

Rio de Janeiro, April 8, 2016

**To the respected members of the UN Working Group on Business and Human Rights, Mr. Dante Pesce, Mr. Michael Addo, Ms. Margaret Jungk, Mr. Pavel Sulyandziga and to whom this may concern**

The purpose of this letter is to keep the UN Working Group on Human Rights and Transnational Corporations informed of the latest developments concerning the human rights and environmental remediation and compensatory actions related to the Fundão dam rupture that occurred on November 5, 2015.

On March 2, 2016, Samarco, Vale and BHP Billiton signed a long-term settlement agreement with the governmental authorities in order to remediate human rights impacts, restore the environment and reinstate the socioeconomic activities affected by the Fundão dam failure (“Agreement”). Essentially, the Agreement allows Samarco to be more effective and efficient in its response efforts.

The Agreement also establishes the creation of a Foundation, to be headquartered in Belo Horizonte, which will be responsible for implementing approximately 40 programs in 2 main work areas – socioeconomic and socio-environmental – that will be carried out through remediation and compensatory actions. The Agreement focuses on the emergency actions that have been adopted by Samarco since November and proposes new projects.

In the first 3 years, Samarco will pay R\$4.4 billion to the Foundation to fund the projects. Moreover, in the next 15 years, starting in 2016, R\$240 million will be spent each year on compensatory measures. In addition, the Agreement identifies special compensatory projects costing R\$500 million in the areas of sewage treatment and landfill facilities, which the impacted municipal governments will execute by 2018.

In the environmental area, the objective is to return the water and ecological conditions to the situation existing prior to the Fundão dam rupture. Compensatory measures will be taken if full recovery is not technically feasible.

The Agreement set out clear commitments, deadlines for the submission and execution of projects, and transparency and compliance rules for the activities. A Consultative Committee will be established to ensure strong community input for the implementation of the programs and there will be external audits and an ombudsman to assist citizens.

Some of the Agreement's key elements are described below:

### **Socio-environmental highlights**

- Compensatory resources worth R\$500 million for certain affected municipalities to use to produce and execute plans for sewage collection and treatment systems and landfill facilities.
- Recovery of Permanent Protection Areas (PPAs) along the Doce River and streams through the reforestation of 10,000 hectares and the natural regeneration of 30,000 hectares in 10 years as compensatory measures costing R\$1.1 billion.
- Compensatory recovery of 5,000 springs defined by the Doce River Basin Committee.

### **Socioeconomic highlights**

- Reconstruction of the affected locations, including Bento Rodrigues, Paracatu de Baixo (Mariana) and Gesteira (Barra Longa), through dialogue with the affected communities. Recovery or resettlement measures will be taken.
- Execution of a reimbursement and compensation program through coordinated negotiation, to recover and compensate the affected people.
- Creation of permanent channels of communication with the community, as well as a timetable to present the progress and results of the programs that will be implemented.
- Implementation and maintenance of measures to support affected indigenous populations.
- Recovery of cultural facilities and preservation of affected cultural heritage.
- Implementation of measures for the recovery of affected economic and productive activities, such as cattle farming, fishing, services, and commerce.
- Health, social protection and education programs are planned to reestablish impacted public services and to follow up affected individuals and families.

### **Signatories of the Agreement**

- Samarco, Vale S.A. and BHP Billiton
- The federal government of Brazil
- The state governments of Minas Gerais and Espírito Santo
- Institutions including the Brazilian environmental protection agency (IBAMA), the Chico Mendes Institute for Biodiversity Conservation, the National Water Agency (ANA), the National Mineral Production Department (DNPM), the National Indian

Foundation (FUNAI), the State Forestry Institute (IEF), the Minas Gerais Water Management Institute (IGAM), the Minas Gerais State Environment Foundation (FEAM), the Espírito Santo State Environment and Water Resources Institute (IEMA), and the Espírito Santo State Water Resources Agency (AGERH).

It is important to emphasize that the state governments of Minas Gerais and Espírito Santo discussed the main remediation and compensation programs in the Agreement based on the impacts generated by the Fundão dam's rupture from the communities' perspective and in line with their demands. The implementation of each program will require continued engagement with the impacted communities. Transparency, permanent dialogue and community engagement are therefore guiding principles for all programs.

Not all the measures described above are intended to reduce or substitute social measures to repair damage and compensate the people directly affected by the Fundão dam failure, and the Bento Rodrigues and Paracatu de Baixo recovery programs will continue to be executed as scheduled.

Enormous efforts are being made to rebuild and recover all the affected areas and to ensure compensation when recovery is not possible.

We remain at your disposal for any further clarifications. Please do not hesitate to contact us should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'V. Somavilla', with a long horizontal flourish extending to the right.

Vania Somavilla  
Executive Director  
HR, Health & Safety, Sustainability and Energy

## APPENDIX

### Key initiatives already in progress

#### Social initiatives

- **Reconstruction of communities:** Regular meetings with affected communities.
- **Psychosocial assistance:** Apart from the families that decided to stay with relatives, all 347 families whose homes in Mariana and Barra Longa were affected were accommodated in rented houses. Only two families decided to stay at a hotel.
- **Reconstruction of local infrastructure:** All seven damaged bridges were rebuilt: four in Mariana and three in Barra Longa.
- **Emergency support cards:** Since November 5, approximately 3,500 emergency financial support cards have been delivered to the affected families. Cards were delivered to affected communities in Mariana and Barra Longa and also to workers in areas along the Doce River in Minas Gerais and Espírito Santo.
- **Farmers:** The affected farmers have also received support from Samarco to resume their activities on their farms and ranches. Approximately 170 producers have been visited and are being monitored. Over 1,500 metric tons of silage has been provided for animals and around 70 km of fencing has been installed on rural properties. Veterinary care is also being offered.

## Environmental initiatives

- **Recovery of color and turbidity of Doce River's waters:** Water quality at 170 points along the Doce River is monitored daily. In 3 months, over 150,000 tests have been performed. Samarco has also been providing technical support to 19 water treatment plants along the river, restoring regular supplies to the population.

- **Dredging of the Risoleta Neves hydroelectric plant's reservoir:** In order to help improve the color and turbidity of the affected water basin, the Risoleta Neves (Candongia) hydroelectric plant's reservoir is being dredged. The first phase of the work, which involves dredging 400 linear meters, starting from the dam, was begun in January and it should be completed in another 120 days.

- **Construction of dikes:** In order to improve the color and turbidity of watercourses, Samarco has been building dikes near the Fundão dam. These structures retain sediments and release cleaner water.

- **Rescue of marine life in Doce River:** Nearly 2,500 fish and crustaceans were rescued before the mud plume swept down the river, and they will contribute to the repopulation of the watercourse. Samarco has also hired specialist consultants, who have detected signs of aquatic fauna on the Doce River's bed using sonar equipment.

- **Animal rescue:** Samarco and its partners (animal protection NGOs) are determining the future of the animals taken to the rescue centers set up by Samarco. The animals will be available for adoption following attempts to identify their owners, vaccination and castration.