

Modern Slavery

Report

2023

Introduction

This joint report has been prepared by Vale Base Metals Limited (“VBML”) on behalf of itself and its subsidiaries, Vale Canada Limited (“Vale Canada”), Vale Newfoundland & Labrador Limited and Vale Americas, LLC (collectively, “Vale”) in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”). This inaugural joint report encompasses the reporting entities for the reporting year January 1, 2023, to December 31, 2023, and outlines the steps we have taken to prevent and reduce risks of forced labour or child labour in our operations and supply chains.

At Vale, we believe that every person should have the right to freely choose when, where and how to work, without compulsion or coercion. We are opposed to modern slavery in all its forms, including forced labour, bonded labour, child labour, prison labour, and trafficked labour. We expect that all Vale stakeholders will take steps consistent with our policies and procedures to prevent modern slavery. We expect that everybody who is associated with Vale will look for signs of modern slavery in our operations, supply chains, and communities, and if they suspect modern slavery is occurring, will report it. We also expect that our suppliers will prohibit modern slavery in their own supplier or subcontractor networks.

Reporting entities

This is a joint report made pursuant to the Act, with the following Vale entities reporting under the legislation:

- Vale Base Metals Limited;
- Vale Canada Limited, Business Number (“BN”) 102475084;
- Vale Newfoundland & Labrador Limited, BN 896332376; and
- Vale Americas, LLC, BN 89655 4029 RT0001.

Our structure, activities and supply chains

Our structure

Vale S.A., the Rio de Janeiro, Brazil-based controlling shareholder of VBML, is one of the world's leading producers and suppliers of iron ore and is publicly traded on the Novo Mercado of the Sao Paulo Stock Exchange ("B3"), the New York Stock Exchange ("NYSE"), and the Madrid Stock Exchange ("Latibex"). VBML is one of the world's leading producers and suppliers of nickel, copper, and platinum group metals ("PGMs"), as well as gold, silver, and cobalt as the byproducts of nickel and copper. VBML's global headquarters are in London, United Kingdom. Vale Canada Limited, Vale Newfoundland & Labrador Limited, and Vale Americas, LLC are the controlled subsidiary reporting entities of VBML.



Our activities

We focus on the production and responsible sourcing of base metals such as nickel, copper, cobalt and platinum group metals, critical minerals essential for the renewable energy transition. Our Canadian operations include offices, plants, ports, underground mines, and exploration sites.

Canadian operations

Vale Canada Headquarters
Toronto, Ontario

Vale Canada Technology Development Centre
Mississauga, Ontario

Eastern Canada Corporate Affairs and Operations Office
St. John's, Newfoundland and Labrador

Mine Complex
Sudbury, Ontario

* inclusive of five mines, a mill, a smelter, and a refinery

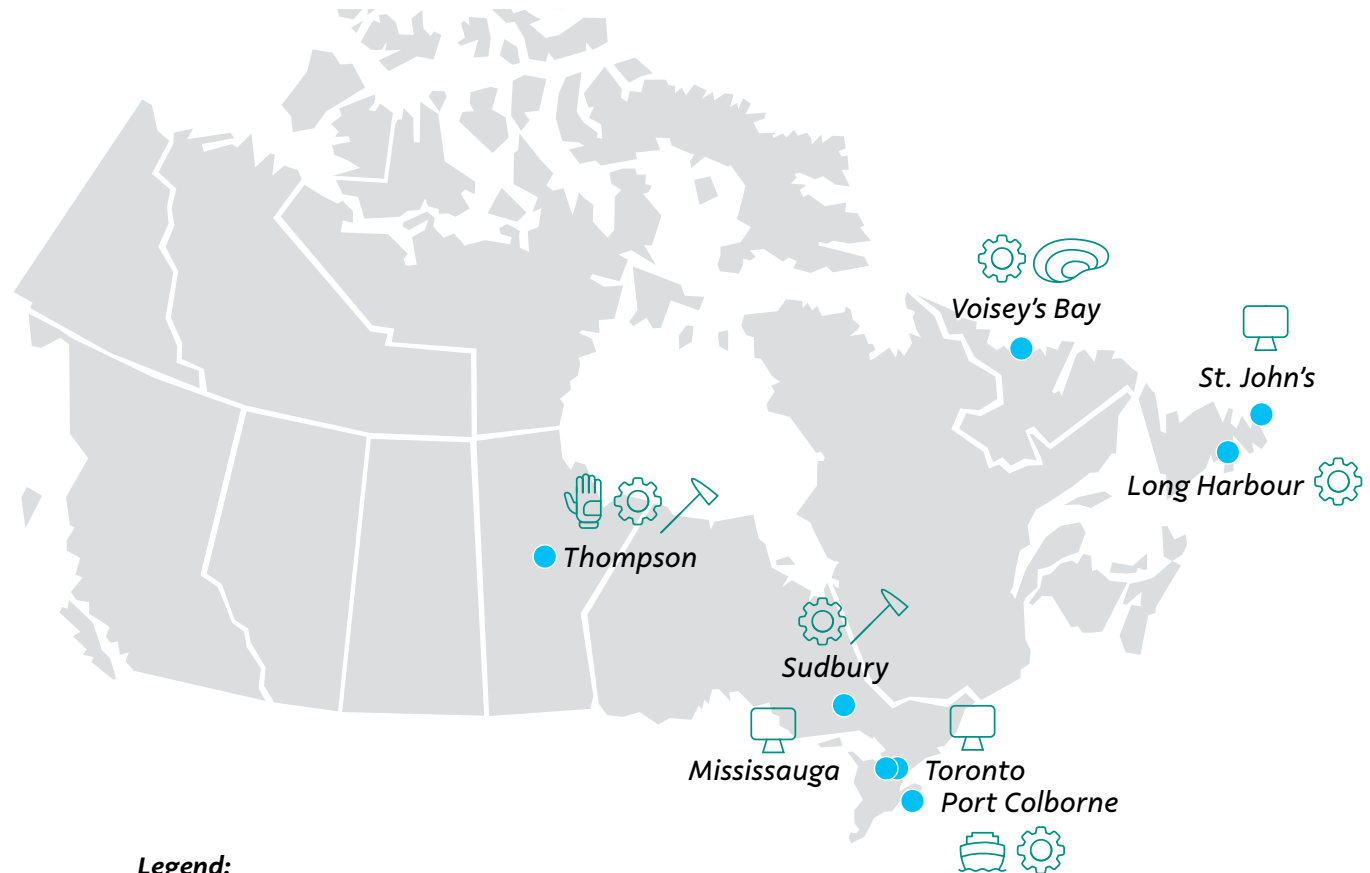
Raw Material Port and Refinery
Port Colborne, Ontario

Hydrometallurgical Processing Plant
Long Harbour, Newfoundland and Labrador







Nickel-Cobalt-Copper Mine and Concentrator
Voisey's Bay, Labrador

Thompson Nickel Belt Mine and Exploration Site
Thompson, Manitoba

* Thompson Nickel Belt Mine or the Thompson Mine Extension Project (TMEP) includes two mines, T1 & T3



Legend:

 Operation	 Underground Mine	 Port
 Open Pit Mine	 Exploration	 Office

Our people

As of December 2023, Vale SA workforce:

66,807

direct

167,759

third party

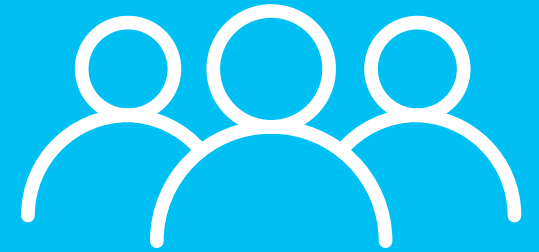
Vale Canada workforce:

6,810

direct

1,946

third party



Vale SA workforce



- 28% direct employees
- 72% third party contractors

Vale Canada workforce



- 78% direct employees
- 22% third party contractors

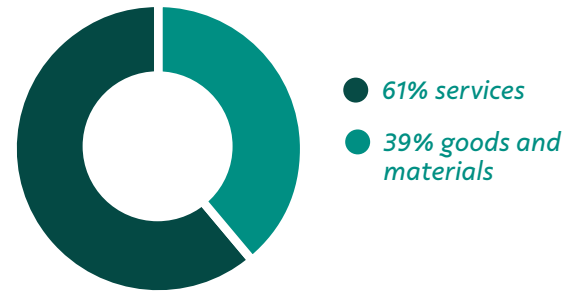
Our supply chains

In 2023, approximately 84% of our total annual spend on goods and services was with Canadian suppliers and contractors. 8% of spend was with a single supplier in Singapore, 4.5% of spend was with suppliers in the United States of America (USA), 1.7% was with suppliers in Switzerland, and 1% with suppliers in Germany. The remaining spend was with suppliers located in Japan, United Kingdom, Brazil, South Korea, Australia, the Netherlands, Taiwan, Denmark, and Barbados. Additionally, Vale procured goods and services from Finland, Sweden, China, France, Italy, Chile, Indonesia, Thailand, Israel, and Belgium, but this was less than 0.01% of total annual spend.

Goods and materials sourced by Vale make up approximately 39% of overall spend. This includes:

- Commodities (including metals, minerals, and ores)
- Heavy Machinery & Equipment (including transportation components, mining and quarrying equipment, foundry machines, and construction machinery)
- Tools & Equipment (including bearings, automation control devices, hand tools, industrial pumps, etc.)
- Petroleum & Fuels
- Construction & Maintenance materials
- Chemicals (including adhesives, sealants, and compounds)
- Electrical Equipment & Supplies
- Facility Supplies
- Computer Equipment & Communications Devices

Overall spend



Services procured by Vale make up approximately 61% of overall spend. This includes:

- Professional Services (including management advisory, professional engineering, legal, insurance, financial, and medical services)
- Mining Services (including extraction and mine exploration)
- Construction Services (including land preparation services, contractors, and technology)
- Transportation
- Facilities Maintenance
- Manufacturing Support
- Electric, Oil & Gas Utilities
- Hospitality
- Computer Services
- Warehouse Services
- Waste Management



84%

of our total annual spend on goods and services was with Canadian suppliers and contractors

Policies and due diligence processes

We have implemented robust policies and due diligence processes to prevent and reduce the risk of using forced labour or child labour in Canada or elsewhere by ourselves and our suppliers. This includes the integration of responsible business conduct into policies and management systems, identifying, assessing and mitigating adverse impacts, tracking and communicating implementation and results, and pre-positioning ourselves to cooperate in remediation should that become necessary.

Policies and supporting documents

Our **Global Human Rights Policy** outlines human rights requirements and principles for all operations, subsidiaries, and stakeholders. The policy prohibits the use of child labour and any form of labour relations that may be interpreted as equivalent to forced labour or modern slavery, and is aligned with international standards, including the:

- Universal Declaration of Human Rights (“UDHR”);
- United Nations Guiding Principles on Business and Human Rights (“UNGPs”); and
- Organization for Economic Co-operation and Development’s (“OECD”) Guidelines for Multinational Enterprises on Responsible Business Conduct.

It is approved by our Board of Directors and reviewed every five years. More details on our approach to human rights, including child labour, forced labour, and modern slavery, are provided in our **Global Human Rights Overview**.

Our **Global Human Rights Guide** was created to help our employees, suppliers, and others understand and incorporate the Human Rights Policy and its principles into day-to-day activities. We expect that all employees, contractors, and suppliers follow Vale policies and procedures, including steps to identify, prevent, report and address child sexual exploitation, child labour, modern slavery and human trafficking. Suppliers and partners are also expected to apply equivalent principles to those of the Human Rights Policy in their own operations and supply chains.

Our **Global Principles of Conduct for Third Parties** requires our suppliers, customers, and partners to be familiar with our Human Rights Policy and Human Rights Guide and adopt standards in line with best international human rights practices, including prohibition of modern slavery, human trafficking, forced labour, child labour and child sexual exploitation. As part of our Global Supplier Registration Portal (“GSRP”), all vendors are required to review and acknowledge the Principles of Conduct.

Due diligence processes

Our Global Human Rights Policy subjects all suppliers to human rights due diligence assessments, from supplier registration through to contract management. This is operationalized through our **Global Third Party Due Diligence Procedure** and our **Vale Base Metals Responsible Sourcing Standard**, which include clear roles and responsibilities, a multi-step due diligence process, monitoring mechanisms, and decision matrices dependent on supplier risk levels. These risk levels are assigned during the assessment process, and child and forced labour are specific 'red flags' or 'risks' that are considered. High-risk suppliers are required to complete a **Human Rights Self-Assessment Questionnaire**, which includes specific questions on child and forced labour, and we can block suppliers from entering into or continuing business with Vale based on child and forced labour violations, as outlined in our **Supplier Registration Management Procedure**.

Frequency of third-party due diligence assessments

Risk Classification	Frequency of Assessment
Low	24 months
Medium	18 months
High	12 months

Mineral feed suppliers are also required to complete a **Responsible Sourcing Questionnaire**. They are assigned 'sensitivity' and 'vulnerability' classifications based on human rights criteria, including child and forced labour, as well as by supplier category, service location or material origin, and use of subcontractors or third parties. Enhanced measures to mitigate identified risks could include additional training, contract clauses, engagement, certification, or action plans. Due diligence on high-risk mineral feed suppliers is conducted bi-annually, and annual reviews of Conflict-Affected and High-Risk Areas (CAHRA) is also undertaken.

We also deploy **external human rights due diligence assessments** by third-party experts across operations and critical projects, in cycles of three to five years. The process is run independently through document verification and on-site condition inspections, as well as through interviews and focus groups with employees and contractors, community members, and representatives from government, academia, and civil society. The results are integrated through corrective actions, with monitoring and reporting on the treatment of risks and impacts detected.

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To the best of our knowledge, there have been no occurrences of child labour, forced labour, or modern slavery involving Vale's operations and suppliers in 2023.

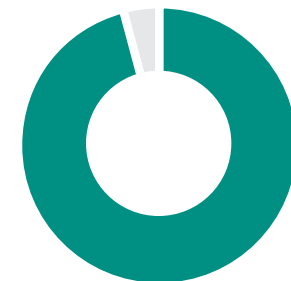
Forced labour and child labour risks

We undertook several initiatives in 2023 to prevent and reduce the risks of child and forced labour in our operations and supply chain. This included a revision to our Global Human Rights Policy to supplement and enhance our existing governance framework and reinforce our alignment with international standards and initiatives. The risks related to the possibility of child labour and forced or compulsory labour were mapped in our global projects, operations and for international suppliers, including our projects and operations in Canada. 96% of our global employees received human rights training in 2023, which included child and forced labour. Human rights are also included in our materiality matrix and Integrated Risk Map, which are evaluated and validated annually.

We also conducted an initial scan of our 2023 direct supplier data that considers geographic, industry, and product or service risks of child and forced labour, using information from international organisations that are reputable, publicly available, and annually updated. Based on these initial results, we consider the risk of modern slavery in our operations and supply chains to be low.

96% of our direct suppliers are located in Canada, the United States and Singapore. The remaining suppliers are located in Switzerland, Germany, Japan, United Kingdom, Brazil, South Korea, Australia, the Netherlands, Taiwan, Denmark, and Barbados. Vale also procured goods and services from Finland, Sweden, China, France, Italy, Chile, Indonesia, Thailand, Israel, and Belgium, however, spend was less than 0.01% of total annual spend.

- **12 of the 24 countries we procure from are considered low risk** across several modern slavery indicators and represent 87% of total 2023 spend. (These countries are Canada, Switzerland, Germany, Japan, United Kingdom, Australia, the Netherlands, Denmark, Finland, Sweden, France, and Belgium).
- **8 of the 24 countries we procure from are considered medium risk** due to a combination of factors, including the prevalence of child labour, a lack of prohibition on hazardous work for children, and the compulsory age of schooling not aligning with the minimum age of employment (UNICEF), the risk of human trafficking (US Department of State), the percent of employees working over 49 hours a week (ILOSTAT), the risk of modern slavery (Walk Free's [Global Slavery index](#)), poverty rates (World Bank) and and potential infringement on personal autonomy and individual rights (Freedom House). These countries are the United States, Singapore, South Korea, Taiwan, Barbados, Italy, Israel, and Chile. They represent over 12% of total 2023 spend, with the majority in Singapore and the United States (8% and 4.5% respectively).
- **The 4 remaining countries we procure from are considered high risk** due to a combination of the factors above, as well as risks to the rule of law (World Justice Project). These countries are Brazil, Thailand, Indonesia, and China and represent under 1% of total 2023 spend.



96%

of our global employees received human rights training in 2023, which included child and forced labour.

% of labour risk by country



- 50% low risk
- 35% medium risk
- 15% high risk

We also recognize that, while not specific to our operations, there are general industry-level risks of forced or child labour. We consider our exposure to these risks to be low, as 96% of our direct suppliers are located in Canada, the United States and Singapore.



- The **mining and metals industry**, which is a major spend category across materials and services, has high risks of forced and child labour, although this is mainly linked to artisanal and small-scale mining (ASM), an issue that Vale does not consider material to its operations. Large-scale, commercial mines carry fewer risks, although a reliance on migrant or temporary workers and the presence of contractors and recruiters can introduce additional complexity into the supply chain and increases the risks of modern slavery and human trafficking.



- The **construction industry** has widespread use of contractors and subcontractors, who often rely on the use of vulnerable workers, such as migrant workers, day-labourers, or temporary workers, who are more susceptible to trafficking and discrimination, excessive recruitment fees, and withholding of documents. The International Labour Organization estimates that the construction industry is responsible for approximately 16% of forced labour exploitation cases and is one of the most hazardous sectors for workers.



- The **manufacturing industry** includes a range of skilled and low-skilled positions; low-skilled labour has an increased risk of human trafficking as many workers lack other employment options. They also lack leverage to negotiate for higher wages and are vulnerable to significant job insecurity. There are also high risks of child labour in the manufacturing industry.



- The **commercial and professional services industry** includes external consultants and engineering firms, which are considered low risk, but also facility services and maintenance, hospitality, catering, and security services, which are linked to higher risks of forced or child labour. These services often rely on recruiting through contractors and subcontractors, and often employ vulnerable workers such as migrant or temporary workers.



- The **transportation industry**, especially ocean freight, can have high risks of modern slavery as workers can be deprived of their rights to annual or shore leave and repatriation, and may be forced to continue working beyond the terms in their employment contracts. Similarly, **warehousing services** are increasingly outsourced to third-party logistics companies, and often rely on temporary or subcontracted labour, with higher risks of exploitation or hazardous work conditions.



- The **waste management industry** has high risks of forced labour, as the industry often relies on temporary workers or migrant workers recruited by sub-contractors who are more vulnerable to exploitation and abuse, including human trafficking.

We have robust mitigation measures in place to address these country-, industry-, and product- or service-level risks, which are summarized throughout this report.



96%

of our direct suppliers are located in Canada, the United States and Singapore.

Assessing and managing risks

Remediation

Our **Global Listening and Response Mechanism** establishes defined channels through which any stakeholder, including suppliers and contractors, can submit information, requests, or complaints. These are publicly available, include social media, telephone, and face-to-face options, and are based on the effectiveness criteria of the UNGPs. Contact details are provided in company policies and guidelines that reference child and forced labour specifically, including the Principles of Conduct for Third Parties, Human Rights Guide, and Human Rights Overview. They do not prevent complainants from accessing other judicial or non-judicial mechanisms, and intimidation and retaliation is prohibited.

A five-step process is used to receive and respond to complaints, and initial responses are provided within ten calendar days. Grievances are recorded and measured against standard performance indicators to assess effectiveness of response and identify opportunities for improvement.

The **Whistleblower Channel** is managed by the Ethics & Compliance Program and is used primarily for reporting violations of the Code of Conduct and/or current legislation. It is managed by an independent third party to ensure confidentiality and anonymity, and provides a dedicated portal, global telephone channel, and local channels in Canada and other jurisdictions. The Channel also provides the ability for those who report grievances to follow-up on their allegations or complaints and 'track' reports.

Our **Global Allegation Treatment Process of Human Rights Violations** applies to our operations and business partners and requires remediation action plans to be implemented in response to violations, with accompanying monitoring. We use our leverage, involve stakeholders, and cooperate with relevant authorities in remediation efforts, along with our suppliers who are expected to remedy violations in line with the Principles of Conduct for Third Parties. As part of our services contracts, we can activate a termination clause in the event that a supplier uses child or forced labour in their operations.

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To the best of our knowledge, there have been no grievances related to child labour, forced labour, or modern slavery involving Vale's operations and suppliers were received in 2023.

Loss of income

In 2023, we did not identify any occurrences of the loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

Training

All global employees are required to complete annual two-hour **human rights training** sessions, which cover child and forced labour, sexual exploitation, grievance mechanisms, and the Whistleblower Channel. Our training system tracks completion of the course annually, with the training program overseen by the Executive Vice President of Sustainability.

Vale Base Metals also provides annual **responsible sourcing training** to designated personnel with specific responsibilities, which covers risk identification and management, CAHRA identification and review, and OECD guidance and tools. Completion is tracked and reported.

A mandatory **contractor human rights training** video is also provided during onboarding in local languages, and references international standards, internal expectations, and specific issues such as child and forced labour, child sexual exploitation, labour rights, and fair working conditions. All third parties are subject to mandatory training (provided in the attendees' local language) during onboarding on the Human Rights Policy and Guide.

Termination of agreements

We do not tolerate child and forced labour, and services contracts include termination clauses that can be activated as a measure of last resort if there are child labour, forced labour, or other labour rights violations, and if supplier mitigation efforts have not proven effective. This approach is reinforced by options to temporarily cease engagement or block contracts through our Corporate Integrity function, in line with our Third Party due Diligence Procedure, Responsible Sourcing Standard and Supplier Registration Management Procedure.

Assessing effectiveness

Current initiatives

Governance of policies and procedures

Our Board of Directors and senior management team provides oversight of and has ultimate responsibility for our approaches to human rights, child labour, forced labour, and modern slavery. Two statutory advisory committees share specific responsibilities:

Frequency of third-party due diligence assessments

Committee	Responsibility
Sustainability Committee	Overseeing and recommending guidelines and principles related to human rights strategy, guidelines, and strategic planning
Audit and Risk Committee	Evaluating and monitoring risk management, and overseeing grievance mechanisms, the Whistleblower Channel, and internal audits, alongside the Conduct and Integrity Committee

The Sustainability Committee has annual workplans and self-evaluation processes, and the Audit and Risk Committee supervises annual internal audit activities. An Integrated Risk Map is evaluated and validated annually by the Board.

To effectively manage human rights across the organization and supply chain, we utilize a **Three Lines of Defense Model**:

Three Lines of Defense Model



Adequate tracking

Our record keeping system ensures that we store the results of our third-party due diligence assessments for five years or longer dependent on legislation. Our risk management platform records and monitors all human rights risks and associated assessments in line with our Assessment of Risks in Human Rights Procedure, including child and forced labour risks. Completed training, community interactions, and reports received through the Listening and Response Mechanism are captured and recorded in our System of Stakeholders, Demands and Issues (“SDI”).

Assessment of actions and disclosures

We track relevant indicators such as occurrences of child or forced labour, grievances received and resolved, and levels of employee awareness on human rights. All our key performance indicators can be found in the ESG Databook and GRI Content Index of our Annual Integrated Report, and are externally assured. Additionally, we annually report on human rights and child and forced labour within our Reference Form, Form 20-F, and Human Rights Overview.

Through our third line of defense, internal audits are conducted annually in accordance with our Quality Assurance and Improvement Program (“QAIP”) to evaluate and improve the effectiveness and efficiency of our governance, risk management and internal controls.

Future commitments and intentions

We are committed to proactive identification, prevention, mitigation and accounting of risks of child and forced labour within our operations and supply chains and intend to continue our momentum throughout 2024 and beyond.

FY2024 Commitments and targets

Topic area	FY2024 Commitments
Improvement in Our Human Rights Management Process by 2025¹	Disseminate our revised Global Human Rights Policy to all employees; incorporate human rights content in existing standards; and provide human rights training to leaders and employees and contractors.
2030 ESG Gap Action Plan²	Continue formal supplier monitoring programs to address human rights and supply chain risks.
Child and forced labour risk assessment	Conduct a follow-up risk assessment of our Canada operations and suppliers to confirm levels of risk of child or forced labour by geography, industry and product/service.
Child and forced labour training	Review and enhance the training provided to our Canadian employees on child and forced labour.

¹ Vale, Human Rights – Commitments and targets, available at <https://vale.com/nl/esg/human-rights>

² Vale, 2030 Commitment: Eliminate major gaps in ESG regarding the best practices, row 41, available at https://vale.com/documents/d/guest/esg-gap-action-plan_en_04012023

Approval and attestation

“In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for VBML, Vale Canada, Vale Newfoundland & Labrador Limited, and Vale Americas, LLC. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.”

Full name: **Alfredo Santana**

Title: **Chief Executive Officer (Interim), Vale Base Metals Limited**

Date: **May 31, 2024**

Signature: 

“I have the authority to bind Vale Base Metals Limited”

