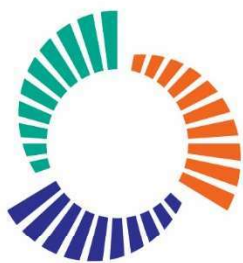




(A free translation of the original in Portuguese)

**MANAGEMENT REPORT, INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

As of December 31, 2020



FUNDAÇÃO
renova

www.pwc.com.br

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Fundação Renova
Financial statements
at December 31, 2020
and independent auditor's report



Independent auditor's report

To the Board of Trustees and the Management
Fundação Renova

Opinion

We have audited the accompanying financial statements of Fundação Renova (the "Entity"), which comprise the balance sheet as at December 31, 2020 and the statements of surplus (deficit), 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, 2020, 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 Entity 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.

Material uncertainty related to going concern

Legal request for intervention in the Foundation and for its extinction

We draw attention to Notes 1.1 and 24 to the financial statements, detailing a lawsuit in progress, filed by the Public Prosecutor's Office, seeking to intervene in the Foundation and require its extinction. This, along with other matters as described in Notes 1.1 and 24, raises a significant doubt about the ability of the Foundation to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other information accompanying the financial statements and the audit report

The Entity'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

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity to cease to continue as a going concern.

- 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, June 22, 2021



PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5



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

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Message from Management

Renova Foundation is the organization responsible for carrying out remediation and compensation measures in response to the damage caused by the failure of the Fundão dam in Mariana in November 2015. Renova is an independent non-profit organization, whose scope of activities consists of the 42 programs to be implemented in the afflicted region comprised 39 municipalities in the States of Minas Gerais and Espírito Santo. Renova was formed through and is governed by an agreement - known as the "Framework Agreement" or Conduct Adjustment and Transaction Agreement ("TTAC") - signed in March 2016 by Samarco Mineração S.A. and its 50/50 shareholders Vale S.A. and BHP Billiton Brasil Ltda., as well as federal, state and municipal governments, in addition to several public administrative bodies and civil society organizations.

The environmental and social remediation of the damage caused by the dam failure requires complex and unique interventions, globally unprecedented, which the Renova Foundation is carrying out with the cooperation of thousands of people and through partnerships with teaching and research institutions and entities developing socio-environmental activities in Brazil and abroad - currently there are over 25 universities and 40 non-governmental organizations and partner institutions involved.

Covid-19

The new coronavirus pandemic has caused a major global health crisis. Because of the challenges presented by Covid-19, the Renova Foundation has adopted a multidisciplinary approach to address related problems, by establishing a crisis committee. The committee is formed with a comprehensive, agile and adaptable configuration. The committee is responsible for defining the scope of the programs during the crisis and the response to the diverse challenges.

The Renova Foundation, guided by the World Health Organization and the Ministry of Health, has implemented measures to restrict the circulation of people from 03/16/2020 to protect its employees and the communities it serves. All direct employees were deployed to work from home, administrative activities in the CIM (Mediated Indemnity Centers) and CIA (Information and Service Centers) offices were suspended and field activities for the works and forest reclamation temporarily shut down, maintaining only a few emergency and essential services.

The main criterion used for the temporary interruption and resumption of activities was driven by protocols to ensure personal wellbeing. As the likely duration of the social distancing measures is unknown, nor the effectiveness of the actions taken to mitigate the spread of the pandemic, the effects on Renova's activities are being continuously assessed. Measures addressing Covid-19 implemented in 2020 have continued into 2021, following best practices and informed decision making processes.

The Renova Foundation allocated BRL 120.2 million of compensatory resources to the Government of Minas Gerais and the Government of Espírito Santo, funds which were provided directly by its sponsors Vale S.A. and BHP Billiton Brasil Ltda., to assist in containing Covid-19 in both States. These funds were made available in May 2020 for the purchase of mechanical ventilators in Minas Gerais and new ICU beds in hospital units in Espírito Santo.

Integrated Agenda and Compensatory Measures

Many of the organizational challenges are of a public nature which already existing prior to the dam breach event. They require a instructed dialogue among the key players, specific governance models to be created, appropriate incentives and accountability. Accordingly, state and municipal governments were invited by Renova Foundation to work on an Integrated Agenda, to assure compensatory resources are consistent with the regional development planned by the government.

For this initiative, the governments of Minas Gerais and Espírito Santo, with the participation of the Rio Doce Mayors Forum, will be allocated more than BRL 830.0 million for investments in education, infrastructure and health in the region affected by the failure of the Fundão dam. Approximately BRL 240.0 million will be used to improve the infrastructure at almost 900 public schools in the affected municipalities, serving over 270 thousand students.

In September 2020, approximately BRL 480.0 million were deposited in court. The balance will be transferred respecting the schedule of works presented by the States of Minas Gerais and Espírito Santo and city halls. Under this joint effort, compensatory funds from the Renova Foundation are being directed to projects with collective and long-term benefits along the Rio Doce watershed.

In addition to these amounts directed to the educational system, approximately BRL 600.0 million will be invested in: Minas Gerais and Espírito Santo state highways, in the structuring of the Regional Hospital of Governador Valadares (MG) and in the implementation of the Industrial District of Rio Doce (MG). All compensatory expenses were approved by the Interfederative Committee (CIF).

Human rights

Since 2020, assisted by a specialized consultancy firm, the result of a partnership with UNESCO, Renova Foundation has aligned the Human Rights process internally, expanding compliance of the areas and programs.

Under the Guiding Principles on Business and Human Rights and, in order to implement the Human Rights Policy of Renova Foundation (2018), the Human Rights Guidelines (2020) were agreed for all areas of the organization. This provided for three cross-sectional pillars, assuring these rights are respected throughout the remediation process, namely: (i) Education and promoting respect for Human Rights, to online and classroom training for all employees and contractors, adapting dialogue and through lectures, production of training materials and conducting awareness campaigns, among other actions; (ii) Avoiding Human Rights infringements through risk analysis and monitoring within the scope of the Foundation's programs and areas; and (iii) Remediation of individual cases inadvertently affected during the process.

Examples of human rights benchmarks in the Foundation include: launch and dissemination of the Human Rights Policy; mandatory training for direct employees and provided to third parties; program and process integration to prevent and mitigate infringements of rights in the remediation process; periodic assessment of the Institutional Risk of Disrespect for Human Rights (with analysis of preventive and corrective controls); whistleblower and complaint mechanisms, such as the Ombudsman (available to third parties) and the Confidential Channel (available internally) and active remediation and treatment of complaints and suggestions.

A Human Rights Prevention, Mitigation and Remediation Coordination was created recently within the scope of the Human Rights Management ("GDH"), mandated to coordinate the impact of the works. GDH coordinates two management bodies within the scope of Renova's internal governance: the Committee to Combat Harassment, Discrimination and Other Disrespectful Treatments in the Renova Foundation Work Environment (Cead) and a group to Combat Violence against Female Employees of Renova Foundation in Teleworking Regime. In addition, GDH participates in several other internal instances, such as: Conduct Committee, Consequence Management Committee, Diversity Committee and Crisis Committee. Prioritizing the Human Rights the Foundation's process, a Human Rights Working Group was created, consisting of members of the sponsors Vale S.A. and BHP Billiton Brasil Ltda. and representatives of various levels of management of the Renova Foundation to monitor the organization's related actions, controls, flows and processes.

Compliance with TTAC Clause 230 – Program Review

The Renova Foundation initiated a review process at the end of 2019 to analyze and validate the closure criteria, objectives, scopes, indicators, interfaces, goals and budgets for TTAC programs with the consent of the Interfederative Committee (CIF).

The process, completed in 2020 under the assistance of a specialized consulting firm, was designed to comply with clause 203 of the TTAC. The process included the participation of representatives of the Federal Government, Public Defender's Office, Public Prosecution's Office, States, municipalities, representatives of the affected parties and other players using participatory methodology.

Ordinary review (Clause 230) is a procedure applied periodically to review the terms, targets and indicators of TTAC programs that have not been shown to be effective and efficient in compensating for and remediating damages. The review does not result in new obligations to the Foundation, or substantially changes the text of the TTAC. A renegotiation instrument was introduced by the TAC Governança (Clauses 94 to 101, TAC Gov.) to address program improvements without altering the measures already underway.

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 for each front to address remediation impacts caused by the failure of the Fundão dam.

The remediation work currently generates 6,000 direct and indirect jobs, of which 55% are professionals from the affected municipalities and over 500 are distributed among the 22 Mediated Compensation Centers in the region affected. Through to December 2020, contracts with local suppliers in the region totaled BRL 1.30 billion of which 57% are with local suppliers - prioritizing local suppliers and service providers to boost the municipal economies affected and increase their tax collection base.

Service Tax (ISSQN) generated by the services contracted and performed by Renova and Samarco - in connection with compliance with the TTAC obligations - totaled BRL 197.3 million, of which BRL 61.2 million in 2020. 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 the dam structure, 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: To survey and register the affected population, compensation and indemnification of the affected 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: To provide animal welfare; recovery of the Risoleta Neves HPP Candonga dam; resumption of agricultural and livestock animal husbandry; recovery of Environmental Area 1; promotion of CAR and PRA; tailings management; rehabilitation of Permanent Preservation Areas; recovery of natural springs; conservation of biodiversity; wildlife recovery: land fauna and flora; preparedness for environmental emergencies; monitoring of the Doce River Watershed and Conservation units.

Reconstruction and Infrastructure Axis

Activities:

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

Related programs: To reconstruct towns; recovery of other affected communities and infrastructure; installation of tailings containment systems and *in situ* treatment of affected 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

- As of August 2020, a new flow of payments for damages made it possible those experiencing difficulties to prove damages caused by the failure of the Fundão dam (MG) to be compensated more quickly. Through a simplified system, accelerated compensation was possible for categories such as washerwomen, artisans, extractors of sand, cart owners, mineral extractors, subsistence and occasional fishermen, among others. The amounts of compensations, set out by the Court, under single and definitive settlements, vary from BRL 17 thousand to BRL 567 thousand according to the loss and location.
- Compensations paid totaled BRL 963.1 million in 2020 being BRL 3.07 billion to date, for water related damage (BRL 286.5 million) and general losses (BRL 1,281.7 million), in addition to financial aid (BRL 1,502.8 million) to approximately 320 thousand beneficiaries.
- Additionally, particular attention was given to the indigenous peoples. Financial assistance was paid to 1,216 families in the Tupiniquim - Guarani Indigenous Territory (BRL 30.7 million paid in 2020), 265 families in the Indigenous Land of Comboios (BRL 12.8 million paid in 2020) and 137 families in Resplendor Indigenous Land (BRL 15.8 million paid in 2020).
- For traditional dwellers, emergency financial aid was paid to eligible families of Degredo - 176 families in the Quilombola Community of Degredo (BRL 4.2 million paid in 2020) and to eligible gold diggers - 209 members of the Communities of Santa Cruz do Escalvado and Rio Doce (BRL 4.4 million paid in 2020).
- Since its creation in October 2017, the Desenvolve Rio Doce fund, which promotes local economic activity, has released BRL 52.0 million for working capital financing for small and medium-sized companies, of which BRL 14.1 million in 2020. In the same year, Fundo Compete Rio Doce, from when it became operational in February 2019, has provided assistance to indebted companies not eligible for Desenvolve Rio Doce; it made BRL 7.0 million available throughout its operating period - BRL 2.8 million in 2020. In total, both funds offered 1,903 credit operations, corresponding to BRL 59.0 million.
- 131 classes have completed training courses since September 2017, when the partnerships started, until March 2020. In 2020, over 10,000 vacancies were opened in 26 qualification courses.
- BRL 12.2 million was allocated to the city of Rio Doce in Minas Gerais with the purpose of implementing an Industrial District, with an estimated area of 5,500 square meters.
- BRL 75.3 million will be invested to complete the work and purchase equipment at the Regional Hospital of Governador Valadares (MG). Once complete, the hospital will have 265 beds, 176 of which in infirmary units, 39 for accident and emergency and 50 ICU beds, in addition to 9 operating rooms.
- Psychosocial Care Center for Children and Youth (CAPSIJ) in Mariana received BRL 19.36 million disbursed to support public policies in the municipality in 2020.

- Barra Longa will receive approximately BRL 8.0 million to strengthen public health services in the municipality. The funds will be transferred over two years and will guarantee the expansion of service to the local population.
- The Renova Foundation also provided BRL 27.0 million and 35 vehicles for cities along the Doce River watershed to strengthen their public security and social assistance services. The funds will benefit 14,000 vulnerable families.
- Works have been initiated for the renovation of Praça Gomes Freire and the Casa do Empreendedor in Mariana (MG). Furthermore, the completion of the city's Georeferencing and Master Plan service, coupled with the delivery of the business intelligence methodology, will help the city to identify the optimum economic opportunities and attract investments.

Land and Water

- The Renova Foundation works are integrated with the environmental revitalization of the Doce River watershed, combining actions for the protection and recovery of permanent preservation areas (APPs), primarily springs and water sources, and the implementation of agroforestry systems. BRL 1.5 billion is allocated to forest restoration initiatives.
- A study on opportunities for the recovery of degraded areas, carried out by Renova Foundation, WRI Brasil, the International Center for Agroforestry Research (ICRAF Brasil) and Fazenda Ecológica, showed that the use of forest restoration techniques and sustainable agricultural practices can generate an additional BRL 23.5 million per year if applied to 77.2 thousand hectares of rural properties located in the region of the Gualaxo do Norte river basin, in Minas Gerais. This reflects techniques involving planting native species, ecological management of pastures and agroforestry systems increasing the economic value of agricultural activity, traditional to the region, by creating income from timber and non-wood products. These techniques will also reduce offset greenhouse gases emissions into the atmosphere of 281.2 thousand tons.
- 888 springs have seen the recovery process initiated in the Doce River watershed. Approximately 239 thousand seedlings were planted in the spring recovery process.
- 92 monitoring points indicate that water is potable and may be consumed once treated. Among these points are 22 automatic stations, which generate information on a real time basis.
- In 2020, BRL 33.0 million were disbursed for water and sediment monitoring actions along the Doce River watershed and coastal and estuarine zones.

Reconstruction and Infrastructure

- Through to December 2020, the basic sanitation program had transferred BRL 19.4 million for sanitary sewers and solid waste works to the municipalities of Alpercata (MG), Conselheiro Pena (MG), Córrego Novo (MG), Dionísio (MG), Fernandes Tourinho (MG), Iapu (MG), Ipaba (MG), Ipatinga (MG), Itueta (MG), Marliéria (MG), Periquito (MG), Raul Soares (MG), Rio Casca (MG), São Domingos do Prata (MG), Santana do Paraíso (MG), São José do Goiabal (MG), Sem-Peixe (MG), Baixo Guandu (ES), Colatina (ES), Linhares (ES) and CIMVALPI (Consórcio Intermunicipal Multissetorial do Vale do Piranga). This compares to only BRL 4.1 million in December last year.
- More than 100 works employing varying levels of complexity were completed and delivered in 2020 (by 2019 year end, 1,500 works had been delivered). Activities include cleaning and

removing waste and debris resulting from the failure, demolition and reconstruction of condemned structures.

- Resettlements, high on the organization's agenda, advanced despite the numerous challenges faced by Covid-19. Contracts were revised to cover the costs generated by the temporary stoppage and the pandemic, following recommendations of governmental health authorities and regulatory bodies consistent with best practices. In Bento Rodrigues, by December 2020, the construction of 37 houses and 3 public goods (school, service station, basic health unit) started, with 5 houses and health and service units having been completed. Progress was noted for the conceptual designs being 154 house projects concluded, 16 lots and 10 public utilities. Basic designs were completed for 149 houses, 16 lots and 7 public utilities. As also the completion of 6 containment projects for 140 houses and 15 lots and the completion of foundation projects for a further 142 houses.
- In Paracatu de Baixo, the land area designated to house the resettlement, the main access is now ready, in addition to the completion of the earthworks, deep drainage networks, sewage and treated water supply. During 2020, the construction of seven houses was started. Conceptual designs projects were concluded for 58 houses, 4 lots and 7 public utilities. Basic designs were completed for 54 houses, 3 lots and 6 public facilities. Also, in 2020, foundation projects were completed for 57 houses and 5 public facilities.
- In Gesteira, the completion in 2020 of the conceptual resettlement design merits mention.
- For family resettlements, including both the reconstruction of the affected property and the purchase of new property, whether or not modified to suit the characteristics of the property replaced, by December 2020, 160 families had been served, 147 of whom resettled and 13 from reconstructions. A total of 57 properties were purchased for families that opted for remediation solution, being 20 brown field properties for renovation, 32 new builds and 5 vacant lots. In rural communities, 8 reconstructed houses under elected remediation solution had been completed.

For further information on the programs developments, visit www.fundacaorenova.org.

Strategy and allocation of funds

Renova Foundation's budgeted funds to execute the TTAC programs and amounts disbursed by Samarco are shown below; the commitment for 2020 was fulfilled. The TTAC establishes the annual sponsor contributions for funding to allow Renova Foundation to execute its programs. Annual contributions comprise two different programs:

- I. **Compensatory programs:** these total BRL 4.10 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 BRL 500.0 million. The second, totaling BRL 3.60 billion, distributed in annual installments of BRL 240.0 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 sources. The resources are adjusted for inflation over time, by the IPCA or other index that may come to replace it, in compliance with clause 257.
- 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

BRL 3,493.7 million was invested in TTAC programs, of which BRL 3,416.6 million from Renova Foundation and BRL 77.1 million from Samarco.

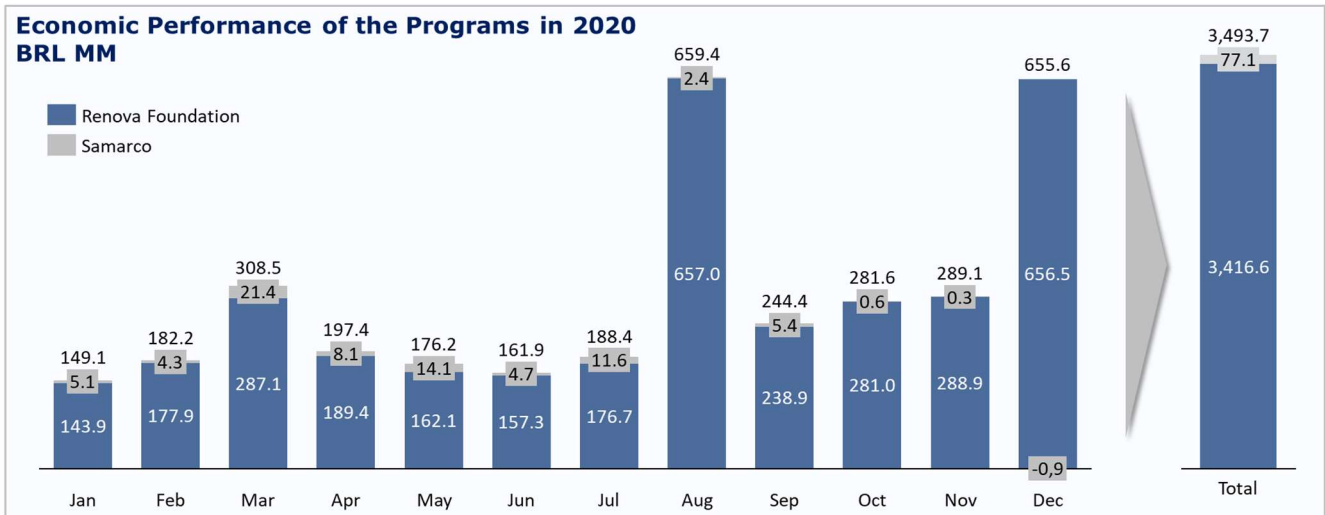


Chart 1: Monthly economic performance – BRL million

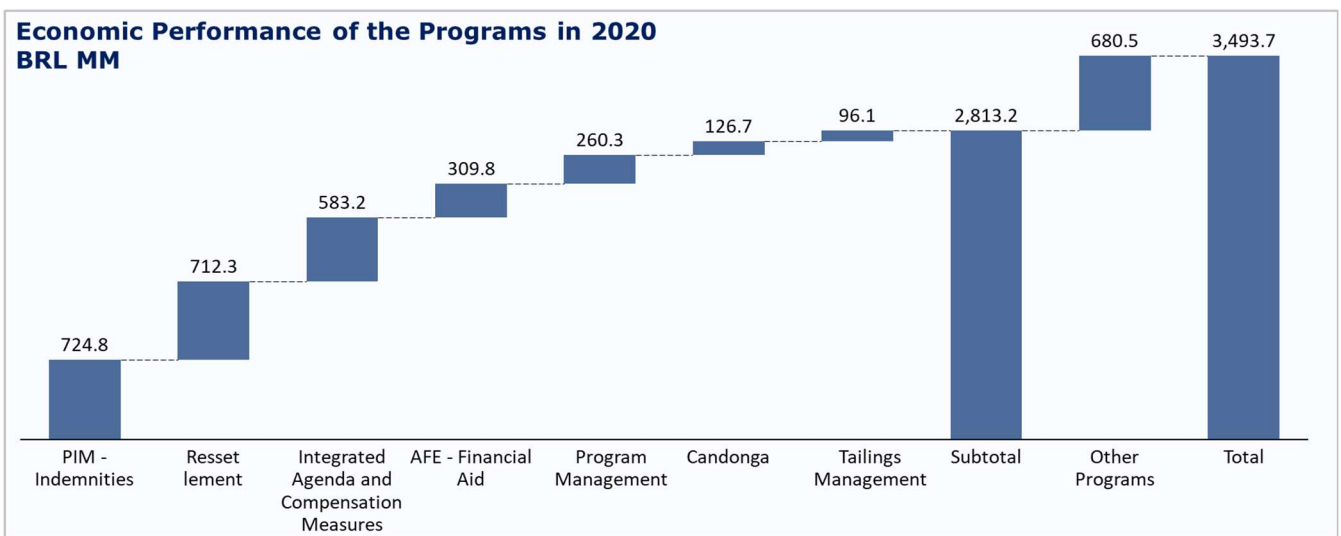


Chart 2: Economic execution of the programs in 2020

Economic programs executed through 2020 totaled BRL 11,330.2 million, of which BRL 9,467.3 million from Renova Foundation and BRL 1,863.0 million from Samarco.

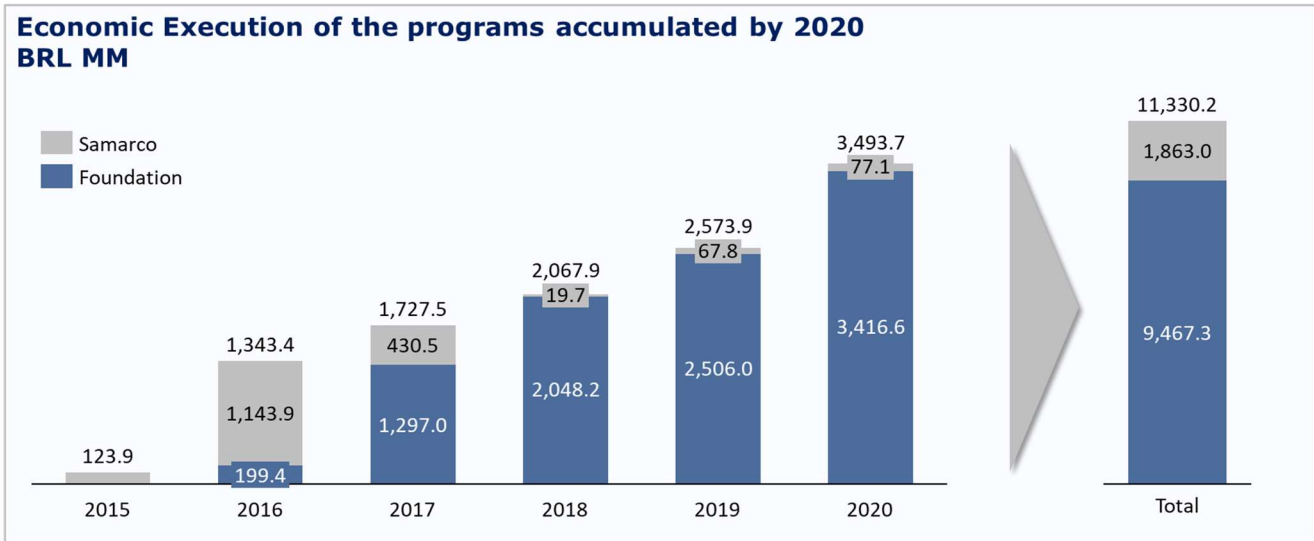


Chart 3: Annual economic flow – BRL million

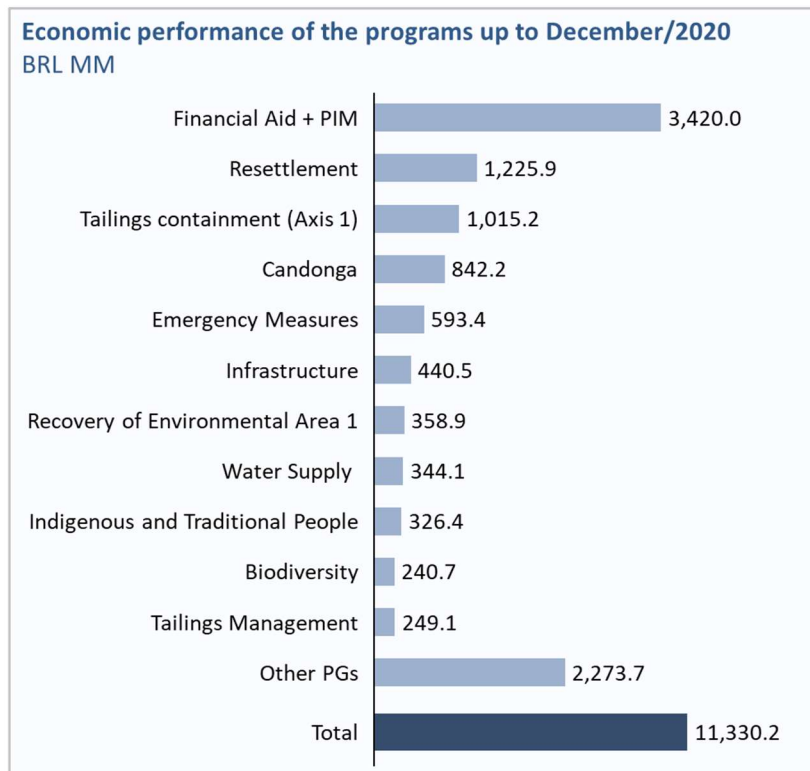


Chart 4: Economic execution of the programs (accumulated) – BRL million

Source of funds: sponsor funding

To fulfill its 2020 obligations, BRL 3,929.5 million was invested in Renova Foundation in 2020 by the sponsors Samarco, Vale S.A. and BHP Billiton Brasil Ltda., as shown below:

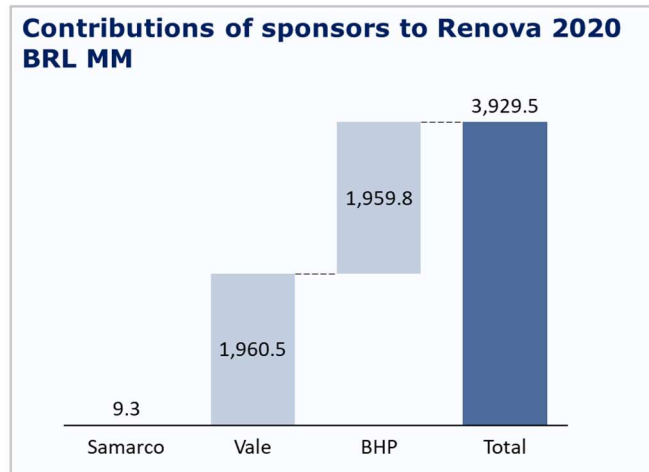


Chart 5: Contributions to Renova Foundation 2020 – BRL million

In addition to the BRL 3,929.5 million contribution to the Renova Foundation, BRL 77.1 million was paid by Samarco for program activities in which it participated in 2020 to comply with the TTAC programs.

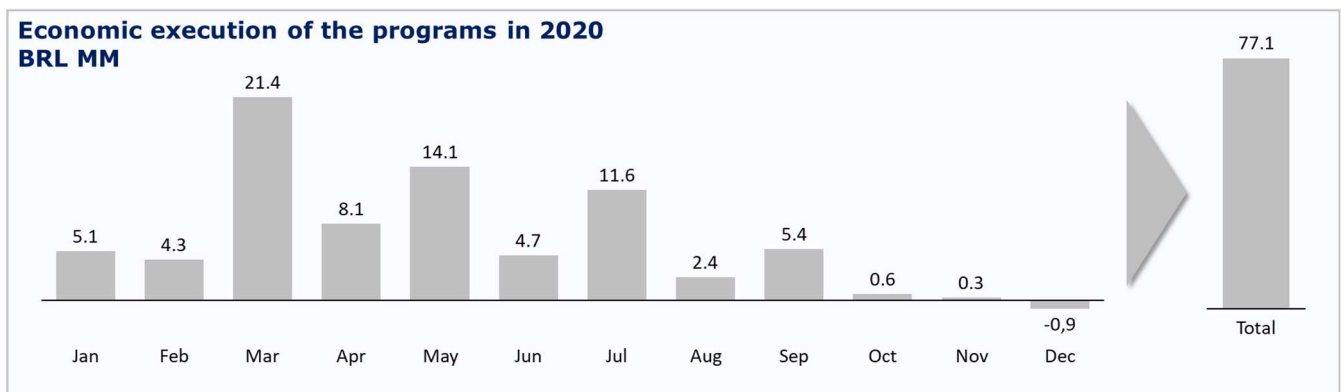


Chart 6: Economic execution Samarco 2020 – BRL million

These amounts are considered in the annual contributions and, added to the investments in Renova, result in BRL 4,006.6 million in investments in 2020.

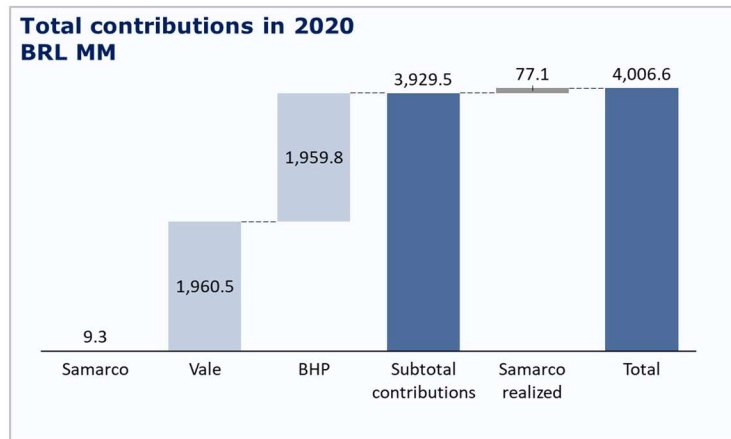


Chart 7: Total contributions in 2020 - BRL million

Compliance with clause 232 - Contribution for the compensation programs

The contributions to compensatory programs, in compliance with clause 232, were made in August and December 2019, inflation adjusted by the IPCA, totaling BRL 283.0 million. A further BRL 120.2 million was made directly by the sponsors as a compensatory contribution for the Covid-19 Fund. This is deductible from the future contributions in clause 232. Thus, the contributions for compliance with clause 232 totaled BRL 403.2 million, as shown in the chart below:

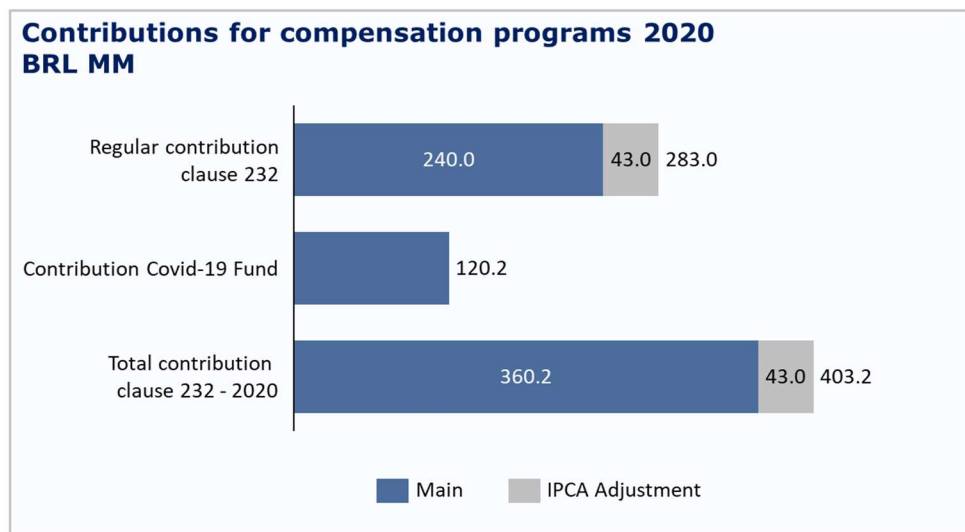


Chart 8: Contributions to compensatory programs 2020 – BRL million

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

Renova had already fulfilled its commitment for contributions to finance the specific fund for the Program for Collection and Treatment of Sewage and Disposal of Solid Waste, of compensatory nature, according to clause 170 and resolution 260, CIF, by the end of 2018.

Allocation of total investment of 2029

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 2020 contributions, pursuant to the TTAC programs (subject to audit). The details of the allocation of the amounts contributed by the sponsors and the amounts realized by Samarco in programs are presented below, totaling BRL 4,006.6 million.

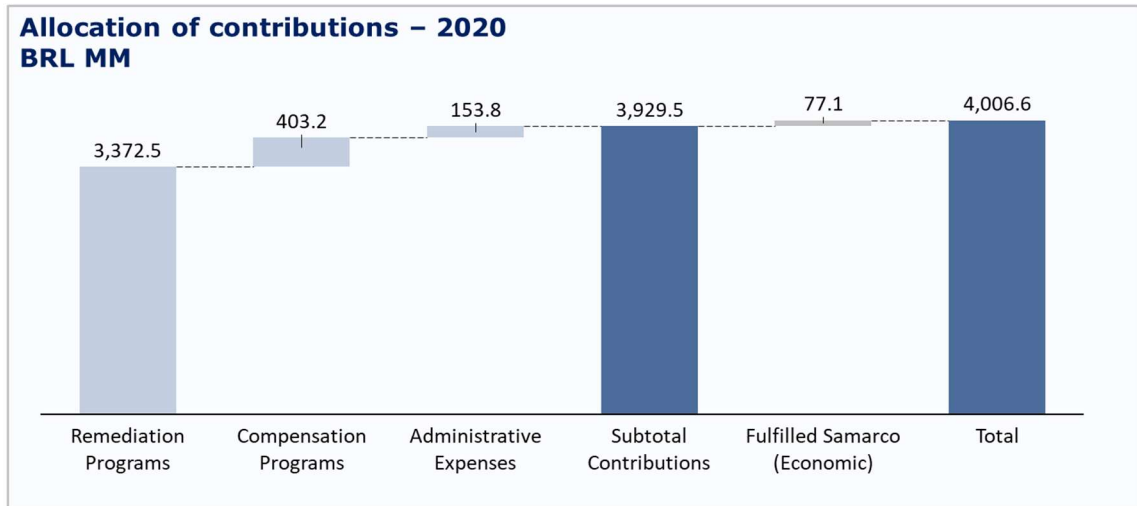


Chart 9: Allocation of contributions 2020 – BRL million

The accumulated perspective shows contributions made directly to the Foundation of BRL 11,010.3 billion, which, when added to the amounts disbursed by Samarco in the cost of programs, total BRL 12,873.3 million.

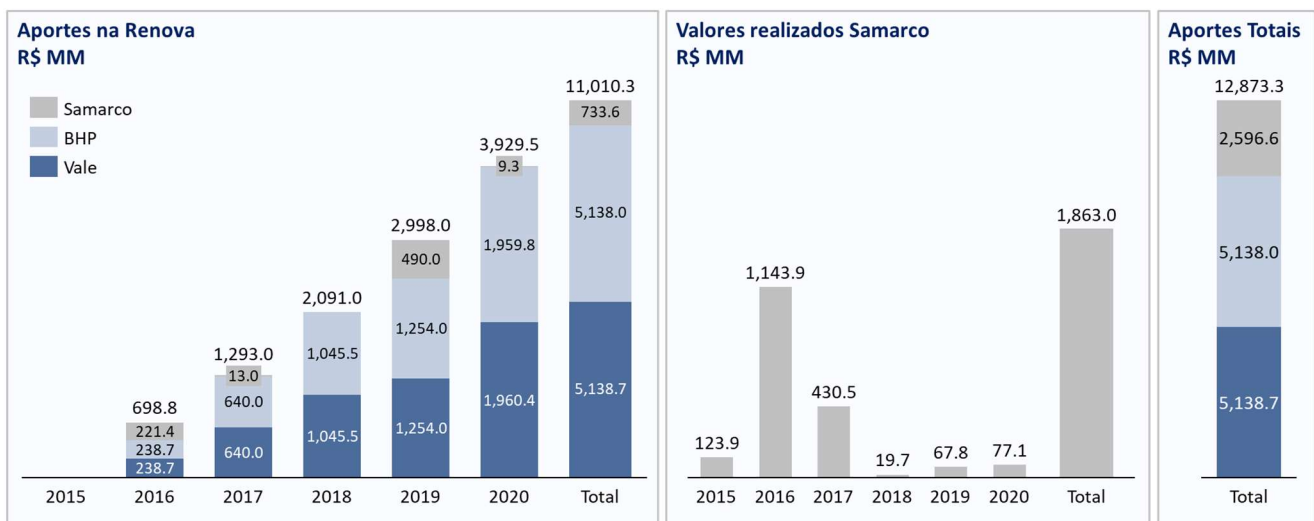


Chart 10: Accumulated contributions – BRL million

Additionally, the amounts held in judicial escrow deposits by ACP 0400.15.004335-6 (ACP Mariana) are part of the contributions to Renova, pursuant to item II of clause 227 of the TTAC. Of the initial amount of BRL 300.0 million, BRL 49.5 million had been released by December/2020, and BRL 250.5 million continued in escrow. Including the escrow deposits of BRL 250.5 million, which are withheld to assure performance of the programs, the accumulated contributions totaled BRL 13,123.8 million.

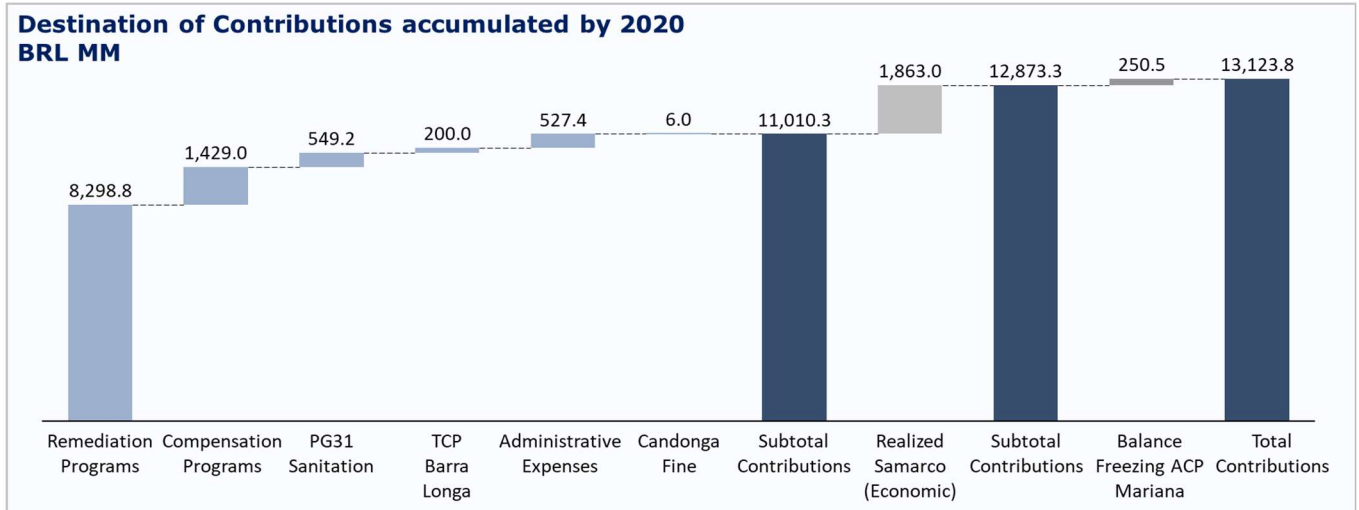


Chart 11: Destination of contributions (accumulated) – BRL million

Cash position

Renova's cash at the end December 2020 was BRL 1421.5 billion, of which BRL 595.9 million was in funds for PG 31 - Sanitation, BRL 23.8 million held as a reserve balance created in response to the TCP Barra Longa and the remainder for Renova's other obligations for programs and administrative expenses.

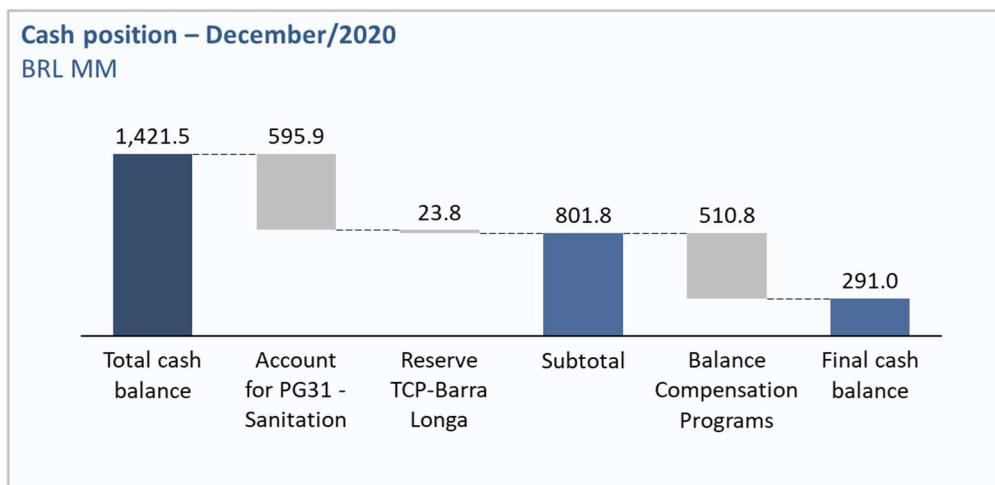


Chart 12: Cash position in December 2020 – BRL million

Management expenses

All expenses related to the cost of Renova's structure are treated as management expenses. The total disbursed in 2020 was BRL 332.5 million, of which 55% (BRL 184.2 million) was allocated to earmarked expenses - a structure directed for program execution - and the remainder (BRL 148.2 million), for support area administrative expenses other than the provisions and taxes recorded directly in expense accounts.

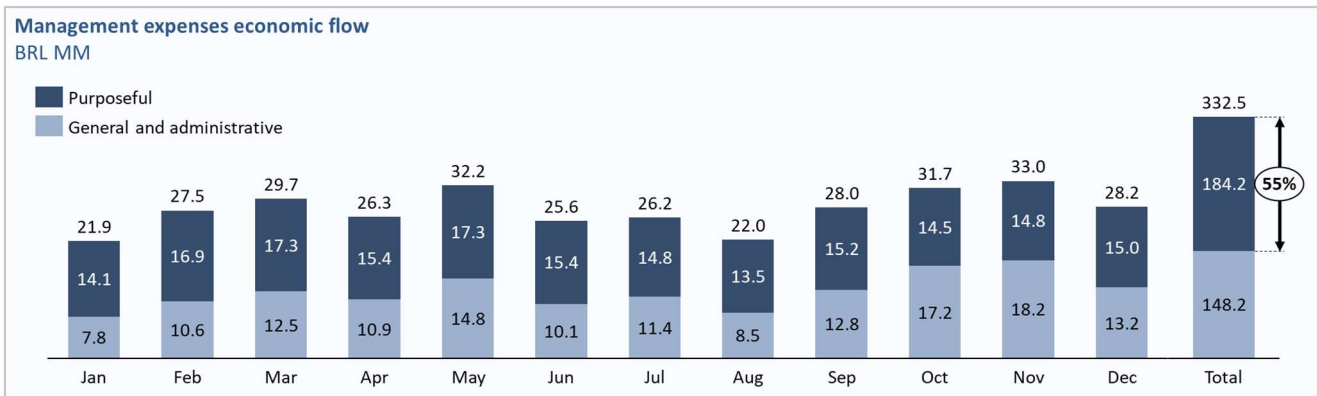


Chart 13: Management expenses economic flow 2020 - BRL million

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 affected parties, in compliance with the provisions of the TAC Governance. The disbursed value for funding the governance system in 2020 was BRL 2.5 million.

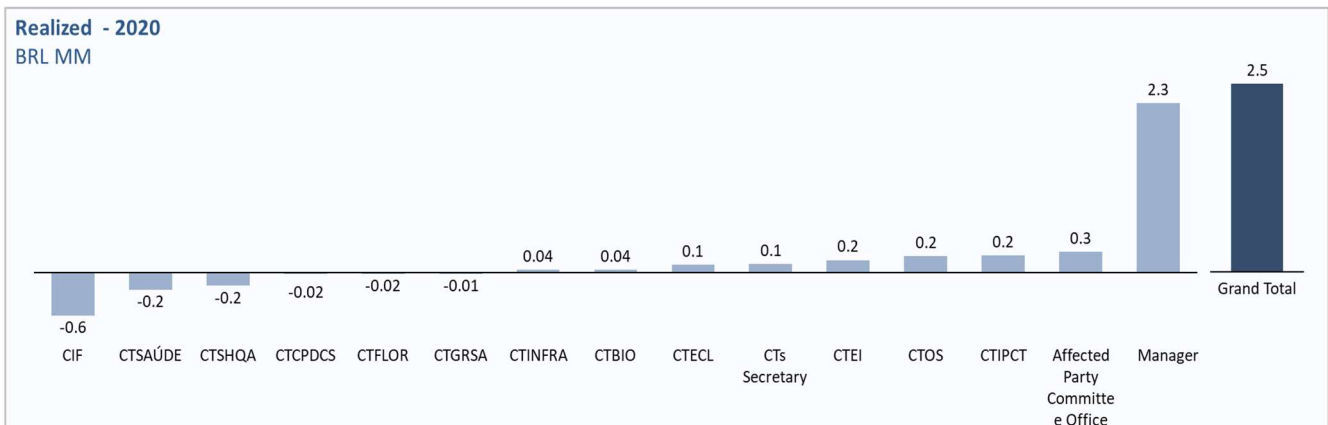


Chart 14: 2020 governance system costs disbursed – BRL million

Governance system were first incurred from August 2018 and the amounts disbursed since then totaled BRL 11.1 million.

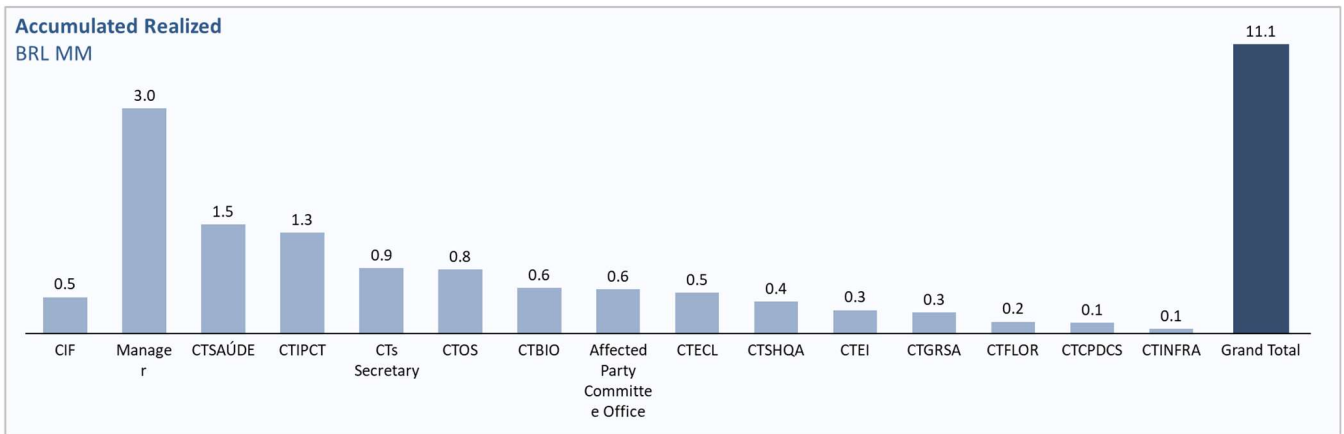


Chart 15: Governance system costs disbursed (accrued) – BRL million

Direct economic value generated and distributed

The operations performed by Renova Foundation in 2020 generated BRL 239.3 million in municipal and federal taxes.

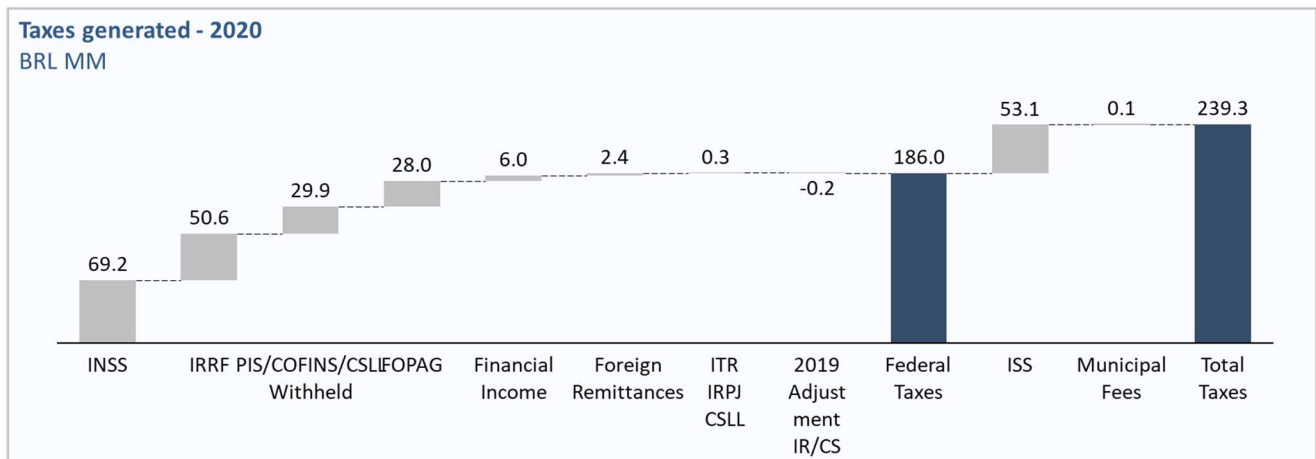


Chart 16: Tax contributions in 2020 - BRL million

For the period between 2016 and 2020, the tax burden was BRL 162.1 million for direct taxes. In addition to the direct taxes, the operations generated BRL 497.8 million, including municipal and federal indirect taxes withheld since the beginning of the start of its operations. The total amount ascertained by December 2020 was BRL 659.9 million.

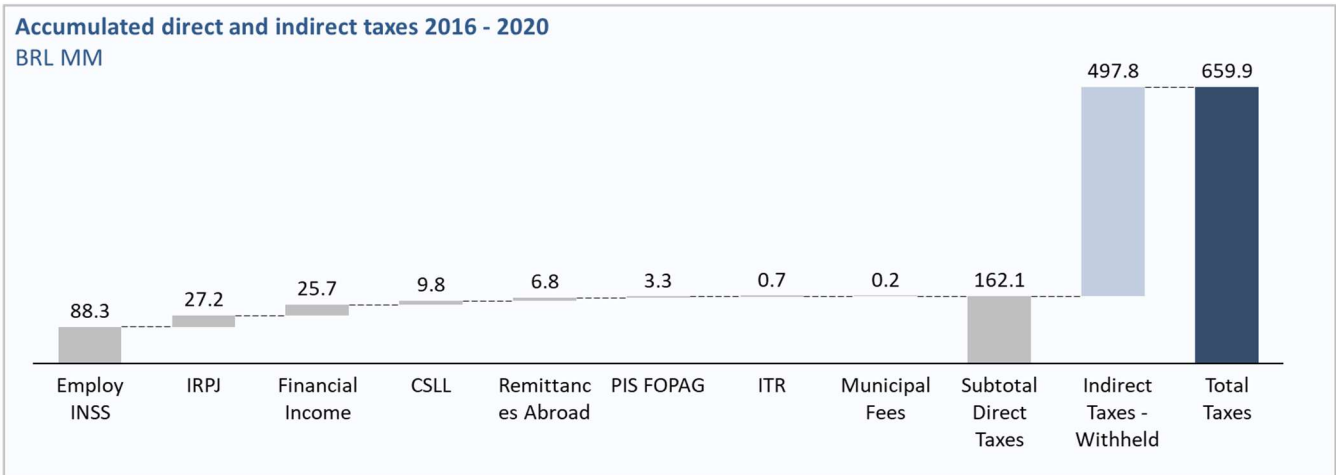


Chart 17: Direct and indirect taxes 2016/2020 – BRL million

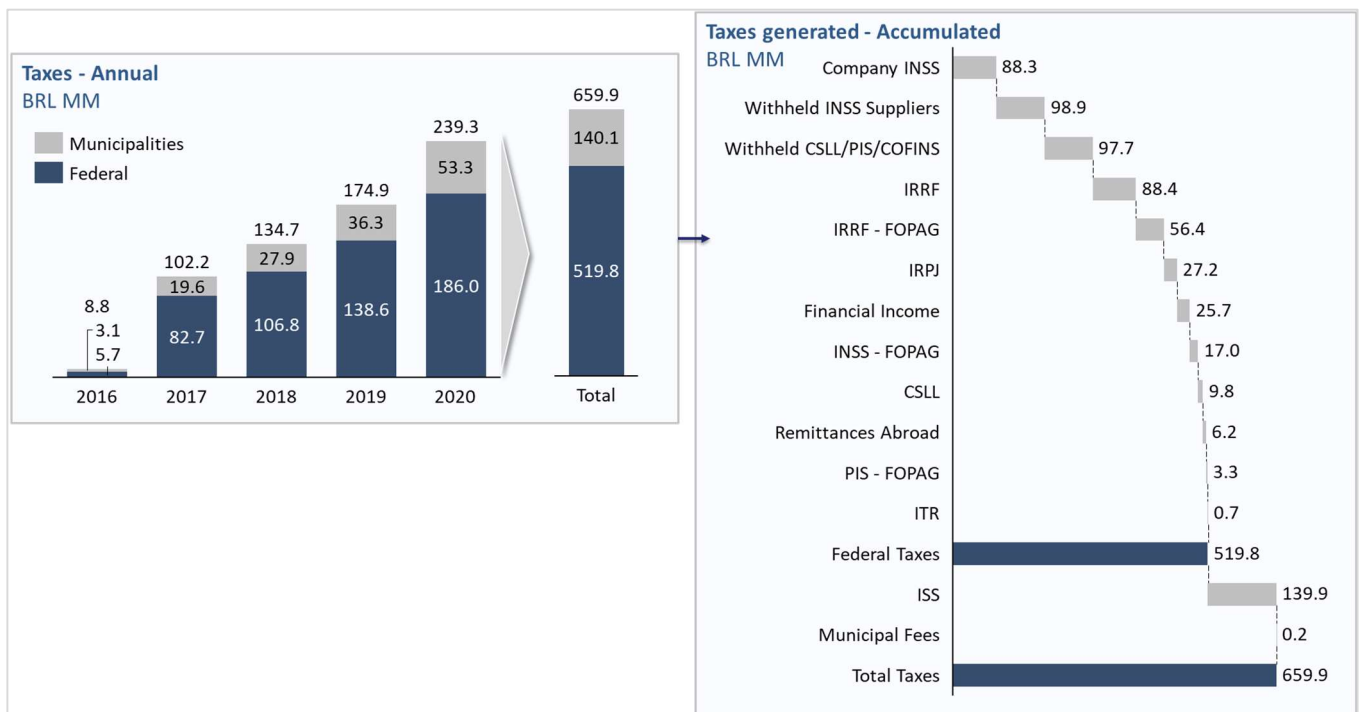


Chart 18: Annual evolution of taxes 2016/2020 – BRL million

Prospects for 2021

BRL 5.86 billion has been budgeted for 2021. This annual estimate, which does not generate obligations, considers the costs for the performance of the TTAC programs (BRL 5.66 billion), administrative expenses (BRL 174.5 million) and the cost of the governance system (BRL 28.4 million).

The funds needed to executed planned activities for the year are estimated at BRL 5.40 billion, of which BRL 4.90 billion for the reparatory programs, BRL 280.0 million for the compensatory programs (clause 232) and BRL 202.9 million for administrative expenses and funding for the governance system.

The Renova Foundation sponsors are committed to cover the obligations assumed by the Foundation and to subsidize future investments included in program policies. To this end, the sponsors will make sufficient contributions to cover the obligations projected for the coming year.

The Renova Foundation will continue to strive to implement actions and solutions to provide the affected communities with a platform to resume sustainable economic activity, in both a diversified and inclusive manner. Commitments include transforming the actions foreseen in the TTAC into development-promoting work fronts, with short, medium and long-term initiatives, focused on remediation.

Summary

A total of BRL 11.33 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 BRL 10.44 billion as redress actions and BRL 0.89 billion as compensatory actions.

In 2020 alone, funds invested in programs totaled BRL 3.49 billion, BRL 0.92 billion more than in 2019. Administrative management expenses totaled BRL 148.2 million, other than provisions and taxes which are charged directly to expense accounts, and the cost of the governance system of BRL 2.5 million in 2020.

Compensations paid totaled BRL 963.1 million in 2020, and BRL 3.07 billion to-date, comprising water related damages (BRL 286.5 million) and general losses (BRL 1,281.7 million), in addition to financial aid (BRL 1,502.8 million).

The sponsors directly contributed BRL 11.01 billion to the Renova Foundation, of which BRL 3.93 billion in 2020.

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

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

BALANCE SHEET

As at December 31
In thousands of reais

(A free translation of the original in Portuguese)

ASSET

Current	Note	2020	2019
Cash and cash equivalent	3	290,974	28,698
Restricted financial investments	3	1,130,494	1,123,766
Taxes recoverable	4	6,006	16,170
Prepayment - Partnerships and agreements	5	125,320	122,171
Other assets	6	16,451	44,456
Total current assets		1,569,245	1,335,261
Non-current			
Assets allocated to third parties	7	1,048,215	416,760
Receivable - <i>Fundo Desenvolve Rio Doce</i>	8	47,606	46,076
Judicial deposits	15	8,355	608
Property and equipment	9	22,429	17,541
Intangible assets	9	5,691	4,296
Right-of-use assets	9	1,860	3,554
Total non-current assets		1,134,156	488,835
TOTAL ASSETS		2,703,401	1,824,096

LIABILITY AND NET EQUITY

Current	Note	2020	2019
Trade payables	10	127,260	219,729
Salaries, provisions and social contributions	11	18,090	14,761
Taxes payable	12	26,568	19,420
Indemnities payable and other	13	150,341	166,349
Socio-environmental and socio-economic obligations	14	1,708,274	601,982
Administrative expense contributions to be appropriated	17	43,175	49,530
Lease liabilities	9	1,407	2,890
Other liabilities		651	20
Total current liabilities		2,075,766	1,074,681
Non-current			
Socio-environmental and socio-economic obligations	14	675,862	732,183
Provision for lawsuits	15	9,743	3,322
Lease liabilities	9	453	664
Total liabilities		2,761,824	1,810,850
Net equity			
Equity	16	10,482,904	6,707,173
Transfer to socio-environmental and socio-economic obligations account	16	(10,482,904)	(6,707,173)
Surplus (deficit) of the year		(58,423)	13,246
Total net equity		(58,423)	13,246
TOTAL LIABILITY AND NET EQUITY		2,703,401	1,824,096

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

STATEMENT OF SURPLUS (DEFICIT)
Years ended December 31

(In thousands of reais)

(A free translation of the original in Portuguese)

	Note	2020	2019
Income			
Operating income - funding	17	2,821,178	2,115,929
Income from contributions	17	160,119	146,806
Income from volunteer services	17	2,925	1,047
Total income		2,984,222	2,263,782
Operating expenses			
Programs	18	(2,821,178)	(2,115,929)
General and administrative	19	(160,119)	(140,606)
Volunteer services	19	2,925	(1,047)
Total operating expenses		(2,984,222)	(2,257,582)
Operating surplus before financial result		-	6,200
Financial result			
Financial income	20	24,668	46,853
Financial expenses	20	(82,879)	(32,347)
Foreign exchange losses, net		(214)	(66)
Other non-operating income		2	-
Surplus (deficit) before income tax and payroll taxes		(58,423)	20,640
Income tax and social contribution	12	-	(7,394)
Surplus (deficit) for the year		(58,423)	13,246

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

STATEMENT OF COMPREHENSIVE INCOME

Years ended December 31

(In thousands of reais)

(A free translation of the original in Portuguese)

	2020	2019
Surplus (deficit) for the year	(58,423)	13,246
Other comprehensive income	-	-
Total comprehensive income (loss) in year	(58,423)	13,246

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

**STATEMENT OF CHANGES
IN EQUITY**

Years ended December 31

(In thousands of reais)

(A free translation of the original in Portuguese)

	Note	Equity	Transfer	Accumulated surplus (deficit)	Total
Balance at December 31 2018		3,961,523	(3,961,523)	3,553	3,553
Sponsor contributions	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
Sponsor contributions	16	3,775,731	-	-	3,775,731
Transfer to socio-environmental and socio-economic obligations account	16	-	(3,775,731)	(13,246)	(3,788,977)
Deficit for the year		-	-	(58,423)	(58,423)
Balance at December 31 2020		10,482,904	(10,482,904)	(58,423)	(58,423)

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

STATEMENT OF CASH FLOWS
Years ended December 31

(In thousands of reais)

(A free translation of the original in Portuguese)

	Note	2020	2019
Cash flows from of operating activities			
Surplus (deficit) of the year		(58,423)	13,246
Reconciled to cash from operating activities:			
Depreciation and amortization	9	4,671	3,957
Changes to socio-environmental and socio-economic obligations	14	79,082	28,387
		25,330	45,590
(Increase) decrease in operating assets:			
Receivable - Fundo Desenvolve Rio Doce	8	(1,530)	(3,127)
Accounts receivable - Sponsor		-	69,050
Judicial deposits	15	(7,747)	(538)
Taxes recoverable	4	10,164	(15,976)
Prepayment - Partnerships and agreements	5	(3,149)	(87,054)
Other assets	6	28,004	(35,596)
Increase (decrease) in operating liabilities:			
Trade payables	10	(92,470)	125,786
Salaries, provisions and social contributions	11	3,329	6,939
Taxes payable	12	7,148	(67,626)
Indemnities payable and other	13	(16,008)	11,163
Socio-environmental and socio-economic obligations	14	957,644	632,848
Administrative expense contributions to be appropriated	17	(6,356)	36,493
Lawsuits	15	6,421	3,160
Other liabilities		634	(16)
Net cash provided by operations		911,414	721,096
Cash flows from investing activities			
Assets allocated to third parties	7	(631,455)	(327,483)
Property, equipment and intangible assets acquired	9	(10,954)	(7,941)
Restricted financial investments – investments	3	(240,000)	(544,628)
Restricted financial investments – income earned	3	(62,461)	(56,867)
Restricted financial investments – withdrawals	3	295,732	221,504
Net cash allocated to investing activities		(649,138)	(715,415)
Net increase in cash and cash equivalents		262,276	5,681
Cash and cash equivalents at beginning of year	3	28,698	23,017
Cash and cash equivalents at end of year	3	290,974	28,698
Net increase in cash and cash equivalents		262,276	5,681

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

1. Operations

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. Renova Foundation was created 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 affected by 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.

1.1 Request for intervention, non-approval of the accounts and extinction of the Foundation by the Public Prosecution's Office of Minas Gerais - Prosecutor's Office responsible for the protection of Foundations (MPMG)

Management of the Foundation believes that the basis for the claim has no legal merit and the Foundation's defense will prevail and it will be granted a favorable decision.

Renova Foundation has issued its response in a statement addressed to the court and management is of the opinion that no matters are present which would prevent it from continuing to operate as a going concern (Note 24 - Subsequent events).

1.2 Effects of the pandemic caused by COVID-19

The Renova Foundation, guided by the World Health Organization and the Ministry of Health, has implemented measures to restrict the circulation of people from 03/16/2020 to protect its employees and the communities it serves. All direct employees were deployed to work from home, administrative activities in the CIM (Mediated Indemnity Centers) and CIA (Information and Service Centers) offices were suspended and field activities for the works and forest reclamation temporarily shut down, maintaining only a few emergency and essential services.

The main criterion used for the temporary interruption and resumption of activities was driven by protocols to ensure personal wellbeing. As the likely duration of the social distancing measures is unknown, nor the effectiveness of the actions taken to mitigate the spread of the pandemic, the effects on Renova's activities are being continuously assessed. Measures addressing Covid-19 implemented in 2020 have continued into 2021, following best practices and informed decision-making processes.

The Foundation has been monitoring the effects of the pandemic on its operations, as also on its critical accounting estimates and judgments, aspects which could potentially create uncertainties and affect the financial statements. The more significant areas are:

- Impairment of non-financial assets;
- Expected loss on financial investments; and
- Renegotiation of lease contracts, in particular resettlement works.

1.3 Approval of issuance of financial statements (DFs)

The issuance of these financial statements was authorized by the Board of Trustees, on June 11, 2021, being approved by the Fiscal Council on April 30, 2021.

2. Presentation of the financial statements and significant accounting policies

The balances in the financial statements are presented in thousands of Reais, unless otherwise stated. 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 include all information significant to the financial statements, being consistent with the information used by management in the performance of its duties.

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 accounting standards and interpretations have been issued; however, they are not yet in force for the year ended December 31, 2020. The Entity did not early adopt these and does not expect them to have a material effect on the financial statements in subsequent periods.

- Definition of 'material' - changes to IAS 1/CPC 26 "Presentation of Financial Statements" and IAS 8/CPC 23 "Accounting Policies, Change in Estimates and Error Correction";
- Business definition - changes to IFRS 3/CPC 15 "Business Combination";
- IBOR reform - changes to IFRS 9/CPC 48, IAS 39/CPC 38 and IFRS 7/CPC 40 - "Financial Instruments";
- Revised Conceptual Framework for Financial Reporting;
- Covid-19-Related Benefits Granted to Lessees in Lease Agreements - changes to IFRS 16/CPC 06 (R2) "Leases"

2.2 CPC 06 (R2) - Leases

CPC06 (R2) introduced 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 lease arrangements, including operational leases. Certain short-term or low-value agreements may be outside the scope of this new standard.

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

The transition method was as follows: (i) 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 right-of-use asset at an amount equal to the liability measured using the simplified approach.

2.3 ICPC 22 - "Uncertainty about Treatment of Income Taxes"

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), when there is uncertainty about the calculation of the respective taxes. Renova's management evaluated the main tax treatments adopted in the periods open to audit by the tax authorities and concluded that there is no significant effect to be recorded in the financial statements.

2.4 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 will 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 based on CPC 25 "Provisions, Contingent Liabilities and Contingent Assets" and CPC 01 (R1) "Impairment of Assets", the Foundation makes estimates regarding the future. The resulting accounting estimates will, by definition, seldom equal the respective actual results. The estimates and assumptions that present 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 existing evidence, 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 legal 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.

Provisions are recorded for contingencies when the amount of the loss is probable and can be reasonably estimated (Note 15).

2.2.2. Provision for doubtful accounts

The Foundation reviews the amounts receivable with a view to identifying potential of losses to then establish a provision for doubtful accounts, when necessary. Estimating the provision requires an individual analysis of the credits based on their maturity dates.

2.5 Functional currency and presentation currency

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

2.6 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.

2.7 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 as: (i) financial assets recorded at fair value through profit or loss and (ii) amortized cost.

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

A financial asset is recognized 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 the statement of surplus (deficit) 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 surplus (deficit) for the year.

2.5.1.2. Amortized cost

There are assets 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 amounts 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 Entity has the following non-derivative financial liabilities: trade payable and other accounts payable.

2.5.2.1 Trade and other accounts payable

The trade payable 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 on impairment of financial assets (impairment)

The Entity assesses, at each balance sheet date, whether the credit risk of a financial instrument has increased significantly since initial recognition. In making this assessment, the Entity uses the change in default risk that occurs over the expected life of the financial instrument, reflecting the amount of expected credit losses. In order to make this assessment, the Entity compares the default risk that occurs in the financial instrument on the balance sheet date with the default risk that occurs in the financial instrument on the initial recognition date and must consider reasonable and sustainable information, available without excessive cost or effort, which are indicative of significant increases in credit risk since initial recognition. In 2020, due to the COVID-19 pandemic, management extended its impairment tests under CPC 48 - Financial Instruments and supplemented the provision (Note 8).

2.6 Non-current assets allocated to third parties

The assets are classified as assets allocated 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 a 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 start from the date the assets are installed and available for use.

Depreciation and amortization are calculated 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
Leasehold improvements	Variable	Contractual term, max. 3 years.
Leased assets	Variable	Contract time
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 Taxes payable

2.8.1 Tax on income

Income and social contribution taxes are calculated as per legislation in force. The determination of taxable profit (Note 12) is complex. Management periodically evaluates the positions assumed by the Entity in its income tax returns with respect to tax regulations that could give rise to different interpretations adjusting provisions, where appropriate.

2.9 Employee benefits

(a) Health care

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 termination of employment.

(b) Private pension plan

An actuarial valuation report prepared in accordance with CPC 33 (R1), by Willis Towers Watson (independent actuaries), contains the estimates for the defined benefit post-employment plan to which the Entity pays fixed contributions to a separate entity (ValiaPrev) having no further legal or constructive obligation to pay additional amounts. All results presented are in accordance with applicable actuarial standards.

On December 31, 2020, the Entity's ValiaPrev Benefit Plan, presented a surplus. However, as the Foundation, in 2020, is unable to benefit from the surplus, the amount was not recognized as an asset.

Closing of Fiscal Year	31-dez-2020	31-dez-2019
1 Present Value Obligation (VPO)	(5,146)	(4,251)
2 Market Value of Assets (VJA) ¹	19,884	15,809
3 Surplus/(deficit)	14,738	11,558
4 Unrecoverable surplus (effect of asset ceiling)	(14,738)	(11,558)
5 Net asset/(liability) of defined benefit	0	0

The main actuarial risks are: higher survival than expected in the tables and mortality, lower than expected turnover, higher than expected salary growth, return on equity below the actuarial discount rate plus the accumulated variation of the IPC-BR and actual family composition of retirees different from the established hypothesis.

The participant data used in the actuarial valuation is summarized below:

Registration date		June 30, 2020	June 30, 2019
Active Participants	Number	528	439
	Average Annual Salary	152,669	138,416
	Average Age	41.02	40.18
	Average Time Worked	2.93	2.40
Served Participants	Number	1	1
	Average Annual Benefit	31,652	30,189

Assumptions used in the assessments:

Renova Foundation uses the actual rate of 2.00% for salary adjustments that the entities are committed to implement in the future. Combined with the inflation rate, the nominal rate is 5.32% p.a., up to the age of 55.

Closing of Fiscal Year	31-dec-2020	31-dec-2019
1 Discount rate	7.170%	7.410%
2 Inflation rate	3.250%	3.800%
3 Salary growth rate	5.320%	5.880%
4 Growth of benefits granted	3.250%	3.800%
5 Growth of deferred benefits	N/A	N/A
6 Registration date	30-jun-20	30-jun-19

Willis Towers Watson suggests adopting a long-term annual inflation rate of 3.25%, based on the expectations of the Willis Towers Watson Investment Committee after the analysis and projection of macroeconomic scenarios made at the September 2020 meeting (still valid in December) as used by Renova Foundation.

All participant data was provided by the plan administrator on the base date of the registration adjusted to reflect terminations.

Benefits assessed in this report:

- Normal Retirement Income;
- Early Retirement Income;
- Supplementation of Retirement due to Disability;
- Death Pension Supplementation;
- Death Pension Income;
- Deferred Benefit Income due to Termination;
- Annual Bonus Supplementation;
- Annual Bonus Income;
- Redemption

2.10 Liabilities for socio-environmental and socio-economic obligations

These are the contributions received by Renova Foundation from its sponsors, which are linked to liabilities for obligations under the TTAC agreements and initially recorded in net equity and transferred to liabilities as socio-environmental and socio-economic obligations. These obligations reflect the short and long-term commitments approved in the budget, which for 2020 included the following assumptions:

- Program for the Collection and Treatment of Sewage and the Disposal of Solid Waste (PG 31) - estimated in the budget: BRL 56.5 million in 2021, as the accumulated December 2020 updated balance was BRL 597.5 million, recognized BRL 56.5 million for the short term and the remainder as long term;
- Other compensatory programs - estimated in the budget: BRL 704.9 million in 2021, as the accumulated December 2020 updated balance was BRL 839.8 million, recognized BRL 704.9 million for the short term and the difference in long-term liabilities.
- Assumes that all remediation funds are short-term- estimated in the budget for 2021: BRL 5.86 billion to meet the TTAC programs commitments, as the accumulated December 2020 updated balance was BRL 946.9 million, the contributions received up to December 2020 were recognized in the short-term remediation programs.

As these obligations are fulfilled, the liability is recorded against the income line item, pursuant to ITG 2002 standard, to equalize the expenses incurred for the respective obligations in the same accounting period, except for expenses incurred for the reconstruction program of Bento Rodrigues, Paracatu and Gesteira. These latter expenses are recognized as 'Assets allocated to third parties' and classified in non-current assets (item 2.6) to be recognized in the statement of surplus (deficit) upon program completion scheduled for December 2023. At December 31, 2020, this practice caused a mismatch between assets and liabilities, between amounts contributed and already realized under the program, not yet recognized in the statement of surplus (deficit).

2.11 Net equity

Formed by contributions from the founding sponsors, as established in the public deed of constitution of the Foundation, plus or minus the annual surplus or deficit in each fiscal year.

2.12 Calculation of surplus (deficit)

The accrual basis of accounting is used which includes accrued income and expenses, as well as income, charges and indexation or exchange gains/losses, 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 accreted to income when the corresponding expenses occur.

(b) Recognition of income and expenses related to volunteer work

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

The amounts were measured at their fair value and reported as if a disbursement had occurred.

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

(c) Finance income and costs

Financial revenues are recognized at fair value and refer to interest income on financial investments.

Financial expenses include interest for late payment, IOF, bank expenses and adjustment for inflation by the IPCA of socio-environmental and socio-economic obligations. 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 receivable from the Desenvolve 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:

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

During 2020 due to the Covid-19 pandemic, volatility of indices were noted in the market affecting some financial assets, which later stabilized over the course of the year.

Management performed more detailed impairment tests under the perspective of CPC 48 - Financial Instruments and supplemented the provision (Note 8).

(b) Liquidity risk

Cash flow forecasting is performed by the Treasury which 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 adequate margins.

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), not immediately required to be disbursed for the remediation and compensation actions, were invested with top-tier Brazilian financial institutions in fixed income products, such as funds, CDB's, committed securities, LAM (fixed interest lease securities), with low risk classifications and 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:

	2020	2019
Cash and bank deposits		
In Brazil	296	355
Financial investments		
In Brazil	290,678	28,343
	290,974	28,698

Cash balance to be invested in 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 pursuant to the TTAC and, therefore, managed separately. Financial investments in such funds area as below:

ALLOCATION	NOTE	2020	2019
Compensation programs - clause 232 TTAC	(i)	510,836	484,671
Sanitation and solid waste programs - PG31	(ii)	595,853	587,138
"TCP-Barra Longa" Reserve	(iii)	23,805	51,957
Total		1,130,494	1,123,766

- i. Funds received for compensatory projects, provided for in clause 232 of the TTAC. In 2020, BRL 240,000 was received, adjusted by the IPCA (BRL 282,977) and BRL 565,686 was disbursed, and in the same year, BRL 308,874 of remediation expenses were reclassified to compensatory, which resulted in an accrued balance of the programs at the end of the year of BRL 510,836.
- ii. In a separate bank account, BRL 595,853 (2019 - BRL 587,138) is allocated exclusively to basic sanitation programs, development of sanitary sewage system projects, implementation of collection and treatment works, cleansing 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). Transfers began 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 Prosecution Office it created a reserve of BRL 200,000 for remediation for the residents 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 BRL 23.805, indexed to the IPCA; the returns that exceeded the IPCA were transferred to the financial investments account.

4. Taxes recoverable

		2020	2019
IRPJ recoverable	(a)	4,533	5,091
IRRF without financial investment and other	(b)	828	8,689
ISS recoverable	(c)	667	657
(-) Provision of losses		(515)	(515)
INSS recoverable on payroll	(d)	323	319
CSLL recoverable	(e)	10	1,748
Other taxes recoverable	(f)	160	181
		6,006	16,170

- a) IRPJ - Corporate income tax – tax advances overpaid in 2020 based on income tax estimates for corporate income tax and withholding tax (IRRF) on financial income from redemptions during the year. Credit will be offset by Renova in 2021.

- b) IRRF withholding tax on financial investments, due to the change in the Entity's tax status, from tax immune to tax exempt.
- c) ISSQN - Service Tax overpaid to the municipalities where Renova carries out remediation and compensation projects. In 2018, the Foundation reviewed 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 BRL 515. As the receipt depends on an administrative decision by the city councilors, the Entity constituted a provision for loss.
- d) INSS recoverable on payroll - overpayment of INSS on payroll, to be offset by Renova in 2021.
- e) CSLL - Social contribution on net income - overpayment made in 2020, related to CSLL estimates to be offset by Renova in 2021.
- f) Other taxes recoverable - taxes incorrectly withheld by suppliers, service providers in general, to be offset by Renova in 2021.

5. Advance Payments – Partnerships and agreements

In 2020, Renova Foundation expanded the provision of funds through Partnerships and Agreements, and transfers to other institutions, to promote research activities, new technologies and execution of projects under the TTAC Programs. There was a broad dispersion of investments in funds the year as detailed below. All transfers were made pursuant to the disbursement schedule provided for in the Agreement Terms and after submitting accounts for the previous stage.

	2020	2019
Monitoring of aquatic biodiversity - Espírito Santo	47,495	85,796
Technical assistance for affected residents of Barra Longa and surrounding areas	18,958	5,775
Conservation and biodiversity	11,689	-
Assignment of labor of resettlement projects	7,122	-
Youth engagement and strengthening of community leadership	6,623	3,620
Forest recovery	5,958	8,951
Social protection and health remediation	4,537	4,924
Recovery of springs and basic sanitation	6,937	-
Technical assistance and rural extension	4,050	-
Forestry consultancy and support for degraded areas	997	4,504
Other partnerships	10,954	8,601
	125,320	122,171

6. Other assets

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

	2020	2019
Advance to Brazilian suppliers	14,573	41,998
Prepaid expenses - insurance	393	1,305
Other assets	1,485	1,153
	16,451	44,456

7. Assets allocated to third parties

In 2016, Renova Foundation began investments in the reconstruction program for Bento Rodrigues, Paracatu and Gesteira as provided in the TTAC with the active participation of the local population. Significant disbursements were made in 2019, mainly for architectural, urban, civil and environmental projects.

In 2020, due to the Covid-19 pandemic, there was a temporary interruption of resettlement works from March 23 to May 5, 2020. Activities resumed in stages, restricting the number of workers to maintain social distancing, consistent with the WHO guidelines and of the municipality of Mariana (Municipal Decree 10.071, of 30-Apr-2020).

For the resettlement works in Bento Rodrigues, the houses are being built by the construction company HTB which are in different stages: boundary definition, foundations, brickwork and roofing.

In Paracatu de Baixo, the resettlement works are being performed by the construction company Andrade Gutierrez, comprising: landfill works in section B, containment, earthworks for access roads and lot, storm water runoff, water and sewage networks.

All expenditures under the program are capitalized as non-current assets and upon completion, scheduled for December 2023, will be recognized in the statement of surplus (deficit). This is also the year all the properties and the public facilities in the new villages will be fully delivered to their respective owners. The amounts of this item are shown below:

		2020	2019
Civil works, terrain topography and surveying	(a)	798,439	251,149
Management and other	(b)	108,834	58,966
Real estate	(c)	56,606	41,434
Engineering design	(d)	50,779	41,842
Environmental studies and consultancy	(e)	26,898	17,771
Support, communication and dialogue	(f)	6,659	5,598
		1,048,215	416,760

a) Expenditure for civil works, terrain topography and surveying on land acquired.

- b) Expenditure on the management of works in Bento Rodrigues, Paracatu for the installation and maintenance of projects related to the TTAC programs.
- c) Acquisition of land, land tenure regularization and inspection for the construction of housing and infrastructure for the community resettlement program.
- d) Hiring engineering, conceptual design and urban service projects
- e) Consultancy and environmental studies to support project execution phases, and environmental licensing and other measures.
- f) Communication, advertising, events, as well as all worksite support activities (food, travel, vehicles, surveillance, IT, among others).

8. Receivable - Fundo Desenvolve Rio Doce

	2020	2019
Fundo Desenvolve Rio Doce MG	29,342	27,321
Fundo Desenvolve Rio Doce ES	12,325	11,682
Fundo Compete Rio Doce MG	7,500	7,073
	49,167	46,076
(-) Provision Bad Debt	(1,561)	-
	47,606	46,076

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

To form the Funds, Renova Foundation contributed BRL 40,000, being BRL 30,000 for the state of Minas Gerais and BRL 10,000 for the state of Espírito Santo. As of December 31, 2020, the balance was BRL 49,167, reflecting surpluses of both Funds. This includes BRL 21,165 in the Fund's cash and BRL 28,002 provided for mainly through 24-month term loans.

Management assessed the risk of loss of receivables, on December 31, 2020, and created a provision for bad debts of BRL 1,561, based on the criteria of Art. 4 and 6 of Resolution No. 2.682, of December 21, 1999, applied to financial institutions as determined by the Central Bank of Brazil.

The Fundo Desenvolve Rio Doce launched in October 2017 for a ten year period, which may be extended for an equal period. As of November 2017, the Fund began drawing down the borrowed amounts.

The Fundo Compete Rio Doce was launched in February 2019 for a two year period, which may be extended for an equal period. It is a supplement to the Fundo Desenvolve Rio Doce that offers management advice through a specialized firm (credit oriented). As of March 2019, this Fund began drawing down the borrowed amounts.

Both Funds are required to repay the loans, at interest rates below the market average with long tenures. Credit lines may be used for working capital and other purposes, including investments. From inception of both Funds and through December 31, 2020, 1,903 loans (unaudited) totaled BRL 59,003.

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 2019 in Belo Horizonte, Mariana, Governador Valadares and Linhares, among other locations, in Minas Gerais and Espírito Santo.

In 2019, furniture and utensils were acquired, investments made in the expansion and unification of administrative offices, as well as the acquisition of software and computer equipment, all of which are essential for the performance of the Renova Foundation's administrative functions and final programs, as provided for in the TTAC.

After the consolidation of its administrative and operational units at Renova Foundation, in 2020 there have been no major investments in furniture and utensils, machinery and equipment, systems, etc. Expenditure at Fazenda Floresta, recorded as property and equipment in progress, relates to the management of the tailings which affected the Risoleta Neves Hydropower Plant. This includes construction of containment dams, dikes and a memorial to mark the breach of the Fundão Dam failure in 2015. Following the first-time adoption of a new accounting standard, Renova Foundation recognized the right-of-use assets and the lease liabilities which were previously reflected only in the statement of surplus (deficit).

Fixed assets

A summary of capital assets and changes to balances is presented below:

	Balance 1/1/2018	Additions/ disposals	Depreciation	Balance 12/31/2019	Additions/ disposals	Depreciation	Balance 12/31/2020
Leasehold improvements	2,695	638	(1,453)	1,880	709	(1,546)	1,043
Data processing equipment	3,532	686	(868)	3,350	1,199	(1,051)	3,498
Machinery and equipment	5,266	930	(754)	5,442	(109)	(759)	4,574
Fixed assets under construction	1,410	2,694	-	4,104	5,980	-	10,084
Furniture and fixtures	1,006	821	(131)	1,696	704	(239)	2,161
Real estate	1,069	-	-	1,069	-	-	1,069
Total	14,978	5,769	(3,206)	17,541	8,483	(3,595)	22,429

a) Intangible assets

	Balance 1/1/2018	Additions	Amortization	Balance 12/31/2019	Additions	Amortization	Balance 12/31/2020
Software systems	2,875	2,172	(751)	4,296	2,753	(1,358)	5,691
Total	2,875	2,172	(751)	4,296	2,753	(1,358)	5,691

b) Right-of-use asset - Leases – CPC 06 (R2)

	Balance 1/1/2018	Additions	Amortization	Balance 12/31/2019	Additions	Amortization	Balance 12/31/2020
Right-of-use assets	-	6,929	(3,375)	3,554	1,538	(3,232)	1,860
Total	-	6,929	(3,375)	3,554	1,538	(3,232)	1,860

c) Liabilities – Leases – CPC 06 (R2)

	Balance 1/1/2018	Additions	Financial expenses	Amortization	Balance 12/31/2019	Additions	Transfers	Amortization	Financial expenses	Balance 12/31/2020
Current	-	6,265	233	(3,608)	2,890	875	873	(3,767)	536	1,407
Non-current	-	664	-	-	664	662	(873)	-	-	453
Total	-	6,929	233	(3,608)	3,554	1,537	-	(3,767)	536	1,860

d) Loaned assets

In 2016, Renova Foundation received, on loan from its sponsors Samarco and Vale, assets for use in 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 consisting of furniture, fixtures, computer and telecommunications equipment.

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

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

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

To reflect 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	2020	2019
Real estate	2,027	2,027
Furniture and fixtures	176	176
Data processing equipment	7	7
Subtotal	2,210	2,210

ASSETS LOANED FOR USE TO BE RETURNED	2020	2019
Real estate	(2,027)	(2,027)
Furniture and fixtures	(176)	(176)
Data processing equipment	(7)	(7)
Subtotal	(2,210)	(2,210)

In view of the restrictions imposed by the current pandemic, as the assets are being used as intended, management did not perform impairment tests nor to review the useful life of its assets.

10. Trade payables

Amounts payable are due to service providers and for the purchase of material. In 2020 there a software license was renewed, payable in Pounds Sterling, and converted and presented on Reais. As of December 31, the balances are shown below:

	2020	2019
Brazilian suppliers	127,242	219,729
Foreign market	18	-
	127,260	219,729

11. Salaries, provisions and payroll taxes

		2020	2019
Provision for vacation	(a)	14,039	10,672
Employee social security (INSS) payable	(b)	2,846	2,869
FGTS payable	(c)	993	974
Other	(d)	212	246
		18,090	14,761

- The vacation provision is recorded in proportion to the period worked, taking into account legal requirements.
- Employee contribution, withheld for transfer to the National Social Security Institute - INSS.
- Monthly contribution of 8% withheld from employee salaries, as required by current legislation.
- Mainly amounts PIS payable on payroll and group life insurance for the Entity's payroll employees.

12. Taxes payable

		2020	2019
IRRF - Interest and on loss of profits	(a)	9,144	-
ISS - service tax withheld	(a)	6,335	6,035
IRRF - income tax withheld	(a)	4,687	5,002
INSS – withheld from suppliers	(a)	4,054	4,900
Federal taxes withheld	(c)	2,252	3,077
Taxes on financial income	(b)	96	130
IRPJ / CSLL	(b)	-	276
		26,568	19,420

- a) Taxes withheld from suppliers, generally service providers, and for compensations paid to individuals and legal entities;
- b) Amounts payable related to 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, accruing on its results.

The change in income tax payable was as follows:

	2020	2019
Opening balance	26	4,111
IRRF offset	(16)	(2,021)
Payments (estimates)	(10)	(2,090)
Closing balance	-	-
	2020	2019
Financial surplus (deficit) before IRPJ/CSLL	(58,423)	20,640
(+) Additions to calculation base	14,124	4,479
Exercise incentive	30	-
Daycare allowance	224	-
Provision Bad Debt - Fundo Desenvolve	1,313	-
Provision Bad Debt - Fundo Desenvolve	248	-
Miscellaneous Health and Assistance Services	122	-
Bonuses	5,044	1,319
(-) Provision of Losses - Allowances and Others	72	-
Provision for services and others	649	-
Tax Contingency Provision	5,588	-
Civil contingency provision	829	3,239
Provision/ contingency for labor lawsuits	5	(79)
(-) Exclusions from calculation base	-	12,959
Tax fines	-	12,959
CALCULATION BASE	(44,299)	12,160
IRPJ/CSLL	-	(4,110)
IRPJ/CSLL - PRIOR PERIODS	-	(3,284)
Deferred IRPJ/CSLL (Temporary Additions)	2,428	-
Deferred IRPJ/CSLL (Tax Loss)	15,062	-
IRPJ/CSLL ACCRUAL BASIS (PROFIT/LOSS)	17,490	(7,394)
(-) IRPJ/CSLL Deferred - Write-off (a)	(17,490)	-
IRPJ/CSLL ACCRUAL BASIS (PROFIT/LOSS)	-	(7,394)

(a) Deferred income tax and social contribution

The 2020 tax loss originates from inflation indexation adjustments (IPCA) on the socioenvironmental and socioeconomic obligations, as determined by clause 237 of the TTAC, less the income from financial investments calculated in the same period.

Tax losses normally generate a deferred tax asset (CPC 32 - Taxes on Profit), however, the analysis of recoverability through projections of future taxable profits (financial results) does not justify recording an asset.

Such projections were prepared based on Management's best estimates, which rely on several assumptions not under the control of the Foundation, such as inflation rates, interest rates

and other economic uncertainties in Brazil. Future results may differ materially from those considered in the preparation of this projection.

There is no expectation to generate taxable profits at the rates of 25% for Income Tax and 9% for Social Contribution, hence the Entity has written off the deferred tax assets.

13. Indemnities payable and other

The Entity contracts third-party services to carry out its activities. Some of these service providers are not yet fully registered to be able to issue invoices for services rendered. The Foundation is working with a number of municipalities to negotiate indemnities for loss of profits, financial assistance (PIM - Mediated Indemnity Program and AFE - Emergency Financial Assistance) agreements arising from losses/damages caused by the failure of the Fundão Dam. Management, relies on its records and its internal controls and measurements, to record its existing obligations. These indemnities and services already performed and not yet invoiced are as below:

		2020	2019
Compensation – Loss of profits	(a)	135,714	95,592
Reimbursement to City hall treasury	(b)	10,707	11,968
Civil Works	(c)	164	7,876
Consulting	(d)	357	8,469
Compensation - PIM general damages	(e)	-	11,124
Emergency financial aid – AFE	(f)	-	6,861
Engineering services	(g)	-	4,922
Compensation - PIM water damages	(h)	-	4,488
Other third-party services	(i)	3,399	15,049
		150,341	166,349

- a) Loss of profits – corresponds to income that the affected party had obtained from its activities and which was interrupted as a direct consequence of the Fundão dam failure. The indemnity amounts for loss of profit for 2020 is payable to the affected parties who signed the agreement in the Mediated Compensation Program (PIM) and whose economic activities continue to be affected, even if partially. According to a decision by CIF, the payment for loss of profits must be made in the year following the year to which it refers.
- 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 has not yet been paid due to disputed wording in the settlement document.
- c) 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, both services have already been performed, measured, but not yet invoiced.

- 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), both services have already been performed, measured, but not yet invoiced.
- e) 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 2019 amount refers to agreements signed, but not yet settled. These indemnities began to be paid out by decision of the courts, any subsequent taxable event subject to ratification of the judge. Because of these uncertainties, combined with the change in the assessment of risk of loss from probable to remote, these amounts will only be recorded upon court decision.
- 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 2019 amount refers to eligible beneficiaries, with agreements signed in the PIM, but who have not yet received the benefit from Renova. Upon the operationalization of the Agile Flow as of August/20, the taxable event of the obligation became the ratification of the judge of the 12th Federal Court; therefore the changed criterion will only be recorded upon the approval of the judge.
- 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. In 2020, there was no need to make a payment for this obligation.
- h) Compensation - PIM Water Damage: for all those living in cities/districts where the distribution of drinking water was suspended for more than 24 consecutive hours in November 2015. The 2019 amount refers to agreements signed, but not yet settled, in general, due to the need for court ratification. However, such indemnities continue to be debated in court in a class action (IRDR - Incident of Resolution of Repetitive

Claims), any liability will be due upon ratification by the judge. So, due to the great uncertainties in this case, combined with the change in the probability from probable to remote, these amounts will only be recorded when the Judge ratifies them.

- i) Other contracted services: other expenditure, such as: leasing of water tank trucks with driver for raw and potable water supply, leasing of equipment, legal consultancy, communication services, identification of areas for irrigation, cleaning of rural properties, assistance to animals, IT improvements - software licensing, insurance, fauna and water monitoring, vehicle rental, environmental impact studies, civil conservation, travel scheduling, among others - all services that have already been performed, measured, but not yet invoiced.

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 in 2018	Contributions (Note 16)	New input	Write-off (Note 17)	Transfer	Accruals Fundo Desenvolve Rio Doce (Note 8)	Indexation IPCA (Note 20)	Balance in 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 - 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 - development of basic sewage plans	195,352	-	-	-	273,621	-	8,205	477,178
Profit/loss of previous years to invest in Programs	34.743	-	3,553	-	(38,296)	-	-	-
TOTAL 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

	Balance in 2019	Contributions (Note 16)	New input	Write-off (Note 17)	Transfer	Accruals Fundo Desenvolve Rio Doce (Note 8)	Indexati on IPCA (Note 20)	Balance in 2020
Remediation programs	125,463	3,372,500	-	(2,649,612)	42,669	-	32,649	923,669
Remediation programs - Barra Longa	47,910	-	-	-	(29,423)	-	1,548	20,035
Compensation programs	314,483	403,231	-	(155,951)	131,107	3,090	8,928	704,888
Compensation programs - development of basic sewage plans	110,277	-	-	(14,940)	(43,221)	-	4,392	56,508
Compensation programs - monitoring equipment for Doce river water	3,849	-	-	(675)	-	-	-	3,174
Profit/loss of previous years to invest in Programs	-	-	13,246	-	(13,246)	-	-	-
TOTAL CURRENT	601,982	3,775,731	13,246	(2,821,178)	87,886	3,090	47,517	1,708,274
Compensation Programs	255,005	-	-	-	(131,107)	-	10,993	134,891
Compensation programs - development of basic sewage plans	477,178	-	-	-	43,221	-	20,572	540,971
TOTAL CURRENT	732,183	-	-	-	87,886	-	31,565	675,862
GRAND TOTAL	1,334,165	3,775,731	13,246	(2,821,178)	-	3,090	79,082	2,384,136

For reparatory and compensatory programs, certain contingencies are addressed as the programs progress, namely:

- Case No. 0039564-83.2018.8.13.0400 - Public Civil Action for the Defense of the Right to Health and Social Assistance demanding: (i) funding to hire a specialized firm for a selection process, in favor of the Municipality of Mariana/MG, through bank credit; (ii) transferring of funds in advance to the Municipality of Mariana/MG to finance supplementing the provision of health and social assistance services for those affected by the da failure; (iii) freezing of existing amounts in the bank accounts of Renova Foundation, Vale, Samarco and BHP in the total of BRL 47,800,144.26 to guarantee the financial resources required for the provision of services by the Municipal Health Secretariat and the Municipal Social Development Secretariat for the promotion of services to the affected parties. (Amount discussed: BRL 61.0).
- Cases nº 5000917-94.2019.8.13.0400 - Public Civil Action with the collection of amounts related to the implementation of the full-time education program for the Municipality of Mariana.

15. Provision for lawsuits

Renova Foundation is a party to lawsuits arising from the normal course of its operations, involving civil, labor and tax issues, in addition to class actions that discuss terms and compliance with the TTAC clauses. Lawsuits which, in the opinion of management, present a probable risk of loss are: (i) civil lawsuits that claim the inclusion of plaintiffs in the programs of emergency financial assistance or mediated indemnity, (ii) labor claims of own and outsourced employees, with decisions at the court of appeals not favorable to the Foundation, (iii) Renova Foundation, requiring compliance with taxation framework of which for tax

immunity, according to article 150, VI, "c" of the Constitution. This matter was discussed in 2017 and 2018, and, in view of its operating objectives as defined by the Board of Trustees in March 2019, an external expert opinion was sought indicating that the Foundation is not tax exempt as it did not meet all the requirements set out in the National Tax Code nor is its purpose to provide a social assistance exclusively. Consequently, the Foundation paid all taxes which had been provisioned for 2017, 2018 and up to March 2019, though an administrative channel for voluntary self-assessment disclosure as authorized by article 138 of the CTN. Upon finalizing the administrative process, the PGFN (Office of the General Counsel for the Federal Treasury) advised that not all amounts paid by Renova Foundation were covered by the provisions in article 138 of the CTN and, issued penalty notices against the Foundation. As Renova Foundation disagreed with this interpretation, it filed an annulment lawsuit contesting the disputed amounts, suspending the enforcement of its alleged obligation and obtained its CND (Tax Clearance Certificate) to proceed with its operations.

Based on management's understanding, under the advice of its legal counsel, both internal and external, contingency provisions were recorded for cases considered to represent a probable risk of loss totaling BRL 9,743, as shown in the table below:

Description	Balance as of December 31, 2019	Additions	Reversals	Balance as of December 31, 2020
(i) Provision for Civil Lawsuits	3,259	829	-	4,088
(ii) Provision for Labor Lawsuits	63	5	-	68
(iii) Provision for Tax Lawsuits	-	5,587	-	5,587
Subtotal	3,322	6,421	-	9,743
(-) Court deposits	608	9,406	1,659	8,355

Based on management's understanding, under the advice of its legal counsel, no provision was made for other contingencies for which risk of loss is assessed as being possible, as below:

Description	2020	2019
(a) Civil class actions	2,828,298	2,454,171
(b) Individual civil actions	5,847,740	4,760,051
(c) Labor Lawsuits	43,524	34,044
Total possible risk of loss contingencies	8,719,562	7,248,266

a) Public Civil Actions filed by the Public Prosecution Office or Public Defenders' Office against the Foundation. These include the following:

- Case No. 0000558-28.2018.8.08.0006 filed by the Barra do Riacho Community Association against Samarco Mineração S.A., Foundation, Synergia and the Municipality of Aracruz in progress before the Aracruz Tax Court. (amount: BRL 1,752,705)
- Case No. 1007657-27.2018.4.01.3800 filed by the Public Prosecution's Office in Minas Gerais (MPMG) against Renova Foundation and pending before the 12th Federal Court of Belo Horizonte/MG - (Amount: BRL 491,637)

- Case No. 0038496-04.2016.8.08.0014 filed by the Public Prosecution's Office of the State of Espírito Santo (MPES), and pending before the 2nd Civil Court of the District of Colatina/ES – (Amount: BRL 488,396)
- Case No. 1007135-34.2017.4.01.3800 filed by Espírito Santo and the Federal Public Defender's Office against Samarco Mineração SA, Renova Foundation and the Federal Government and pending before the 12th Federal Court – (Amount: BRL 30,069)

All cases are of a similar reparatory and/or compensatory nature claiming: Payment of indemnities for individual and collective personal and collective damages, presentation of plans of remediation actions, monitoring of water quality, reimbursement of extraordinary expenses, request to annul guarantees of certain clauses of the Mediated Compensation Program, among others.

- b) Individual Civil Actions: Similar to (a) above, filed against Renova Foundation, Samarco Mineração S.A, BHP Billiton Brasil Ltda. and Vale S.A., in which the plaintiffs claim compensation for material and moral damages due to (i) interruption of water supply in the affected cities; (ii) failure to pay Emergency Financial Aid; (iii) reimbursement for loss of goods or equipment; (iv) loss of profits; (v) failure to receive the indemnity portion under the PIM - Mediated Compensation Program; (vi) compensation for physical displacement or damage caused by the flooding of Lagoa Juparanã in Linhares.
- c) Labor Lawsuits: Filed primarily against a subcontracted service provider and against Renova Foundation and/or Samarco Mineração S.A, as a secondary obligor. They claim numerous cases of non-payment of remuneration for labor of the service provider employees.

16. Net equity

The Public Deed which established Renova Foundation defines that the appropriation of assets, referred to in article 62 of the Civil Code, required for Renova Foundation to satisfy its objectives (Note 1) will correspond to the sum of the cash contributions up to 2020, as well as amounts subsequently determined by the Board of Trustees as required for the fulfillment of the projects from the year 2021.

The sponsor contributions, intended exclusively for dedicated expenses with socio-economic and socio-environmental programs, are initially recognized in Net Equity and transferred to socio-environmental and socio-economic obligations in liabilities. Portions of the contributions made by the sponsors designated to fund administrative expenses, are appropriated to the contribution account for administrative expenses, in liabilities. To the extent that Renova Foundation disburses funds to cover these expenses, liabilities are amortized and program and contribution income are recognized.

As defined in the TTAC, Samarco and its shareholders, Vale and BHP Billiton Brasil Ltda., provided funds to the Foundation in the form of contributions, as follows:

Sponsor contributions to net equity

Description	Balance 2018	Contribution	Balance 2019	Contribution	Balance 2020
Samarco Mineração S. A.	229,411	455,266	684,677	-	684,677
Vale S.A.	1,866,056	1,145,192	3,011,248	1,888,211	4,899,459
BHP Billiton Brasil Ltda.	1,866,056	1,145,192	3,011,248	1,887,520	4,898,768
Equity	3,961,523	2,745,650	6,707,173	3,775,731	10,482,904

Sponsor contributions to income – Administrative Expenses

Samarco Mineração S. A.	4,928	34,734	39,662	9,263	48,925
Vale S.A.	58,194	108,808	167,002	72,250	239,252
BHP Billiton Brasil Ltda.	58,194	108,808	167,002	72,250	239,252
Subtotal	121,316	252,350	373,666	153,763	527,429
Total contributions to Renova Foundation	4,082,839	2,998,000	7,080,839	3,929,494	11,010,333

The sponsors will fund 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 year. The annual reference values for these contributions will be between BRL 800,000 and BRL 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 the TTAC was signed, the Foundation will allocate BRL 240,000 annually, over a period of 15 years, adjusted for inflation according to clause 257, for the performance of compensation projects. These annual amounts are already included in the contributions reported for the first six years (2016-2021). Additionally, a contribution of BRL 500,000 was 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 BRL 50,000, BRL 200,000 and BRL 250,000 respectively.

The contributions provided for in the TTAC, as registered with the Renova Foundation, plus contributions made directly by the sponsors (not audited), as follows:

Description	Balance 2018	Contribution	Balance 2019	Contribution	Balance 2020
Contributions to Renova Foundation	4,082,839	2,998,000	7,080,839	3,929,494	11,010,333
Samarco Programs - TTAC	1,718,030	67,840	1,785,870	77,106	1,862,976
	5,800,869	3,065,840	8,866,709	4,006,600	12,873,309

Description	Balance 2018	Release	Balance 2019	Release	Balance 2020
Public Civil Action - ACP Mariana	267,807	(11,095)	256,712	(6,226)	250,486
Total Contribution	6,068,676	3,054,745	9,123,421	4,000,374	13,123,795

17. Income

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

		2020	2019
Operating income - contribution (Note 14)	(a)	2,821,178	2,115,929
Income from contributions	(b)	160,119	146,806
Income from volunteer services - Members of the Board	(c)	1,007	963
Income from volunteer services - Seconded	(d)	1,918	84
		2,984,222	2,263,782

- Funding received from sponsors for application in programs managed by the Renova Foundation.
- Contributions received from sponsors to defray administrative expenses, allocated to liabilities and subsequently, once disbursed, appropriated to contribution revenue.
- Refer to the 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 unremunerated basis. The values of these services were calculated considering the hours dedicated by the councilors during the year 2020, multiplied by an individual hourly rate. This calculation resulted in 4,520 hours of dedication throughout 2020 by the councilors. The Curator Council devoted 2,800 hours (2019 - 2,646 hours and 2017 - 1,530 hours), the Fiscal Council 1.160 hours (2019 - 560 hours and 2017 - 576 hours) and the Advisory Council dedicated 560 (2019 - 2,400 hours and 2017 - 1,746 hours) (number of hours unaudited).

- d) Refers to employees seconded by the sponsors - Vale and BHP Billiton Brasil Ltda., to assure continuity of several programs and the dissemination of knowledge by the sponsor to enhance the processes of the Renova Foundation. The amounts recorded represent the sum of the salaries, costs and benefits of these employees, spent by each sponsor.

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:

		2020	2019
Socio-environmental programs - Remediation	(a)	593,368	685,901
Socio-economic programs - Remediation	(a)	1,560,218	1,305,768
Socio-environmental programs - Compensation	(b)	71,563	101,796
Socio-economic programs - Compensation	(b)	596,029	22,464
		2,821,178	2,115,929

a) Programs – Remediation

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

SOCIO-ENVIRONMENTAL PROGRAMS	2020	2019
Tailings management	96,025	90,888
Tailings containment/treatment of rivers affected	5,540	128,265
Recovery of Environmental Area 1	21,147	16,981
Conservation of aquatic biodiversity	78,359	71,479
Conservation of land flora and fauna	8,498	7,541
Water supply systems	90,578	108,609
Environmental risk management	33,665	27,450
Consolidation of conservation units	828	3,725
Program management	258,728	230,963
	593,368	685,901

SOCIO-ECONOMIC PROGRAMS	2020	2019
Registration survey of affected persons	18,686	18,823
Compensation and reimbursement of persons affected	724,865	447,117
Protection of indigenous peoples	80,894	71,825
Protection of traditional communities	9,425	11,217
Social protection program	5,322	4,292
Communication and dialogue	47,056	33,354
Assistance to animals	6,753	5,149
Reconstruction of Bento, Paracatu and Gesteira	79,917	45,427
Rehabilitation of Risoleta Neves HPP reservoir	117,787	131,213
Recovery of infrastructure	59,942	67,620
Renovation of schools	5,330	4,908
Preservation of historic heritage	8,457	10,816
Support for tourism, culture and sports	2,309	4,299
Mental and physical health of those affected	14,022	10,198
Resumption of fishing activities	3,660	400
Resumption of farming/ranching activities	62,857	37,569
Recovery of micro and small businesses	2,067	3,117
Financial assistance to population affected	309,790	398,340
Refund of extraordinary expenses	1,079	84
	1,560,218	1,305,768

b) Programs - Compensation

These comprise measures and actions for compensation of non-mitigatable or irreparable damage 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	2020	2019
Tailings containment/treatment of rivers affected	-	2,479
Recovery of APP and erosion control	24,413	13,866
Recovery of springs	15,143	15,525
Screening structure for reintroduction of fauna	999	753
Sewage collection for treatment program	21,261	5,449
Water supply systems	12,779	41,579
Environmental education system	371	8,589
Preparation for environmental emergency ⁽¹⁾	(6,701)	5,760
Information for population	614	912
National and international communication	2,105	2,340
Water inspection and monitoring	-	4,177
Consolidation of conservation units	14	67
Support for implementation of environmental and rural inventories	565	300
	71,563	101,796

¹ According to CIF resolutions 344 and 357, in 2020 Renova removed from program 34 - preparation for environmental emergency - the expenses related to the installation of a siren system and recognized as an expense of the sponsor Samarco.

SOCIO-ECONOMIC PROGRAMS	2020	2019
Reimbursement of compensation to affected population	-	11,803
Support for tourism, culture and sports	4,450	919
Remediation research and technologies	318	210
Diversification of the regional economy	6,832	7,950
Local hiring initiatives	1,226	1,582
Compensatory measures ⁽²⁾	583,203	-
	596,029	22,464

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 to 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.

The composition of administrative expenses is detailed below.

² Investments made in 2020 in compensatory measures projects, such as the "Integrated Agenda" (education, infrastructure and health in the affected regions) and in the use of emergency measures to combat COVID-19 in the States of Minas Gerais and Espírito Santo.

	Note	2020	2019
Third party services		66,782	50,367
Own personnel		55,868	47,326
Legal consultancy		11,001	18,529
Consulting services and research		6,508	7,622
Provision for lawsuits		6,117	-
Depreciation/amortization of administrative assets	9	3,940	3,589
Governance system		2,520	7,330
Receivable - Fundo Desenvolve Rio Doce	8	1,561	-
Insurance		1,355	467
Travel		856	4,709
ITR and ISS	12	255	609
Other Administrative expenses		3,356	58
		160,119	140,606
Volunteer services Members of the Board	17.c	1,007	963
Volunteer services seconded employees	17.d	1,918	84
		2,925	1,047
		163,044	141.653

20. Financial result

Financial results are as below:

Financial income	2020	2019
Earnings on investments	24,647	46,833
Other income	21	20
	24,668	46,853
Financial expenses	2020	2019
Financial accruals from socio-environmental and socio-economic obligations	79,082	28,388
Loss of financial investments	1,347	-
COFINS levied on financial income	1,105	1,811
Financial Leasing - CPC 06 (R2)	536	233
Banking fees	459	378
Interest - financial accruals of taxes payable and others	380	1,887
IOF - tax on financial operations	(107)	(350)
Other	77	-
	82,879	32,347

- a) The Foundation received funds from the sponsors to meet socio-environmental and socio-economic obligations (Note 14). However, such funds were not realized within the same period of receipt and therefore been inflation indexed by the IPCA, as determined by clause 257 of the TTAC, thus reducing the income earned on the respective financial investments and updating the liability - Socio-environmental and socio-economic obligations.

21. Funding from sponsors

The sponsors made contributions - allocations and donations – throughout 2020, as presented below: These contributions are responsible for maintaining the continuity of Renova Foundation. In December 2020, based on a court decision, an additional amount of BRL 120.2 million was recognized as equity in Renova Foundation (Vale – BRL 60.4 million and BHP Billiton Brasil Ltda.– BRL 59.8 million), from the funds released from the court guarantees of the sponsors, for use in the emergency measures to combat COVID-19 in the States of Minas Gerais and Espírito Santo. These amounts do not constitute Renova's liabilities to the sponsors, as regulated in the TTAC (Note 16 - Net Equity).

	2020	2019
Vale S.A.	1,960,461	1,254,000
BHP Billiton Brasil Ltda.	1,959,770	1,254,000
Samarco Mineração S.A.	9,263	490,000
	3,929,494	2,998,000

22. Commitments

The Foundation has long-term contracts, primarily for audit services, civil works, street construction layout, supply of water trucks, water monitoring and aquatic biodiversity, PIM, agricultural activities services, business surveillance, card supply, management and inspection, forest recovery, bioengineering services, infrastructure and resettlement of Bento Rodrigues, Paracatu and Barra Longa, construction of the water pipeline, logistics services, transportation and specialized PMO, expert technical services, earthworks at Fazenda Floresta and services for the construction of the dam on the Rio Doce bed.

	2020	2019
Less than one year	832,833	1,219,931
One to two years	787,958	904,089
Two to three years	615,782	277,630
Three to five years	199,446	27,585
	2,436,019	2,429,235

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 & Officers) insurance and specific policies on Civil Liability and Engineering Risk for Axis 1 (Fundão Dam) based on the guidelines of its management committees.

Cyber Risks coverage was added, valid for 12 months from November 2020, with a maximum indemnifiable limit of BRL 30,000.

The General Liability Policy is effective for 24 months (from May 2019 to May 2021) with a maximum indemnifiable limit of BRL 120,000.

The D&O policy is valid for 12 months (from March 2020 to March 2021) with a maximum indemnifiable limit of BRL 263,000, this limit was established by a consultancy firm by mapping Renova's risk scenarios and interfaces.

Personal accident insurance and life insurance policies are provided for all employees of the Renova Foundation and insurance for the offices of Belo Horizonte, Governador Valadares and Linhares.

24. Subsequent events

(a) Request for intervention, non-approval of the accounts and extinction of the Foundation by the Public Prosecution's Office of Minas Gerais - Prosecutor's Office responsible for the protection of Foundations (MPMG)

On February 24, 2021, the MPMG filed a lawsuit in court requesting intervention and the extinction of the Renova Foundation, after rejecting the rendering of accounts for the year 2019, alleging irregularities in the Foundation's expenses.

The Renova Foundation annually submits its accounts for approval by the MPMG - Trusteeship of Foundations and promptly responds to all doubts or reservations pointed out by that body through official letters.

In addition to these annual rendering of accounts, the Renova Foundation also forwards to the MPMG the respective approvals of its financial statements, carried out by the Board of Trustees pursuant to article 22 of the bylaws, supported by the opinion of the Fiscal Council, as provided for in Clause 198 of the TTAC and Article 52 of the Renova Foundation bylaws.

Regarding the question made by MPMG about the remuneration of its employees, Fundação Renova clarifies that it adopts a remuneration policy based on market parameters, obtained by hiring a specialized consultancy. The amounts paid for advertising (adverts and sponsored actions in digital, electronic and print media) are intended to disseminate, to those affected, affected societies and broad segments of Brazilian society, the repair data platform, expanding access to information on the actions carried out by the Renova Foundation.

These expenses, as well as salaries and administrative expenses, are covered by administrative resources provided for in the TTAC for this purpose and, therefore, are not part of the finalistic resources to be spent in the repair and compensation programs. As for the surplus calculated in the year ended December 31, 2019 in the amount of R\$13.2 million, the Renova Foundation allocated it in the year 2020, as shown in Note 14, which also shows the contributions made by the sponsors. With regard to provisions for civil, tax and labor risks, Fundação Renova adopts the policy described in Note 2.2.1, which describes that provisions are recorded when the amount of the loss is considered probable and can be reasonably estimated. Disclosures of lawsuits classified as possible and probable are disclosed in Note 15.

(b) The Foundation's position in relation to the MPMG's request for an intervention and non-approval of its accounts

Management of the Foundation believes that the basis for the claim has no legal merit and the Foundation's defense will prevail once it is granted a favorable decision. Thus, Renova Foundation has filed its response in court, arguing that:

(a) the 5th Civil Court of Belo Horizonte is not the appropriate jurisdiction to settle the dispute, the court with exclusive jurisdiction over all claims and issues being the 12th Federal Court in Belo Horizonte;

(b) these are inconsistent judicial proceedings, since the reasons presented are not plausible and do not match the hypotheses provided for in Article 765 of the Civil Procedure Code. They are not an appropriate means to correct the alleged non-enforcement or negligent or deficient performance of any measures associated with the remediation programs of the Foundation (with respect to its programs). Priority Axis 13 was recently created by the Court of the 12th Federal Court to remodel and improve the internal organizational management system of Renova Foundation, pending the performance of expert analysis to identify and rectify any issues;

(c) the internal structure of Renova Foundation is in compliance with the agreements signed and the provisions in its Articles of Association, which indicates the sponsors' liability to be unlimited, being jointly liable for the Foundation's activities, without excluding from liability any co-defendant companies;

(d) the legal and technical consistency of the accounts presented by Renova Foundation, rebuts the allegations regarding: (i) the form for presenting contributions in net equity of Renova Foundation; (ii) the absence of provisions for possible risk of loss contingencies; (iii) alleged irregularities in the operating model by leveraging synergies from the Samarco Mineração S.A. and Renova Foundation compliance programs and (iv) the alleged inefficiency of Renova Foundation in complying with its program commitments;

Renova Foundation contests the claim for its extinction, transition and renegotiation process, as proposed by the MPMG. The Program Renegotiation Process was introduced by TAC Governança, and refers to a single process for the improvement of TTAC programs to which Renova Foundation is not a party. This is in addition to the measures that are already in course that may or may not result in programs and measures additional to that provided for in the TTAC, by amending the instrument; and

Finally, of note, is a recent decision issued under Case No. 1024354-89.2019.4.01.3800, the request of the Attorney General's Office which recognized the need to open Priority Axis 13, to address the restructuring of the internal organizational management system of Renova Foundation.

On April 23, 2021, a court decision was rendered, in which the Judge of the 5th Civil Court of Belo Horizonte decided to (i) reject the preliminary arguments raised by the Defendants, maintaining the jurisdiction of the State Justice to review the request without judging the merits of the decision; (ii) postpone an analysis of the justification for urgency made by the Public Prosecution Office of Minas Gerais until after the presentation of evidence phase; and, (iii) appoint a conciliation hearing.

The decision issued on April 23, 2021 does not change the Foundation's assessment of the case nor its prognosis of the final result.

Thus, although there is a level of uncertainty inherent from the events described above, which may raise significant doubts as to the Entity's capacity to continue operating, Management is of the opinion that there is no legal merit to justify the claims made by Civil Class Action ("ACP") and its intends to continue vigorously defending its position.

(c) New Public Civil Action filed by the Federal Public Ministry, the Public Ministry of the State of Minas Gerais, the Public Defender of the Union, the Public Defender of the State of Minas Gerais and the Public Defender of the State of Espírito Santo

On May 11, 2021, a new ACP was filed against the Foundation and its sponsors by the Federal Public Ministry ("MPF"), Minas Gerais State Public Ministry ("MPMG"), Federal Public Defender's Office ("DPU"), Public Defender of the State of Minas Gerais ("DPMG") and Public Defender of the State of Espírito Santo ("DPES"), alleging that the advertising campaigns addressing the reparations made in 2020 were not aligned with the purposes and objectives of the Foundation. The litigants claim the amounts spent on advertising campaigns led to misinformation.

They propose a daily fine of not less than R\$100 thousand for non-compliance with various obligations related to advertising, disclosures and social media communication, as well as internal disclosures and communications.

The plaintiffs also demand that the defendants pay indemnity for collective pain and suffering for an amount to be arbitrated by the Federal Court, being not less than R\$56.3 million, and reimbursement of the expenses incurred by the Renova Foundation of R\$28.1 million.

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