

# Webinar ESG

## Brumadinho and Cultural Transformation

Eduardo Bartolomeo, Marcelo Klein and Marina Quental  
October 6, 2020



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Disclaimer

# Agenda

1. Opening remarks, Eduardo Bartolomeo
2. Brumadinho Reparation, Marcelo Klein
3. Cultural Transformation, Marina Quental

# 1

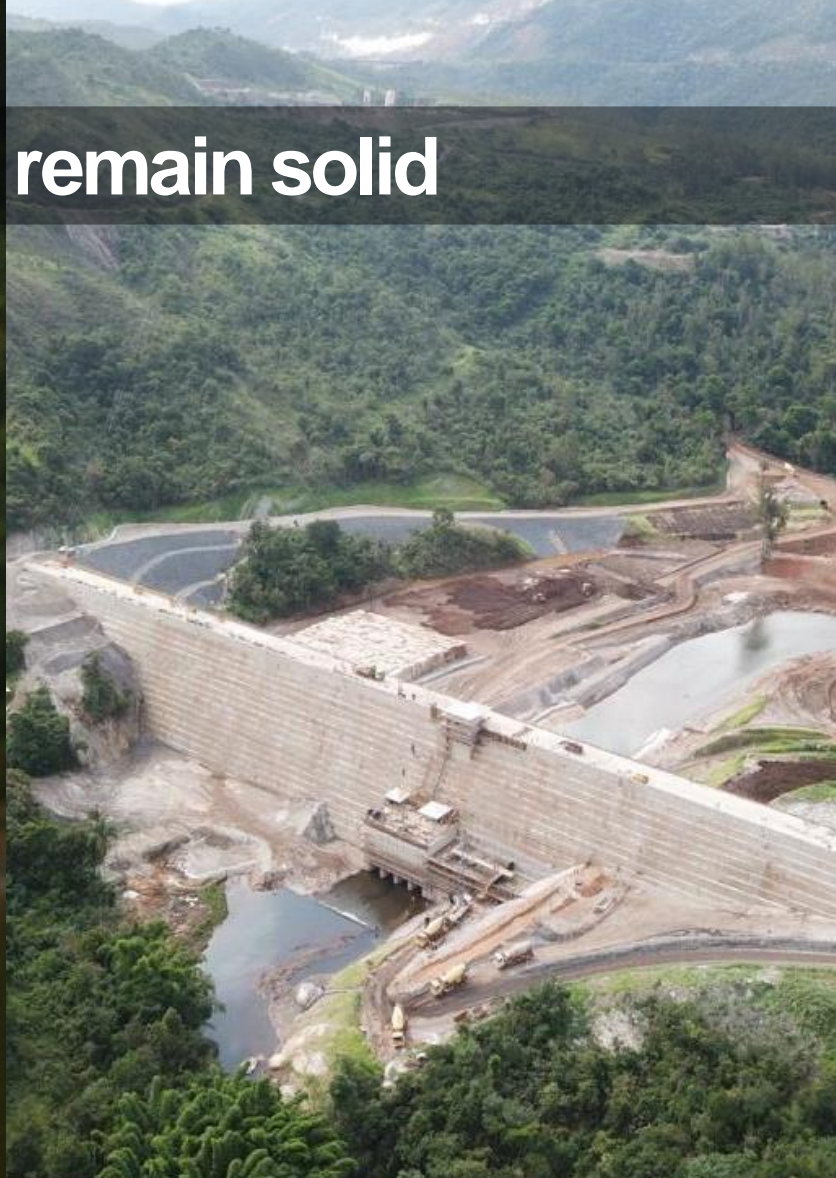
**Opening remarks**



**Our commitments remain solid**



**People**



**Safety**



**Reparation**





In 2019, we added **two new pillars** to our strategy

Safety and operational excellence

New pact with society

Maximize flight to quality in Iron Ore

Base Metals transformation

Discipline in capital allocation



# In Brumadinho, the **reparation** progresses during the pandemic

**Essential works** ongoing, with only key workers and adoption of WHO recommendations

**Search and Rescue** resumed after a 5-month halting

**Community relations** remotely, personal contact upon request

**Social projects** continuity with support of on-line alternative

**R\$ 1.5 bn advanced** to help Minas Gerais fight the pandemic

**Mask for Everyone: income for families, +30,000 masks for Vale**



40 seamstresses received professional training and support to end business informality

# We are honoring our *new pact with society* amid COVID-19...

**500 million** reais in initiatives

**35 million** tests and PPEs<sup>1</sup>

**3** field hospitals

**400** hospital beds

Hospital equipments

Cleaning materials

Investments in R&D

**+ others**

in Brazil and every location  
where we operate

**...by standing up for our stakeholders**





# Our stakeholder engagement has evolved through active **listening**

## PUBLIC CONSULTATION

**We heard** that is best practice to have public consultations on policies

**We responded** by having public consultations on our Human Rights, Climate Change and Sustainability policies

## BOARD DIVERSITY

**We heard** that our diversity should evolve

**We responded** by adding six new members with different backgrounds

## COMPENSATION

**We heard** that our C-level should be committed to our 2030 goals

**We responded** by adding 20% ESG factors to our long-term compensation

## ESG DISCLOSURE

**We heard** that our ESG disclosure could improve

**We responded** by launching a Portal to address the needs for greater ESG transparency

## AUDIT COMMITTEE

**We heard** that we should have an audit committee

**We responded** by establishing the committee in March 2020, composed of experts

## BOARD NOMINATION

**We heard** that a board election should follow Nomination Committee

**We responded** by creating the Nomination Committee and Nomination Policy

## GENDER BALANCE

**We heard** that we should increase the % of women in the workforce

**We responded** by defining a goal to double female presence from 13% to 26% by 2030

## CLIMATE CHANGE

**We heard** that we should be bold in our climate change resolutions

**We responded** by aligning our goal with the Paris Agreement and targeting carbon neutrality by 2050 (scope 1 and 2)

# We are advancing with our **ESG agenda** towards best practices

## Where we stand today<sup>1</sup>

 Scopes 1&2 targets for 2030, carbon neutral by 2050

 Amazon Day manifesto

 Grievance channels integration

 Goal to double % of women in our workforce

 Creation of Chief Compliance Office

 Sustainability targets in long-term remuneration targets

## Next steps<sup>1</sup>

 Scope 3 target ambition

 Recover and protect +500,000 ha by 2030

 Systematic involvement of local stakeholders in the CDP<sup>2</sup>

 Foster inclusion initiatives

 First Board election with Nomination Committee

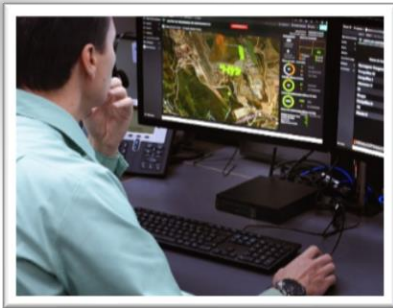
 Integrated Reporting

# We are consistently improving our dam management



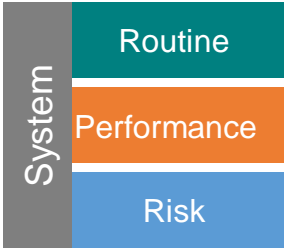
- Safety and Operational Excellence Office independent from operations
- Strengthening of our 3-line model of defense

## Governance



- 2 Geotechnical Monitoring Centers
- Engineer of Record

## Continuous monitoring



- Hazard Identification and Risk Analysis (HIRA) is ongoing

## Risk Analysis

ICMM  
International Council  
on Mining & Metals



The Mining Association of Canada  
ADVOCACY STEWARDSHIP COLLABORATION

CDA ACB

- New Tailings Management System under implementation

## Tailings management system

*Our ambition*  
**World-class standards and processes**



# Transforming our culture with VPS for operational excellence



**+71,300**  
people trained

People development

Standardization of best practices

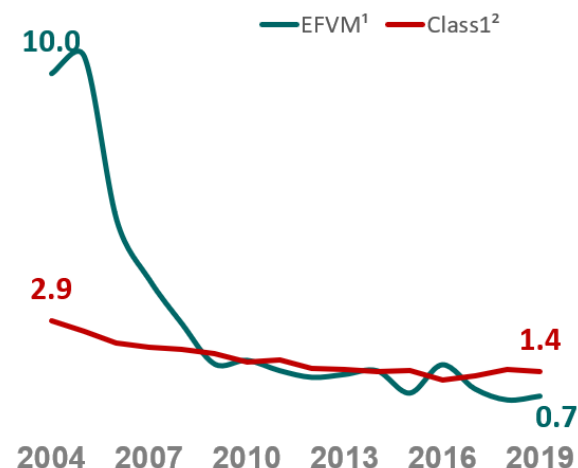
Operational discipline

Compliance with routine

## Case study: EFVM railway in Brazil

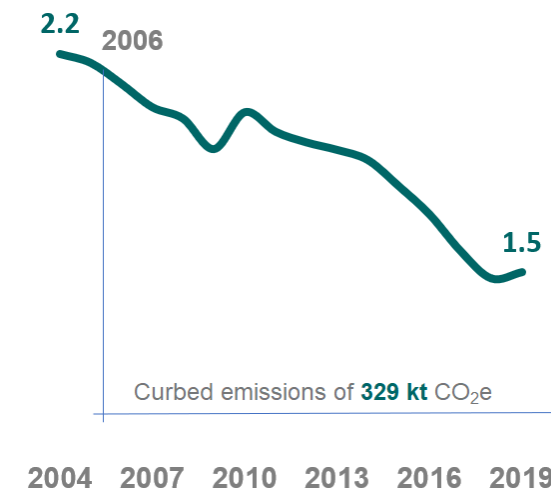
### Railway accidents

Nº of accidents per million of kilometers



### Energy efficiency

Liter/kTKB



<sup>1</sup> Vitória-Minas Railway. The number does not include third-parties (trampling and collision). <sup>2</sup> Average of class I railways in Canada and United States. The number does not include third-parties (trampling and collision).

# We are taking important steps towards building a better Vale

## Our mission

*To transform natural resources into prosperity and sustainable development*

*Work in progress*

## Our ambitions

*A great company to be **recognized by society** in 5 years by:*

- Benchmark in **safety**
- Best in class **reliable** operator
- Talent **factory**
- Leader in **low carbon** mining
- Reference in **creating and sharing value**

## Our levers

### Safety

### VPS

### People

### Innovation

### ESG

## Our key behaviors

- Obsession with Safety and Risk
- Open and transparent dialogue
- Develop people with accountability
- Ownership for the whole
- **Active listening to society**

## Our culture

## Learning together

## Our values

- **Life** matters most
- Act with **integrity**
- Value **our people**
- Make **it happen**
- Respect our **planet and communities**

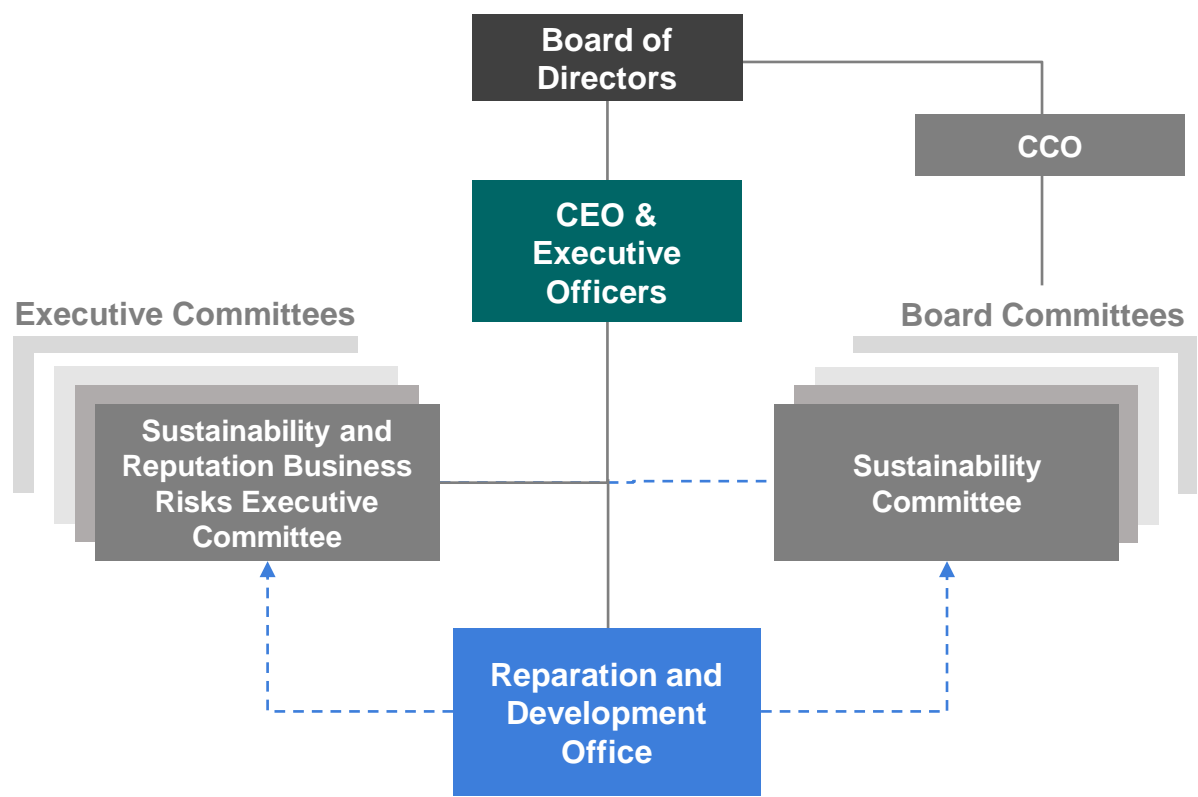
# 2

**Brumadinho  
Reparation**



# Reparation activities are closely overseen by the senior management and Board members

## Simplified governance oversight structure



## Reparation and Development Office

- Created in April 2019 to ensure focus and agility for the reparation process
- Mission to integrally repair the damage caused to people and territories, by 2025
- +400 staff carrying out best efforts to repair the damage in a respectful way
- External independent consultant will annually evaluate initiatives and results

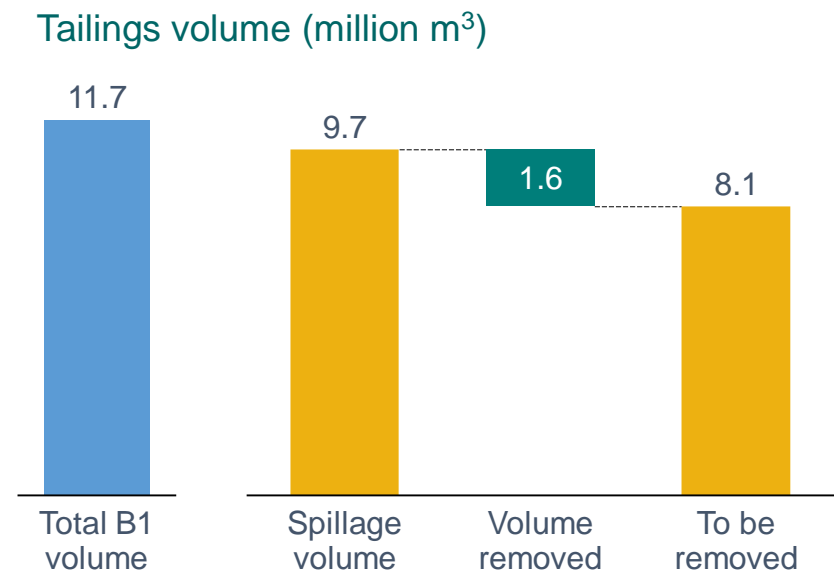
A group of rescue workers in bright orange protective suits and helmets are standing in a line on a paved surface. The workers are wearing reflective stripes on their suits. In the foreground, a worker is seen from the back, wearing a white face mask and a helmet. The background shows more workers and some vehicles, suggesting a large-scale emergency response operation.

# We will **never** forget Brumadinho

Rescue efforts resumed for 11 missing victims after pandemic protocols



# Vale is committed to repairing the environmental damage caused to the affected territories



Tailings removal carefully executed and to be concluded by 2023

Integral environmental recovery by 2025



Since May/19, the Paraobepa River no longer receives sediments

Hydraulic barrier to contain tailings



**Tailings containment works were concluded in Jan/2020**

**Fines retention dike**



**A dredging system removes sediments deposited on the Paraopeba riverbed**





The material removed during dredging is stored and dehydrated in large geotextile bags

Water treatment plant



The water drained from these bags is pumped into a treatment plant and returns clean to Paraopeba river



Water treatment plant



From topographic surveys and photographic searches,  
the original course of Ferro-Carvão stream was re-created

Zero Milestone project



**Works on containment structures are essential to the safety of the communities**

**Structural reinforcement works on the remaining dams**



# We are advancing in the recovery of Paraopeba river basin and its surroundings



Paraopeba river basin

Tailings containment

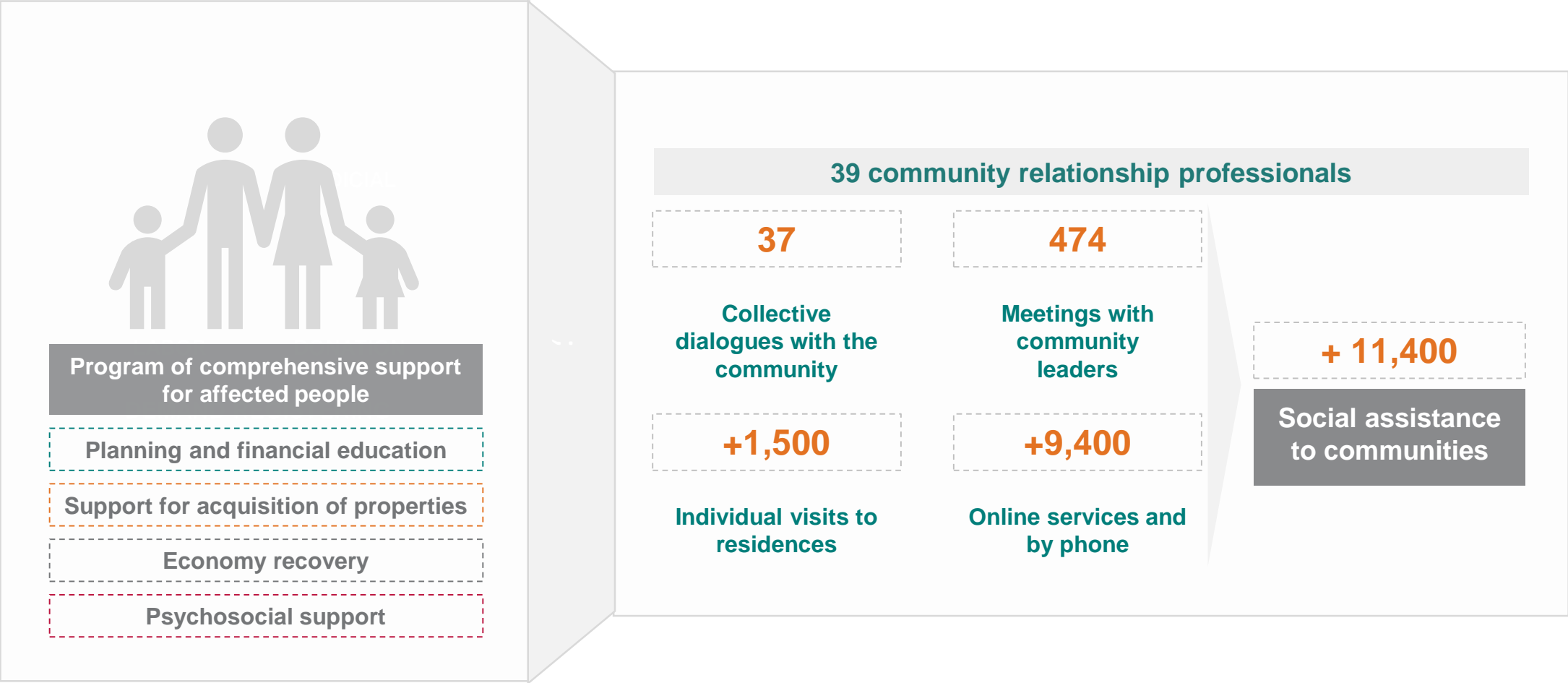
Removal of tailings within the river

Monitor and recover water quality

Preservation of flora and fauna



# Genuine and active listening to proper support the communities



Note: Numbers as of August 2020.

# Giving accountability to society



A typical weekly schedule consists of

| Monday  | Tuesday   | Wednesday                     | Thursday  | Friday                                  | Saturday           |
|---|---|-------------------------------|---|---|--------------------|
| Conversations with impacted people and families |   |                               |   |   |                    |
| Report to the CEO and the Executive Board       | Meeting with promoters, authorities / Public Entities | Weekly meeting with families  | Meeting with the Commission of Families + Fire Department representatives | Internal alignments on recorded demands | Additional demands |
|   |   | Listening to families members |   |   |                    |

Additionally, we have periodic events of accountability to legal authorities

| Monthly meetings             |   |  |
|------------------------------|---|--|
| Water and Sanitation company | Sessions with the Technical Prosecutors to inform on recommendations for FAUNA, MONITORING and WATER SAFETY actions | Meeting with Prosecutors for all commitments |



# Active dialogue with communities and local authorities to invest in community facilities and urban infrastructure improvements

Day care and family health centers



**Memorial in tribute to the victims was designed with the families' association**





# We are progressing with the Integral Reparation Program



# Vale is working to complete immediate legal commitments



Water and sanitation works with local companies<sup>1</sup>

Sediment containment

Emergency reparation works

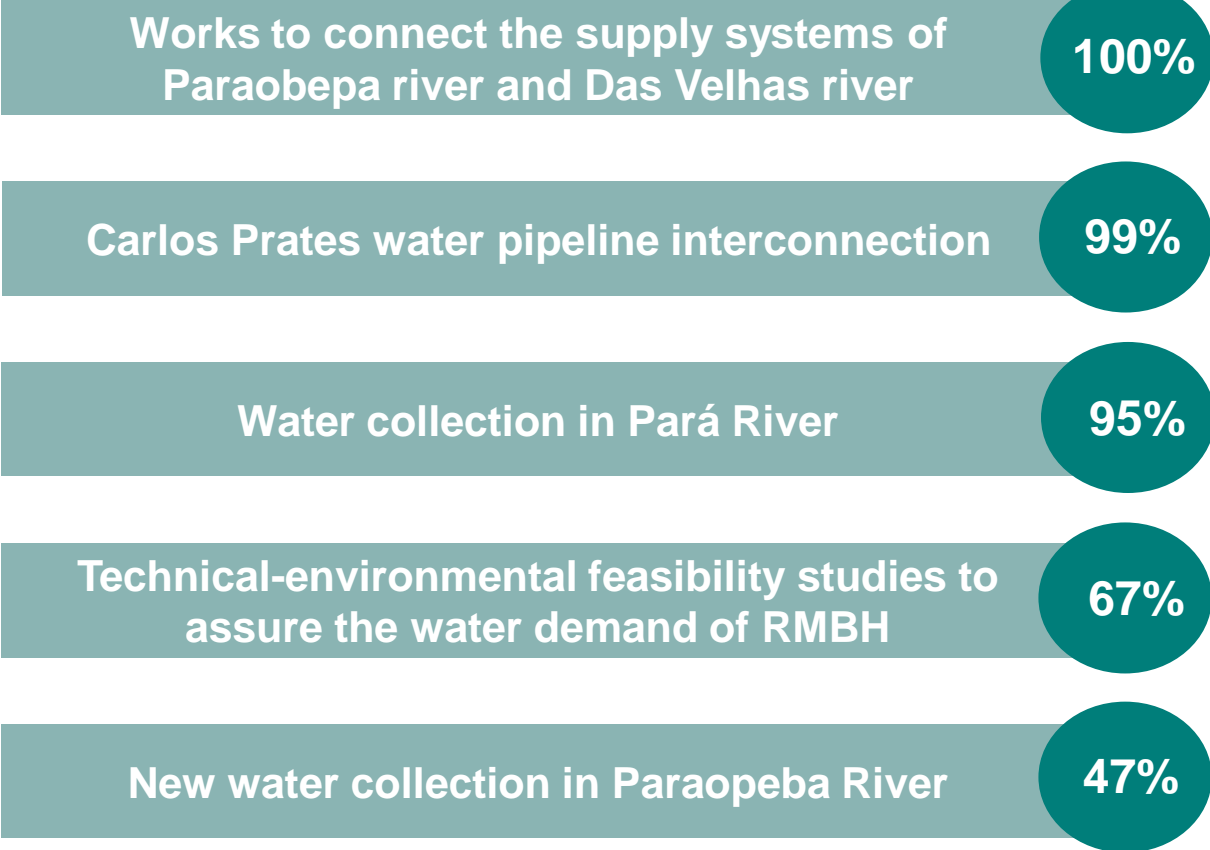
Indemnities and Emergency aid

Environmental emergency works and commitments



Treatment of dredged sediments from the Paraopeba River

# Water supply initiatives have a remarkable relevance in Vale's reparation efforts



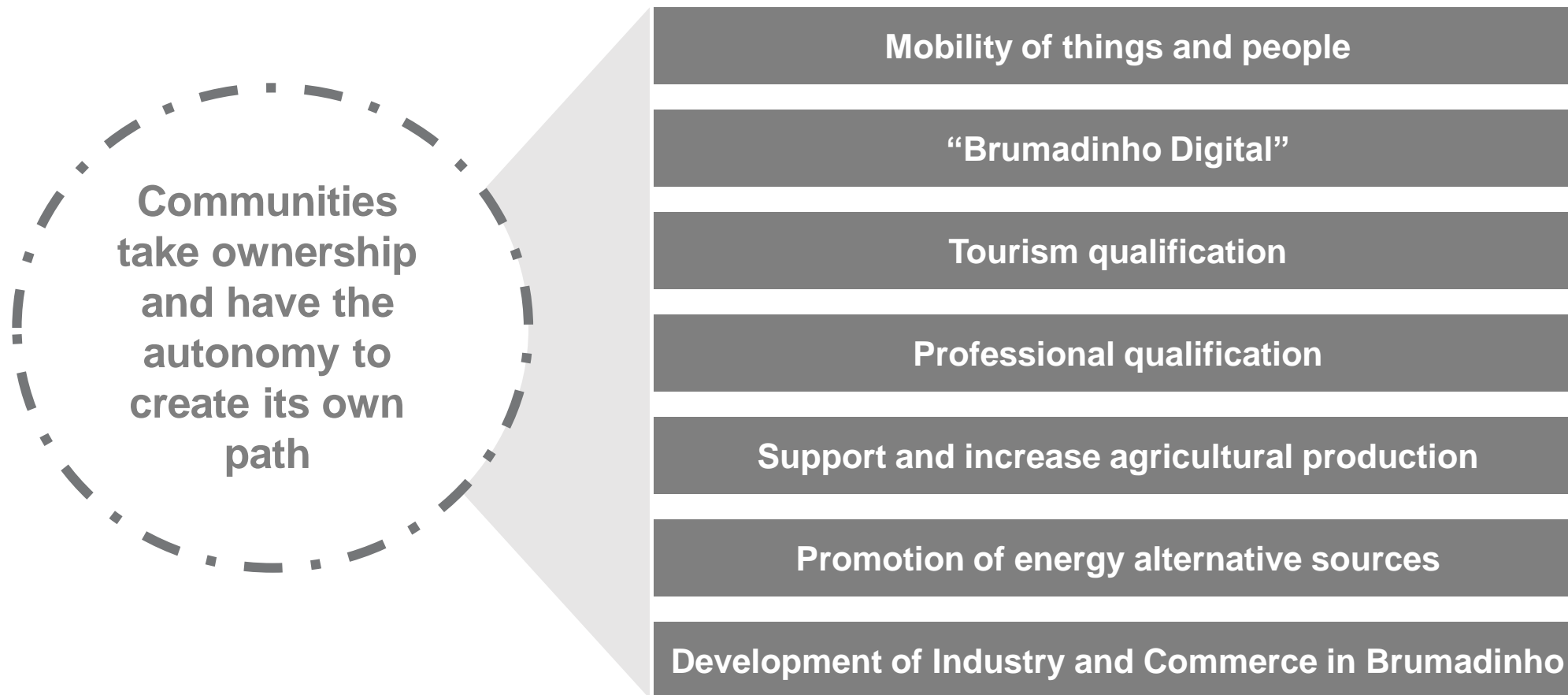
Basins' interconnection works

# By 2025, we will fully repair the damage caused...





# ...with positive legacies, promoting the local economy and workforce



# The Brumadinho event has brought significant lessons

**Social empowered teams**

**Permanent dialogue and listening agenda**

**Reparation responsibility**

**Humility**

**Empathy**

**Fair legal agreements**

**Learning together**

**Take care**

**Unconditional support to those affected**



# 3

**Cultural  
Transformation**

# Vale's culture transformation is underpinned by a bold roadmap with clear milestones

## What we want



Promote **culture** as a **strategy** facilitator



Develop and engage the **leadership** to lead the **change**



Influence and model systems according to **desired behaviors**



**Integrate** existing initiatives with change being **accelerated**

## How to achieve



**Understanding** current culture and challenges



**Involving** leadership and engaging employees at individual level and **re-shaping** human capital practices



**Creating** a strategy and a plan matching our business goals



**Tracking** progress



# Culture is created from...

Behaviors



Symbols



Systems



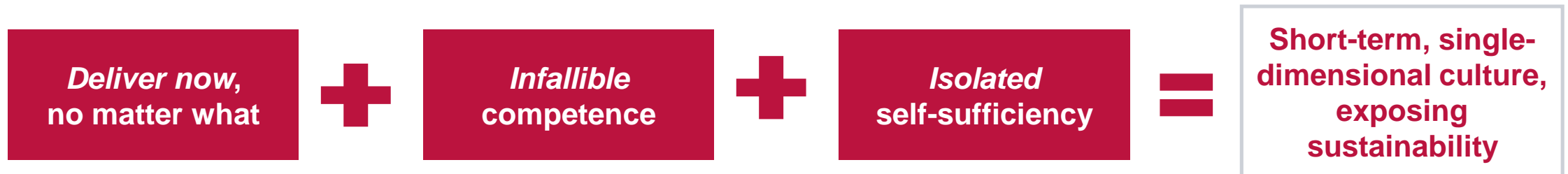
# 2019 was the starting point for Vale to advance in its pursue for cultural change

- ✓ **Redefinition of aspirations and key behaviors**
- ✓ **Leadership as role model**
- ✓ **New cultural symbols**
- ✓ **Diversity and Inclusion agenda**
- ✓ **Cultural diagnosis**

# The strengths of our culture...



...are significantly diluted by three limiting patterns of behavior





# New behaviors to build a more solid and unique cultural narrative



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# A shift that takes place throughout the entire organization and is just starting

1<sup>st</sup> wave  
(2019)



Definition of “Goal”  
Vale in One Page

HR

Human resources with  
more visibility on  
cultural actions

12 Workshops on cultural evolution  
Executive Officers, Board of Directors  
and executives



Leadership Forum with  
200 leaders focused  
on culture

impact!  
1,200 leaders focused  
on key behaviors

360°  
assessment  
on executives



Cultural diagnosis w/ over  
500 employees

# A shift that takes place throughout the entire organization and is just starting

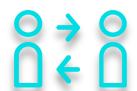
2<sup>nd</sup> wave  
(2020-2021)



Covid-19 impacts on  
Vale Journey  
**dialogue with  
leaders**



**40** catalysts to  
influencing culture



**360° assessment and  
coaching** with Executive Officers  
("role models")



**Diversity and Inclusion**  
agenda



**Review of Vale's narrative  
and purpose definition**

**Business  
transformation**  **Management Model and  
Culture integrated**



# Vale is changing and results are already being perceived



## Consciousness

Awareness of existing beliefs



## Integration with strategic pillars



## Leadership awareness of the role of culture

Individual assessments, feedbacks and coaching



## Influencers of culture

Focal points helping disseminate expected behaviors



## Desired culture

Building of a common vision



## Acceleration of change

**The Board of Directors is closely assessing the progress through more direct interaction and reviewing cultural indicators**

# Our human capital management is also evolving to support the culture we want

**Increase from 13% to 15%<sup>1</sup>**

Female workforce



**49% of employees with <5 years<sup>2</sup>**

Safety & Operational Excellence Office



**Renovation of 59% of leadership<sup>3</sup>**

Ferrous Mineral structure change



**94% satisfaction on relationship with leaders**

Pulse survey



<sup>1</sup> December 2019 vs August 2020. <sup>2</sup> Distribution of years of service for the employees of the Operational and Excellence Office. <sup>3</sup> Considers lay offs, promotions and admissions for leadership positions in 2019.



# We are looking ahead for building a better work culture in Vale



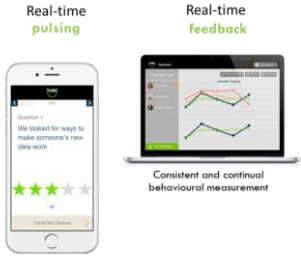
- Cultural diagnosis
- Aspirations redefined
- New key behaviors
- Leadership engaged

2019



- Diversity and Inclusion agenda
- Narrative review
- Purpose definition
- Management model (VPS) integration

2020



- Measurement and KPIs
- Vale Behavior Tracking
- Foster culture experience for leaders

2021



- Adjust strategy
- Continuous improvements

2022

*Our ambition*  
**Great Organization**



2025+



Vale's **Cultural Transformation** will support our  
ambition to becoming the **safest** and  
**most reliable** mining company in the world





