. In order to be compensated, the individuals must have enrolled in the integrated register, in the impacted regions, and provided proof of the damage suffered. The provision refers to agreements signed, but not yet settled.
- d) Independent technical safety consulting services for the recovery of the Candonga reservoir, Fazenda Floresta, recovery of the Risoleta Neves HPP, tailings management program, water supply and catchment program and interfaces of the other programs along the Rio Doce channel, in the States of Minas Gerais and Espírito Santo, aiming at meeting the inspection process (Public Civil Action).
- e) Civil works: services for construction and maintenance of fences on properties and roads, reconstruction of the properties and infrastructure of the Barra Longa region, asphalt paving, bioengineering for environmental recovery, Risoleta Neves HPP bus services, football field engineering and construction services, monitoring service and

rent of radar, rock fill transportation and Intermediate dike and Main Sector 11, Containment works in curtain wall with sheet piles at Novo Bento Rodrigues in Mariana-MG.

- f) Emergency financial assistance (AFE) - Provide emergency financial assistance to the affected population who suffered a reduction in income due to disruption of productive or economic activities as a result of the dam failure, until conditions are in place for resumption of productive or economic activities. The provision refers to eligible beneficiaries, with agreements signed in the PIM, but not yet receiving the benefit from Renova.
- g) Services for the execution of the Rio Pequeno dam works, in the municipality of Linhares - ES, and the implementation of a water supply network in the city of Governador Valadares.
- h) Compensation - PIM Water Damage: for all living in cities/districts where the distribution of drinking water was suspended for more than 24 consecutive hours in November 2015. The provision refers to signed agreements, but not yet settled, in general, due to the need for court ratification.
- i) Earthworks, drainage, paving and complementary works related to the implementation of the Fazenda Floresta Project to dispose of tailings, recovery of access from the left bank to the Candonga HPP through interventions at points P2 and P3, and dredging of the reservoir of the Risoleta Neves Hydroelectric Power Plant (Candonga).
- j) Other contracted services: other lesser expenses, such as: consulting and miscellaneous studies, leasing of water tank trucks with driver for basic and potable water supply, leasing of equipment, legal advice, communication services, identification of areas for irrigation, cleaning of rural properties, assistance to animals, IT improvements - Software Licensing, insurance, fauna and water monitoring, consulting, engineering services, vehicle rental, environmental impact studies, among others.

14. Socio-environmental and socio-economic obligations

The socio-environmental and socio-economic obligations comprise the allocation received from the sponsors for the final TTAC program expenses. Once received, the appropriations are allocated to liabilities. The composition of the balance of these socio-environmental and socio-economic liabilities is detailed below:

	Balance 2018	Contributio ns (Note 16)	New input	Write-off (Note 17)	Transfer	Accruals Fundo Desenvolve Rio Doce (Note 8)	Indexation IPCA (Note 20)	Balance 2019
Remediation programs	(166,526)	2,185,549	-	(1,991,123)	96,723	-	840	125,463
Remediation programs - Barra Longa	40,000	-	-	-	6,613	-	1,297	47,910
Compensation programs	416,353	274,948	-	(118,688)	(273,187)	3,127	11,930	314,483
Compensation programs - actions related to development of basic sewage plans	81,638	285,153	-	(5,449)	(254,145)	-	3,080	110,277
Compensation programs - Appeal against fine for HPP Candonga	-	-	-	-	-	-	-	-
Compensation programs - monitoring equipment for Doce river water	4,518	-	-	(669)	-	-	-	3,849
TOTAL CURRENT	375,983	2,745,650	-	(2,115,929)	(423,996)	3,127	17,147	601,982
Remediation programs - Barra Longa	63,299	-	-	-	(65,040)	-	1,741	-
Compensation Programs	-	-	-	-	253,711	-	1,294	255,005
Compensation programs - actions related to development of basic sewage plans	195,352	-	-	-	273,621	-	8,205	477,178
Income from previous years to be applied to programs	34,743	-	3,553	-	(38,296)	-	-	-
TOTAL NON-CURRENT	293,394	-	3,553	-	423,996	-	11,240	732,183
GRAND TOTAL	669,377	2,745,650	3,553	(2,115,929)	-	3,127	28,387	1,334,165

15. Contingencies

Renova Foundation is a party to lawsuits arising from the normal course of its operations, involving civil and labor issues, as well as collective actions that discuss terms and compliance with TTAC clauses. Cases involving the probable likelihood of loss refer to: (i) labor claims of former employees and outsourced providers, the decisions at the second judicial level of which have been unfavorable to the Foundation; and (ii) civil actions claiming the plaintiffs' rights to inclusion in the financial emergency aid programs or mediated compensation. Management, based on the information and advice of its internal and external legal counsel, recorded provisions for R\$ 3.322, as below:

Description	Balance 2018	Additions	Settled/ reversed	Balance 2019
Provision contingencies civil suits	21	3.239	-	3.259
Provision contingencies labor claims	142	-	(79)	63
Subtotal contingencies	162	3.239	(79)	3.322
(-) Judicial deposits	69	556	(18)	608

Details underlying other lawsuits which are considered to represent a possible likelihood of loss, for which no provision was constituted, are as follows:

Civil class suits brought against Renova Foundation:

Description	Status	2019	2018
<p><i>Case No. 1007657-27.2018.4.01.3800 (formerly 5007288-91.2016.8.13.0105) ACP No. 1007657-27.2018.4.01.3800 - Federal Justice numbering - Public Civil Action filed by the Public Prosecution Office in Minas Gerais (MPMG) against Renova Foundation and pending before the 12th Federal Court of Belo Horizonte/MG, requesting (i) declaration of annulment of certain wording and clauses of the discharge terms used in the Mediated Compensation Program (PIM); (ii) guarantee that PIM will pay, under lease, R\$ 1,000 per affected person and R\$ 1,100 per vulnerable person, and (iii) imposition of a punitive fine for each agreement signed in disrespect or violation of the claims requested above, in addition to R\$ 300.000 thousands in the event of interruption of compensation at the minimum amounts requested.</i></p>	<p>The ACP ruling points to the fulfillment of obligations by Renova Foundation, being that all obligations have been or are being fulfilled by the compensation program.</p> <p>The case does not reflect the possibility of payment by the Foundation beyond amounts being paid; the request for payment of R\$ 300 million is only if there is an interruption of the minimum amounts that are already being paid.</p> <p>There is no set date for a final decision. The provision amount may only be defined after the judgment.</p>	438,608	392,381
<p><i>Case No. 0038496-04.2016.8.08.0014 - Public Civil Action filed by the Public Prosecution Office of the State of Espírito Santo (MPES), and pending before the 2nd Civil Court of the District of Colatina/ES, with a proposal for: (i) declaration of annulment of certain wording and clauses of the discharge term used the Mediated Compensation Program (PIM); (ii) guarantee that PIM will pay at least R\$ 1,000 per affected person and R\$ 1,100 per vulnerable person, and (iii) imposition of a punitive fine for each agreement signed in non-compliance or repeated non-compliance with claims requested above, in addition to R\$ 300.000 thousands in the event of interruption of indemnities at the minimum amounts requested.</i></p>	<p>The ACP ruling points to the fulfillment of obligations by Renova Foundation, being that all obligations have been or are being fulfilled by the compensation program.</p> <p>The case does not reflect the possibility of payment by the Foundation beyond amounts being paid; the request for payment of R\$ 300 million is only if there is an interruption of the minimum amounts that are already being paid.</p> <p>There is no set date for a final decision. The provision amount may only be defined after the judgment.</p>	435,379	390,301

Case No. 1007135-34.2017.4.01.3800 (former No. 0011821-36.2017.4.02.5004) - Public Civil Action filed by Espírito Santo and the Federal Public Defender's Office against Samarco Mineração S.A., Renova Foundation and the Federal Government and pending before the 12th Federal Court of the Judicial Subsection of Belo Horizonte/MG, requiring declaration of annulment of certain wording and clauses of the discharge term used in the Mediated Compensation Program (PIM).	The ACP ruling points to the fulfillment of obligations by Renova Foundation, being that all obligations have been or are being fulfilled by the compensation program. The case does not reflect the possibility of payment by the Foundation beyond amounts being paid. There is no set date for a final decision. The provision amount may only be defined after the judgment.	26,877	23,839
Description	Status	2019	2018
Case No. 1006500-53.2017.4.01.3800 - This is a Public Civil Action filed by the PUBLIC DEFENDER'S OFFICE OF THE FEDERAL GOVERNMENT and PUBLIC DEFENDER'S OFFICE OF THE STATE OF MINAS GERAIS against RENOVA FOUNDATION and pending before the 12th Federal Court, with the claim of: (i) declaration of the broad, general and unrestricted settlement clause provided for in Renova Foundation's Mediated Compensation Program (PIM); (ii) obligation to do consistent in adopting a specific discharge clause in the agreements entered into within the scope of the PIM; (iii) declaration of nullity of all agreements entered into and (iv) compensation for collective or social moral damage and as individual damages.	The ACP ruling points to the fulfillment of obligations by Renova Foundation, being that all obligations have been or are being fulfilled by the compensation program. The case does not reflect the possibility of payment by the Foundation beyond amounts being paid. On 11/20/2018, a decision was issued suspending the case until further judicial decision in view of the connection of the requests contained in this action with Public Civil Actions 23863-07.2016.4.01.3800 and No. 69758-61.2015.4.01.3400.	4,441	3,884
These are Public Civil Actions filed by the Municipalities of Aimorés, Aracruz, Colatina, Governador Valadares, Mariana, Ponte Nova, Periquito, Raul Soares, Rio Doce, Santa Cruz do Escalvado, São Domingos do Prata, Tumiritinga, with a claim for interlocutory relief to immediately pay the amount due as extraordinary expenses, without a discharge clause at the end of the agreement.	The Renova Foundation paid the reimbursements due to the Municipalities in 2019 other than the obligation related to the Municipality of Mariana – MG.	6,603	21,448
Public Civil Action No. 0000558-28.2018.8.08.0006 filed by the Community Association of Barra do Riacho against Samarco Mineração S.A., Foundation, Synergia and the Municipality of Aracruz pending before the Court of Public Finance of Aracruz/ES, in summary, the sentencing of the Defendants to (i) disclose information on the prohibition on carrying out any activities involving the use of the beach in the region, (ii) pay compensation for material damage to fishermen and vessel owners due to the losses arising from the Accident, (iii) provision of a basic food basket for the affected parties, (iv) the presentation of an action plan for the recovery of the affected community and (v) monitoring of the region's water quality.	The ACP ruling points to the fulfillment of obligations by Renova Foundation, being that all obligations have been or are being fulfilled by the compensation program. The Foundation filed a response observing that the requests made are already being addressed out of court. There has been no decision on the merits so far.	1,542,263	1,362,817
		2,454,171	2,194,670

Individual civil actions filed against the Renova Foundation with a possible likelihood of loss:

<i>Description</i>	<i>Status</i>	2019	2018
<p><i>These are actions with similar objects, filed against the Renova Foundation, in which the Plaintiffs basically claim compensation for material and moral damages due to (i) interruption of water supply in the affected cities; (ii) failure to pay Emergency Financial Assistance; (iii) reimbursement for loss of goods or equipment; (iv) loss of profits; (v) failure to receive the compensation portion under the PIM - Mediated Compensation Program; (vi) compensation for physical displacement or damage caused by the flooding of Lagoa Juparanã in Linhares.</i></p>	<p>The change in the amount refers to the significant increase in the filing of individual lawsuits against Renova Foundation.</p> <p>At the end of 2018, 106 civil lawsuits were registered. In 2019, the number increased to 875. The amounts at risk are subject to validation after a court decision.</p> <p>None of the cases had final court decisions at December 31, 2019. Renova Foundation has entered into agreements in the lawsuits in which the merits of the claims have not been proven.</p>	4,759,873	48,088
<p><i>Case No. 1008474-91.2018.4.01.3800 (former No. 5007744-41.2016.8.13.0105) - Compensatory Action filed by SAAE - GV (Autonomous Water and Sewage Service) against Samarco, Vale, BHP Billiton Brasil Ltda. and Renova Foundation, requesting the refund of the amounts incurred on water treatment, the removal of mud, in addition to the silting up and losses from reduction in income, with a request for provisional relief.</i></p>	<p>No decision has yet been rendered. Awaiting decision at trial court.</p>	178	150
		4,760,051	48,238

Labor lawsuits filed against Renova Foundation with a possible likelihood of loss:

<i>Description</i>	<i>Status</i>	2019	2018
<p><i>These are 136 labor claims with different objects and claims, filed against a third party contractor (service provider hired by the Foundation) against Renova Foundation and/or Samarco Mineração S.A, with joint and several liability claims for payment. Only four cases refer to the Foundation's own employees.</i></p>	<p>The change in the amount refers to the significant increase in the filing of lawsuits against Renova Foundation.</p> <p>At the end of 2018, 29 civil lawsuits were registered. In 2019, the number increased to 136.</p>	34,044	3,418

16. Net Equity

The Public Deed of Institution of the Renova Foundation describes that the allocation of assets, referred to in Article 62 of the Civil Code, necessary to meet the purpose of the Renova Foundation (Note 1) will correspond to the sum of the installments of the cash allocation up to 2019, as well as portions subsequently indicated by the Board of Trustees as necessary for the execution of the projects from 2020.

The sponsor contribution installments are initially recognized in Net Equity and allocated to the socio-environmental and socio-economic liabilities account for the earmarked TTAC socio-economic and socio-environmental programs. As Renova Foundation disburses amounts to cover, the liabilities are relieved and program revenue recognized.

As defined in the TTAC, Samarco and its shareholders, Vale and BHP Billiton Brasil Ltda., provided funds to the Foundation through contributions, as shown below:

Sponsor contributions to equity

Description	Balance 2017	Contribution	Balance 2018	Contribution	Balance 2019
Samarco Mineração S. A.	229,411	-	229,411	455,266	684,677
Vale S.A.	854,650	1,011,406	1,866,056	1,145,192	3,011,248
BHP Billiton Brasil Ltda.	854,650	1,011,406	1,866,056	1,145,192	3,011,248
Equity	1,938,711	2,022,812	3,961,523	2,745,650	6,707,173

Sponsor contributions to income

Contribution for administrative expenses	53,116	68,200	121,316	252,350	373,666
Income	53,116	68,200	121,316	252,350	373,666
Total contributions	1,991,827	2,091,012	4,082,839	2,998,000	7,080,839

- To comply with the collection and treatment program for waste and solid waste disposal (program 31 of the TTAC), compensatory in nature, a contribution of R\$ 250,000 was allocated to the Foundation Renova, as per items IV and V of clause 170, being R\$ 125,000 in the first half of 2019 and R\$ 125,000 in the second half.

For subsequent years, the sponsors will provide the resources as per the public deed, as follows:

- Pursuant to the TTAC, the annual contributions to the Renova Foundation for 2020 to 2021 will be sufficient to cover forecast costs for the execution of remediation and compensation projects for each fiscal year. The annual reference values for these contributions will be from R\$ 800,000 to R\$ 1,600,000. From 2022 onwards, the amounts to be contributed by the Foundation will be scheduled in accordance with the planning of the programs approved by the Foundation on the same date. The TTAC did not specify a minimum or maximum value in this period for the remediation programs.
- From the date of signing of the TTAC, the Foundation will allocate R\$ 240,000 annually, over a period of 15 years, for the execution of compensation projects. These annual amounts are already included in the contributions reported for the first six years (2016-2021). Additionally, a contribution of R\$ 500,000 will be allocated to a program for the collection and treatment of sewage and solid waste disposal in the municipalities along

the Rio Doce, in the years 2016, 2017 and 2018, in the amounts of R\$ 50,000, R\$ 200,000 and \$ 250,000 respectively.

The reconciliation of the contributions provided for in the TTAC represents the contributions registered with the Foundation plus the contributions made directly by the sponsors, as follows:

Description	Balance 2017	Contribution	Balance 2018	Contribution	Balance 2019
Contributions to Renova Foundation	1,991,827	2,091,012	4,082,839	2,998,000	7,080,839
Samarco Programs – TTAC	1,698,335	19,350	1,717,685	67,800	1,785,485
Public Civil Action - ACP Mariana	275,038		267,807	-	256,712
Total Contribution	3,965,200	2,110,362	6,068,331	3,065,800	9,123,036

17. Income

The Entity's income consist of contributions made by its sponsors, as well as volunteer services from sponsors and members of the Board, as below:

		2019	2018
Operating income – contribution	(a)	2,115,929	1,946,564
Contribution income	(b)	146,806	135,893
Income from volunteer services - Members of the Board	(c)	963	1,399
Income from volunteer services - Seconded	(d)	84	602
Income from volunteer services - Shared	(e)	-	301
		2,263,782	2,084,759

a) Funding received from sponsors for application in programs managed by the Renova Foundation.

b) Contributions received from sponsors to defray administrative expenses, allocated to liabilities and subsequently, once disbursed, appropriated to contribution revenue.

c) Refer to the nominal value of unremunerated voluntary time dedicated by councilors of the Foundation's three councils, namely: Curator Council, Fiscal Council and Advisory Council. These provide services on a voluntary and free basis. The values of these services were calculated considering the hours dedicated by the councilors during the year 2019, multiplied by an individual hourly rate. This calculation resulted in 5,606 hours of dedication throughout 2019 by the councilors. The Curator Council of Trustees provided 2,646 hours available (2018 - 2,920 hours and 2017 - 1,530 hours), the Fiscal Council 560 hours (2018 - 1,520 hours and 2017 - 576 hours) and the Advisory Council dedicated 2,400 (2018 - 4,864 hours and 2017 - 1,746 hours) - number of hours unaudited.

d) Refers to employees assigned by the sponsors - Samarco, Vale and BHP Billiton Brasil Ltda., to assure continuity of several programs and the dissemination of

knowledge of the sponsor to add to the processes of the Renova Foundation. The amounts recorded represent the sum of the salaries, charges and benefits of these employees, spent by each sponsor.

e) The shared services were executed exclusively by the main sponsor, Samarco, for the Supply and IT Management areas, upon concluding the process of transition of activities to Renova in May 2018.

The amounts were recorded to reflect estimated costs for rendering such services by the sponsor who controlled all disbursements.

18. Program operating expenses

The Foundation's operating expenses for the programs refer to expenses in the period for socio-economic and socio-environmental remediation and compensation programs as set forth in the TTAC. The table below show the expenses by initiatives and programs, in the year:

		2019	2018
Socio-environmental programs - Remediation	(a)	685,901	569,807
Socio-economic programs - Remediation	(a)	1,305,768	1,305,954
Socio-environmental programs - Compensation	(b)	101,796	41,117
Socio-economic programs - Compensation	(b)	22,464	29,686
		2,115,929	1,946,564

a) Programs – Redress

These are actions to remediate and mitigate socio-environmental and socio-economic impacts caused by the dam failure.

SOCIO-ENVIRONMENTAL PROGRAMS	2019	2018
Tailings management	90,888	59,767
Tailings containment/treatment of rivers affected	128,265	190,745
Recovery of Environmental Area 1	16,981	34,015
Conservation of aquatic biodiversity	71,479	42,030
Conservation of land flora and fauna	7,541	10,500
Water supply systems	108,609	41,238
Environmental risk management	27,450	16,370
Consolidation of conservation units	3,725	362
Program management	230,963	174,780
	685,901	569,807

SOCIO-ECONOMIC PROGRAMS	2019	2018
Emergency mitigation measures	-	8,354
Registration survey of affected persons	18,823	25,731
Compensation and reimbursement of persons affected	447,117	293,092
Protection of indigenous peoples	71,825	78,993
Protection of traditional communities	11,217	15,278
Social protection program	4,292	2,192
Communication and dialogue	33,354	41,907
Animal welfare	5,149	4,442
Reconstruction of Bento, Paracatu and Gesteira	45,427	25,776
Rehabilitation of Risoleta Neves HPP reservoir	131,213	216,338
Recovery of infrastructure	67,620	53,197
Renovation of schools	4,908	5,009
Preservation of historic heritage	10,816	3,965
Support for tourism, culture and sports	4,299	4,425
Mental and physical health of people affected	10,198	9,695
Resumption of fishing activities	400	480
Resumption of farming/ranching activities	37,569	21,774
Recovery of micro and small businesses	3,117	1,387
Financial assistance to population affected	398,340	427,084
Refund of extraordinary expenses	84	66,835
	1,305,768	1,305,954

b) Programs - Compensation

These comprise measures and actions for compensation of non-mitigatable or irreparable impacts from the dam failure, by improving the socio-environmental and socio-economic conditions of the areas affected, when remediation is not possible or feasible under the programs.

SOCIO-ENVIRONMENTAL PROGRAMS	2019	2018
Containment of tailings and treatment of rivers affected	2,479	1,650
Recovery of APP and erosion control	13,866	4,669
Recovery of springs	15,525	10,174
Screening structure for reintroduction of fauna	753	183
Sewage collection for treatment program	5,449	2,046
Water supply systems	41,579	7,135
Environmental education system	8,589	1,960
Preparation for environmental emergency	5,760	4,117
Information for population	912	1,853
National and international communication	2,340	1,661
Water inspection and monitoring	4,177	5,444
Consolidation of conservation units	67	-
Support for implementation of environmental and rural inventories	300	225
	101,796	41,117

SOCIO-ECONOMIC PROGRAMS	2019	2018
Rehabilitation Risoleta Neves HPP reservoir	-	5,818
Support for tourism, culture and sports	919	937
Remediation research and technologies	210	385
Diversification of the regional economy	7,950	1,798
Local hiring initiatives	1,582	2,745
Reimbursement of compensation to affected population	11,803	18,003
	22,464	29,686

19. Administrative/operating expenses

These expenses are characterized as being necessary to maintain the Foundation's operational activities and are not directly linked to the performance of the programs. The expenses include a nominal charge for voluntary services received by the Entity and the cost of the CIF governance system.

Voluntary service is recognized at the fair value of the provision of the service, even if disbursement has not occurred, as per accounting standard ITG2002 of the CFC - Federal Accounting Council.

Governance system costs refer the new Renova Foundation governance system of June 2018 established through the Governance TAC (Adjustment of Conduct Agreement). These comprise travel expenses of members of the technical chambers (CT's), Interfederative Committee (CIF), expenses with meetings of these groups and the costs of secretarial services for the respective meetings. As detailed below.

	Nota	2019	2018
Third party services		50,367	14,541
Own personnel		47,326	22,111
Legal consultancy		18,529	13,443
Consulting services and research		7,622	4,568
Governance system		7,330	1,275
Travel		4,709	3,477
Depreciation/amortization of administrative assets	9	3,589	1,765
ITR and ISS tax on remittances abroad	12	609	697
Insurance		467	162
Taxes on payroll		-	38,794
Other administrative expenses		58	12,371
		140,606	113,204
Volunteer services Members of the Board	17.c	963	1,399
Volunteer services seconded employees	17.d	84	602
Volunteer services shared	17.e	-	301
		1,047	2,302
		141.653	115.506

20. Financial results

Financial results are as below:

Financial income	Nota	2019	2018
Earnings on investments		46,833	39,275
Financial accruals from socio-environmental and socio-economic obligations	(a)	(28,387)	(25,598)
Other income		19	-
		18,465	13,677

(a) The Foundation received funds from the sponsors to meet socio-environmental and socio-economic obligations (Note 14). When funds are not fully disbursed in the same period of receipt, the unallocated liability is inflation adjusted based on the IPCA inflation index and the increment charged to financial income.

Financial expenses	2019	2018
Interest - financial accruals of taxes payable and others	1,887	4,036
COFINS levied on financial income	1,811	3,833
Bank fees	378	155
Financial leasing – IRFS16	233	-
IOF - tax on financial operations	(350)	1,433
Other	-	33
	3,959	9,490

21. Funding from sponsors

The sponsors made contributions - allocations and donations – throughout 2019 to sustain the Renova Foundation (these are not liabilities of the Foundation, as regulated in the TTAC) (Note 16), as presented below:

	2019	2018
Samarco Mineração S.A.	490,000	-
Vale S.A.	1,254,000	1,045,506
BHP Billiton Brasil Ltda.	1,254,000	1,045,506
	2,998,000	2,091,012

22. Commitments

The Foundation has long-term contracts, primarily for audit services, civil works, supply and assembly of pipes, water monitoring and aquatic biodiversity, PIM, agricultural activities services, business surveillance, card supply, management and inspection, forest recovery, bioengineering services, Bento Rodrigues, Paracatu and Barra Longa infrastructure, logistics and transportation services. In summary:

	2019	2018
Less than one year	1,219,931	1,196,253
One to two years	904,089	221,572
Two to three years	277,630	54,503
Three to five years	27,585	4,288
	2,429,235	1,476,616

23. Insurance coverage (not audited)

Given the scope of the Foundation's activities and the diversity of its operations, the Foundation contracted General Civil Liability (third party assets) and D&O (Civil Liability for Directors) insurance and specific policies on Civil Liability and Engineering Risk for Axis 1 (Fundão Dam) based on the guidelines of its management committees.

The General Civil Liability policy is valid for 18 months from November 2017, with an indemnity limit of R\$ 80,000.

The D&O policy is valid for 12 months from December 2017 with an indemnity limit of R\$ 80,000. In December 2018, the policy was endorsed for an additional term of three months.

For the Axis 1 work (dam reconstruction), a Civil Liability and Engineering Risks policy was contracted covering the entire construction period.

Also in force are personal accident insurance and life insurance policies for all employees of the Renova Foundation and insurance for the offices of Belo Horizonte, Governador Valadares and Linhares.

24. Subsequent events

Renova Foundation, is following the guidelines of the World Health Organization and the Ministry of Health in relation to the COVID-19 pandemic to reduce the circulation of people from 03/16/2020 to protect its employees and the communities. All direct employees are working remotely, administrative activities in the CIM (Mediated Indemnity Centers) offices and CIA (Information and Service Centers) have been suspended, field activities related to works and forest recovery ceased, with only a few essential and emergency actions still in place.

Renova Foundation is unable to assess the impact on these activities currently, which will depend, in part, on measures to be taken by the public authorities, the duration of the social isolation period, the effectiveness of the actions taken to mitigate the spread of the pandemic, among other factors.

Board of Governors

Regular Members

Camilla Lott Ferreira

David James Crawford

Ivan Apsan Frediani

Juliana Carneiro Cota

Pedro Aguiar de Freitas

Sérgio Márcio de Freitas Leite

Executive Officers

André Giacine de Freitas
CEO

Guilherme Almeida Tangari
Director of Engagement and Territorial
Integration

Carlos Rogerio Freire de Carvalho
Director of Infrastructure

Audit Committee

Regular Members

Atif Nazir Janjua

Josilda Helena Saad

Lucas Brandão Filho

Luciana Cássia Nogueira

Rodrigo Lubiana Zanotti

Registered accountant

Wandeir Campos da Silva
Accountant - CRC-MG 122183/O-9