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Vale Launches Innovative Program with Suppliers to Foster Social Development in Surrounding Communities

New index will guide the company on signing business partners with greater socioeconomic value; program will initially involve some 730 million reais in purchases

Vale is launching the Partilhar Program in partnership with its supply chain to foster social development of the communities in which it operates. The company will use a new methodology to identify the suppliers that contribute the most to each region, both socially and economically, giving them priority in the contracting processes. In addition, Vale will offer an incentive package to qualify and bring a competitive edge for these suppliers.

The Partilhar Program is run by several areas of the company and will be implemented gradually. In the first cycle, from July to December, Vale will cover 11 procurement categories – including infrastructure, construction and engineering services, parts for mineral processing, and land transportation freight. The potential volume initially mapped out surpasses 730 million reais in contracts. In 2021, other categories will be added to the program.

Community Value Index

In its processes for contracting services and materials, Vale currently analyzes the price offered and the technical capacity of each supplier. In the categories included in the Partilhar Program, the Community Value Index (IVC, in Portuguese) will also be analyzed. It is an index created by the company to reflect the socioeconomic contribution of suppliers to the communities. Those with a high IVC score will have preference in the procurement sourcing processes.

The indicators that make up the IVC were defined based on the following goals:

- . Foster a sustainable generation of jobs in the communities in which Vale operates;
- . Increase the income of workers in the region, enhancing their value in the mining chain;
- . Encourage local purchases, generating new business opportunities; . Improve tax collection in the region;
- . Encourage investment in voluntary social initiatives aimed at fostering the well-being of the local community.

The IVC methodology is based on objective criteria and transparent disclosure to all parties involved in the process. The supplier certification process is carried out free-of-charge by an independent company, with guaranteed data protection.

IVC analyzes five aspects of the contribution made by each supplier in each region: . Employment – number of active jobs in the region;

- . Income and salary – sum of the gross annual income of employees;
- . Local purchases – total spending on products and services locally;
- . Taxes – total collected in two Brazilian taxes on goods and services;
- . Voluntary social investment – sum of investments in social initiatives to foster the well-being of the community.

Incentive Package

Vale will offer an incentive package to qualify and bring a competitive edge for suppliers. The incentive targets all suppliers, even those who do not yet have contracts in force with the company. It includes training for employees of partner companies, special financial conditions, and business-friendly tools.

Suppliers with the highest IVC score and the lowest annual revenue will have priority to receive the incentive. The idea is to reward and support companies that invest most in the communities, with a focus on small suppliers.

Over the past few weeks, Vale started the certification process with first-cycle suppliers by inviting them to join the program and sharing information about the IVC calculation and application. The new methodology will be applied to contracting processes starting in August.

Innovation, Partnership, and Social Development

Vale's Procurement Director Marco Braga emphasizes the innovation side of the program: "We have created an unprecedented methodology in Brazil to measure the contribution of our supply chain to communities, which will enable us to forge partnerships that will benefit Vale, suppliers and the communities all together. We are also offering incentives that will enhance the positive impact of the mining industry on the development of our country."

Sustainability and Social Investment Director Hugo Barreto stated that the program reinforces the new pact that Vale wants to establish with society: "We are going beyond our obligations, such as taxes and social projects, to become a development facilitator in the areas in which we operate, generating a positive impact in the territories".

More information



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