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## Vale, Minas Gerais State Government and Mining Municipalities Sign Agreements to Minimize Fiscal Impacts

Vale, on Wednesday (3/4) signed a series of agreements to provide financial contributions from the company to the Minas Gerais State Local Government and other mining municipalities. The terms were formalized by Vale's Executive Director of Institutional Relations, Luiz Eduardo Osorio, the Governor of Minas Gerais, Romeu Zema, and other representatives of municipal public authorities. Part of the agreements aim to minimize losses of state and municipal revenues due to the shutdown of the company's productive units.

Vale and the Minas Gerais State Government are studying the possibility of adopting a new fiscal framework, which will allow the Government to collect an additional R\$ 107 million per year from 2020 of ICMS (state tax levied on transactions of the circulation of goods) from the sale of Vale's ore to a steel company in another state. The retroactive amount could also be honoured for the last five years, which would amount to R\$ 550 million.



Vale's Executive Director of Institutional Relations, Luiz Eduardo Osorio, announces agreements with the Government of Minas Gerais and mining districts

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**Support to municipalities**

In addition, Vale signed an agreement with the Minas Gerais and Brazilian Mining Municipalities Association (Amig), through which the company will make financial contributions totaling R\$ 100 million, to support the cities where the company's operations have been suspended, which will impact tax generation that provides essential services to the population. These suspensions are the cause of injunctions granted by Public Civil Actions (ACP) or by means of banning orders.

Vale will settle the amounts individually with each municipality in the coming days. Every three months the terms will be renegotiated if there is a return to production. This will cover 10 municipalities: Barão de Cocais, Belo Vale, Congonhas, Itabirito, Mariana, Nova Lima, Ouro Preto, Rio Acima, São Gonçalo do Rio Abaixo and Sarzedo. It should be noted that Vale already has a similar resource transfer agreement with the municipality of Brumadinho, which has been affected by the shutdown of the Córrego do Feijão mine after the B1 dam breach.

"We are deeply aware of the importance of mining to the state, which is the basis of the economy of many areas. These agreements are a way of recognizing the financial impacts of the shutdowns of our units and minimizing problems of access by the population to important services provided by the State and municipal public authorities," explains Luiz Eduardo Osorio, Executive Director of Institutional Relations.

### Recognition of Minas Gerais professionals

Vale also signed an agreement with the State Government to support community safety through donations to be made to the Civil Defense and Military Police.

The Civil Defence is expected to acquire and donate drones and equipment for search and rescue operations, as well as 16 vehicles, including trucks, 4x4s and trailers, as well as professional training courses. In all, the investment will total R\$ 5 million. The agreement with the Military Police will allow for the purchase and transfer of 38 vehicles to operate in urban areas (including districts and towns) and 10 4x4 vehicles, which will operate in rural and difficult access areas, totaling R\$ 4 million.

"The donations are in recognition of the impeccable and untiring work that the Civil Defense and Military Police have under taken in Brumadinho and other cities where Vale has operations. In recent weeks, along with the Fire Service, they have been the guardian angels of these communities", stressed Osorio.

Donations will be made in 30 to 180 days, depending on supplier availability.

On March 15, Vale announced an investment to purchase 7 thousand pieces equipment and to improve the infrastructure of the Minas Gerais Military Fire Service training center, with resources to the value of R\$ 20 million.

### More information



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