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11/04/2020



Vale sets partnership to engage suppliers to measure and report carbon emissions

CDP will monitor 274 companies that have joined the platform that analyzes management data and emission indicators based on scientific criteria established by the Paris Agreement

Vale and the Carbon Disclosure Project (CDP) became partners to encourage Vale's suppliers to measure and report their greenhouse gas (GHG) emissions. A reference in the design of this type of report, with almost 8,400 member companies in 87 countries, CDP was one of those responsible for the development of the Science-Based Target Initiative (SBTi), which defined the scientific criteria of the Paris Agreement to limit the global emissions at 2°C by the end of the century. The entity will evaluate the responses of 274 suppliers from Vale's base of 500 suppliers classified as high-GHG emitters and that correspond to almost 30% of the company's global expenditure. This group does not include steel clients and suppliers from the shipping industry.

"These suppliers agreed to join the CDP Supply Chain platform. This tool provides analyses of management and governance data and indicators. Thus, it will be possible to define risks and opportunities to reduce emissions", explains Fabiana Silva, responsible for coordinating the Carbon Program in the Value Chain created by Vale in 2011. Suppliers who have joined the platform will have access to personalized reports and training courses provided by CDP, all free of charge. They will also be able to join the Action Exchange program, a free consultancy service that identifies opportunities to reduce costs, emissions, and energy consumption in the processes.

Vale and the Carbon Disclosure Project is a three-year partnership. In the first year, the purpose is to map emissions of the suppliers as well as encourage them to report emissions and to set goals for reduction. In the second year, the plan is to measure indicators and results of the emissions goals established by the suppliers.

"We also want to collaborate with suppliers to identify potential for reducing GHG emissions and share the best practices of our chain," explains Fabiana. In the third and final year, the strategy is to evaluate the evolution of the companies that have joined the program, reporting their progress on the established goals and reassessing the inclusion of new suppliers on the platform. "We believe this awareness of suppliers is key, mainly, to influence the creation of a low-carbon economy in the mining industry," she adds.

The partnership with CDP is part of the Carbon Program in the Value Chain, which focuses on the suppliers classified as high emitters; they must comply with the program according to the commercial negotiation, which includes the contractual clause about reporting. Then, the supplier is committed to issuing annual reports on its emissions. "With CDP, we will have the opportunity to advance our Global Mitigation and Adaptation Policy regarding climate changes," explains the program coordinator.

Carbon Neutrality

Vale and CDP partnership is also aligned with the company's strategy to become a carbon-neutral mining company by 2050. In May, Vale announced an investment of US\$2 billion to reduce its direct and indirect emissions (scopes 1 and 2) by 1% by 2030. The funds will also be used to recover and protect 500 thousand hectares of forests. Today, the company helps to preserve almost 1 million hectares, of which 800 thousand are located in the Amazon.

By the end of the year, Vale plans to announce the goal to reduce its scope 3 emissions, which includes suppliers and clients. Like the partnership with the Carbon Disclosure Project, the purpose is to encourage suppliers and, mainly, steel clients to take actions aimed at the transition to a low-carbon economy. Thus, Vale plans to offer low-carbon products and use new technologies.

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