
FINAL REPORT

INDEPENDENT EXTRAORDINARY ADVISORY COMMITTEE FOR SUPPORT AND REPARATION OF VALE S.A. – CIAE-AR

(PERIOD FEBRUARY TO DECEMBER 2019)

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LEGAL NOTICES

This Report was prepared based on information and documents provided by Vale S.A. to the members of the Independent Extraordinary Advisory Committee for Support and Reparation from January 27, 2019 to December 13, 2019, as well as information obtained by the body independently over the course of the works carried out in that period. The Committee considered the assumption that all statements and information provided by Vale S.A. and its agents, both in writing and orally, are true, complete and accurate. Existing information that has not come to the attention of the Committee, for any reason, may cause changes in the conclusions and give rise to recommendations other than those contained herein.

This Report is intended for the Board of Directors of Vale S.A. only, and its sole purpose is to provide the board with information and critical analysis about the Company's reparation work, in order to advise management in making better reflected and informed resolutions, towards meeting the demands and needs of the communities and the environment affected by the failure of the Dam. The members of the Committee do not assume any responsibility, direct or indirect, as to the accuracy or completeness of this Report before any third parties that may have access to its content. The analyses and conclusions contained herein cannot be used by third parties to make any decision in relation to the Company, its securities, or the process of reparation of the consequences of the failure of the Dam.

**INDEPENDENT EXTRAORDINARY ADVISORY COMMITTEE FOR
SUPPORT AND REPARATION OF VALE S.A. – CIAE-AR**

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ANNEX I – Beacon of Recommendations

INDEPENDENT EXTRAORDINARY ADVISORY COMMITTEE FOR SUPPORT AND REPARATION OF VALE S.A. – CIAE-AR

EXECUTIVE SUMMARY

In response to the failure of Dam 1 of the Córrego do Feijão mine, in Brumadinho, Minas Gerais, the Board of Directors of Vale S.A. decided, on January 27, 2019, for the creation of the Independent Extraordinary Advisory Committee for Support and Reparation (CIAE-AR), the works of which started on February 1, 2019 and are presented in this Report. The purpose of the Committee is to monitor the measures aimed at assistance, support and reparation of victims and the environment, affected by the failure, in order to ensure the use of all the resources necessary for this purpose.

The Committee performed its functions through 85 meetings, 13 days in the field, and by sending 84 recommendations to the Board of Directors and 11 suggestions to the Board of Executive Officers and the Reparation leaders. The Committee also presented nine technical parameters that guided the recommendations and suggestions produced.

In general, the Committee recognizes that the Company has made significant efforts for the Reparation since the failure of the Dam, having made commitments to 87% of the recommendations received. Of this total, 7% have been concluded, 47% have actions in progress, and 33% still require actions to be started. These figures demonstrate that there are still challenges for the evolution of the Reparation process. In a qualitative assessment of the technical parameters proposed by the Committee, the two with the greatest progress were those for completion of emergency actions and non-repetition commitment. In general, considering the technical parameters developed for this moment, in a subjective and qualitative reading of the Company's performance in Reparation, the Committee indicates a general evolution of just over 50%. This assessment does not address financial obligations and advances in the Reparation chronology.

The Company responded quickly to the emergency, took responsibility, apologized to the population and society, and created structures to act directly on Reparation, such as, for instance, the Special Reparation and Development Board. It made investments to qualify public agencies and developed infrastructure projects in Brumadinho. Individual indemnities have progressed with facilitation offices. The Company has also implemented structural safety and operational excellence reviews, such as de-characterization of upstream dams and the creation of the Safety and Operational Excellence Board.

On the other hand, the Reparation Plan has not been completed, even though its mission, vision and objectives were made available to the public on the company's Internet portal in December 2019. The public consultation on the Reparation Plan is a future commitment, as is the development of indicators that allow for monitoring and transparency. The content of the current draft document still has elements to be improved, including diagnoses and studies currently in progress, committed stages for the next six months.

For this period, there is an expectation of advances in the collective indemnity process, which is the subject of negotiations with the Government of the State of Minas Gerais and a central element for the settlement agreement in court.

For this reason, the Committee understands that the adoption of an effective monitoring and assessment system, in the short and long term, will be essential to ensure: (i) the completion of the Reparation Plan with indicators, measurable goals that allow its periodic review, and public consultation; (ii) fulfillment of the commitments and actions already taken within the established deadlines, based on the recommendations made by the Committee and accepted by the Company; and (iii) monitoring the progress of the Reparation, in a qualitative and quantitative manner, ensuring its consistency with the Company's commitments and society's expectations.

I. INTRODUCTION

1. On January 25, 2019, Dam 1 of the Córrego do Feijão mine (“Dam”) collapsed, resulting in a disaster of major proportions. The failure occurred in Brumadinho, a municipality located 65km from Belo Horizonte, the budget of which depended on revenues from the Financial Compensation for the Exploration of Mineral Resources (CFEM) paid by Vale S.A. (“Company”).
2. In this context, the Company's Board of Directors created an Independent Extraordinary Advisory Committee for Support and Reparation (“Committee”), which consisted of Leonardo Pereira, Ana Cristina Barros and Márcio Gagliato, all of them independent, with Leonardo Pereira being appointed coordinator. The creation of the Committee was announced by the Company through a notice to the market dated January 27, 2019.¹
3. The Committee was created to assist the Board of Directors of the Company by monitoring measures aimed at the assistance, support and reparation of victims and the environment, affected by the failure of the Dam, in order to ensure the use of all the resources necessary for this purpose (“Reparation”). Its duties were included in the Internal Regulation, approved by the Board of Directors on March 19, 2019.² This monitoring occurred through:
 - **Recommendations to the Board of Directors** in order to assist it in improving and monitoring the performance of action plans. The recommendations, when approved, were addressed to the Reparation Board for adoption of the appropriate measures; and
 - **Suggestions to the Board of Executive Officers and the Leaders of the Reparation Fronts**, of a more technical and operational nature, in order to contribute to the effective fulfillment of the action plans.
4. The Committee had its work plan and budget approved by the Board of Directors on May 30, 2019, and were complied with throughout the works. As part of its work plan, the Committee has undertaken to submit this final report (“Report”), describing the activities and works carried out since its creation, until December 13, 2019 (the “Cut-off Date”), date on which its operational activities were closed as a result of resolution by the Board of Directors. Throughout its works, the Committee had the legal advisory of Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados.

II. CHARACTERIZATION OF THE OCCURRENCE

5. The dam was built in 1976 and incorporated into the Company's operations as a result of the acquisition of Ferteco Mineração in 2001. The Dam occupied about 27 hectares, was 87 meters high, and had 11.7 million m³ of accumulated tailings - of which 9.8 million m³ leaked in the failure.³ On December 11, 2018, the Company obtained an environmental license from the State Environmental Policy Council, which authorized the decommissioning of the Dam and the removal of tailings for the environmental reparation of the area.

¹ Initially, the Committee was also integrated by Sandra Guerra and Marcel Juvinião, members of the Company's Board of Directors at the time of the installation of the Committee. According to the communication to the market released on February 15, 2019, the Company reassessed the composition of the extraordinary advisory committees, in order to maintain only external members.

² Available at: <[http://www.vale.com/brasil/PT/investors/corporate-governance/board-committees-councils/Documents/Regimento%20Interno%20Comit%C3%AA%20de%20Apoio%20e%20Repara%C3%A7%C3%A3o%20\(19%2003%202019\).pdf](http://www.vale.com/brasil/PT/investors/corporate-governance/board-committees-councils/Documents/Regimento%20Interno%20Comit%C3%AA%20de%20Apoio%20e%20Repara%C3%A7%C3%A3o%20(19%2003%202019).pdf)>.

³ Of this volume, approximately 7 million m³ were along the Ferro-Carvão Stream and 3 million m³ arrived at Paraopeba river. For reference, as reported in the media, Samarco's Fundão dam had a volume of 55 million m³, of which 43 million m³ leaked due to the failure occurred on November 5, 2015.

Available at: <<https://g1.globo.com/mg/minas-gerais/desastre-ambiental-em-mariana/noticia/quantidade-de-lama-que-vazou-de-barragem-em-mariana-equivale-a-um-pao-de-acucar-diz-presidente-da-fundacao-renova.ghtml>>, <<https://g1.globo.com/mg/minas-gerais/noticia/2019/01/25/veja-o-que-se-sabe-ate-agora-sobre-o-rompimento-da-barragem-da-vale-em-brumadinho.ghtml>> e <<http://www.vale.com/brasil/PT/aboutvale/news/Paginas/Vale-atualiza-informacoes-sobre-o-rompimento-da-barragem-de-Brumadinho.aspx>>.

6. The failure resulted in loss of human lives and homes, affected public facilities, part of neighborhoods, commercial activities and leisure areas, as well as environmental damage at the headwaters of Feijão Stream and Paraopeba river, with physical and chemical pollution of its waters and sources of human supply. In addition to the increased concentration of heavy metals naturally present in the environment (such as iron and manganese), there was an indication of contamination by other heavy metals (such as cadmium and mercury), which pose risks to human health⁴. There were also losses of wild fauna and livestock⁵.
7. As of the Cut-Off Date, the Company had identified and recorded: (i) 257 fatal victims⁶, including two pregnant women; (ii) 256 homeless families⁷; and (iii) 13 people not yet found⁸. In all, it is estimated that 546⁹families were directly affected by the deaths resulting from the failure of the dam. According to the Reparation Report published by the Company in December 2019, 100 families residing in the Self-Rescue Zone (ZAS)¹⁰remained, on that date, in temporary residences paid for by the Company.
8. The tailings released by the failure of the Dam covered an area of about 300 hectares. According to data released by the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama), more than 130 hectares of native Atlantic Forest vegetation have been devastated and around 70 hectares of Permanent Protection Areas have been affected.¹¹ The Company reported that the tailings plume reached the Dam of the Retiro Baixo HPP (220 km away), without going beyond it, thus not reaching the São Francisco river until the Cut-Off Date.

III. VALE INITIATIVES

9. On January 25, 2019, immediately after the failure of the dam, the Company created an internal structure called the Immediate Response and Humanitarian Aid Committee, to coordinate emergency support actions. With the advisory of McKinsey, it prepared a preliminary plan for immediate response, compensation, reparation and recovery. This Immediate Response and Humanitarian Aid Committee acted in the first weeks, supporting the rescue of victims, emergency payments, and the establishment of the first actions in the field. In general, the Company took responsibility for the Reparation and apologized to the population. The Company also quickly installed the Independent Extraordinary Advisory Committees, including this Committee, one for Verification and, subsequently, one for Dam Safety, to advise the Board of Directors in view of what happened.
10. As a form of emergency and voluntary support, the Company made donations in the amounts of R\$ 100 thousand, R\$ 50 thousand, and R\$ 15 thousand, respectively, to family members of fatal victims, to owners of real property located in the Self-Rescue Zone (ZAS), or whose productive or commercial activities were affected, which benefited more than 470 people. Through an Instrument of Preliminary Agreement (“TAP”), entered into on February 20, 2019 with the competent authorities, the Company assured the payment of emergency damages to more than 107 thousand residents of the municipality of Brumadinho, and within the range of 1 km along the Paraopeba river, partially comprising 17 municipalities¹². Payments made by the Company under the TAP represented more than R\$ 1.1 billion. In November 2019, this form of payment was renegotiated in court and the term of the emergency benefit

⁴ The information is recorded, for example, in the minutes of the 314th meeting of the National Health Council, available at: http://conselho.saude.gov.br/atas/2019/Ata_da_314_RO.pdf.

⁵ Until December 9, 2019, terrestrial fauna rescue operations served 44,206 animals, covering 851 live animals rescued, in addition to registered animals and animal carcasses. As for the aquatic fauna, 188 live fish were rescued and 3,367 carcasses were collected.

⁶ Available at: http://www.vale.com/brasil/PT/aboutvale/servicos-para-comunidade/minas-gerais/atualizacoes_brumadinho/Paginas/obitos-identificados.aspx.

⁷ Available at: <http://www.vale.com/brasil/PT/aboutvale/news/Paginas/Vale-segue-focada-nas-varias-frentes-de-reparacao.aspx>.

⁸ Available at: http://www.vale.com/brasil/PT/aboutvale/servicos-para-comunidade/minas-gerais/atualizacoes_brumadinho/Paginas/listagem-pessoas-sem-contato.aspx.

⁹ Data available in a presentation made available by the Company on the Family Reference Program, dated 07/04/2019.

¹⁰ Region of the valley downstream the dam where the warning notices to the population should be the responsibility of the project owner, as there is not enough time for the competent authorities to intervene in emergencies.

¹¹ Available at: <https://www.gov.br/planalto/pt-br/acompanhe-o-planalto/noticias/2019/01/rompimento-de-barragem-destruiu-269-84-hectares-em-brumadinho-mg>.

¹² Emergency compensation is focused on residents of Brumadinho and areas within a kilometer from the Paraopeba River channel, from Brumadinho to the city of Pompéu.

was extended for 10 months, to approximately 10 to 15 thousand people¹³. For the other original beneficiaries (93 to 98 thousand people), the benefit was also extended, with a 50% reduction though.

11. The Company is negotiating and entering into individual indemnity agreement, following procedures agreed with the Public Defender's Office of the State of Minas Gerais ("DPMG") and/or through agreements ratified by the Labor Courts. In order to facilitate the negotiation of individual agreements resulting from the agreement with DPMG, the Company retained specialized legal counsel, who act as facilitators. As of the Cut-Off Date, the Company had entered into more than 1,450 civil indemnity agreements, covering approximately 3,100 beneficiaries, in addition to 580 labor indemnity agreements, covering approximately 1,570 beneficiaries. These agreements, taken together, represented an expenditure of approximately R\$ 1.6 billion for the Company¹⁴.
12. To mitigate the environmental effects of the failure, the Company has been developing infrastructure works, including the revitalization of the Paraopeba river, through the containment and dredging of tailings and the implementation of water treatment and monitoring plants. The Company has also sponsored actions to improve urban infrastructure, economic reactivation, and the development of local tourism in the disaster region.
13. To respond to what happened, the Company changed its organizational structure, including the replacement of its Chief Executive Officer. On April 30, 2019, the Company adopted a new Reparation structure, creating the Special Reparation and Development Board ("Reparation Board"), to coordinate the actions of socioeconomic and environmental rehabilitation of the municipalities affected by the failure of the Dam. Since the creation of that Board, the Company has expanded its actions in the field. As an example, it increased the Community Relations team (RCs) and the service stations destined to the communities, and retained external advisers and consultants for specific studies and diagnoses.
14. The Company created the Safety and Operational Excellence Board, on June 5, 2019, with performance goals unrelated to the Company's production goals. This is in line with the review of the Company's Reparation strategy and with the new pillars of "safety and operational excellence" and the "new pact with society". On July 31, 2019, a new Risk Management Policy was published, providing for the existence of four Business Risk Executive Committees, namely: (i) Operational Risks; (ii) Geotechnical Risks; (iii) Strategic, Financial and Cyber Risks; and (iv) Compliance Risks. The Company presented examples of plans to, with social support and participation, reinforce the new pact with society, such as: (i) reinforcing its practices and objectives related to the environment; (ii) becoming carbon neutral; and (iii) obtaining ISO 14001 certification for all of its operations until 2022.
15. A first draft of the Reparation and Socioeconomic Development Plan ("Reparation Plan")¹⁵ of the Company was presented in May, containing its proposal for mission, vision and objectives for the Reparation Board. This draft of the Reparation Plan incorporated the concept of "Integral Reparation"¹⁶ as a benchmark, which is in line with the information and commitments published by the Company on its website¹⁷. As of the Cut-Off Date, the Company had not completed the Reparation Plan and its indicators, despite having shared preliminary versions of the document with the Committee and having held meetings on its content.¹⁸ Likewise, part of the contracted studies, such as, for instance, studies on socio-environmental and socioeconomic impact, mental health and psychosocial support, impacts of indemnities and social participation, were still in progress.

¹³ The beneficiaries include all residents of the communities of Córrego do Feijão, Parque da Cachoeira, Alberto Flores, Cantagalo, Pires and on the banks of Ferro-Carvão Stream, in addition to participants in support programs developed by the Company.

¹⁴ The Committee had access to only 16 individual agreements and 19 labor agreements as of the Cut-Off Date for the preparation of this Report.

¹⁵ References to the "Reparation Plan" also include the presentation of the Company's Reparation Board entitled "Monitoring of the Strategy of the Special Reparation and Development Board".

¹⁶ As per comments on the UN Guiding Principle No. 25 and article 15 of Decree No. 9.571/2018, Full Reparation involves measures such as:

(i) Public Apology; (ii) Refund; (iii) Rehabilitation; (iv) Monetary or Non-Monetary Compensations; (v) Punitive Sanctions; and (vi) Non-Repetition Assurance.

¹⁷ Available at <<http://www.vale.com/esg/pt/Paginas/Brumadinho.aspx>>.

¹⁸ The Committee's participation in the meetings on the Reparation Plan and the suggestions provided did not imply the validation of its content.

16. From the failure to the Cut-Off Date, the Company has entered into agreements on specific, judicial and extrajudicial matters, with the Prosecution Office of the State of Minas Gerais, the State of Minas Gerais, the Public Defender's Office of the State of Minas Gerais, and other competent authorities. In the course of its interactions with the Company and its advisors, the Committee was informed of the prioritization of the execution of these agreements. Among the agreements, the Committee highlights: (i) two agreements with the Federal Prosecution Office (water and indigenous services); (ii) six agreements aiming at the reimbursement or costing, by the Company, of public expenses, which, therefore, demand greater caution in relation to the transparency component, as mentioned in some recommendations of the Committee (especially with City Halls, but also with the Fire Department); and (iii) three agreements that address health issues and should be considered in view of constant demands and complaints from the community on the topic.
17. Five Parliamentary Commissions of Inquiry (CPIs) and an External Commission of the House of Representatives were set up, to address the failure of the Dam, whose development was monitored by the Committee. Although none of them has Reparation as its purpose, on several occasions the discussions at the CPIs involved topics such as these. The Committee also evaluated the report produced by the National Human Rights Council¹⁹ in February 2019, after carrying out an emergency mission in Brumadinho and Belo Horizonte, the purpose of which was to listen to the communities affected by the failure.
18. From the failure to the Cut-Off Date, the Company had been negotiating a definitive Consent Decree ("TAC") with the Federal Prosecution Office. In this regard, the Company submitted a letter of intent to the Federal Prosecution Office. In the course of its interactions with the Company and its advisors, the Committee was informed about the slowdown in TAC negotiations and the lack of an estimate for closing thereof. Subsequently, the Committee was informed about negotiations with the Government of the State of Minas Gerais for significant investments in the area of infrastructure and support for public services, through the Pro-Brumadinho Committee, which should become an important element of the agreement. There is also a commitment to support the construction of sanitation systems in the 22 municipalities along the Paraopeba river channel.
19. The table of General KPIs made available by the Company on the Cut-Off Date indicated the disbursement of R\$ 4.4 billion with the Reparation actions. Until the third quarter of 2019, the Company had recognized an impact on its revenue of R\$ 24.1 billion as a result of the failure of the Dam, including indemnities and donations granted to the affected parties, expenses with the reparation of the affected areas and compensation to society.

IV. THE COMMITTEE

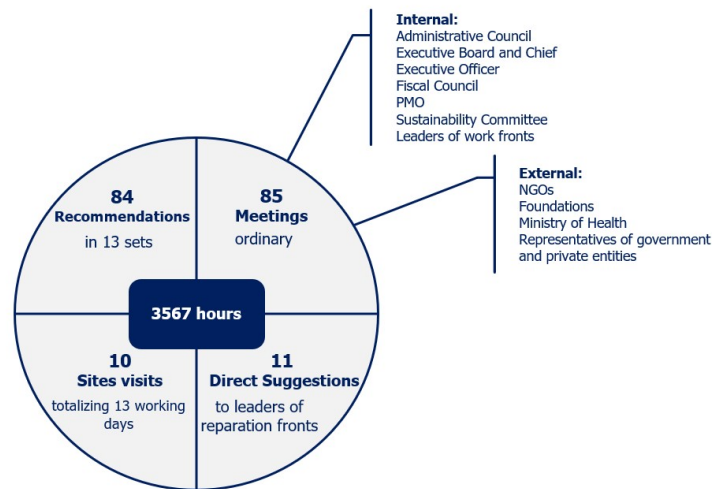
(a) Basic Data

20. The works carried out by the Committee involved: (i) 84 recommendations, divided into thirteen sets; (ii) 11 direct suggestions to leaders of Reparation fronts; (iii) 85 meetings with internal and external agents (approximately two meetings per week); and (iv) 10 field visits (Figure 1). In all, 3,567 hours²⁰ were worked by the three members of the Committee.

¹⁹ Collective body, created by Law 12.986/2014, which aims at promoting and defending human rights in Brazil. It is composed of representatives of public bodies and civil society.

²⁰ The flowchart considers the hours worked by Committee members until January 15, 2020, and the estimated number of hours between January 16 and February 15, 2020.

Figure 1: Activities and Products of the CIAE-AR from 02/04/2019 to 31/01/2020



21. During this period, the Committee concentrated its efforts on internal contacts with the Company. Its members participated in meetings with several bodies and agents, including the Board of Directors, Sustainability Committee, Audit Committee, CEO, Officers, PMO, leaders of Reparation fronts, among others. To a lesser extent, Committee members also participated in meetings with some external agents, such as representatives of governmental and private entities, foundations, Mayor of Brumadinho, Secretaries, Public Defender's Office, Ministry of Health, associations and representatives of communities affected by the failure of the Dam. The Committee also held two meetings to listen to representatives of civil society organizations.

(b) Actions of the Committee

22. The Committee's works began on February 1, 2019, with a field visit and interactions with the former Immediate Response Group of the Company, aiming at gathering initial information on the impacts of the failure of the dam. At the beginning of its works, the Committee proposed to the Board of Directors to hire technical advisory, to assist it in the analysis of certain aspects of the Reparation. After a positive feedback from the Board of Directors, the Committee evaluated, during February and March 2019, possible consultants to fill the position of technical advisor. The advisory proposals received by the Committee were then submitted for resolution by the Board of Directors, which chose not to authorize the hiring. The decision required changes to the work plan, which had been developed by the Committee up to that time.
23. Also in February 2019, the Committee sent its first set of recommendations to the Board of Directors, which focused on compliance with international humanitarian guidelines that, in the Committee's view, offered priority knowledge and tools for emergency actions. This recommendation directed the Company's attention to the need for a stakeholder engagement plan, and a quick assessment of needs and resources to adequately inform emergency decision-making. These topics were again addressed in several recommendations (see Figure 3).
24. Emergency actions remained a priority topic for the Committee's review during March 2019, an opportunity at which its second set of recommendations was sent, addressing, among other matters, the following: (i) compliance with the fundamental principle of "do no harm" in emergency response actions; (ii) attention to best practices in the context of human rights; and (iii) the component of transparency and participation in donations to City Halls.

25. In the following month, the Committee directed part of its attention to conducting conversations with the leaders of the work fronts (thematic areas of the Reparation structure: health, social, environment, legal). One of the main purposes of these interactions was to assist the Company in the development of indicators that would be used to monitor support and reparation actions, a component, in the opinion of the Committee members, essential to a reparation plan. Two sets of recommendations were sent during this period, addressing structural issues, such as the risks of the emergency compensation phase, and more specific issues, such as the completion of the bridge that connected some affected communities to the center of Brumadinho.
26. The fifth and sixth sets of recommendations, submitted by the Committee in late May and early June 2019, addressed the negotiation of the TAC and the letter of intent submitted by the Company to the Federal Prosecution Office. Among the main proposals of the Committee was the definition of possible governance scenarios that would govern the agreement. The topic was the main issue addressed in the month of July, when the Committee sent a new set of recommendations with additional inputs on the letter of intent. The principles proposed for this “letter” included Full Reparation, social validation, transparency and building back better.
27. Beginning in August 2019, the Committee dedicated its efforts to the analysis of individual and collective indemnities. The eighth set of recommendations, submitted in August 2019, addressed the importance of developing actions that would allow the provision of clarifications to the communities on the rights and ways of negotiating individual and collective indemnities, a point of concern raised by representatives of the affected communities. The topic of indemnities was the subject of a total of 12 recommendations from the Committee, especially in the ninth and tenth sets, as they are, in the eyes of the Committee, essential elements for Full Reparation.
28. In November 2019, the Company's transparency policies and actions gained prominence, being the subject of a specific set of recommendations. The Committee's recommendations pointed to the importance of disclosing the goals, processes and indicators set for Reparation, and the structuring of a progress report based on the impacts of the actions. That month, the Committee also completed an analysis of the Company's Human Rights policies and procedures related to Brumadinho. Based on this analysis and other information provided, the Committee submitted a set of recommendations focused on Human Rights issues, addressing, among others, the review of the reporting channel to ensure anonymity, independence and non-retaliation, as well as its application in the territories of the Reparation.
29. Finally, the Committee focused on the monitoring and evaluation of support and reparation actions, the subject of its last set of recommendations, in December 2019. This set addressed, among other topics, the importance of the participatory construction of a monitoring system with indicators, critical processes and review cycles, to be reflected on the Reparation Plan. These topics were the subject of 34 recommendations.
30. The recommendations were forwarded to the Board of Directors and, with its approval, addressed to the members of the Board of Executive Officers. At the beginning of the works, a direct communication procedure was created between the Committee and the Board of Directors of the Company, through prior interactions with the Steering Committee²¹, and the participation of the Committee members at the monthly meetings of said body, for the purpose of explaining the content of the recommendations sent. As of July 2019, the Board of Directors guided a new governance format for the submittal and assessment of the Committee's recommendations, whereby the Sustainability Committee assumed the role of liaison of the Board of Directors before the Committee, triangulated with the Reparation Board.
31. The Committee obtained written feedback on its recommendations on two occasions: (i) on September 9, 2019, when it received a spreadsheet with responses from the Reparation Board about the sets of recommendations no. 1 to 7; and (ii) on December 27, 2019 and January 23, 2020, when it received reply letters from the Company on the content of sets of recommendations no. 1 to 13 (“Reply Letters”).

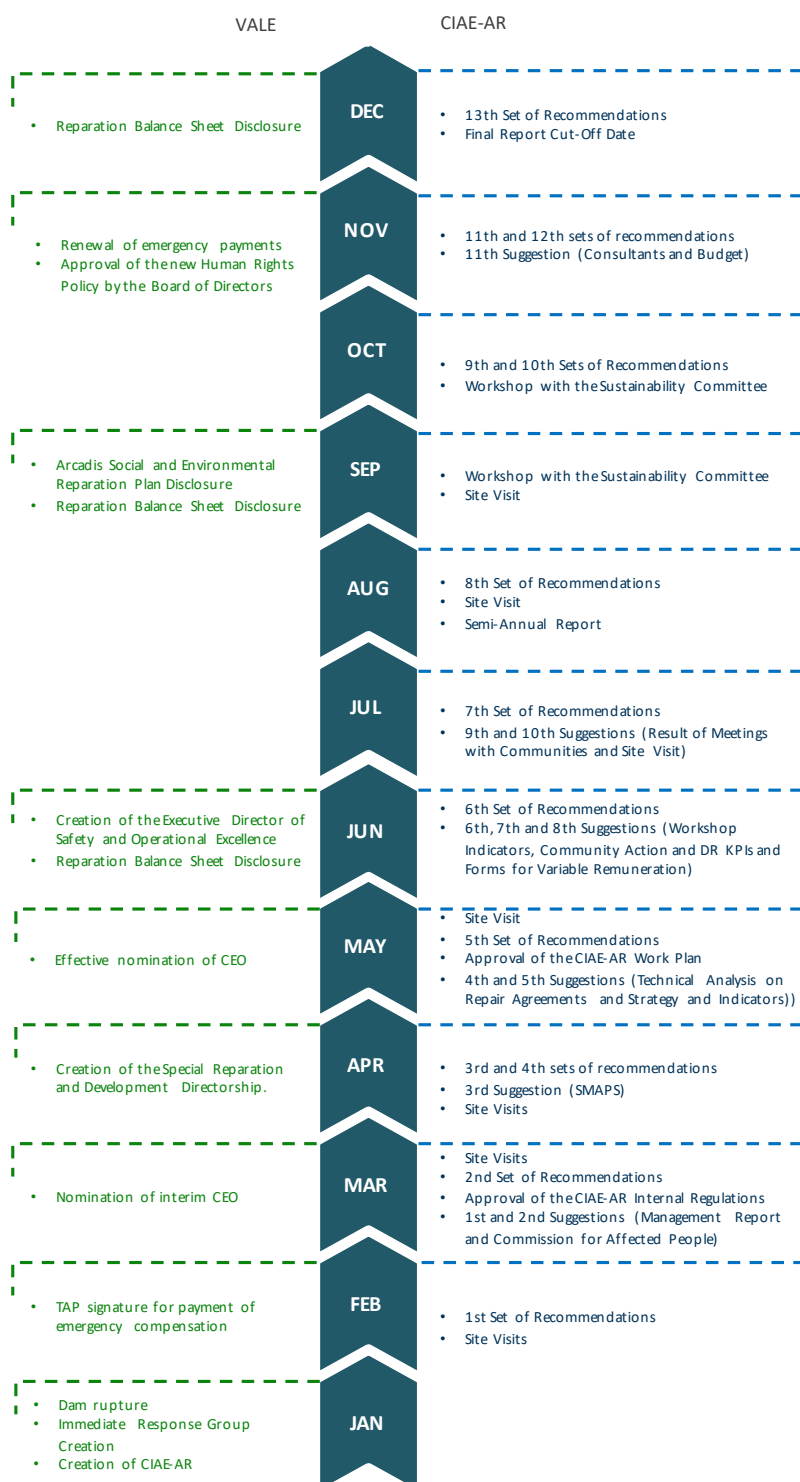
²¹ Informal committee composed of three members, appointed to guide the works of the Committee.

The Committee received an Excerpt from the Minutes of the Board of Directors' Meeting, held on January 23, 2020, endorsing the commitments undertaken in the Reply Letters. In them, the Reparation Board comments on its position in relation to each recommendation, provides rationales and performance commitments, and provides clarifications on actions in progress. At the request of the Reparation Board, the Committee agreed to incorporate the content of the Reply Letters to this Report, despite having been sent after the Cut-Off Date.

32. On October 15, 2019, the Committee was informed about the Board of Directors' resolution for completion of its activities by December 2019²². Based on this resolution, the Sustainability Committee instructed the Committee to formally start its closure routine from the first week of December, and deliver this Report by January 31, 2020. The Committee submitted a first version of the Report on that date and, after minor adjustments, sent a final version on February 19, 2020.
33. The timeline below shows the main milestones of Brumadinho's support and reparation works carried out by the Committee and the Company, from January 25, 2019 to the Cut-Off Date.

²² The information was received through the Excerpt from the Minutes of the Board of Directors' Meeting, held on June 27, 2019 and recorded on October 14, 2019.

Figure 2: Timeline of the Main Activities of the Committee and Vale from January to December 2019



(c) Recommendations

34. As previously explained, during its operation, the Committee submitted thirteen sets of recommendations to the Board of Directors. Each set provided between 3 and 10 recommendations, aiming at the improvement of the Reparation actions, and involved from the adoption of conceptual guidelines to practical considerations. In the 84 recommendations, the main instrument of communication with the Company, the topics addressed as a priority were the Recovery Plan and management of support and recovery actions, transparency and engagement with stakeholders, to promote social participation and governance for construction and validation of plans and results (Figure 3).

Figure 3: Characterization of CIAE-AR Recommendations per Content

As of **December 13, 2019**, the Committee made **84 recommendations to the Board, in 13 sets**;

Recurring topics:

- ✓ 34 recommendations addressed the Plan and the management of support and recovery actions; 12 focused on indemnities, 9 addressed the assessment of needs (diagnoses) and 18 were related to self-assessment;
- ✓ 26 recommendations addressed transparency;
- ✓ 25 recommendations addressed engagement with **stakeholders**, especially local communities, recommendations for actions to promote social participation and **governance** for the construction and participatory validation of plans and results.
- ✓ 18 recommendations addressed **institutional relationship**, such as recognition and articulation with other reparation players, and criteria for the transfer of resources to public agencies;
- ✓ 17 recommendations addressed the **TAC**, especially of **humanitarian care** procedures and metrics.
- ✓ 14 recommendations addressed to improving humanitarian care procedures and metrics.

Specific topics covered:

- ✓ Environmental aspects were addressed in 4 recommendations;
- ✓ In 9 recommendations, the Committee made reference and/or recommended the adoption of good reparation practices;
- ✓ The mental health and psychosocial support front (MHPSS) was included in 6 recommendations;
- ✓ Communication: 12 recommendations;
- ✓ Infrastructure: 2;
- ✓ Technical capacity: 7
- ✓ Variable executive compensation: 1

(d) Suggestions

35. During this period, the Committee also submitted eleven suggestions to the Company's Board of Executive Officers, addressing technical and operational aspects of the Reparation. The goals and indicators for the effective monitoring of the Plan were the most discussed topic, followed by the hiring of technical consultants, aiming at the improvement of actions (Figure 4).

Figure 4: Characterization of CIAE-AR Suggestions per Content

As of **December 13, 2019**, the Committee made **11 recommendations to the Board of Executive Officers and the Leaders of Vale's Reparation Fronts**.

Topics covered:

- ✓ 3 suggestions on **goals and KPIs** for the effective monitoring of the Reparation plan;
- ✓ 2 suggestions for hiring **technical consultants** to improve support and reparation actions (in Mental

Health and Psychosocial Support - MHPSS and participation and governance in indemnities and agreements);

- ✓ 1 suggestion on improvement of **social participation** through the **Commission of the Affected Parties** of the Córrego do Feijão community;
- ✓ 1 suggestion of adjustment to the “**2018 Management Report**”, at the request of the **Financial Committee of advisory to the Board of Directors**
- ✓ 1 suggestion related to **social demands** presented the **centrality of assistance programs to those affected**, their content and their places of application
- ✓ 1 suggestion related to **consultants hired** by the Reparation Board to improve support and reparation actions and on the **budget provided** by Vale for the execution of the Reparation plan,

(e) Technical Parameters

36. In order to fulfill its objective of evaluating the measures taken, and offering guidance proposals to the Board of Directors, the Committee has developed a set of technical parameters, which are based on the concept of Full Reparation and a process of transparent and socially participative management. These parameters observe the priorities of Reparation at that moment. Currently, there are nine parameters that contain the characteristics that the Committee considers necessary for the performance of the Reparation Plan by the Company, which guided the Committee's recommendations and suggestions:

- a) **Completion of emergency actions:** Cease impact, map damage and resources, identify victims, identify and prioritize groups in situations of vulnerability, provide emergency services in works, health, social assistance and those displaced by the failure of the Dam, and identify and mitigate the unintended negative consequences, derived from support and reparation actions.
- b) **Stakeholder Engagement:** Preparation and implementation of a stakeholder engagement plan, covering policies and actions of relationship, consultation and social strengthening and articulation of partnerships, in order to guide the Company's social investments.
- c) **Reparation plan:** Completion of the Reparation Plan, built in conjunction with the affected communities and stakeholders, and validated by them, from diagnosis to completion, with monitoring of implementation and assessment thereof. The Plan would include objective and measurable management goals and KPIs.
- d) **Transparency policies and actions:** Preparation of a plan and actions to ensure transparency to: (i) the Company's support and reparation actions; (ii) indemnity rights and procedures, mitigating information asymmetry between the Company and the affected communities, associated to a specific communication plan; and (iii) the application of funds from donations made to the government through the promotion of social control instruments.
- e) **Individual and collective indemnities:** Application of appropriate procedures to allow parity and fairness of individual indemnities, upon application, by analogy, of the case law more favorable to those affected, with an assessment of the impacts and risks of such compensations, followed by mitigating actions. For collective negotiations, the adoption of a consensual, secure and agile framework.
- f) **TAC with participatory governance:** Execution of a judicial agreement - TAC, which recognizes the Company's reparation actions and sets fair values, with participatory and functional governance, to be built from the Company's investments. Actions defined collectively under the coordination of other stakeholders and financially supported by the Company must complement the terms of the agreement.
- g) **Non-repetition commitment:** Implementation of actions to guarantee non-repetition of disasters, with the development and/or improvement of internal policies, and participation in the strengthening of public policies and discussions on regulatory issues.
- h) **Technical capacity:** Demonstration of technical capacity of the areas involved in support and reparation actions; corporate culture of continuous learning; and actions to derive lessons and internal training.
- i) **Monitoring and assessment plan:** Preparation and implementation of a monitoring and assessment plan

for society of the support and reparation actions, directly supervised by the Board of Directors. In addition, the Committee considers it important to build an independent body for monitoring assessment and validation.

V. ANALYSIS OF COMMITMENTS AND ACTIONS OF THE COMPANY

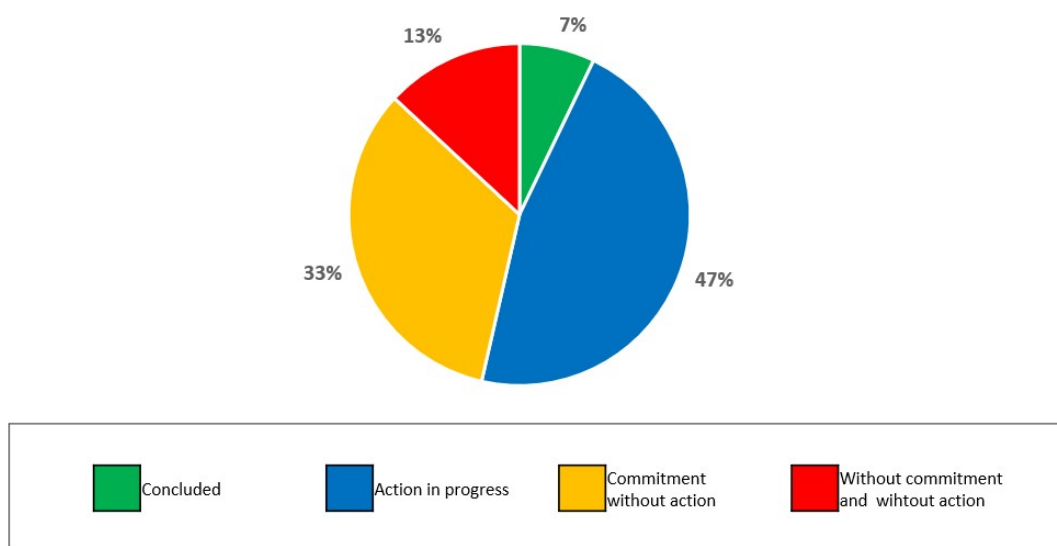
37. In order to monitor the Company's efforts in its Reparation activities, the Committee carried out an analysis of the content and scope of the commitments assumed and actions taken by the Company in response to its recommendations, as provided below.

(a) Convergence between recommendations and actions

38. As part of the process of monitoring the Company's response to its recommendations, the Committee prepared a Beacon of Recommendations (Annex I), highlighted in colors (red, yellow, blue and green), which represent the Company's response, identifying whether they were accepted or no, if there were commitments for its implementation and if there are ongoing or completed actions.²³

39. In all, as a product of the work from February to December 2019, the Beacon of Recommendations shows that the Company accepted 87% of the recommendations, showing convergence with its content, with 7% completed, 47% have actions in progress, and 33% have not yet started (Figure 5).

Figure 5: CIAE-AR Recommendations Based on the Company's Responses, Synthesizing the Lighthouse of Recommendations - Annex V



40. The Committee assigned blue classification to recommendations to which the Company expressed its commitment and established a deadline for compliance. In the Committee's view, these commitments involve central elements of Reparation for the next six months, including the conclusion of the diagnoses contracted by the Company, which will serve as basis for the completion of a Reparation Plan, to be submitted to public consultation, bringing its logical framework²⁴ (Figure 6). As it will be explained in the course of the Report, the Committee believes that the fulfillment of these commitments will represent the start of a new stage in the Reparation project.

²³ Red represented recommendations without commitment or actions by the Company. Yellow indicated recommendations where there was only commitment, while blue was assigned to recommendations with commitments and actions in progress. Green represented recommendations partially or fully completed.

²⁴ The logical framework is a tool to facilitate the process of conceptualizing, developing, performing and assessing projects. Its objective is to provide a logical structure to the planning process, and essential information related to the project.

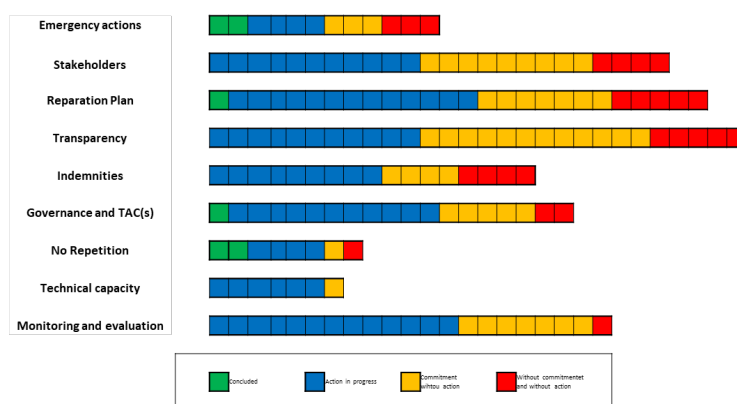
Figure 6: Commitments of Reparation Actions Assumed by the Company in the Reply Letters

FUTURE COMMITMENT	DEADLINE:	REF. REPLY LETTER
Beginning of stakeholder monitoring <i>and critical issues related to each one</i>	Jan/2020	1
Review of the panel of Reparation indicators and its disclosure on the ESG Portal	Jan/2020	11
Consolidation and improvement of Reparation indicators	Feb/2020	9
Disclosure of third-party initiatives, as part of transparency efforts	Feb/2020	11
Review of the Recovery Plan (with integration of diagnostics) and its disclosure to stakeholders	Mar/2020	11
Organization of contents on good practices and innovations in individual compensation processes	Mar/2020	9
Comprehensive review of internal reports, as part of the “ground zero” review of the recovery strategy	Mar/2020	13
Submittal of the Recovery Plan to public consultation	Apr/2020	11
Structuring of Management of Stakeholders using the platform Synapses	Jun/2020	13
Monitoring of TAC negotiations	N/A	N/A

(b) Classification of recommendations per technical parameters

41. The Committee classified the recommendations according to each of the nine technical parameters described above, defining up to three predominant parameters for each recommendation. For example, the recommendation on the risk of the emergency indemnity phase addressed the parameters of individual and collective indemnities, technical qualification, and monitoring and assessment plan. This methodology allowed the reading of the guidelines of recommendations aggregated by topic (Figure 7).
42. It appears that none of the technical parameters has fully completed recommendations, that is, all of them are at the implementation phase. There is a common pattern in the forwarding of recommendations between technical parameters, with a balance between commitments (yellow) and actions (blue), with the exception of parameters on technical qualification, and non-repetition commitment. The number of recommendations per parameter should not be seen as an indication of their relevance in the context of Recovery. The parameters of transparency policies and actions, the Plan of Recovery and stakeholder engagement, for example, were more frequent in the recommendations, given the stage and progress of the Recovery.

Figure 7: Infographic - Number of Recommendations and Status for each of the 9 CIAE-AR Parameters.



43. The infographic and Figure 5 should be read in conjunction with the Beacon of Recommendations, which brings highlights of the Committee on the content of the actions. This analysis does not represent per se

an assessment of the quality and merit of actions in progress.

44. As already mentioned, there are committed recommendations and actions in progress for most of the technical parameters. However, there is still committed content to be analyzed by the Company and reflected in its actions. For example, although the technical qualification parameter has predominantly actions in progress, as will be explained below, the Committee understands that there are still points for improvement for most of these actions.

(c) Content analysis of each technical parameter

45. After classifying the recommendations according to the technical parameters, the Committee developed a third analysis mechanism, in order to measure the Company's efforts. This is a subjective analysis of the main actions actually taken by the Company (column 1), and the main gaps (column 2) that, in the Committee's view, should be addressed in the Recovery process. Based on this balance, considering what has been done and to be done, the Committee has assigned a status of progress, until the Cut-off Date, in blocks of 25% (Figure 8).

Figure 8 - Board with the Committee's view on the Progress of Recovery Efforts in Brumadinho in December/2019

TECHNICAL PARAMETER	STATUS 25-100%	1. EXAMPLES OF ACTIONS TAKEN/IN PROGRESS	2. MAIN GAPS OBSERVED
Completion of emergency actions		<ul style="list-style-type: none"> . Apologies . Crisis management structure . Efficiency in rescue actions . Set of actions offered to the community . Basic works . Results of Rescue and identification of victims . Tailings containment and removal efforts 	<ul style="list-style-type: none"> . Completion of rescues and identification of victims . Assessment of needs (diagnosis), with attention to the demographics of those affected . Update of the Recovery Plan based on the review of emergency actions . Identification and mitigation of unintended negative consequences of support actions . Works' resistance to the rainy season
Stakeholder engagement		<ul style="list-style-type: none"> . Strengthening the engagement function (creating the position, hiring a professional, completing the plan, and hiring consultants) . Structuring of the social support team in Brumadinho . Restructuring of community relations work (RCs) . Discussions with the Government of the State of Minas Gerais . Periodic meetings with the Affected Parties Committee . Dialogues between the Recovery Board and affected communities 	<ul style="list-style-type: none"> . Identification of stakeholder groups for engagement (articulation of capacities, interests and partnerships) . Interlocution and mechanisms for community participation in the Recovery Plan, diagnostics, monitoring, etc. . Review of the information flow and integration of the various internal working groups (for example, RCs and RFs for work with communities)
Recovery Plan		<ul style="list-style-type: none"> . Mission, vision and objectives of the Recovery Plan published on the ESG Portal . Recovery Plan based on the concept of Full Recovery and with the objectives of improving the Company . Commitments made for the first half of 2020 (indicators, integration of contracted diagnoses, and public consultation) 	<ul style="list-style-type: none"> . Social consultation and joint construction of the Recovery Plan . Risk management of the lack of integration between Arcadis' diagnosis and the Recovery Plan . Completion and integration of diagnoses (internal and external) for feedback on the Recovery Plan . Ensuring the technical relevance of the projects included in the Recovery Plan, especially the review of the mental health and psychosocial support front . Completion and approval of the Recovery Plan by the Board of Directors
Transparency policies and actions		<ul style="list-style-type: none"> . Information published on the Company's website . Campaigns to publicize support and recovery actions . Participation of the Recovery Officer in interviews and hearings . Publication of the ESG Portal with the first part of the Recovery Plan (vision, mission, objectives) . Review of Human Rights Policy with public consultation . Commitments made for the first half of 2020 (Consultation on the Recovery Plan, indicators, Transparency Brazil) 	<ul style="list-style-type: none"> . Recovery Plan with objective commitments, management indicators, and analysis of impacts disclosed to society . Transparency in donations to public bodies and in monitoring results . Program for strengthening dialogue and social control . Review of the quarterly accountability campaign and recovery balances
Individual and collective indemnities		<p>Individual Indemnities (75%):</p> <ul style="list-style-type: none"> . Execution of individual indemnity agreements . Rules of individual indemnities (agreement with the Public Defender's Office and possibility of revision) . Execution of labor agreements . Assistance programs aimed at risk mitigation . Visit of facilitators to communities for clarification <p>Collective Indemnities (25%):</p> <ul style="list-style-type: none"> . Execution of labor agreement . Payment of emergency compensation (although reduced for the second year) . Commitment to City Halls for sanitation system in 22 municipalities 	<p>Individual Indemnities (75%):</p> <ul style="list-style-type: none"> . Clarification on rights, proceedings, and measures for the empowerment of people during individual negotiations . Diagnosis of the negative consequences of damages and mitigation actions . Refinement of individual indemnity procedures (identification of vulnerable individuals in the initial script, and support to the monitoring of lawyers) <p>Collective Indemnities (25%):</p> <ul style="list-style-type: none"> . Clarification on the collective indemnity agreement model . Clarification on the role of the Government of the State of Minas Gerais . Ensuring social participation in local socioeconomic programs and the state package . Social legitimacy and technical relevance for agreed actions

Participatory governance and TAC(s)			<ul style="list-style-type: none"> . Execution of several thematic TACs and provision for a more comprehensive agreement . Dialogue with the Public Prosecution Office Task Force . First proposals for participatory governance (of the Company, Arcadis, and the Government of the State of Minas Gerais) . Negotiations with the Government of the State of Minas Gerais to enter into the TAC (with the creation of an executive group of the Company) . Approval by the Board of Directors of the conceptual pillars for the negotiation of the agreement ("letter of intent"), including, among others, Full Recovery and social participation 	<ul style="list-style-type: none"> . Definition of internal and external governance for negotiation and recovery actions . Fostering the qualification of stakeholders to act in governance . Promotion of public consultation on the terms of the agreement with the Government of the State of Minas Gerais . Risk analysis and management for TACs and governance proposal
Non-repetition commitment			<ul style="list-style-type: none"> . Creation of extraordinary advisory committees to the Board of Directors . Creation of the Executive Safety and Operational Excellence Board and regionalized committees . Dam de-characterization, containment and safety works . Review of internal policies, and adoption of safety and risk management as the new pillar of the Company . Review of the Code of Conduct, with whistleblower protection 	<ul style="list-style-type: none"> . Discussion and integration of the recommendations of the Dam Verification and Safety Committees . Performance in proposing public and sector-specific policies . Systematization and disclosure of the actions taken . Ombudsman and complaint mechanisms applied to Brumadinho and region
Technical capacity			<ul style="list-style-type: none"> . Recovery Officer Profile . Creation and strengthening of the Recovery Board team . "Ongoing improvement" as an objective of the Recovery Plan . Consultants and experts advising the teams 	<ul style="list-style-type: none"> . Succession risk management (actions centralized on the Recovery Officer) . Identification of opportunities to improve the technical capacity of the team . Ensure compatibility between profiles and roles . Dynamics of self-assessment and knowledge generation, to improve the management and systematization of lessons
Monitoring and assessment plan			<ul style="list-style-type: none"> . Preliminary version of indicators for the Recovery Plan, with commitment of definition in January/2020 . Culture and routine of internal reports with a commitment to review by March/2020 . Periodic meetings of the Recovery Board with the Board of Executive Officers and the Sustainability Committee/CA 	<ul style="list-style-type: none"> . Definition of impact indicators . Design of the monitoring system, with internal and external objectives, target audiences, and review cycles . Integration of the fronts of the monitoring system, from the supervision of recommendations to general monitoring by the Board of Directors . Stakeholders involvement in the design and implementation of the monitoring system . Independent assessment and monitoring body . Review of internal reports and their metrics

46. The two technical parameters with the greatest progress (75%) were those for completion of emergency actions and non-repetition commitment. The Committee assigned a status of 50% for the other parameters, with the exception of the monitoring and assessment plan (25%). In the Committee's view, the aggregate progress status of the technical parameters described in item IV (e) was just over 50%. This assessment does not address financial obligations and advances in the Recovery chronology, it is only a subjective assessment by the Committee regarding the evolution of the technical parameters described in this Report. The future commitments assumed by the Company in the Reply Letters partially influenced the status assessment, as its implementation is yet to come. We remind you that the status assessment focuses on the content of the actions, not just on the guideline. Therefore, the Committee assesses that if there is compliance with the nine actions assured by the Company for the next six months (Figure 6), in line with all of its pertinent recommendations, there will be significant progress in the panel of parameters.
47. In general, the Committee recognizes that the Company has made significant efforts for the Recovery since the failure of the Dam, taking responsibility for the Recovery and apologizing repeatedly to those affected.
48. In terms of emergency actions, one of the Company's first actions, as described in chapter III, was the creation of an Immediate Response and Humanitarian Aid Committee, which was responsible for serving the population and procuring services. In addition, the Company provided support to public bodies, such as the Fire Department, Civil Defense, and the Military Police of the State of Minas Gerais, maximizing efforts to search, rescue and identify victims. The Company provisioned significant amounts to be used in the Recovery, carried out works for the containment of tailings, monitoring and treatment of water quality, whose long-term effectiveness will be tested after the rainy season.
49. On the other hand, the Committee noted gaps in the Completion of Emergency Actions, such as the absence of a diagnosis to assess the short-term needs of those affected. The diagnosis would have the purpose of producing an analysis on the damage (scale and severity), priority needs, including identification of risks and vulnerabilities, and finally, resources and local response capacity, thus guiding the priority areas for intervention. Short- and long-term diagnostics are complementary. However, the Company hired only diagnostics and studies, in order to subsidize the Recovery Plan in the long term.

50. The Committee also noticed the lack of anticipation, identification and mitigation of the unintended negative consequences of the support and recovery actions. Many of the negative effects of these actions are related to the manner in which aid is managed and disbursed. Therefore, some of these effects can be minimized if there are adjustments in approaches (for example, emergency donations, family conflicts, people migration, fraud, and public security problems, etc.). In the Committee's view, the failure to carry out these measures represents a risk of not fully meeting the Reparation, and weakens the application of the do-no-harm principle.
51. The Committee notes the lack of information, and resulting risk, on the demographics of those affected and the identification of groups in situations of vulnerability. These groups demand specific and dedicated mechanisms to ensure their protection and recovery. Orphans stand out in this list. This is an example of a group in a situation of vulnerability that requires the Company to meet its needs and requires specific planning in the Reparation Plan.
52. The commitment to develop and implement a Stakeholder Engagement plan exists and there are actions in progress. The Committee highlights the importance of a broad view of the Company on the diversity of stakeholders involved, and the scope of the social engagement work, given the potential benefits that a joint action with these stakeholders could bring to Recovery. The expansion of the list of relevant stakeholders to include NGOs and all affected communities would allow the Company to engage important partners for various stages of the Recovery. This would protect the condition of the communities affected as subjects of rights and the main players of Recovery, assuring their legitimate centrality in the process as a whole.
53. The Committee points out that effective social engagement in Recovery depends on mechanisms to allow the active and organized participation of stakeholders in the processes of construction of Recovery, not only at the final phase of validation of actions. Thus, it is incumbent upon the Company to promote the capacity and conditions of dialogue with the plurality of social groups, so that the result of the Recovery has effective relevance for the affected communities. In the Committee's view, stakeholder engagement is essential to keep all audiences informed on the difficulties and advances in Recovery, but also for the joint construction of plans, actions, and forms of monitoring.
54. The lack of effective social engagement can be reflected on other stages of Recovery, such as in the development and future implementation of the Recovery Plan with measurable targets and indicators. The Company's initiatives aimed at social participation in the preparation of this Plan must be strengthened. Today, they are focused on listening to demands, not on dialogue with communities. An example of this is the commitment to carry out a public consultation scheduled for April 2020, which will submit an already advanced and integrated version of the Recovery Plan, with the diagnoses commissioned by the Company, without the participation of stakeholders in the process. The Committee also notes the absence of integration of diagnoses produced by third parties.
55. In general terms, the project for development of the Recovery Plan proceeded with the formulation of the mission, vision and objectives of the Recovery. Important elements included in this technical parameter were consolidated in this process, such as the concept of Full Recovery, the improvement of internal policies, and its role in the discussion of public policies. Still in the process of preparing the Recovery Plan, the Committee monitored discussions on goals and indicators that measure progress and impact. Although the preparation of these metrics has not been completed, there is a commitment to a delivery date. Despite the progress, the Recovery Plan is not completed.
56. The Committee draws attention to the Mental Health and Psychosocial Support (MHPSS) front for the affected population. The mental health issues of the population has been addressed by the media through several articles. The Committee recognizes that the psychological and social effects of the Brumadinho disaster are of great proportions and has addressed the matter on several occasions. The Committee recommended, among other actions, the adoption of IASC international guidelines²⁵ on Mental Health and Psychosocial Support (SMAPS) in humanitarian emergencies. From the perspective of the guidelines, mental health care is understood

²⁵ The IASC (Inter-Agency Standing Committee) is made up of leaders from various humanitarian organizations, whether or not participating in the United Nations, and was created in 1992 to act in the enhanced coordination of humanitarian assistance.

as a dimension of the relationships between people and groups, rather than as an individual mental state. Therefore, proposals for intervention seek to preserve and improve psychosocial well-being, and also prevent and treat potential mental disorders. The adoption of such a strategy prevents the pathologization of suffering and excessive medicalization. Despite the financial contributions to the municipality and the operation of Family Relations (RFs) professionals, the Company should, in the Committee's opinion, incorporate such interventions into the Recovery Plan.

57. The execution of the parameters of Indemnities did not progress smoothly when segmented between individual and collective indemnities. Individual negotiations have advanced substantially, but collective negotiations have not progressed at the same pace. However, there is a robust package of investments in infrastructure projects and support to public services, which has been negotiated with the State Government, being incumbent upon this latter any proposal for the investments to be made. The public consultation required to agree on this agreement and the proposal for a governance model is also under the responsibility of the State Government, which the Committee assessed as a risk, especially in an election year. The Committee understands that the collective indemnity program is one of the main risks for Recovery and the Company's reputation; therefore, it should be prioritized.
58. The Committee highlights the importance of formulating a collective compensation package, developed directly with the communities, complementing the package negotiated with the State Government and the City Halls. According to its recommendations, the collective compensation package would be seen at three levels (State Government, city halls and communities). In this construction, technical relevance and social legitimacy are fundamental aspects, and should be the subject of programs for clarification and qualification of interlocutors. In the renegotiation of emergency payments, for instance, the Company did not use the opportunity to apply the corresponding financial resources, as part of a collective compensation package for communities, aiming at more efficient and lasting impacts for the population.
59. In terms of Participatory Governance and TAC, the Committee recognizes the commitment of the Recovery Board, validated by the Board of Directors on July 31, 2019, to adopt the Committee's recommendations in the process of negotiating a letter of intention with the State Public Prosecution Office. It also highlights the creation of the executive group, to represent the Company's interests in the negotiation forums of said agreement. However, once again, the Committee notices an incipient commitment by the Company in relation to social participation. The Committee has not identified, as of the Cut-off Date: (i) the definition of a governance structure for the TAC; (ii) forum that allows the organized participation of society in the construction of the Recovery; or (iii) initiatives to qualify stakeholders in the governance of the agreement. The Committee also stresses that the constitution of participatory governance should not be seen as an activity subsequent to decisions made, but a course that contemplates the qualification of players and the structuring of processes.
60. The publication of the Recovery Plan pillars on the ESG Portal (Environmental, Social and Governance) was considered by the Committee as progress, in terms of Transparency Policies and Actions. The same recognition applies to the approval of the new human rights policy by the Board of Directors, after public consultation on the Internet. The Company informed that such methodology will be adopted to consult the Recovery Plan. However, the Committee notices that the efforts to disclose information (campaigns in various media, publications on the Company's website, and participation of the Recovery Officer in interviews and hearings) deserve revision, so that the Company's message to its various stakeholders starts focusing on metrics that report on its commitments objectively, allowing proper monitoring of their progress. The current content of the Company's communication prioritizes the amount of financial resources, the volume of inputs supplied, and metrics that are not sufficient and/or adequate for the measurement of effective impacts.
61. Another important aspect of transparency concerns the relationship with public authorities. For example, the Company has made substantial donations to public entities, and needs to have mechanisms to ensure transparency in its management and commitment to the expected results. The qualification of Brumadinho City Hall, which is already a commitment of the Company, needs to be supplemented with the qualification of civil society to exercise its role of social control.

62. The Committee also identified significant progress in relation to the Technical Capacity of the Recovery team, which include the creation and strengthening of the Recovery Department, with the hiring and/or allocation of 397 professionals, training on human rights issues, and the hiring of experts. Despite this, the recovery activity is new and the Company is faced with challenges related to knowledge about disasters and social recovery of high complexity and technical specialization. The Committee points out that the Recovery process requires a constant qualification effort on the part of the Company, considering the large number of professionals relocated to key positions, with different professional competence. In addition, there is a concern with the breadth of functions of the Recovery Board, which in addition to covering the effects in Brumadinho and the Paraopeba river watershed, also deals with dams evacuated and in the process of decommissioning. More fundamentally, the Recovery Board recognizes in the Reply Letters that the Company's history and mindset represent challenges. In line with this perception, the Board of Executive Officers has been developing a "cultural evolution" project.
63. The Committee understands that the new criteria for calculation of the variable remuneration of Company's executives, which started to incorporate performance goals in the Recovery and ESG, represent a progress in the direction of this "cultural evolution", as they encourage a new organizational behavior in relation to these topics.
64. Finally, the Committee recognizes advances in the Non-Repetition Commitments front, including, among others, the works for de-characterization of dams, the creation of the Dam Safety Committee and the Executive Safety and Operational Excellence Board, and adjustments to the Company's Code of Conduct, to include provision for anonymity and non-retaliation in the whistleblowing channel²⁶ and the commitment to review internal policies, including those derived from the verification actions. Among the observed gaps, the Committee highlights the importance of a more effective operation by the Company in proposing public and sector-specific policies.

VI. MONITORING, ASSESSMENT AND RISKS OF THE RECOVERY

65. Recovery is a complex, dynamic and long-term process, which demands resilience, focus, self-criticism, constant review, and improvement. Although there are significant advances on the part of the Company, there are a number of commitments, with ongoing actions and pending actions. From the Committee's perspective, this makes the parameter Monitoring and Assessment Plan a central element for the current stage of the Recovery.
66. In response, the Committee offered recommendations aimed at implementing a formal and structured monitoring and assessment system for the short, medium and long term, aimed at multiple audiences. We also recommend that this system be built in a participatory manner, based on values and principles such as legitimacy, transparency, participation, credibility, and social control.
67. A priority action is the adoption, in the short term, of a specific monitoring and assessment component for the commitments undertaken by the Company for the first half of 2020, in accordance with the provisions of the Reply Letters to the Committee's recommendations (Figure 6). As already mentioned, such commitments cover central pillars of the Recovery, such as, for instance, the review and completion of the Recovery Plan and its public consultation.
68. An important function of the monitoring system is to supply the Board of Directors with information to support its decisions in a complementary and independent manner, in relation to the periodic reports of the Recovery Board. This should include the receipt of feedbacks, internal and external, for management of the Recovery Plan to be developed, and the implementation of actions aimed at rendering accounts to society.

²⁶ According to an excerpt from the minutes of the Board of Directors' meeting, held on December 19, 2019, the Company's Code of Conduct was adjusted to include a provision that under no circumstances will there be breach of confidentiality, intimidation, or retaliation of any whistleblower.

69. As proposed by the Committee and identified as a continuous guarantee of commitment to the quality of Recovery, a monitoring and assessment system should operate as a generator of knowledge, lessons, and recommendations for improvement, in addition to measuring progress. This will allow the Company to ensure the maximization and quality of Recovery efforts, and demonstrate the evolution of its results in relation to the commitments it has undertaken. From this perspective, it will be possible to project the progress of other technical parameters, review them, and eventually identify additional technical parameters.
70. The Company reports in the Reply Letters that it has followed the Committee's recommendations on monitoring and assessment. The Board of Directors and the Sustainability Committee will be responsible for monitoring Recovery, with the support of external and independent verification, carried out on an annual basis. In addition, the Recovery Board has assigned responsibility to its Integrated Management, to disseminate the lessons from the Recovery process. Despite the commitment, there are still no actions in progress, for which the Committee has the following highlights: (i) the technical complexity of identifying impact indicators, in addition to monitoring the implementation of actions; (ii) the process assessment component, which requires analyses, reflections, and lessons to feed back the Recovery; and (iii) the need for this monitoring and assessment process to be built in a participatory manner. These elements must be deemed urgent for the commitments undertaken for the next six months and so on, in order to supply the Recovery decisions in a timely manner.
71. This system will also be able to anticipate and propose ways to manage the risks to which the Recovery is subject, in the short, medium and long term. Such risks, in the Committee's view, include: (i) failure to complete the Recovery Plan in March 2020, or its completion without the necessary technical repertoire; (ii) non-convergence between the Recovery Plan and the needs of those affected; and (iii) possible absence of social legitimacy and technical relevance of the collective indemnity package being discussed with the Government of the State of Minas Gerais.
72. Among the risks of the external environment, to be discussed, managed and monitored, the Committee also highlights: (i) the lack of understanding of the complexity of the Recovery, with its difficulties and mistakes, in a context of lack of objective and sound commitments; (ii) the content of the agreements in court, making the Recovery difficult, as they are the result of negotiations between parties with potentially different objectives and interests, and participation problems, including the possibility of not entering into the agreements and the resulting judicialization of the Recovery; and (iii) social fatigue regarding the terms and procedures of the Recovery.

VII. CONCLUSION

73. In January 2019, the failure of the Dam caused loss of human lives in an environmental, social and moral disaster. As a result, the Company sustained a large-scale setback in its operations, reputation and values. The event presented a scenario of recurrence, worsened by its social impacts. In view of this, this Committee noticed, throughout the year, the evolution on the part of the Company in the performance of support and recovery actions, especially in emergency actions and non-repetition commitment. Accountability, apologies, immediate works, organizational reforms to respond to the long-term agenda, financial investments for individual compensation and damages are among the important measures taken. Among these, the Committee highlights the internal cultural evolution process that was started, supporting the creation of a "new pact with society", as a strategic pillar of the Company.
74. The challenge posed is of a technical and cultural nature, and a Recovery Plan with an appropriate package of commitments and socially validated is not ready. Despite the advances made in the last year, Recovery is a new issue and requires answers that are different from Company's usual *modus operandis*. The provision of a significant amount is important, but insufficient, if not accompanied by the Company's ability to respond to the complexity of the needs arising from or worsened by the disaster. For this, the Company needs to engage the various stakeholders, act with transparency, and promote social participation by the communities at all phases of recovery.

75. This Committee, created in the first week after the failure of the dam, to assist the Board of Directors in proceeding with the Company's actions, leaves a contribution of 84 recommendations, 11 suggestions, and 9 technical parameters with content for the Recovery in these first 11 months.
76. In general, the Company's commitments and actions are converging with 87% of the Committee's recommendations. A subjective and qualitative assessment of the Recovery by the Committee indicates an evolution of the technical parameters just over 50%, not considering financial obligations and advances in the Recovery chronology. Therefore, there is still much to be done. The Committee draws attention to the commitments to be implemented in the next six months, such as the completion of the Recovery Plan and its public consultation, as they are decisive for the future of the Recovery.
77. The Committee understands that the adoption of an effective monitoring system, with short- and long-term components, will be essential to assess the evolution, correct directions, and ensure the performance of Recovery with quality. The monitoring and assessment function must operate as a qualified interlocution, internal and external, to guide the Company's commitments to their maturity point.
78. In the longer-term horizon, the Committee recalls that the ultimate goal of a Full Recovery process is to provide the resources and instruments necessary to enable the affected parties autonomously to resume their lives and become self-sufficient. Thus, the Company must be able to follow its path as a player that promotes the establishment of the conditions for the strengthening of others, with the care to build and socially agree on the contours of each of its steps.

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FINAL REPORT

Annex I: CIAE-AR Beacon of Recommendations

Annex I
to the Committee's Final
Report

Beacon of Recommendations of CIAE-AR - - JANUARY/2020

	No.	SYNTHETIC DESCRIPTION OF THE RECOMMENDATION	DEC	Comments of the Committee for assignment of status
1st SET - FEBRUARY 22nd	1	TAP: assessment of implications ("risks"), involvement of those affected in the negotiations.		The Company reports that it has not conducted a structured risk analysis, much less an analysis of the involvement of the affected parties in the negotiations. It is attentive to the risks and reports having used data on the side effects of the indemnities in the negotiations of the emergency agreement. CIAEAR was not aware of this data and the content of the negotiations for renewal of emergency support, having suggested maintaining its scope for the sake of collective compensation. In addition, the scope of work of Fundação Dom Cabral/NW includes the analysis of instruments related to TAP (damage matrix, registration of victims, technical advisory, and legal counsel). Dialogue with some affected communities is frequent and the Recovery Board has structured a team for local engagement, thus having the basis for a structured process of participation in decision-making, if so desired. (See Rec. 1-1, 2-2, 4-3, 5-3)
	2	Assessment of needs (diagnosis), with demographics of those affected, agents, risks, and resources.		A quick assessment of needs was not employed by the Company, which would allow it to provide timely coverage for emergency damages, available resources, and identification (and treatment) of vulnerable groups. Although they were not excluding actions, the Company opted for in-depth and longer diagnoses (not yet completed at the end of 2019), with the hiring of ARCADIS and INCT (hired in the second semester), producing inputs for its recovery plan. In addition, the ongoing diagnoses did not deliver the demographics of the vulnerable parties, and failed to demonstrate integration with the external diagnoses. Thus, the Committee understands that the Company agrees with the need for diagnosis, but did not act in time to guide its efforts.
	3	Stakeholder engagement plan: preparation of a plan, discussion of governance models.		From August to September, the Company sought specialized professional services to develop a stakeholder engagement plan, which was under development in December 2019, and has not yet provided the development of actions for engagement and governance of the agreements and the recovery. The topic gained relevance in the words and actions of the Board of Executive Officers. We emphasize that NGOs are not considered a group of stakeholders for the purpose of governance. (See Rec. 5-2, 5-3.a)
	4	Communication: Board of Directors (CA) interacts with communication agents.		CIAEAR recognizes the role of Communication in the work of recovery, and its diversity of operation fronts. In addition, the Sustainability Committee was established as a liaison for Recovery and CIAE-AR. Marcelo Klein was identified as an internal and external spokesperson, with frequent reports to the Board of Directors. Considering the Company's decision to adopt a review of the communication strategy, the Committee highlights that the communication structure must be aligned with the Recovery Plan, its commitments and goals, and with the principles of Full Recovery.
	5	Monitoring metrics: review of metrics to focus on people and "impacts".		The Recovery Boards reports the understanding of this recommendation, and characterizes it as a "great challenge for a Company with Vale's history and mindset", undertaking to take effective actions as of January 2020. Publications of the Recovery Balance and internal reports still take into account metrics of financial and logistics disbursement and not of results, due to the lack of the strategy guiding the company's actions.
	6	Mental health and psychosocial support: use the logical milestone of the UN Inter-Agency Standing Committee (IASC).		Despite the initial claims that the company would adopt the IASC guidelines, the company's response does not endorse the practice, and indicates that they were not accepted by the Company. The Committee has no information on whether the actions in progress by the consulting company will be governed by these guidelines.
	7	a. Specific issues: 1 month ceremony.		In addition to holding the Ceremony, the Committee emphasizes the practice of anticipating and planning dates and rituals in progress.
		b. Specific issues: care for belongings.		The Committee highlights the importance of the company acting in the proper care for belongings. A reason for concern is the absence of a plan in conjunction with the Civil Police and affected parties, as well as agreements with those affected on the disposal of unclaimed belongings.
2nd SET - MARCH 18th	8	Environmental: validation, collaboration for recovery and monitoring (academia, communities, NGOs).		Water monitoring is robust and adopted since the beginning of the recovery actions. It was the subject of an agreement with the Public Prosecution Officer, but the involvement of those affected remains fragile. The DR reports engagement with the State Government. There is a lack of vision of the diversity of stakeholders (see Rec. 5.2.a and 5.3.b.). The last interaction recorded with academia was 3/13/2019. (See Rec. 3-1).
	1	Methodology of psychological intervention - CISD, hiring of consultants (incl. diagnosis Rec. 1-2)		The Committee obtained conflicting information regarding the use of the CISD methodology, but the Company states in a Reply Letter that the technique was not applied, despite being included in the agreements and technical documents. As reported by the DR in the Reply Letter, the Committee expects that the ongoing consultant work will provide a formal response to this issue, allowing for a better understanding.
	2	a. Self-assessment and mechanisms for adherence to the UN Business Principles - Human Rights.		Full Recovery is adopted as a reference in the DR Strategy, and the DH Policy was revised with public consultation; however, the practice of self-assessment of compliance is still pending. This would be done with the housing policy, but it was canceled. The Plan still lacks details and public targets based on the principles set out here. The Strategy is not yet formal and used for public reports and communications. (See Rec. 1-1, 2-2, 4-3, 5-3).
		b. Participation, transparency, governance, indemnity terms, damage matrix, caution about door 2.		The scope of work of Fundação Dom Cabral/NW includes analyses of the actions and action plans for the indemnity process, its preliminary results, and external perspectives. There is express reference to the fact that the work of Recovery must be guided by the criteria of social participation in the transparency and decision-making process. A consultant was hired according to the Recs. 1-1, 2-2, 4-3, 5-3.
		c. Public positions, non-repetition, compensation, public policy commitments.		Recommendation considered in a continuous course, although the published balance does not bring important commitments, and an apology was made from the first moment and reiterated later.
	3	Independent evaluation of donations 100-50-15.		The committee interpreted a non-acceptance of the recommendation, and closed it as unfulfilled for timeliness. However, we recognize that the risk assessment for damages is the subject of ongoing work by the advisory of Fundação Dom Cabral and should fuel the refinement of future work.
	4	Transparency and social participation in donations to city halls.		In response to this Recommendation, the Company agrees with the challenge of transparency in public management, and mentions the inclusion of audits in the agreements. The Committee understands that audits are important, but they serve purposes other than transparency. The Committee notes that the Company itself agrees that other actions are still pending, such as opening of data on the Internet, control of results, and social participation for its monitoring. The recommendation also addressed the strengthening of other bodies and social groups, in order to provide transparency to the management system. (See Rec. 4-2)

3rd SET - APRIL 1st	1	a. Water and tailings: panel of validation of and agreement on participatory actions.		The actions described do not refer the Committee's recommendation for creation of a participatory instance for validation of data and actions related to the monitoring of water quality. The stakeholder engagement plan and a governance proposal could be the means to encourage this openness for participation in the process. (See Rec. 1-8)
		b. Water and tailings: Procure an opinion on toxicity risks.		The Committee emphasizes Company's commitment to addressing the issue with the procurement of the opinion, the answer of which will come in July 2020, leaving the recommendation (and the population) unattended in the short term. The Committee registers the Company's commitment to addressing the matter through engagement with the initiative of the Public Prosecution Office (MP). However, it highlights the urgency of a report that addresses short-term risks, while the expectation of results of the joint action is July/2020.
		c. Water and tailings: Empower local communities.		The involvement of communities is part of the planning of the social engagement team, as reported by the Company. The Committee notices a failure to see the scope of the social engagement work, as a context for the areas effectively covered by the work.
		d. Water and tailings: articulate Coalition Brazil (Coalizão Brasil) for approach per watershed.		There was a first meeting of the Coalition on the topic, with Vale's participation, and commitment by the Company to organize an event in Minas Gerais, with public and private participants, which did not happen.
	2	a. Health: interact with Ministry of Health (SUS) and its demands.		The report from the Recovery Board indicates the relationship with the Ministry of Health for the topic of Firefighters, and attempts to schedule meetings for other demands. The Committee notices the lack of information on the holding of the official meeting, to address possible demands and their content, as in the Reply Letter.
		b. Health: evaluate project FUNED.		The Committee recognizes the ongoing actions, reported in the Company's Reply Letter.
	3	a. Communication: review the procedure to define "agendas" and messages.		The CIAE-AR knew the communication procedures, but highlights the role of the RCs, which could be better used in monitoring, and there could be a monitoring panel on the community's concerns and their responses. In addition, the RCs and the entire communication team should use the structure of the Recovery Plan and the principles of Full Recovery as their guide.
		b. Communication: identify issues with the community and its needs.		
	4	Infrastructure: complete the bridge.		Work carried out in compliance with local priority and on time.
4th SET - APRIL 12th	1	Metric for Variable Compensation: internal harmonization.		The recommendation addressed the proposal of metrics. In compliance with the recommendation, the DR proposed indicators for variable compensation, mirrored in the Recovery Plan, with a goal entitled "Crisis Management and Organizational Reconstruction", applicable to all managers of the Company's top management. Two of the five levers of this goal address directly Brumadinho: Brumadinho Recovery and Legal Agreements. A new set of goals for 2020 is being formulated, and CIAEAR stresses the importance of reflecting on the progress made in the public commitments of the Recovery Plan.
	2	Agreements with governmental bodies: adherence to ethical principles (conflicts of interest).		The Company reports compliance with the recommendation, with actions that include audits of agreements, internal reviews, and procurement of a specialized service to qualify public managers for accountability actions. However, there are no actions to monitor results and ethical issues, such as conflicts of interest, and the profile of the contractor that represents the government. No effective actions yet. Need to assess reputational risks and involve the Integrity Board in the review of agreements, which reported having no involvement in recovery related agreements, at a meeting on 10/04/19, and no access to the Committee's recommendations and performance under the recovery agreements. (See Rec. 2-4).
	3	Risks of the emergency indemnity phase.		The Committee believes that this recommendation will be forwarded in the analysis of the specific locations described within the scope of work of Fundação Dom Cabral/NW. The Committee also emphasizes that the mapping and analysis of the risks of the indemnities should not be used to extinguish or reduce the mechanism without an evaluation of its benefits, and without an agreement with the affected parties, in a context of individual and collective indemnities. (See also Rec. 1-1, 2-2, 4-3, 5-3).
	4	Complementary service channels for PAs.		The Committee recognizes the direct channel of relation with communities, but shows concern with the documentary record of the RFs (see suggestion to the DR on Jul 29th) and notices the absence of an effective ombudsman channel. Rec. 12-2 addresses the opportunity to review the ombudsman-complaint channel and the need for actions aimed at Brumadinho.
5th SET - MAY 20th	1	TAC: Definition of Vale's role in recovery.		In the process of negotiation with the Public Prosecution Office, regarding collective indemnities, the governance structure, and popular participation, Vale is waiting for the proposal of the State government. The Committee warns for risks associated with this form of negotiation, which are addressed in Rec. 7.
	2	TAC: Proposal for governance for the agreement(s).		
	3	a. TAC Aualifier: Social participation (plan and consultant, participation in decision-making).		The Committee recognizes the various actions for social participation in progress, although not necessarily aimed at decision-making. We registered the social engagement plan in progress, the advisory for mapping of stakeholders, "active listening" with communities, and public consultation commitment to the Recovery Plan as of April/2020. In the formulation of the collective compensation package in charge of the State, the State is committed to assuring social participation (See Rec. 5-2, 5-3.1, 7, 11-1).
		b. TAC Qualif.: "Protocol" compatibility and actions in course.		The Committee understands that negotiations with the MP continue, has no information to what extent the "Protocol" is being used as a basis, but identified the convergence between the Company's actions and the content of the "Protocol", including alignment with the recommendations accepted by the Company.
		c. Qualifier: mitigation of the risks of individual indemnities (self-assessment and consultant).		The Committee understands that the work of Fundação Dom Cabral/NW shall cover actions and action plans for the indemnity process, its preliminary results, and external perspectives (See Rec. 1-1, 2-2, 4-3, 5-3).
6th SET - JUNE 7th	1	TAC: Adjustments to the position of the Technical-Scientific Committee of UFMG.		Legal reports indicate that the Company has made efforts to clarify the scope of the University's work and its way of interacting with technical advisories, so as not to delay the indemnity process and avoid duplication.
	2	TAC: Organization of topics for hearings.		Conversations with the Public Prosecution Office are in progress, sometimes productive, sometimes not. Vale's engagement with other players to reach agreements could reduce the tensions of polarization with the MP or centralization with the State Government.
	3	TAC: Systematization and advisory plan for Diag. and Assessment of Resources and Needs.		Although the Board of Executive Officers indicates the future commitment to comply with the recommendation, the Committee considers that: (i) it has not identified the commitment to social validation of the two diagnoses (only of the Recovery Plan); (ii) understands that there is a risk that this will not be consummated. The Company must be aware that the Arcadis plan structure (and possibly the INCT structure) does not prevail over the current structure of the Recovery Plan; and (iii) the commitment to identify third-party actions in January/2020 (if properly interpreted by the Committee) will not allow the integration of content for the commissioned diagnoses, and consequently for the Plan (See Rec. 1-2 and Reply Letters to Rec. 7-1 and 7-2).

7th SET - JULY 11th	1	Propose to the MP the public discussion of the Recovery Plan.		The Recovery Board registers the commitment to the recommendation, but the Committee has no information on the incorporation of Vale's Reply Letter to the content of the negotiations with the MPF, which apparently slowed down. On the merits of this recommendation, the public discussion of the "recovery plan" remains on the agenda, with a commitment to hold in April/2020 (See Reply Letter to Rec. 11-1).
	2	Social validation for INCT diagnoses and Arcadis.		The Company did not accept to publicly discuss the diagnoses commissioned, undertaking to consult the Recovery Plan as a whole in April/2020 (See Rec. 1-2 and 6-3).
	3	Encourage the creation of a Governance Panel to accompany the Recovery Plan.		Commitment to a participatory structure to publish the balance is reflected in the responses, there are internal discussions on the governance panel reported by the Board of Executive Officers, while the State Government is responsible for formulating this proposal, which may pose risks. There are additional risks in the scenario due to the publication of Arcadis' governance plan.
	4	Transparency measures in relation to the results of the recovery.		Publication of balances and other campaigns conducted are a demonstration of the intention to render accounts to society, but there is still a lack of transparency about the goals and results that the Company intends to achieve, and discussions about failures, difficulties, or lessons are absent. The structure of the Recovery Plan must be adopted to guide public understanding of the recovery in the Company's concept, and evaluate its progress over time.
	5	Role of Technical Advisory aimed at identifying gaps and additional actions.		Vale's negotiations with the MP on the actions are in course, but the Committee is still concerned with the spirit of collaboration and the understanding on the part of the Company about the role of Technical Advisors (See Rec. 3-1).
	6	Maximize investments in recovery actions.		Commitment to maximize investments is described in the Reply Letter and can be illustrated, for instance, with the recognition of the rights of unborn children and the values of land productivity in individual indemnities. However, there are opposite signs, such as, for example, the fact that there was a reduction in the total value of emergency payments, without the prospect of improving social investments for the community, and there is no transparency in the amounts negotiated individually.
	7	Commitment to non-repetition assurance actions.		Commitment was undertaken by the company, as described in the DR letter, publicly and with the creation of the new Dam Safety Board and the Advisory Committee, and a recovery strategy based on the concept of Full Recovery (See Rec. 2-2c and 12-3).
	8	Internal instance creation (or allocation to the existing instance) to discuss lessons learned.		The commitment undertaken in the Reply Letter addresses the dissemination of lessons learned by the Integrated Management Administration (being itself an object of learning). The Committee's recommendation assumes analytical initiatives that generate knowledge from the lessons (See. Rec. 9-3).
	9	Commitment to mechanisms to promote collective processes of compensation.		The Company has ongoing lawsuits that can be included in a collective indemnity process. However, the Committee stressed the importance of the Company actively promoting this discussion, whether through community forums or other procedures for clarification of collective indemnities. This occurs because fundamentally collective compensation is consummated through an agreement between the parties, which includes a discussion about damages and possible ways of recovery (See. Rec. 9-2, 9-4, 9-5 and 10-1A).
	10	Add technical capacity to Recovery topics.		The Company makes a general commitment regarding the recommendation to add technical capacity for the recovery. The Committee recognizes that the Company hired consultants and new employees, offered training, even if it has failed to conduct a gap assessment.
8th SET - AUGUST 6, 2019	1	Clarifications on individual compensation or per family group.		The Recovery Board reports in a Reply Letter its agreement with the recommendation and actions for qualification of CR and RF professionals. The Committee emphasizes that these professionals, service providers, and the company's communication must be constantly updated on the recovery. This will provide ballast and more solid material for these professionals at the interface with the population. Information is disclosed on a recurring basis by the Company, but the transparency of results and the improvement of internal reports are still pending. In addition, the Committee does not have information on the qualification of RCs and RFs as information providers.
	2	a. TAC Governance: constitution of an "officer" in the Recovery Board to develop a stakeholder plan.		The Board of Executive Officers communicated to the Committee in a Reply Letter about the assignment of responsibility for the engagement of stakeholders to the Integrated Management Administration and the hiring of a specialized, full-time professional for the job, responsible for engaging stakeholders with the consultant's supervision. The Company also reports on the creation of an executive group with representatives of sustainability, legal, social and environmental relations for dialogue with the State (See. Reply Letter to Rec. 8-2). The Committee highlights the importance of the engagement plan to set clear objectives for the participative governance of Recovery, with its different groups, as well as the promotion of means for qualification of the different groups for better performance.
		b. TAC Governance: clarifying the role of RCs in engaging with the community.		Hiring of a professional to be in charge for continuation of the topic. The Recovery Board reports the restructuring of the role of RCs, as well as training and periodic meetings with these professionals from mid-2019. The Committee highlights the importance of updating the culture of "meeting demands" on the part of these professionals, starting to consider the objectives of the recovery plan, such as its presentation, discussion and contributions, complaints, qualification programs for leaders, and other aspects of the relationship with communities (See Rec. 13-1).
	3	a. City Hall Qualification: training in public account management, transparency procedures.		The Recovery Board reports agreement with the merits, but indicates that it has "partially accepted" the recommendation. It reaffirms the adoption of practices for the audit of agreements, and attributes the expectations of City Hall qualification to the work of the ELO group and the INCT study. The Committee has no additional information on these actions; therefore, it cannot check that the scope of the ELO group's training answers for qualification on the topics described in the recommendation. (See Rec. 2.4).
		b. City Hall Qualification: assistance in the systematization of databases.		
		c. City Hall Qualification: support to the development and adoption of good practices.		
	4	a. Social Control: Diagnosis and plan to strengthen local public councils.		In a Reply Response, the Board of Executive Officers affirms the future commitment to comply with the recommendation, but the details of actions indicate the "rejection" of public bodies and the paths through the Public Prosecution Office and Public Defender's Office. In the interaction with the team, the Committee knew the intentions of engagement of society that explicitly addressed councils, but has no evidence about their formalization. The only source of information is the Reply Letter. The company's comment relates to the social engagement plans, empowering the affected communities to act on councils and control public accounts. (See Rec. 2.4).
		b. Social Control: Disclosure of public accounts and results on the Internet.		The comment expressed in the company's Reply Letter does not portray actions for transparency of public data on the Internet, or qualification for its use by society, and is generic in indicating the search for partnerships. (See Rec. 2-4).
		c. Social Control: Public training and discussions on the application of resources.		

9th SET - OCTOBER 16, 2019	1	Comprehensive protection of vulnerable parties in the individual indemnity program.		The Committee records information on targeted intervention by RF professionals, to assist those affected during the entire indemnity process. However, the Committee has no evidence of its systematization. (See Rec. 1-2).
	2	Measures to assist those affected in assessing lawyers.		The Company reports agreement with the issued and says that the interaction with the Brazilian Bar Association (OAB) must be continuous. The Committee's recommendation suggested that additional actions should be taken, in addition to the provision of specific offices. (See Rec. 8-1).
	3	Systematization and disclosure of lessons learned.		The Recovery Board reports in the Reply Letter the hiring of the Zumbi dos Palmares Foundation, and defines its commitment to organize the content on good practices by March 2020 (See Rec. 9-3).
	4	Improvement of metrics and reports to measure the evolution of the program.		This topic was the subject of the Committee's first set of recommendations, and although the Company recognized the importance of refining the indemnity metrics, the Committee has not identified any progress in this direction. (See Rec. 1-5)
	5	Independent assessment of the results obtained by the indemnity program.		The study by Zumbi dos Palmares Foundation was presented as focused on the individual indemnity process, and the Board of Executive Officers indicates the agreement with the complementation of the study, to cover the analysis of the results. The Committee and the Board of Executive Officers failed to reach an agreement on the suggestion of discussion and disclosure of agreed upon values and covered data in a "damage matrix" (See Rec. 1-2).
	6	Communication of the land/real property acquisition plan.		The Recovery Board reports the commitment to comply with the recommendation and keep the population informed, and indicates compliance actions. However, the Committee reports them as insufficient in view of the demands from the community/Public Defender's Office. The recommendation addressed additional actions for a more effective clarification on the land purchase and destination policy (not on individual acquisitions) (See Rec. 3-1c).
10th SET - OCTOBER 28, 2019	1	a. Recognition of the collective compensation package.		The Company reports that it recognizes that it maintains collective compensation actions and, therefore, accepts the recommendation. It reports a series of actions that in its view shows such commitment. The recommendation does not question the ongoing actions, but the way they are contextualized in the Company's approach. Although the Company is complying with the recommendation, the Company's response does not demonstrate, in the Committee's opinion, actions that the Company is treating this group as recommended. The Committee stresses that it has received contradictory information in this regard.
		b. Qualification of stakeholders on collective compensation.		Commitment undertaken in the Reply Letter for this recommendation, with actions to be planned as part of the Stakeholder Engagement Plan, to be implemented as of January 2020. The Committee recommended qualification for the negotiation of compensation agreements, which goes beyond the dissemination of information to stakeholders (See Rec. 3-1c; 8-1 and 9-2).
		c. Promotion of public and participatory discussions.		The Reply Letter brings a commitment to public discussions. However, the Committee understands that there is still no evidence of a commitment to forward the recommendation (especially in the component of participation in the decision-making process) (See Rec. 3-1c and 8-1).
	2	a. Identification of risks in the relationship with the Government of the State of Minas Gerais.		The recommendation addressed the identification of risks in the relationship with the State Government. The Reply Letter reports that such an assessment was made, lists some identified risks, and points out actions that the Board of Executive Officers indicates to the Recovery Board in the relationship with the Government. The Committee highlights the absence of reports on matters related to the election year, the potential lack of the State's capacity to consult the population, and the negotiation metrics focused on results. We have also identified the non-adherence to the principles of Full Recovery in this risk assessment (See Rec. 1-2).
		b. Definition of ideal minimum requirements for the proposal of state compensation.		The Reply Letter indicates criteria for negotiation with the State, prepared by the Recovery Board, which do not meet the recommendation to address participation, transparency and results. The Committee emphasizes that the content of the Reply Letter on actions to support mental health and psychosocial support, as an example of possible redundancy, needs to be revised because, in principle, health and education requests are complementary.
	3	Proposal for renewal of the offset nature of emergency payments.		The Committee's recommendation was that the renewal of emergency payments should be proposed by the Company as part of the local collective compensation component, consulting and responding to the demands of those affected with more efficient and lasting impact criteria for the population. This was not accepted by the Company, which followed another path. (See Rec. 9-1).
	1	Officialization and Disclosure of the Strategy of the Recovery Board.		The Committee recorded partial disclosure of the Plan on the Internet, in December 2019, as part of the ESG Portal. It highlights the importance of disclosing the recovery indicators, which are the subject of a commitment of the Recovery Board for January 2020. We have also noticed the commitments to update the Plan based on the diagnoses by March 2020, and the commitment of public consultation scheduled for April 2020 (See Rec. 7-4).
	2	a. Structuring of progress reports based on the Board of Executive Officers' Strategy indicators.		The Committee records the commitment of the Recovery Board to review the reports and align the corporate language, and emphasizes the importance of using the Strategy structure and its indicators in the balance sheets, reports and communication to society, with special attention to Vale's Global Sustainability Report, which will bring a chapter on Recovery, already being drawn up (See Rec. 1-5, 2-2a, 8-4).
		b. Quantification and reporting of the impacts of the Recovery Strategy.		The Committee records the commitment of the Recovery Board to complete the indicators in January 2020, and highlights the importance of developing and disseminating impact indicators for the Company's Strategy.
	3	Identification, Disclosure and Integration of recovery actions by other stakeholders besides Vale.		The Committee records the commitment in the Reply Letter to identify and disclose third-party actions, but not a commitment to promote their integration into the Company's actions (see Reply Letter 13-1). Understanding that identification and disclosure make sense as the elements of integration, the Committee believes that the recommendation was rejected. Integration avoids redundancy and excessive (or even contradictory) demands on those affected. The Company recognizes this as a risk (see Rec. 1-3 and Reply Letter for Rec. 13-4).
	4	a. Assessment of the adoption of transparency standards, such as those of the EITI (Extractive Industry Transparency Initiative)		The Recovery Board reports that it will not accept in the recommendation.
		b. Support to the adoption of transparency standards by the Government.		

12th SET - NOVEMBER 17, 2019	1	Approval of the proposed changes to Vale's Human Rights Policy.		The new Human Rights Policy was approved by the Board of Directors on 11/26/2019, with specific content of Recovery (See Rec. 2-1a).
	2	a. Reporting channel: ensure anonymity, independence and non-retaliation.		The Company followed the recommendation. According to an excerpt from the minutes of the Board of Directors' meeting, held on 12/19/2019, the Company's Code of Conduct was adjusted to include a provision that under no circumstances will there be breach of confidentiality, intimidation, or retaliation of any whistleblower.
		b. Reporting channel: consider single-way consolidation.		The recommendation was not accepted by the Company.
		c. Reporting channel: present mechanism to those affected.		The Company agreed to present the mechanism of the reporting channel to those affected, but has not taken referral actions.
13th SET - DECEMBER 6, 2019	3	Formal actions and commitments that generate evidence of the "New Pact with Society".		The Committee records the interpretation of the Recovery Board on the company's concrete actions regarding sustainability and benefits to society (reduction of carbon emissions, performance on the 2030 agenda), and points out actions in Brumadinho and regions resulting from local demands, reflecting "active listening". The Committee highlights the importance of incorporating these and other evidence from the "New Pact" into internal and external communication, including objective planning of actions. This will allow proper monitoring of their progress (See Rec. 7-8 and 9-3).
	1	a. Monitoring system must integrate and harmonize indicators		The Recovery Boards reports commitment to the recommendation. However, in the Committee's view, the Reply Letter fails to show any evidence indicating the implementation of a monitoring and assessment system for the recovery plan (See Rec. 1-5 and 2-1).
		Participatory construction of the monitoring system		From the content of the reply letters, the Committee understands that there is an agreement in the sense that the monitoring system should be built in a participatory manner, and notices the commitment to independent assessments (See Rec. 2-2, 3-1 and 10-1c).
	2	Definition of Strategy review cycles		The Committee recorded the understanding of the Reply Letter that the Recovery Plan is under construction and will have its "zero point" in March 2020, with the commitment to annual reviews.
	3	Different mechanisms for monitoring target audiences		The Recovery Boards reports agreement with the recommendation, but the Committee does not identify actions that would make its implementation feasible. The priority groups of stakeholders are not defined and neither are their areas of interest or means of disseminating information and feedback (See Rec. 1-3).
	4	Review of internal reports		The Board of Executive Officers reports agreement with the recommendation and lists actions to be taken, from January to March, to review the internal reports. The Committee highlights the importance of defining "critical questions" that the Company and other stakeholders may ask regarding the Recovery, as a guide to this process (See Rec. 1-3 and 7-4).
	5	Monitoring by the Board of Directors		The Company reported having accepted the recommendation, although it has not yet taken any steps to proceed with it, especially for the critical processes of the commitments for the next six months. The Committee highlights the importance of monitoring as a way of identifying and reporting results, as well as improving the recovery strategy. It also highlights its complexity and the initial nature of the planning, with indicators yet to be developed, one year after the dam failure. The interests of the different groups of stakeholders are also complex, with their risks and opportunities. Thus, the recommendation addresses the importance of a monitoring system for recovery as a whole, with a specific component for the supervision and monitoring of the Board of Directors.

* References to the "Recovery Plan" mean the presentation entitled "Monitoring the Strategy of the Special Recovery and Development Board", formerly "Integrated Vision of the Initiatives in Brumadinho and Municipalities in Beira do Paraopeba", prepared by the recovery team.

Legend:			
	Commitment	Actions in place	Conclusion (partial or total)
	x	x	x
	✓	x	x
	✓	✓	x
	✓	✓	✓