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Shareholders approve changes to Bylaws and Vale moves forward towards best corporate governance practices

Vale will have a minimum of seven independent directors; election of new members of the Board of Directors will be made by individual vote

Vale's shareholders approved all 13 amendments to the company's Bylaws that were put to vote at an Extraordinary General Meeting on Friday, March 12th. It was another milestone in a process that began in 2017 to transform Vale into a corporation with no defined control, a diversified shareholder base and the best corporate governance practices.

Among the changes made to Vale's Bylaws is the requirement of a minimum of seven independent members at the Board of Directors; the introduction of individual vote in the election of the directors; the determination that the chairman and vice chairman are elected by all shareholders and no longer by the Board itself; the creation of the "Lead Independent Director", among others.

"This is a fundamental step to adapt Vale's governance to its new reality as a company with no defined control, with a Board of Directors formed with a majority of independent directors, and prepare it for the challenges in the coming years", says José Maurício Coelho, Vale's Chairman.

Vale's corporate restructuring process began in February 2017, when the company's controlling block at the time announced its intention to make it a company with no defined control. In October of that year, two independent directors were elected and in 2019 the third independent one was elected. In November 2020, the shareholders' agreement signed by the members of the former block of control expired, which made Vale officially a dispersed capital company.

The rules approved this Friday will be applied at the next Annual General Meeting on April 30th. At the AGM, 12 members of the Board of Directors will be elected by the shareholders for the 2021/23 term. The Nomination Committee, made up of three members (two of whom are not linked to Vale), announced on March 10 a list of 12 nominees to the Board, including eight independent members - one more than what is required in the approved Bylaws. The 13th member of the Board will be appointed by Vale employees.

The key changes approved today are:

- Vale's Board of Directors must have at least seven independent members, appointed by minority shareholders. Thus, the majority of the Board will be formed by independents, who have no ties to the reference shareholders (members of the former controlling shareholders group).
- The Board of Directors ceases to be mandatorily formed by 13 members. The Bylaws leave open the possibility of reducing it to 11 or 12 members in the future. There will be no more alternates for the members appointed by the shareholders. The only vacancy for an alternate will be that of the employee representative.
- The election of new directors will be made by individual vote. The shareholders will vote for each name individually.

There was no definition on this point in the Bylaws, but the practice was to organize elections by slate. Vale's Nomination Committee considers that the individual election facilitates the nomination of candidates by different shareholders, since it is not necessary to form a list with 12 names. To nominate a candidate, the shareholder must have 0.5% of the company's share capital and respect the terms described in the Bylaws.

- The chairman and vice chairman of the Board of Directors will be elected by the AGM and no longer by the Board of Directors itself as it was before.

- The "Lead Independent Director" (LID) was created, an independent director who will act as a contact alternative for shareholders and as a link and mediation between the president and the other directors. The LID will be appointed by the Board of Directors, and the Nominating Committee recommended the appointment of a LID for the term 2021-2023, even with the election of an independent director for chairman.

- The term of Vale's Executive Board goes from two to three years.

- The Nomination Committee, created in July 2020, is incorporated into the company's Bylaws, which also allows for the installation of an Innovation Committee, with a focus on this fundamental issue to Vale's business strategy.

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