

Samarco expands benefits for current and former employees

Agreement was signed last night in a hearing at the Labor Court

Samarco signed an agreement at the Labor Court of Ouro Preto, during a settlement meeting held on Thursday, 17 November, to expand the benefits granted under the previous agreement for the reduction of 40% of the work force. The agreement had been signed in June of this year, after negotiation with the pertinent unions (Metabase Mariana and Belo Horizonte, and Sindimetal ES), and established a Voluntary Dismissal Program (PDV) and an Involuntary Dismissal Program (PDI).

The settlement hearing was held under the Public Civil Action (ACP) brought by the Public Prosecution Service of Minas Gerais (MPMG) and the Labor Public Prosecution Service (MPT) with regard to the Voluntary Dismissal Program (PDV). The meeting had the participation of representatives of Samarco, the unions (Metabase-Mariana/BH and Sindimetal-ES) and the MPT.

According to the terms of this Agreement, Samarco commits to keep on the approximately 1800 employees who did not adhere to the PDV, refraining from any collective dismissals (cuts of more than 1% of the work force per month) up to 31 March 2017.

The Company also took on the commitment of meeting with the unions to negotiate possible solutions for keeping on the employees throughout 2017 and to inform the Labor Public Prosecution Service about the results of the negotiations.

The dismissals which were to be made by September of this year, within the planned cutback, were postponed to 31 December 2016.

Samarco also improved the compensation package with the payment of two nominal monthly salaries to the employees, as profit sharing for the year of 2015, including people who had already left the company. The payment will be made in two parts, the first one by 31 January 2017 and the second one by 31 March 2017. The Company will not deduct the early payment of



one nominal salary which had already been received by the employees as a profit sharing payment.

With this new agreement, Samarco once more shows its respect for its employees and its willingness to be flexible in labor negotiations. The signing of this agreement on Thursday, the 17th, terminates the Public Civil Action filed by MPMG and MPT about the PDV, as well as the two lawsuits filed by the unions (Metabase Mariana and Sindimetal ES) with regard to the profit sharing payments (PLR) of 2015.

The voluntary dismissal program was instituted after several other attempts had been made to avoid cutbacks. The Company offered paid vacation leave, collective vacations, and two periods of temporary suspension of the employment agreement, called a layoff under Brazilian labor law.

The agreement for the reduction of staff (PDV/PDI) was a solution developed by Samarco together with the unions (Metabase Mariana and Belo Horizonte, and Sindimetal ES). Samarco further clarifies that the employees who benefited from the compensation/severance pay provided by the PDV/DPI have already received the respective amounts.

PDV had the adhesion of 924 employees, of which 455 in Espírito Santo and 469 in Minas Gerais. The PDI involved 153 employees, of which 113 in Minas Gerais and 40 in Espírito Santo.

The employees who adhered to the PDV received the following benefits:

- 50% of their salary for each year worked with the Company, up to a limit of four salaries;
- fixed amount equivalent to three monthly salaries, up to a limit of R\$ 7.500;
- health insurance plan valid for 6 months after the dismissal date;
- no deduction upon termination of the PLR already paid in advance;
- pardon of debts to the employee health plan.

The other employees who were dismissed involuntarily received the following benefits:

- severance pay of 0.25 fixed contractual salary for each year worked with the Company, limited to two base salaries of the employee;

- severance pay of a fixed amount equivalent to 1.5 base salary of the employee, limited to R\$ 3.750,00;
- maintenance of the complementary health plan (AMS) for three months;
- no deduction of PLR already paid in advance.

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