

01

In the picture, Edna Paula do Carmo Santos at Mutuca and VGR operation in Nova Lima, Minas Gerais, (MG), Brasil. Photo: Gustavo Baxter.



Tax Transparency Annual Report | 2021

No. 03



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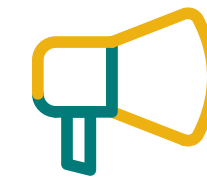
Our Purpose

We exist to improve life and transform the future. Together.



Values

- Life matters most
- Act with integrity
- Value the people who build our company
- Make it happen
- Respect our planet and communities



Key Behaviors

1. Obsession with safety and risk management.
2. Open and transparent dialogue.
3. Empowerment with accountability.
4. Ownership for the whole.
5. Active listening and engagement with society.



Our Levers

- Safety
- VPS
- People
- Innovation
- Sustainability



Ambitions

We want to be a great company recognized by society for being:

1. Benchmark in safety.
2. Best in class reliable operator.
3. Talent-driven organisation.
4. Leader in sustainable mining.
5. Reference in creating and sharing value.

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Message from our Executive Vice President Legal and Tax

We recognise that we have a responsibility through our operations, investments and taxes to contribute to the growth of local, national and global economies. We consider tax to be a fundamental part of the relationship between business and societies and take the payment of taxes extremely seriously. As the world begins to build back better following the COVID-19 pandemic and look ahead to the energy transition, we know that our investments and tax contributions will play a key role in supporting the communities, people and governments where we operate.

In 2021, we paid US\$ 9.3 billion in total taxes and royalties – an increase of over 60% on the payments made in 2020 – meeting our obligations in full. We are proud of the contribution we have made in the countries we operate in. The higher contribution this year is largely a result of higher realized prices for ferrous minerals and copper. We believe this is a fair and proportionate reflection of the value created and we are proud to share this with society. The taxes we pay form one part of our overall economic contribution of US\$ 45.6 billion. This figure comprises the amounts we paid to suppliers, as reinvestments, in dividends and in salaries to our over 200,000 employees and contractors. Nearly 90% of the taxes and royalties we paid were made in Brazil reflecting our greater operational presence in the country.

We believe in a principles-led approach to taxation – one rooted in transparency, a long-term view, risk management, compliance, and collaboration with tax authorities.

It means we respect local tax laws and build effective internal processes to ensure full compliance. It means our business decisions are guided not by our tax liabilities but by creating shared long-term value for our communities and partners. And it means we increasingly look for new and better ways to share this information with our stakeholders.



Alex D'Ambrosio

03 In the photo: Alex D'Ambrosio.
Photo: Archive.

I am delighted to provide Vale's third annual Tax Transparency Report for the financial year 2021. This report is designed to share details of the taxes we pay and the contributions we make to the places where we work. This is an ongoing, albeit small, part of our 'New Pact with Society' to engage with our stakeholders.

We want to be as open as possible about the taxes we pay and use that transparency in order to build positive relationships with our many stakeholders.

This year, we are taking strides to align ourselves with GRI207 – the GRI's reporting standard on tax. GRI207 enables organisations to better communicate information about their tax practices publicly. In this report, we have made significant progress towards greater alignment with GRI207 and continue to engage with industry bodies and other stakeholders regarding legislative and standards-based developments relating to transparency.

Our operations in Brazil and elsewhere cover approximately 25 jurisdictions, all of which share our mission: Vale exists to improve life and transform the future. Together.

We continue to monitor global legislative and industry specific developments around tax transparency disclosure requirements. We engage with and consider guidance from global industry forums such as the International Council on Mining and Metals (ICMM), the Extractive Industries Transparency Initiative (EITI) and the Global Reporting Initiative's GRI207 standard. Information on our payments to governments is publicly available and disclosed through compliance with the Canadian Extractive Sector Transparency Measures Act ("ESTMA") and our participation in EITI reporting in jurisdictions including Indonesia and Mozambique, where we operate mines.

Further information about our participation in and engagement with external organisations that contribute to the ESG agenda can be found in our [Integrated Report](#).

We believe this report, and specific examples provided in the report, demonstrate our steadfast commitment to the communities where we operate. We hope this year's report gives you a greater insight into our business and the contributions we make in the places where we work.

We, of course, welcome and invite your feedback.

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Introduction from our Global Tax Director



Octavio Bulcão

04 In the photo: Octavio Bulcão.
Photo: Archive.

Vale is one of the world's largest iron ore and nickel producers. Ores and minerals extracted from our mines are used around the globe to manufacture essential products from cell phones to airplanes, building structures to coins.

With operations in more than 25 jurisdictions on five continents, the company also produces manganese, ferro-alloys, copper, cobalt, metals of the platinum group, gold, silver, and metallurgical and thermal coals. Producing this variety of raw materials requires an infrastructure that includes mineral exploration, operational units and administrative offices connected to a logistics network that integrates mines, railroads, ships, and ports for fast and safe transportation of ore.

Vale has a dedicated global team of tax professionals, who have worked together to develop this report. My team's role is to help Vale generate shared and sustainable value for all our stakeholders. I am immensely proud of the work of my team. Their commitment and dedication enable Vale to achieve its strategic objectives to serve society, giving back to all.

The report this year provides further detail, using case studies, of how my team contributes to the delivery of Vale's objectives to become one of the safest and most reliable mining companies in the world, acting with due regard to our basic principle – life matters most, and to become a sustainable operator and a driver of local development and global sustainability. The inclusion this year of details of our payments by state demonstrates our ongoing commitment to local and regional development.

Vale's third annual tax transparency report is designed to enable our stakeholders to better understand the importance and breadth of our business and the global contribution we make to societies and economies through our operations.

This report demonstrates continuous progress in our transparency journey and we hope stakeholders find the information contained within to be meaningful and clear. We also direct readers to our Integrated Report for further information on Vale's key environmental, social and governance activities.

I hope the case studies and additional information shared this year are informative and bring to life the work we do and thus demonstrating our key tax principles:

1. Transparency
2. Long-term value
3. Risk management and control
4. Compliance
5. Engagement with tax authorities and stakeholders

As an organisation, we are committed to integrating sustainability into our business by building a strong and positive economic, social and environmental legacy and mitigating the impacts of our operations. The taxes we collect and pay represent just one of the ways in which we embrace this responsibility. Indeed, we are active beyond the traditional mining value chain as we serve society while taking care of the planet. More information and examples, such as our Green Briquette project, of our contribution to society can be found in "[Our value chain](#)".

This report is intended to be concise, understandable and accessible to all our stakeholders. We welcome your engagement and feedback – please do share your comments with us using the [Contact Us](#) page of the Vale website.

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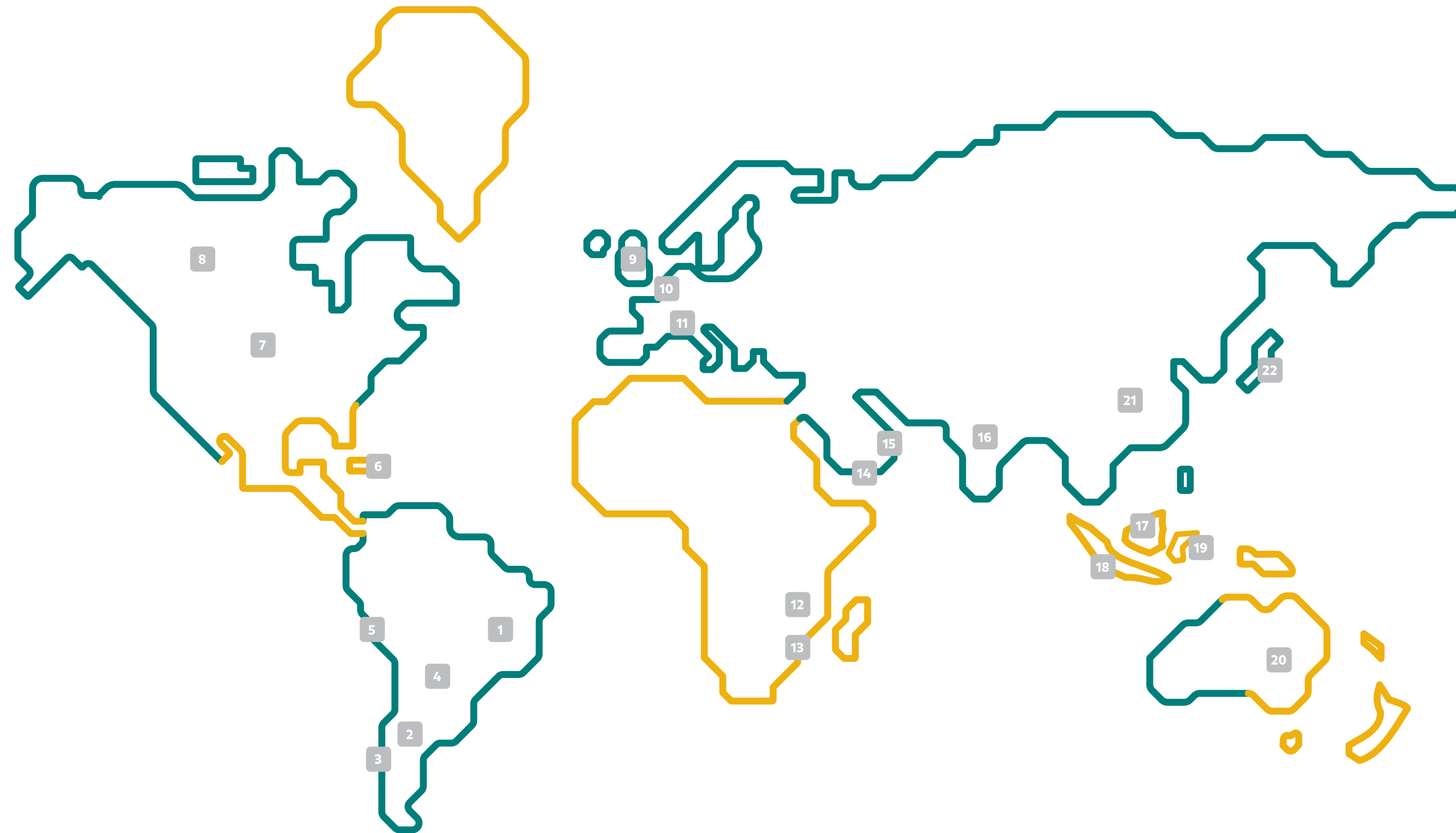
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• Exploration • Headquarter
• Operations

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• Exploration

4 Paraguay
• Offices

5 Peru
• Exploration

6 Barbados
• Offices

7 USA
• Offices

8 Canada
• Offices • Operations
• Exploration

9 United Kingdom
• Offices • Operations

10 Netherlands
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11 Switzerland
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12 Malawi
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22 Japan
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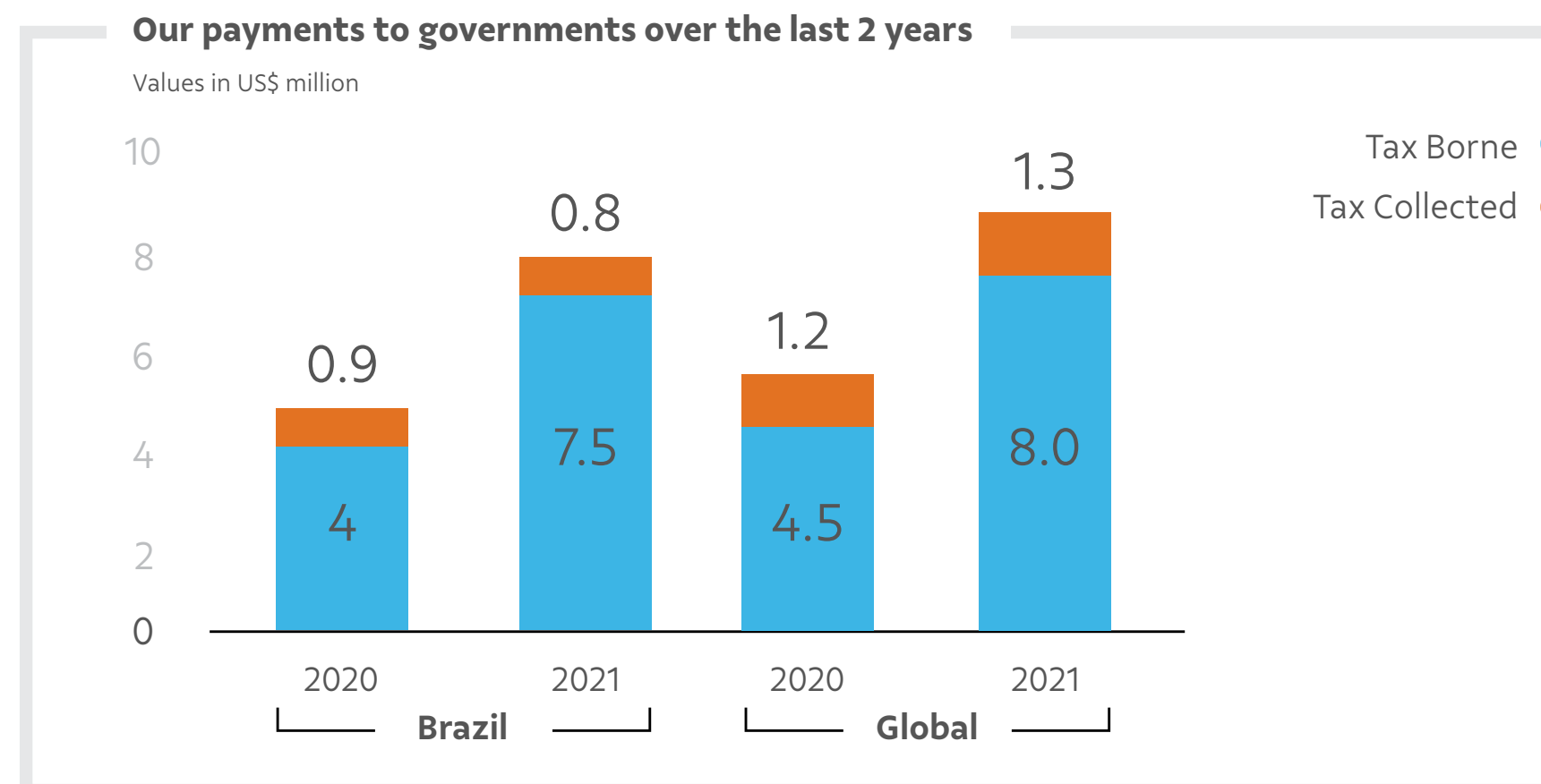


Key figures for 2021

Global

Tax Borne	Tax Collected	Total Taxes
US\$	US\$	US\$
8.0 billion	1.3 billion	9.3 billion

Total Employees	10-year economic contribution	Adjusted Effective tax rate
213,413 ¹	371 US\$ billion	24%



Brazil

Tax Borne		Tax Collected		Total Taxes	
US\$	R\$	US\$	R\$	US\$	R\$
7.5 billion	40.6 billion	0.8 billion	4.4 billion	8.3 billion	45 billion

Total Employees
169,824

Increase of over 60% when compared to 2020 payments, due to higher realized prices for ferrous minerals and copper.

¹In 2021 Vale counted 72,266 employees and 141,147 contractors, 79.6% of them located in Brazil.



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Our wider contribution

Our aim is to positively impact society by becoming a development enabler in the areas where we operate and to foster a safer and more sustainable mining industry. For us, this means caring for the environment when we explore, build and operate our sites, and rehabilitate the land when our operations cease.

We are committed to integrating sustainability into our business by building a strong and positive economic, social and environmental legacy and mitigating the impacts of our operations.

Therefore, we seek to build strong and lasting relationships with our stakeholders, invest in mitigating the effects of our activities, work to high ethical standards, have transparent management and actively contribute to advances related to the environment, biodiversity and sustainable development.

It also means delivering shared value over the long-term not just for our company and shareholders but for our employees, suppliers, communities and host countries. We believe that the taxes we pay, jobs we create, investments we make, and partners we support, are fundamental to this mission.

Through our operations we make an important contribution to the growth and development of local, national and global economies and societies.

This report, and other sustainability reporting via our Integrated Report, is designed to evidence these points in addition to our overall economic contribution.

10-year contribution²

We are proud of our long-term investment in the communities where we operate. In the last ten years, we have contributed over US\$ 371³ billion across our operating jurisdictions and regions.

Vale direct economic contribution globally in 2021

45.5

US\$ billion

Payments to governments

17%

Environmental Expenditures

1.8%

Employee salaries and benefits

4%

Operational costs

43.9%

Research and Development

1.2%

Payments to capital providers

31.1%

Social Expenditures

1%

² Last year, our report mentioned a figure of US\$ 409 billion for our 10-year contribution. This figure actually represented the period 2010 to 2020. It should have stated a 10-year contribution figure of US\$ 378 billion. We apologise for any confusion caused.

³ Source: Sustainability report for period 2012 to 2021.

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Covid-19

Since 2020, we have donated over US\$ 153 million to governments and institutions in Brazil and abroad for Covid-19 related humanitarian aid actions. In 2021, we supported the Butantan Institute (Brazil) with the cost of developing the Multipurpose Vaccine Production Centre, which will have a production capacity of up to 100 million doses per year, and we donated 50 million syringes and 400,000 pieces of personal protective equipment (PPE) to protect professionals on the front line of the vaccination campaign. The Vale Technology Institute, in partnership with the Fiocruz Network, is collaborating to produce genomes of the SARS-CoV-2 virus.

In addition to the above, we worked with partners to support the donation of intubation drugs, totaling 3.7 million analgesics, sedatives and neuromuscular blockers imported from China.

With the Vale Covid-19 Challenge, we have supported solutions that reduce the impact of the pandemic on society. A total of 11 projects were selected, benefitting 500,000 people in 12 cities in Brazil and Canada. The partners selected will donate various goods and services to over 100 Brazilian healthcare organisations and hospitals that have been looking after COVID-19 patients.

As of January 2022, proof of complete Covid-19 vaccination is a mandatory requirement for our employees, contractors, and visitors to our Brazil locations.



Business Case

Vale developed an application that maps employees' movements inside its units – by means of a GPS system that requests permission for location. The information recorded is cross referenced with healthcare area data banks permitting the identification of people who have been in contact with any suspected or confirmed case of contamination with Covid-19. The necessary contention measures are taken based on this information.

The employees themselves install the application in their cellular telephones and register using basic information, such as identity card number.

Learn more about [Vale's response to the pandemic](#).



Our approach to tax

Our approach to tax as detailed in this document reflects Vale's global strategy for all tax-related matters. This report is reviewed by our Vice President of Legal and Tax and our Chief Financial Officer. It is subsequently endorsed by Vale's Executive Board and Vale's Audit Committee every year.

In our organisation, the tax function is ultimately led by our Vice President of Legal and Tax who is accountable for this report and sits on Vale's Executive Board which regularly reviews and oversees the tax affairs. Our approach to tax is maintained by our Global Tax Director in collaboration with his global team of experienced tax professionals.

Our approach to tax, which relies upon five core principles, is embedded within our organisation's business activities, functions, processes and systems through the application of our risk control framework.



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Our tax principles

Vale's tax affairs and tax risks are managed by a global team of professionals who, under the responsibility of the Global Tax Director, abide by the following principles in their day-to-day work:

- Transparency,
- Creation of long-term value,
- Effective risk management and control,
- Excellence in compliance, and
- Proactive and open engagement with tax authorities and stakeholders.

Transparency

Being transparent about the taxes and royalties we pay is a way to demonstrate how we contribute to the economies of the jurisdictions and communities where we operate. By adopting a transparent approach, we aim to foster trust with our local, national and international stakeholders.

Long-term value

Our vision is to create long-term value for all stakeholders involved in our business activities. Investment in our mines is often a multi-decade commitment to a community, and where we can share value, we create a stronger sustainable business.

Risk management and control

In every aspect of our business, we work to provide certainty and manage risk. In terms of tax, this means that we have effective frameworks in place to identify, monitor, control and manage our tax risks, and to ensure we are correctly meeting our obligations⁴.

Compliance

We strive for excellence in relation to tax compliance. We fully respect applicable local tax laws in their spirit and letter and comply with tax reporting obligations in every jurisdiction where we operate.

Engagement

We seek to develop open, collaborative relationships with tax authorities, acting with integrity in the jurisdictions in which we operate. We engage in proactive discussions in relation to tax matters, business operations and investments.

Our Principles in practice

We have a responsibility to consider tax as part of our operations. The primary motivation of our business, is to generate shared and sustainable value for all our stakeholders so we can serve society, giving back to all. In that same spirit we approach tax and investment.

Throughout the value chain, our global team of tax professionals enables the wider business to achieve our key objectives in innovation and decarbonization, ultimately contributing to the development of the company's projects in accordance with applicable tax rules.

Vale's tax professionals provide continuous support to the wider business by providing bespoke tax advice to assist the delivery of key projects, many of which enable the company to deliver its sustainability initiatives.

We recognize the importance of respecting the letter and spirit of the applicable tax legislation, anticipating the project's expected tax implications and applying one of our key behaviours by engaging with society through an open and trustworthy dialogue with local tax authorities.

Vale is committed to acting with integrity and transparency; listening when dealing with partners is a key behaviour of our organisation which is also embodied in our tax work.

Our [Code of Conduct](#) outlines the fundamental principles that guide the professional conduct of all who work for Vale, or act on our behalf.

Anyone, inside or outside Vale, who wants to report a case, or a suspected case, of ethical misconduct, can use Vale's [Whistleblower Channel](#). The channel is an exclusive tool for this purpose, structured to ensure absolute confidentiality, protecting the anonymity of the whistleblower and preserving the information so that a fair investigation can occur.

The Whistleblower Channel guarantees all the conditions for a report to be independently verified. Under no circumstances will there be any breach of confidentiality, intimidation or retaliation against the whistleblower.

Case Study – Tax and sustainable mining, Green Briquette project.

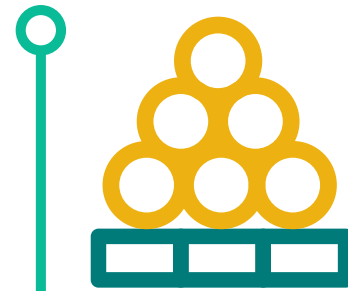
In September 2021, we launched a new product that has been in development for almost 20 years. The product, Green Briquette, will be able to reduce the greenhouse gases emissions (GHG) created by our customers during the production of steel by up to 10%.

The product also reduces emissions of particulates and gases such as sulphur dioxide (SOX) and nitrogen oxide (NOX), as well as eliminating the use of water during steel production.

Since Vale announced its Scope 3 targets, the company has created a roadmap with steelmaking clients in order to build partnerships for decarbonization projects.

In our vision to create long-term value, the tax team has partnered with the business across the project's lifecycle – from research and development to the final testing and creation of new plants to commercialize any new products; this included the analysis of taxes involved in many types of transaction, ranging from services received or provided to importing machinery, equipment, etc.

For more sustainable initiatives, refer to our [2021 Integrated Report](#).

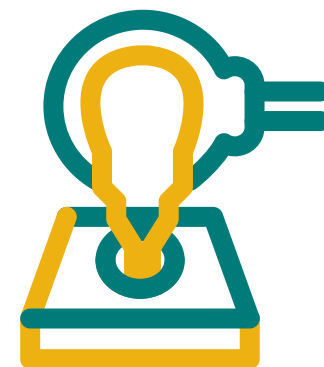


Green Briquette

The "green briquette" is made of iron ore and an agglomerant technological solution, which can be obtained with the use of sand provided by the treatment of mine tailings.

Resisting elevated blast furnace

It is capable of resisting elevated blast furnace temperatures without desintegrating.



Reduce their dependency on sintering

The reduction of GHG emissions occurs because this product allows steelmakers to reduce their dependency on sintering, a process that takes place before steel production in which sinter feed is agglomerated.

Use of coal heated

Sintering requires the intensive use of coal heated to a temperature of 1.300° C.



Less energy

Vale's briquette, however, is considered to be cold-agglomerated. In its production there is no burning, but rather a drying process at a temperature between 200 and 250°C, requiring less energy.

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Tax compliance

As a Company with a global footprint, we are subject to numerous statutory reporting obligations. For this reason, we count on expert professionals with a deep knowledge of local and international taxation. Our Companies meet their compliance requirements on a local, regional and/or worldwide basis by means of consistent, timely and efficient processes.

We focus on quality and control with regard to our tax compliance obligations and have robust internal audit processes that analyze how we meet tax filing and compliance procedures.

Tax risks and governance

We have robust internal risk management procedures in place to manage the diverse and complex tax transactions carried out across our business. While uncertainty in relation to tax matters is an element that cannot be fully excluded from our business, tax risks are regularly identified, escalated and monitored.

Where material uncertainties are identified, they are properly assessed and discussed with external advisors, before the Company's position is agreed by the Compliance Business Risks Executive Committee, the Executive Board or the Board of Directors.

Under our risk management framework and company policies, the company's risks including tax-related, are identified, monitored, reported and reviewed at the appropriate management levels up to Board level. Depending on the matter, tax risks and their level of acceptance are delegated to specific tax committees or to the Executive Board.

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Tax planning

Our business is constantly changing and so is the legal and wider environment in which we operate. In structuring our commercial operations, we will consider – among many factors – the tax laws of the countries in which we operate, with a view to maximising long-term value on a sustainable basis for all of our stakeholders.

The structuring of our operations gives full regard to the potential impact on our business goals and embeds both commercial and economic substance. While we might seek to take steps, for example, to reduce the risk of double taxation (i.e., the same income being taxed twice in two different jurisdictions), we will not put in place any arrangements that are contrived or artificial.

It is our Company's policy to always operate in compliance with all applicable local legislation. In case of uncertainty or doubt when interpreting the law, we seek independent external advice to fulfill our tax obligations.

Furthermore, certain aspects of Brazilian tax legislation may result in the payment of taxes in Brazil regardless of the international nature of our operations.

We explain some of these aspects in more detail below.

First, under Brazilian legislation, Vale is subject to Controlled Foreign Corporation ("CFC") rules, as the jurisdiction of our ultimate parent entity is Brazil. Brazilian CFC rules are among the strictest in the world, as they comprise the taxation in Brazil of the statutory profits of all direct and indirect foreign subsidiaries and affiliates, regardless of the location of those entities. All such profits are subject to corporate income taxation in Brazil at a statutory rate of 34% and deduct corporate income tax paid abroad.

Second, Brazilian CFC rules apply in coordination with stringent transfer pricing rules, which aim to prevent the transfer of profits to foreign affiliates. Given the nature of our products, the "Commodity Exchange Export Price Method" ("PECEX" in Portuguese) applies to us. This is a transfer pricing methodology for sales to foreign related parties, in which the Brazilian revenues rely on quoted prices in internationally recognized commodities exchanges, subject to certain adjustments like timing, location, intermediation costs, etc. This transfer pricing method is also the basis for royalties paid in Brazil ("CFEM" in Portuguese).

Third, these rules apply in coordination with Brazilian thin-capitalization regulations, which aim to prevent any attempt to erode the Brazilian tax base in relation to interest payments to related parties or third-party financial institutions located in low-tax jurisdictions.



Engagement with tax authorities and stakeholders

We value and maintain transparent, collaborative, and good faith relationships with tax authorities, in compliance with our [Code of Conduct](#), global anti-corruption rules, and the legislation in force in the jurisdictions where we operate.

Due to our complex activities in various jurisdictions, contentious issues related to tax and royalty legislation may arise. No tax liability is ever intentionally disregarded and we discuss tax charges considered undue. We are committed to resolving disputes in a transparent, consistent manner and in good faith. We employ strictly legal means of defense in administrative and judicial proceedings, based on technical and legal arguments. We provide payment of tax liabilities if the company's position is not definitively confirmed by the Judiciary. We diligently seek to maintain our valid tax clearance certificates, providing all demanded guarantees, according to applicable rules.

We support fair, effective, competitive and stable tax systems. This is the reason why we continuously participate in different forums to exchange views and share our experience to promote value sharing, economic growth and taxpayer fairness in our industry. We believe that taxation should be proportionate to the value creation in a jurisdiction. Due to the extractive nature of our business, our policies and practices are premised on the principle that the majority of taxes are paid in extracting jurisdictions, as commodity extraction is by nature linked to the country where a commodity is located.

Our team of tax professionals also engages in national and international debates on tax related matters, either directly or indirectly through business associations, with governments, business groups and civil society.

Vale is an active member of non-profit organisations and forums that foster debate on tax developments and practices; these comprise both industry and tax-specific bodies as detailed below:

Type	Organization	Vale Role
Industry Specific	Brazilian Mining Association (IBRAM)	Vale is part of the Tax Working Group's Legal Committee
	National Confederation of Industry (CNI)	Vale is a member of its Tax and Fiscal Matters Council (CATF)
	Organisation of the Largest Energy Consuming Industries (ABRACE)	Vale is a Council member
	National Association of Railway Transport (ANTF)	Vale is a member of the Tax Committee
Tax Specific	Group of Applied Tax Studies (GETAP)	Dedicated to contributing to the improvement of the Brazilian tax legislation aiming at its simplification, neutrality and legal certainty in the relationship between tax authorities and taxpayers
	Tax Citizenship Center (CCiF)	Vale is a member of the guidance Council

As part of our commitment to engage with society as we continue our transparency journey, our objective is to have an open dialogue with our stakeholders around the world, seeking constant input to provide the most useful information to them. We know that there will be areas for improvement, and we welcome stakeholder feedback. Please visit the [Contact Us](#) page of the Vale website to share your comments.

Related party transactions

Due to the nature of our business, we carry out transactions with affiliates, subsidiaries, and jointly controlled companies with third parties, to integrate activities across our production and commercial operations.

Our main related party transactions are with our Swiss-based entity, *Vale International*, which manages our interface with customers, many of whom are in Europe and Asia. *Vale International* specializes in fulfilling customer requirements, managing freight from production assets to customers, managing inventories in export sales, and arranging processing operations abroad in order to find the best markets and prices for our products. This entity manages risk and uncertainty in the global market. The geographic location and time zone, mid-way between our production location(s) and our markets, enables us to best serve our customers.

Our export operations are carried out in compliance with Brazilian transfer pricing rules⁵, which aim to prevent artificial shifts of profit to foreign subsidiaries. Compliance with these rules is measured using the "PECEX" methodology. Any adjustment identified under this methodology must be included in CFEM⁶ calculation basis and Corporate Income Tax. The Brazilian Federal Revenue Service regularly monitors transfer prices for compliance with PECEX.

The PECEX transfer pricing methodology uses the average commodity exchange price (the "average quoted price") as a benchmark to assess outbound transactions of commodities, for example, ores. Positive and negative adjustments may be made to create a feasible comparability between the transfer price and the average quoted price. These adjustments are related to the quality of the commodity exported and to the terms and conditions in which the exports are made, such as the freight; payment deadline; amount in negotiation; climate's effects on the commodity exported; intermediation costs in connection with assets employed, the risks assumed, the functions performed by entities involved and handling fees.

as part of our ultimate parent Company's corporate income tax return (ECF in Portuguese). The report contains the required information on taxes, financial elements, employment and the Company's functional profile.

Products originating outside of Brazil – primarily from our nickel operations, as well as intercompany transactions – are priced in a manner that complies with the "arm's length" principle which holds that transactions should be valued as if they had been carried out between unrelated parties, each acting in its own best interest. To demonstrate compliance with this principle, Vale prepares and lodges transfer pricing documentation annually according to OECD transfer pricing guidelines and relevant local requirements.

We comply with the OECD's Country-by-Country Reporting ("CbCR") requirements, which were implemented in Brazil by the Normative Ruling nº 1,681/2016. In general, the CbCR document is submitted in July on an annual basis to tax authorities in Brazil,

⁵ Law nº 9,430 / 96 and IN RFB nº 1,312 / 12.

⁶ Financial Compensation for the Exploration of Mineral Resources.

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Low-tax jurisdictions

We regularly monitor international developments to understand how individual jurisdictions are assessed against various measures of transparency and cooperation. Sources include the EU list of non-cooperative jurisdictions for tax purposes, the EU Watch List and Brazilian regulations on favorable jurisdictions⁷. Brazilian authorities apply a broader definition of low-tax jurisdictions than the EU, such that Brazilian transfer pricing rules also apply to third-party transactions between Vale (and other Vale Brazilian Affiliates) with third-party organisations located in favorable jurisdictions as defined by Brazilian tax regulations.

We have certain operational entities, notably in Oman where we operate two iron ore pelletizing plants together with a distribution center and in the United Kingdom⁸ where one of our nickel refineries is located, as well as Special Purpose Vehicles and holding companies located in low-tax jurisdictions, mainly for historical reasons and as a result of acquisitions. According to Brazilian CFC rules, the profit of the entities located in low-tax jurisdictions⁹ did not exceed US\$ 185 million in total in 2021.

In all cases, the statutory profits of Vale entities located in low-tax jurisdictions are ultimately taxed in Brazil under CFC regulations and therefore there is no income tax benefit derived from entities in those jurisdictions.

To simplify and rationalize our structure and operations, we carry out regular reviews of all entities through our Legal Entities Reduction (LER) program. Where the program identifies them as not required, we endeavor to close them. In 2021, we rationalized or reorganized eleven entities from our group structure, including four entities in countries which would fall within the low-tax jurisdiction definitions cited above.

⁷ Normative Instruction n° 1,037 / 10 and Law n° 12,973 / 14.

⁸ Unlike most other low-tax jurisdictions lists, the United Kingdom is included under the broader Brazilian list due to corporate income tax rate being lower than 20%.

⁹ As defined by the broader Brazilian regulations.

Tax incentives

Vale obtains tax incentives in some of the jurisdictions in which we operate, due to the contribution of our operations in the local economy, such as employment and economic activity in our wider supply chain. None of the regimes under which Vale has been granted incentives are noted by the OECD as being a harmful tax practice.

Jurisdiction	Incentive	Description
<p>Brazil</p>	<p>Investments in Amazon Development Superintendence (SUDAM)</p>	<p>Companies that have operations (classified as priority) in the North region of the country are incentivized through opportunities to legally reduce corporate income tax. These incentives are calculated based on the operating profit of these priority activities in the region.</p> <p>Vale's operations in the Northern region (iron ore, nickel iron, copper) are covered by a 75% reduction in the income tax generated by the priority activity. This incentive is granted for a period of 10 years. Most incentives will expire in 2024, and the last recognized incentive will expire in 2027.</p> <p>In addition to this incentive, another available incentive allows companies to reinvest a part of the income tax due on the acquisition of new machinery and equipment. These incentives are subject to approval by SUDAM (responsible regulatory agency).</p> <p>For these incentives, Vale is required to maintain an amount (equal to that obtained with the tax incentive) in the retained earnings reserve account and such amount cannot be distributed as remuneration.</p>
	<p>Special Regime for the Acquisition of Capital Goods for Exporting Companies (RECAP)</p>	<p>The RECAP benefit was created by the Government to incentivize companies to acquire goods locally, in order to benefit the local economy. The benefit to Vale consists of the suspension of the Social Integration Plan (PIS in Portuguese) and Social Welfare Tax (COFINS in Portuguese) on the purchase of capital goods, both internationally and domestically that will be incorporated into the fixed asset of the beneficiary. The duration of this benefit is three years.</p> <p>Companies also need to be classified as predominantly exporting (more than 50% revenue derived from exports). Only companies that have been qualified by the Federal Revenue Service (RFB in Portuguese) can benefit from RECAP.</p> <p>The RFB website lists all qualified exporters, including the following Vale affiliates:</p> <ul style="list-style-type: none"> • Salobo Metais S.A. (until June 2024); • Mineração Corumbaense Reunidas S.A. (until April 2022).

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Jurisdiction	Incentive	Description
<p>Brazil</p>	<p>Special Regime of Incentives for Infrastructure Development (REIDI)</p>	<p>The REIDI benefit was created by the government to stimulate investment in infrastructure, for example transportation, ports, energy, sanitation and irrigation assets.</p> <p>The benefit consists of suspending PIS and COFINS related to acquiring of goods and services both internationally and domestically that will be incorporated into the fixed asset of the beneficiary.</p> <p>The benefit requires that purchases be related to a project in the incentivized areas previously approved by the tax authority.</p> <p>The RFB website lists all qualified projects. Vale's current infrastructure investment projects include:</p> <ul style="list-style-type: none"> • Carajás Railroad Expansion; • Solar energy (known as Sol do Cerrado); • Expansion of the maritime terminal in Ponta da Madeira.
	<p>Research and development (Good Law – Lei do Bem in Portuguese)</p>	<p>The tax incentives associated with technological innovation were instituted in Brazil, through the “Good Law”, to encourage investment in the development of national technology.</p> <p>Vale supports several Research, Development and Innovation (P&DI in Portuguese) projects in the areas of mining (iron ore, manganese, coal, pellets, and base metals), logistics, steel and energy. The expenditures on labor, materials and services for projects linked to this law are deductible from the Company's income tax basis, according to Law nº 11,196/05.</p> <p>In 2008, Vale Technological Institute (ITV in Portuguese) was created and it has more than 1,000 patents in 61 countries. Since 2008, Vale has used the tax incentives associated with Good Law, to promote a culture of research, development and technological innovation. Vale identifies and evaluates P&DI initiatives and projects annually, ranking the projects that qualify for the concept of technological innovation described in the legislation.</p> <p>In 2021, more than 500 projects and initiatives with the potential to capture tax benefits via the Good Law were evaluated.</p>
	<p>Sponsorships and donations</p>	<p>The Brazilian government incentivizes companies to support social projects related to culture¹⁰, sport¹¹, childhood and adolescence¹² and seniors and health programs. Payments made towards these programs can be deducted directly from the organisation's Corporate income tax bill for the year, up to a limit of 4%.</p> <p>In 2021, Vale invested over US\$ 127 million (R\$ 713 million) in more than 229 qualifying projects in Brazil.</p> <p>Guided by a broad vision of sustainability, investments are made either through its own resources or via incentivized resources. Through incentive laws, the company is able to strengthen public policies in the country, a vision that aligns with Vale's commitment to contribute positively to society.</p> <p>Prospective applications are assessed according to set criteria, such as alignment with Vale's values. In addition, projects need to be located in areas where the company operates.</p>

¹⁰ Law nº 8,313 / 1991.

¹¹ Law nº 11,438 / 2006.

¹² Law nº 8,069 / 1990.

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In addition to the incentives listed above, Vale also receives tax incentives in other jurisdictions where it operates.

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Jurisdiction	Incentive	Description
Oman	Custom Duty	We benefit from customs duty exemption on the imports of raw material and equipment in Oman, such exemption is legislated and open to all taxpayers if certain conditions are satisfied.
Malaysia	Income Tax	We were granted with 100% income tax exemption on statutory income until 2024 to carry out Regional Distribution activities.
	Custom Duty	Exemption regarding import duty on raw materials, machinery and equipment, until 2027 provided specific requirements are met and subject to prevailing regulations.
Malawi	Income tax	In accordance with existing legislation and protocols and recognizing Vale's investment in the Malawi Railway Corridor and its contribution towards the future growth of Malawi's GDP, a fiscal regime was granted in respect to customs duties and the basis on which taxable income is derived.
	Custom duty	
Mozambique	Custom duty	Vale benefits from customs duty exemption related to a certain category of goods. This exemption is also legislated and open to all importers.

However, the statutory profit of all concerned legal entities remains fully taxable in Brazil under the Brazilian CFC legislation. Under the CFC rules, there is no overall corporate income tax reduction because of these benefits.



Vale's tax contribution

Vale is a leading participant in the global mining sector and takes the payments of taxes extremely seriously. We recognize that this brings significant social and economic responsibilities in the jurisdictions where we operate.

Vale strives to provide employment, strategic and sustainable development, significant community investment and to pay taxes and royalties to governments in full as required by local legislation.

This report details taxes and royalties paid in jurisdictions where Vale has a presence. It presents Vale's total contribution by jurisdiction, by level of government and by project. This report also provides further detailed information on Vale's tax contributions in the following jurisdictions where its mining operations are located:

- Brazil
- Canada
- Indonesia
- Mozambique

We provide country-specific contribution information for the four jurisdictions above given they represent the overwhelming base of our global operations, the taxes we pay and the contribution we make to societies and economies.

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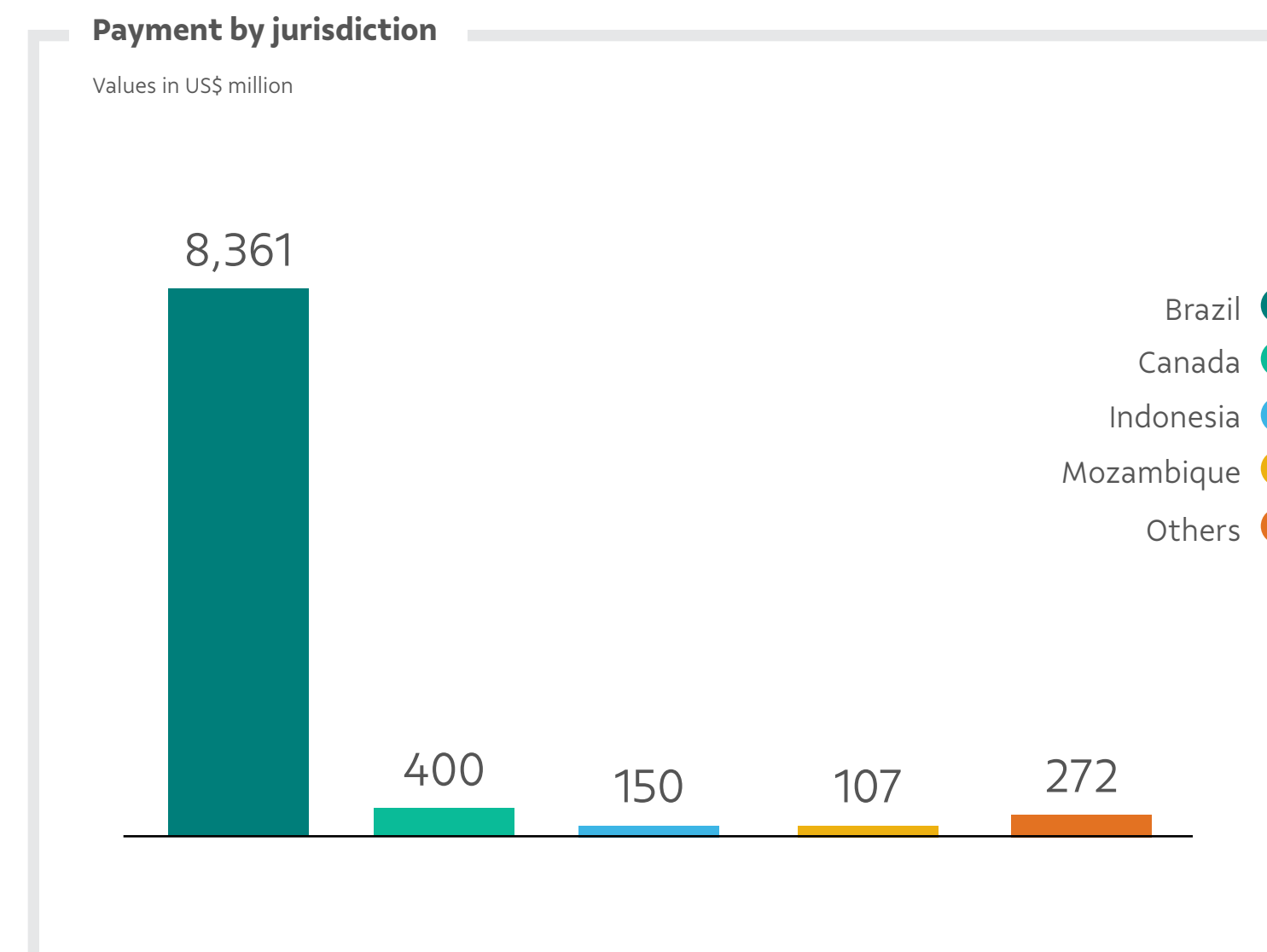
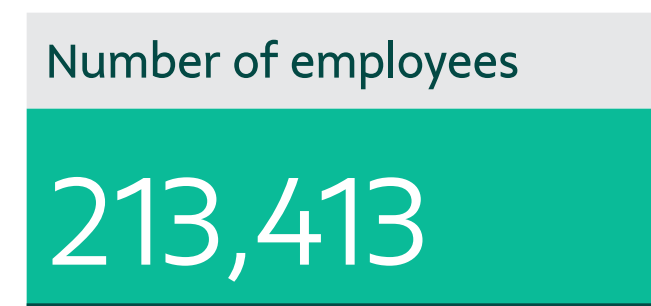
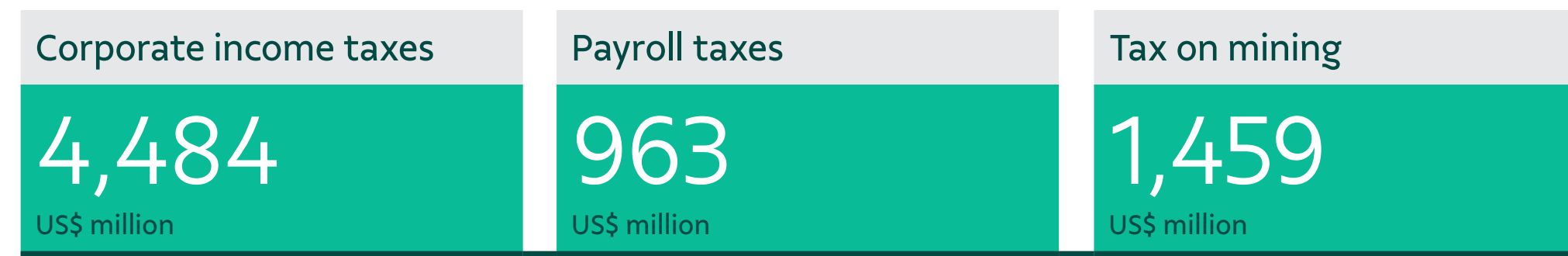
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Global Tax Contribution

In 2021, Vale paid¹³ US\$ 9.3 billion in taxes and royalties.

The majority of this contribution – US\$ 8.3 billion – was paid in Brazil.



¹³The total includes all tax payments made during FY 2021. In a number of jurisdictions in which we operate, Vale receives refunds from governments. In 2021, such refunds amounted to US\$ 671 million, which are not included in the total figures reported above.

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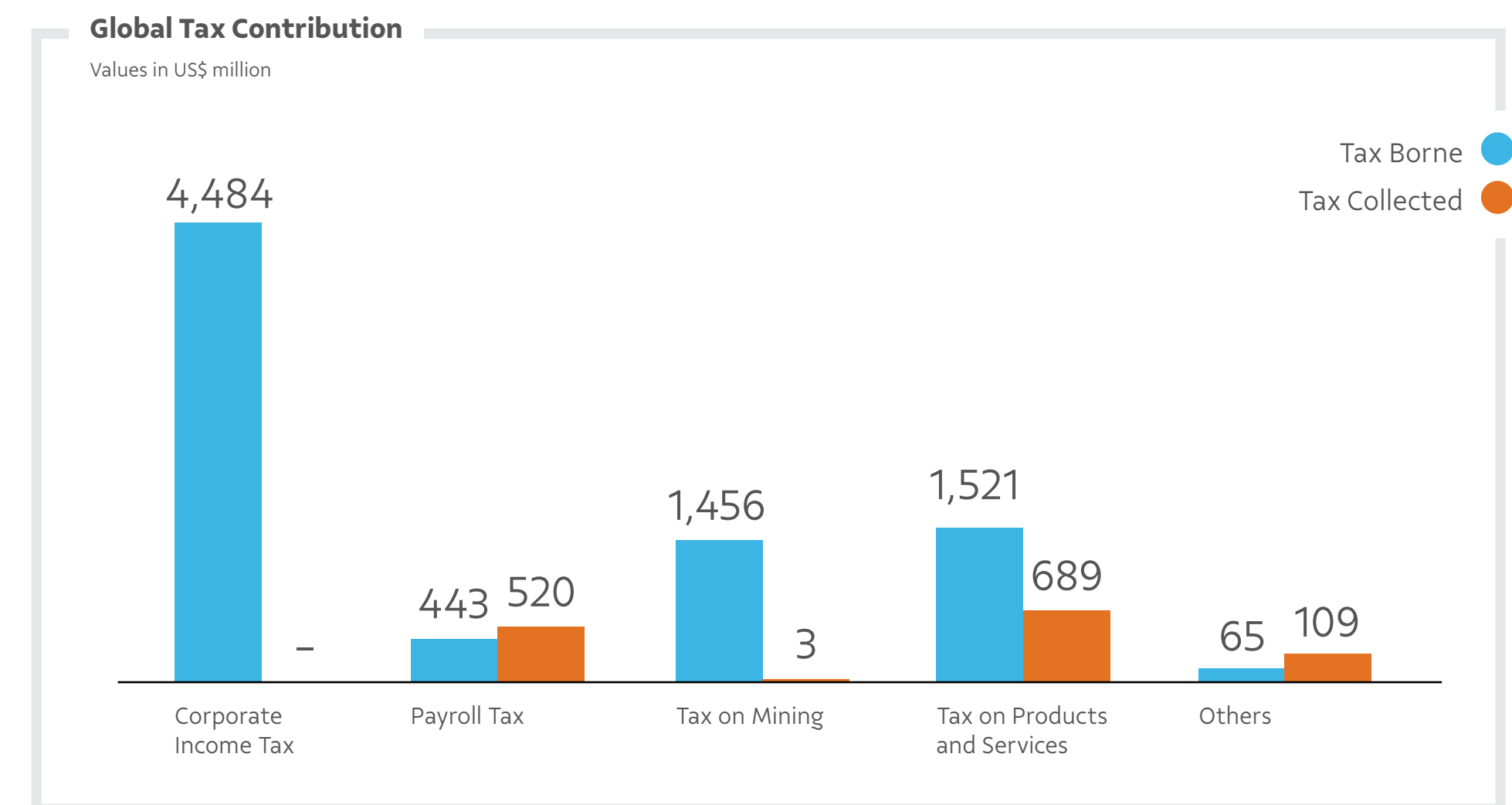
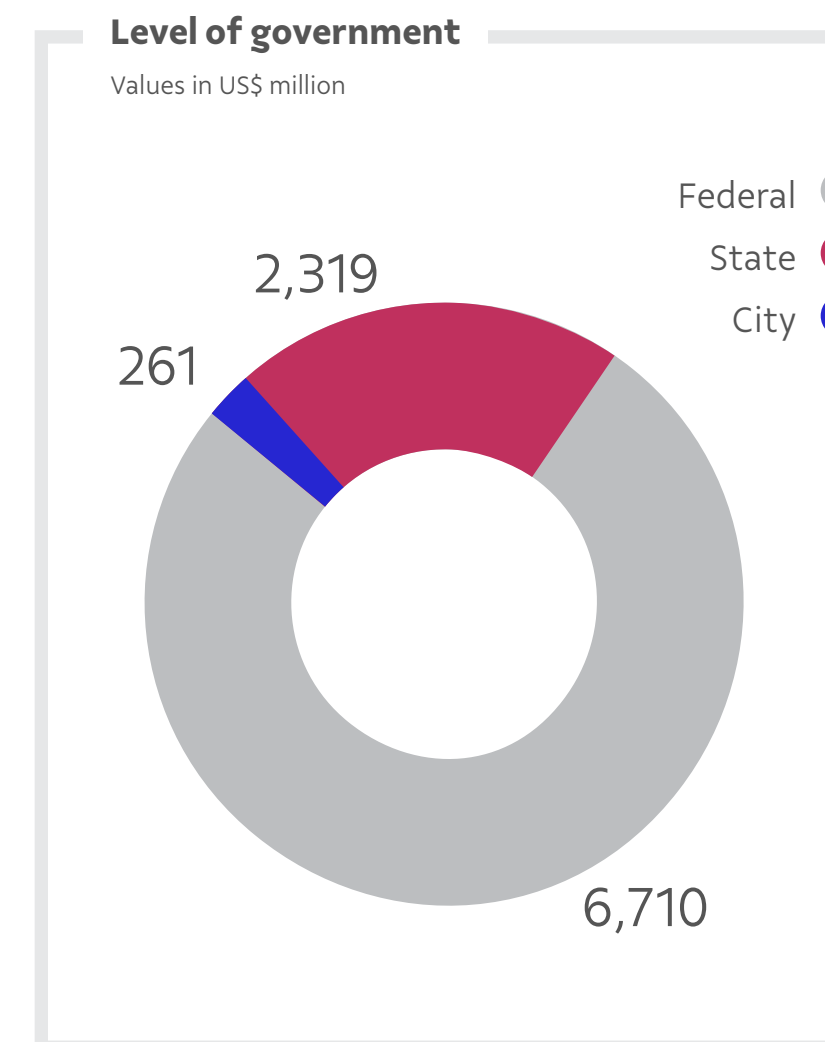
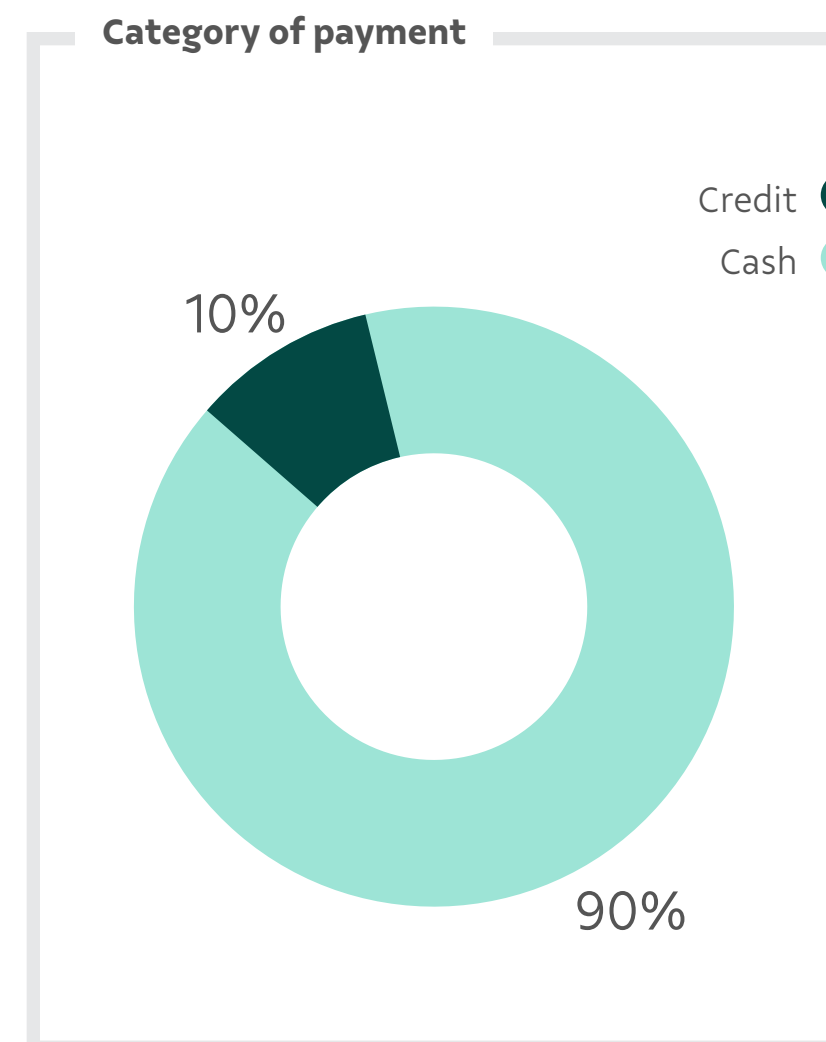
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Contribution in Brazil

Contribution in Brazil

In Brazil, Vale's primary commodities are iron ore and base metals, principally copper and nickel. Vale also extracts other raw materials, such as manganese and ferroalloys. Vale's operations in Brazil benefit from pre-existing logistics infrastructure, which was originally built to transport iron ore. Vale works closely with public and private sector partners to invest in technology and infrastructure to continuously improve the efficiency and sustainability of its operations, from extraction to delivery to customers.

In 2021, we paid US\$ 8.3 billion in taxes in Brazil (this equates to a BRL total taxes paid figure in 2021 of R\$ 45 billion). Approximately 11% of the total was paid through available tax credits¹⁴. We employ nearly 170,000 people in Brazil. This is a clear indication of the direct contribution we make to Brazilian society and economy.

Additionally, we are engaged in various projects and initiatives beyond the traditional mining value chain in Brazil. Guided by a broad vision of sustainability, Vale invests in initiatives that aim to deliver a positive legacy in the areas of culture, defense of the rights of the elderly, children and adolescents, health, and sports, through incentive funds. Through federal incentive laws, Vale supports initiatives that strengthen public policies, leveraging its commitment to make a positive contribution to society.

In 2021, Vale's sponsorship to social initiatives¹⁵ was US\$ 127 million (R\$ 713 million) detailed on the table below.

Also, according to the corporate sponsorship ranking of the Federal Law for Cultural Incentive Vale was the largest sponsor in the years 2019–2021.

Vale's total donations can be seen below divided by:

Cultural projects	US\$ 66 million	229 projects
Sports law	US\$ 18.7 million	88 projects
National Program to Support Health Care for People with Disabilities	US\$ 1 million	9 projects
National Program to Support Oncological Care	US\$ 1.5 million	2 projects
Senior citizen fund	US\$ 20 million	37 funds benefited
Fund for Childhood and Adolescence	US\$ 20 million	55 funds benefited

We also made the decision not to accept any Covid-19 related financial support available to us from the Brazilian government to navigate the crisis.

Corporate income taxes

4,314
US\$ million

Payroll taxes

621
US\$ million

Tax on mining

1,372
US\$ million

Tax on product and service

1,950
US\$ million

Other taxes

104
US\$ million

Total taxes

8,361
US\$ million

Number of employees

169,824

¹⁴ Brazilian legislation allows the offset of federal taxes or contributions with other federal credits to companies that follow a process set out by the Brazilian Federal Revenue (RFB) Service called PER/DCOMP.

The main credits used by Vale are:

- Overpayment of federal taxes and/or contributions.
- Social integration plan ("PIS") and social welfare ("COFINS") taxes.
- Negative balances of Corporate Income Tax ("IRPJ") and Social Contribution ("CSLL").

¹⁵ Social initiatives provided by different Federal Incentive Laws.

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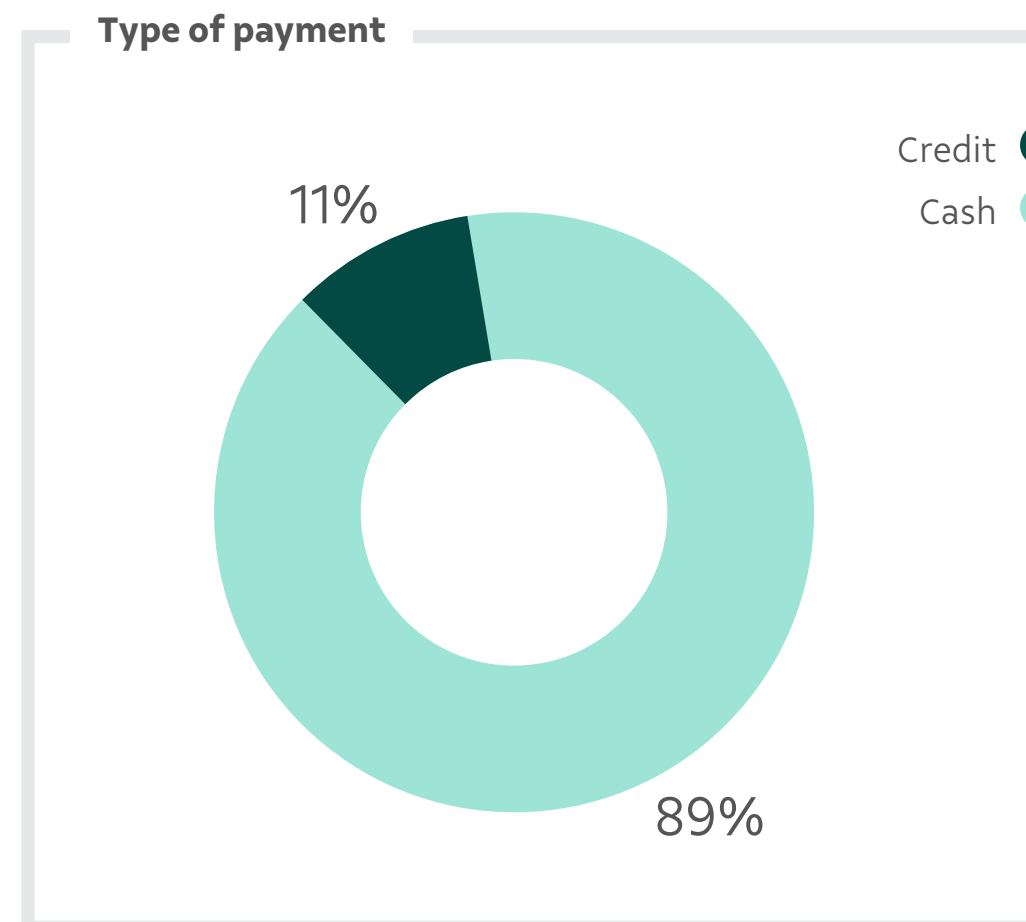
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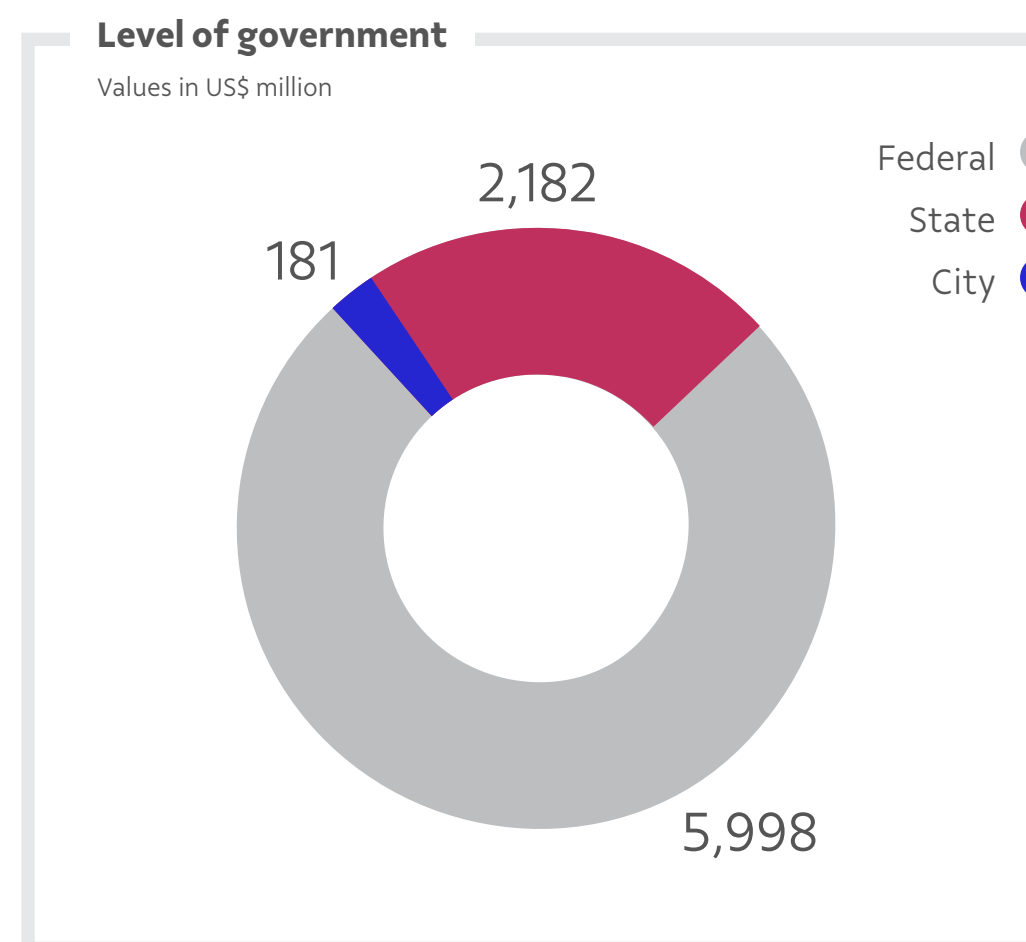
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Corporate income taxes

In 2021, we paid US\$ 4,314 million in corporate income taxes alone.



Payroll taxes

This category comprises taxes imposed on employers or employees, and generally includes two categories: deductions from employee wages, and taxes paid by the employer based on employee wages.

One of our [three core commitments](#) is to place the safety of people and the environment at the core of our business decisions, acting with respect, care, and integrity. Our purpose is to build a positive social, economic, and environmental legacy in areas where we operate. With nearly 170,000 employees in Brazil, we continue to generate employment and social transformation in the country.

In 2021, we paid US\$ 621 million in payroll taxes to the Brazilian Government.

Tax on mining

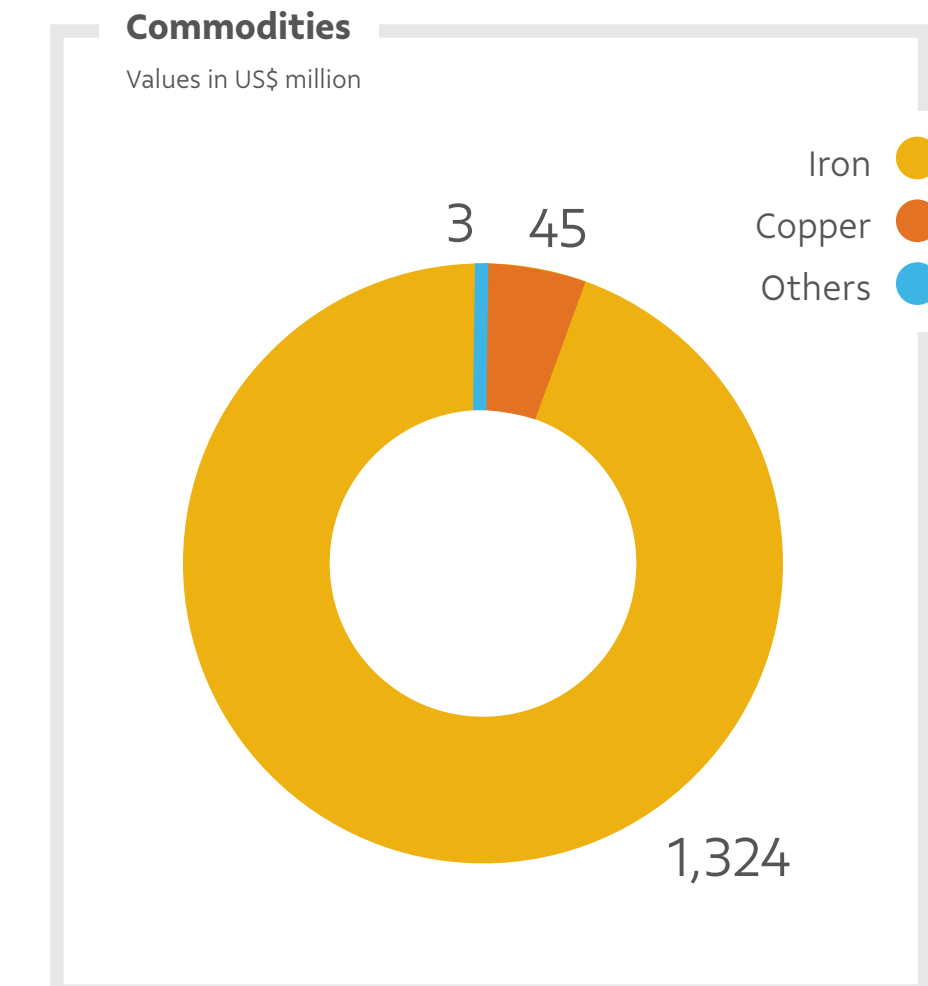
In Brazil, mining companies are subject to taxes and compensations resulting from the exploration of public mineral resources. Furthermore, some states have enacted specific charges for mining and related activities. Payments include:

- Financial Compensation for the Exploration of Mineral Resources (“CFEM” in Portuguese). According to the Brazilian Federal Constitution, this compensation must be calculated using the value derived from the mining activity. Rates vary from 0.2% to 3% and payments are made to the National Mining Agency, which is responsible for distributing proceeds to states and municipalities, according to where the mining activity occurs. Due to constitutional requirements, not all of which are adequately reflected in infraconstitutional laws, the compensation must be calculated over: (i) net revenues, when mineral resources are subject to third-party sale; (ii) costs of mining, when mineral resources are subject to internal consumption; and (iii) net revenues according to transfer pricing rules (PECEX), when mineral resources are subjected to intra-group international sales. Vale strictly follows all constitutional rules regarding the matter.

- State taxes on mineral production (Taxa de Fiscalização de Recursos Minerais—“TFRM” in Portuguese). Several Brazilian states, including Minas Gerais, Pará and Mato Grosso do Sul, impose a tax on mineral production, which is currently assessed at rates ranging from R\$ 0.50 to R\$ 4.1297 per metric ton of minerals produced in or transferred from the state. In March 2021, a state decree increased the TFRM rate in the state of Pará to R\$ 12.3891 per metric ton, with effectiveness as of April 2021. We have not implemented the new rates as we understand that, under applicable principles of Brazilian constitutional law, the tax increase would only come into force in the year subsequent to its enactment. In December 2021, the government of Ourilândia do Norte, in the state of Pará, enacted a law imposing TFRM on nickel ore extracted or processed in the territory, at a rate of R\$ 5.14 per kilogram. We are evaluating the legal aspects and economic effects of this new tax. Other companies and an industry association currently dispute the legality of the TFRM in a number of legal proceedings, including before the Federal Supreme Court.

- Tax for control, monitoring and surveillance of water resources exploitation and utilization activities (“TFRH” in Portuguese), charged by the State of Pará to reimburse the costs incurred supervising and controlling the exploitation and use of hydric resources. In 2021, the Brazilian Supreme Court, declared this charge unconstitutional affirming that the amount collected has no relation with the costs incurred by the State. Therefore, Vale ceased the payment of this tax in Pará.

For mining taxes in Brazil, we paid an average tax rate on revenue of 3.78%. In 2021, this equated to US\$ 1,372 million paid to the Brazilian tax authorities. See additional details in the table.



Mining tax by commodities	Commodities	CFEM	Statutory tax rate	TFRM and TFRH	Aggregate Tax rate	Total	Actual tax rate
Values in US\$ million	Iron	1,198	3.5%	125	0.37%	1,324	3.90%
	Copper	44	2.0%	1	0.03%	45	2.04%
	Others	2.6	2.0%	0.7	1.89%	3	3.38%
	Total	1,245		127		1,372	3.78%

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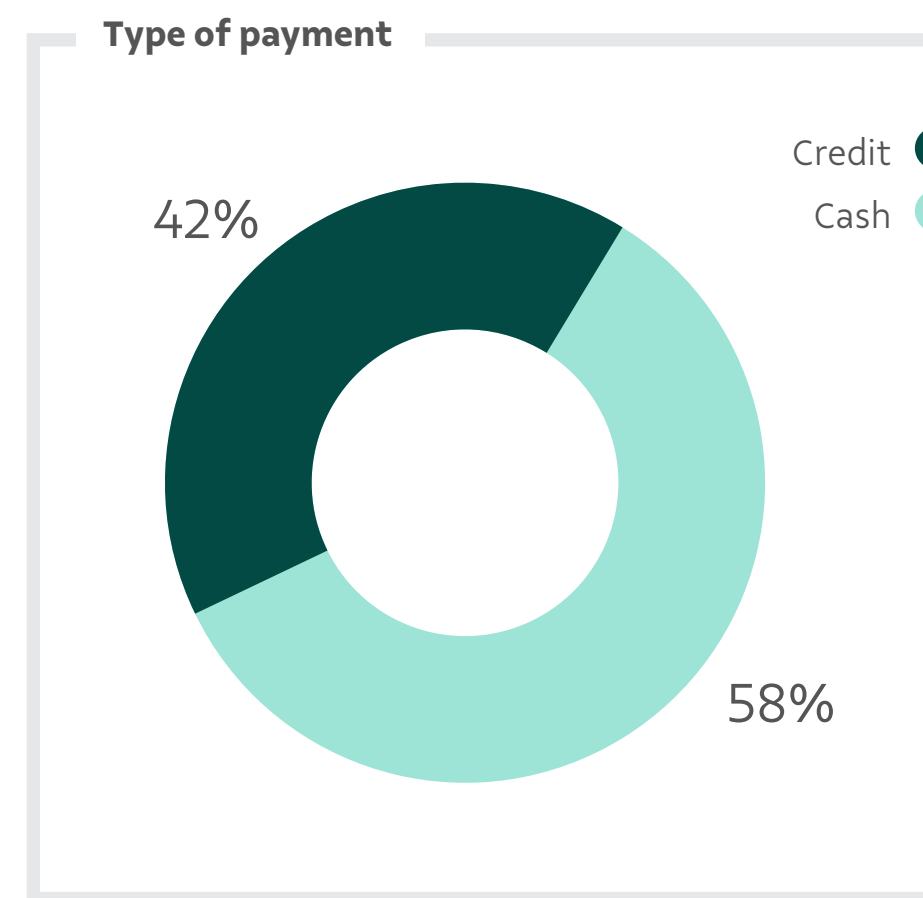
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Tax on products and services

This category comprises customs duties and taxes on international transactions, indirect taxes on the production or sales of goods and services and revenue based indirect taxes.

In 2021, we paid US\$ 1,950 million in taxes on products and services to the Brazilian government, about 58% (US\$ 1,140 million) of which was paid in cash.

Tax on products and services are paid at the city and state level. For more details on payments by state please refer to our section ["Breakdown by jurisdiction, level of government and by project"](#).



Other taxes

Diverse payments to Brazilian tax authorities, such as fees, taxes on vehicles and real estate, among others, comprise the "other taxes" category totaling US\$ 104 million. The majority of these payments – US\$ 85 million – are a result of withholding income tax over interest on shareholders' equity, and debentures distributions made by Vale in 2021¹⁶.



Contribution in Canada



08 Picture shows Sudbury (Ontario) - Global view fo Science North.
Photo: Marcelo Coelho.

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Contribution in Canada

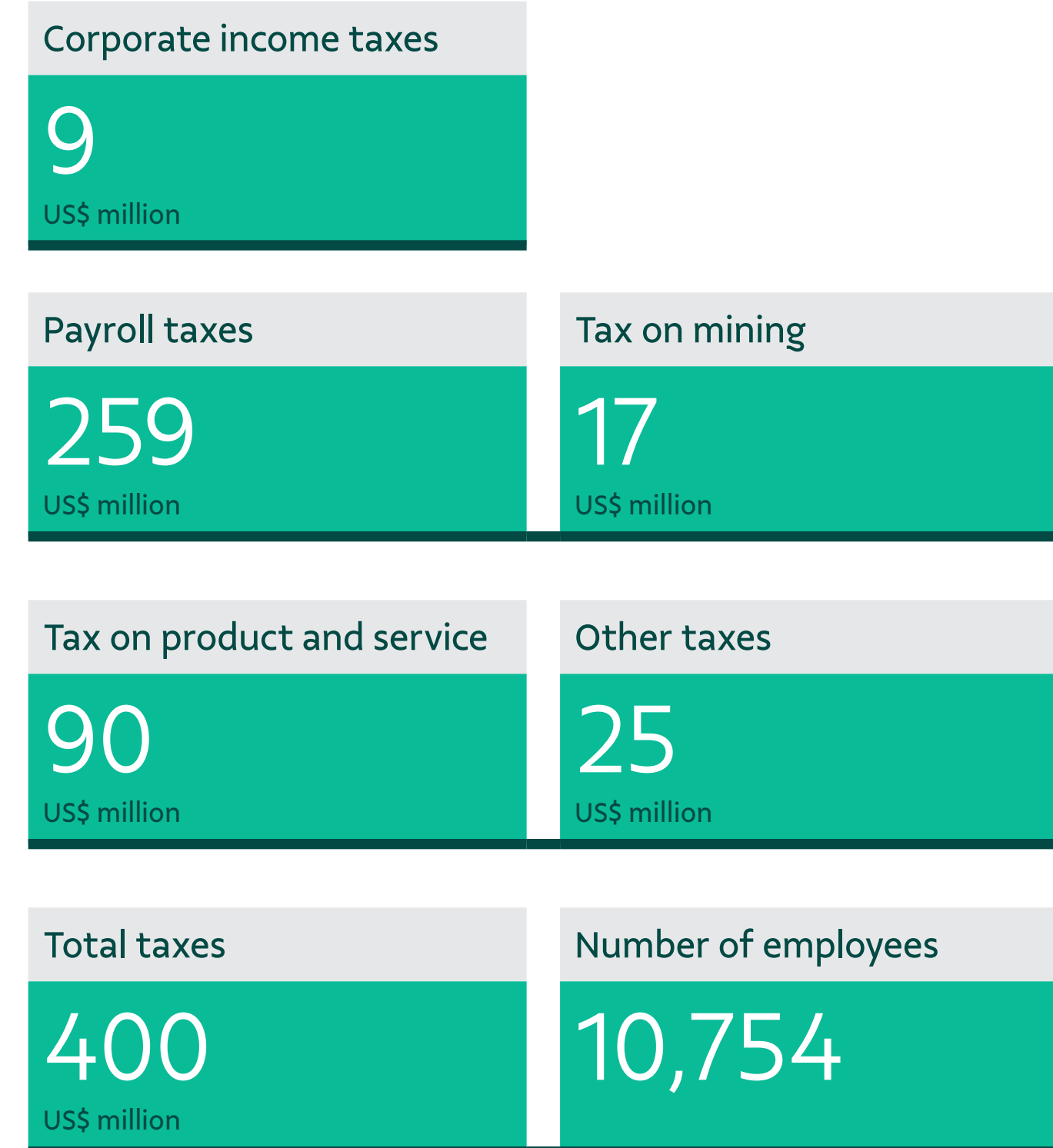
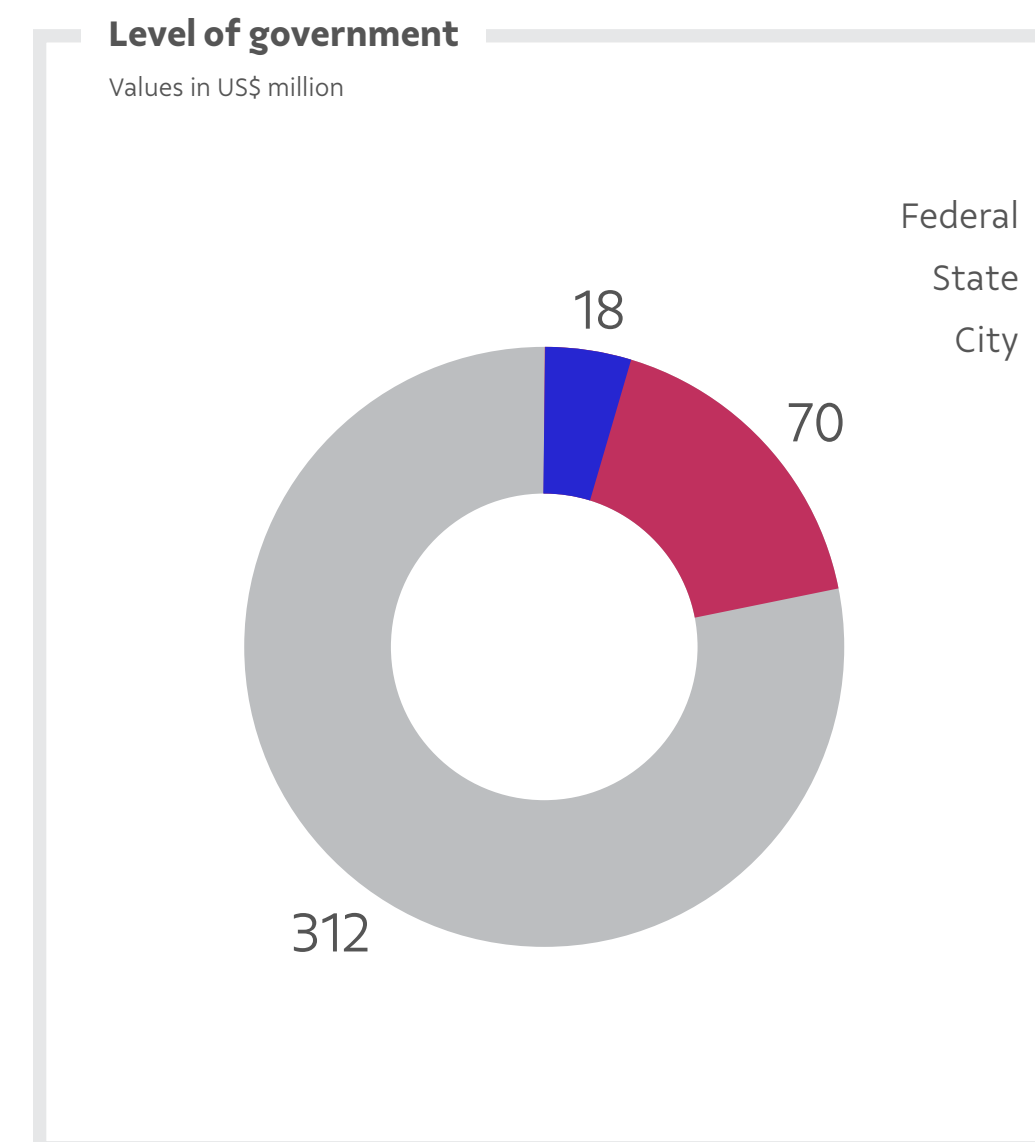
In Canada, Vale produces high quality, low carbon base metal products. We are the country's largest producer of nickel which is one of the most versatile metals in existence known for its use in specialized applications such as batteries and metal coatings. We also produce copper, cobalt, platinum group metals and precious metals at three separate operations in Canada: five mines and processing facilities in Ontario; a mine and mill in Manitoba; and mine and processing facilities in Newfoundland and Labrador.

In 2021, Vale employed over 10,750 people across Canada with the bulk of employees residing in the various rural communities where our mining and processing operations are located. In Canada, Vale adhere to the goals and objectives of both the International Council on Mining and Metals as well as the Towards Sustainable Mining Initiative (TSM) of the Mining Association of Canada. Vale's environmental work includes reforestation and land reclamation, as well as efforts to reduce carbon and greenhouse gas emissions, across our Canadian operations. More than 10 years' of greening surrounding the Sudbury Basin is beginning to show results. As of May 2022, we have introduced 47 Battery Electric Vehicles (BEV) into our underground operations – highlighting our commitment to innovation and reducing our GHG footprint.

In the 2021 fiscal year, we paid US\$ 400 million in corporate income tax, mining taxes, payroll taxes, taxes on products and services and other taxes. Tax payments in 2021 were impacted by a labour disruption at the Ontario operations.

We typically receive tax reimbursements on indirect taxes on products and services in Canada, which in 2021 contributed to a reimbursement of US\$ 339 million. This is because we pay value added taxes on purchases from our suppliers in Canada, while the goods that we export from Canada are subject to a zero-rated value-added tax. Therefore, Vale fully recovers value added tax paid on purchases.

We did not pursue and/or receive any COVID-19 incentives or refunds for the 2021 year.





Contribution in Indonesia

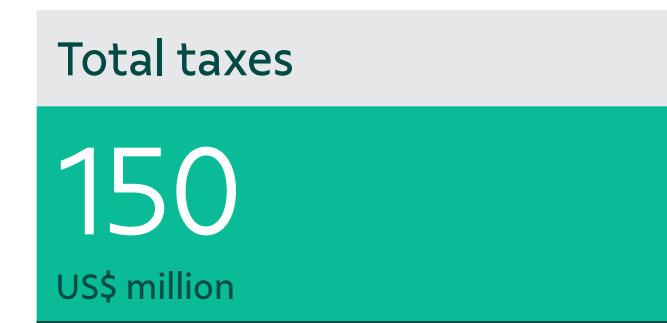
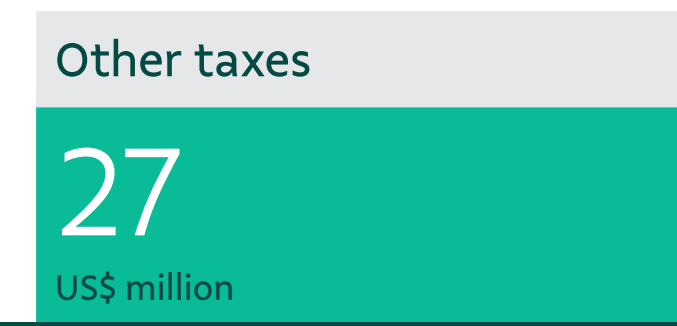
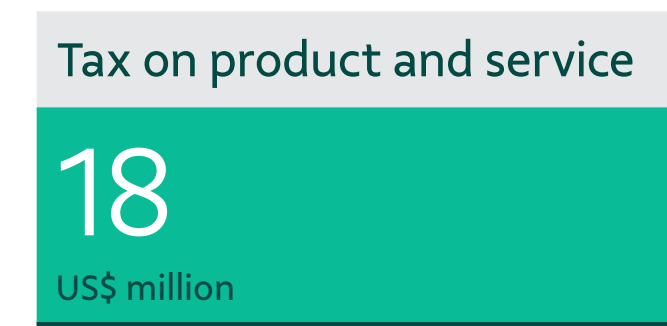
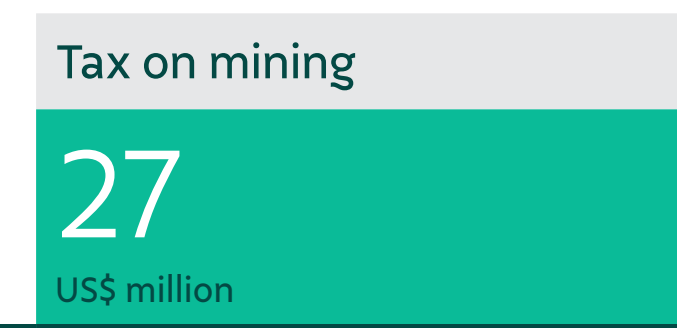
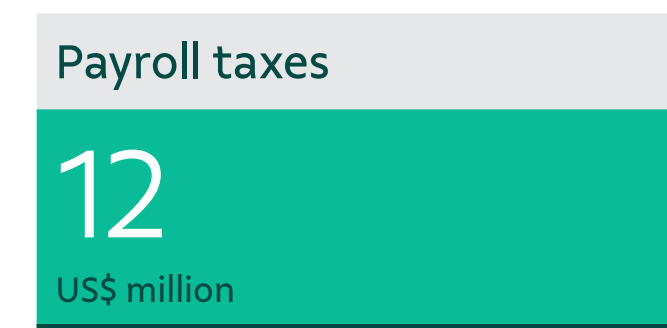
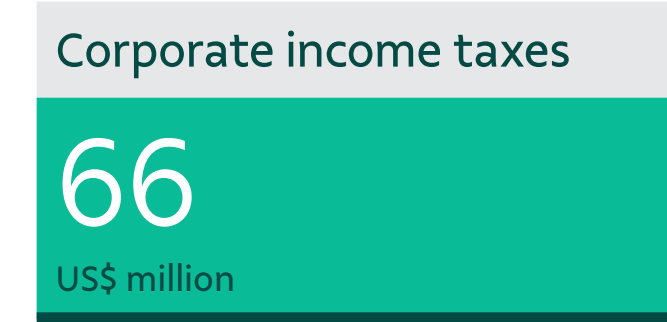
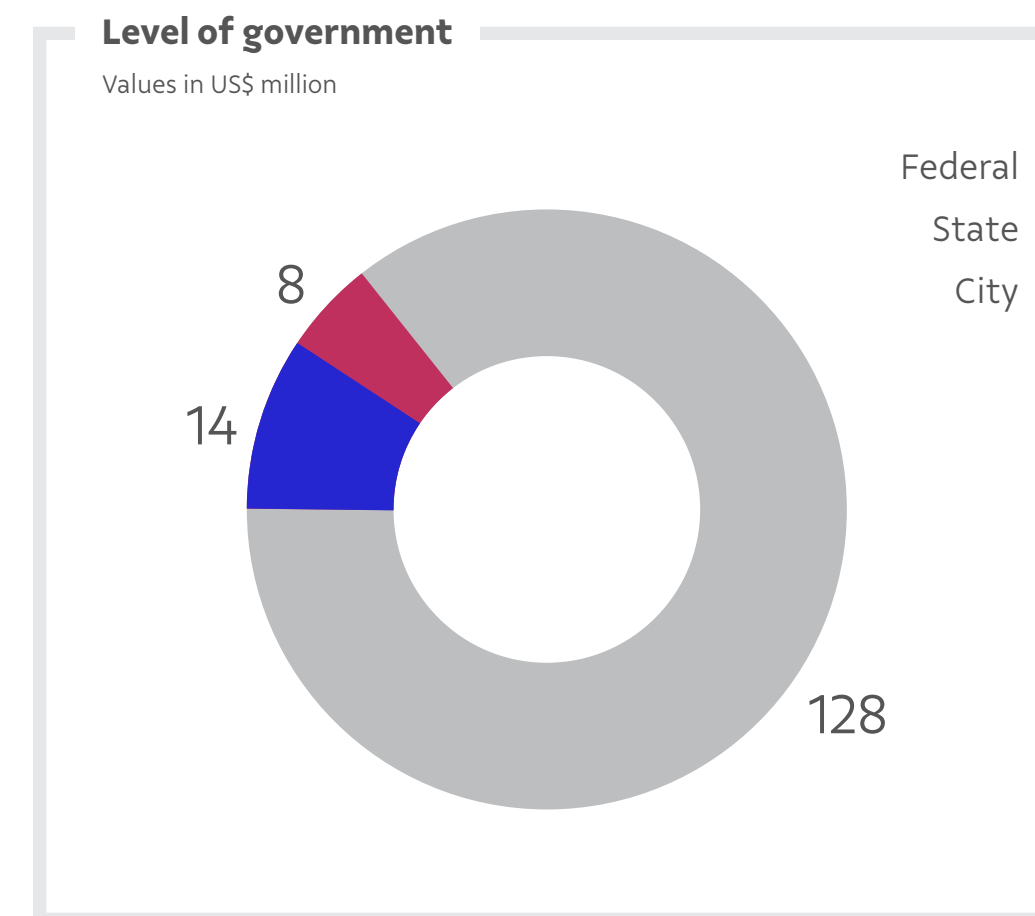


Contribution in Indonesia

In Indonesia, Vale produces 75,000 tons of nickel-in-matte per year, supplying 5% of the world's nickel demand. Vale signed a Contract of Work with the Government of Indonesia in 1968 to explore, mine and process nickel ore, and has been contributing to the economy there ever since.

Through our operations in Indonesia, we employ more than 10,000 people. In 2021, we paid US\$ 150 million in taxes across corporate income taxes, payroll taxes, taxes on products and services and other taxes. Vale also undertakes significant environmental programs in Indonesia, including reforestation efforts and a revegetation program to provide the opportunity to reintroduce native plant species. Vale's Indonesian operations are investing in initiatives to reduce greenhouse gas emissions and working to align with the policies and frameworks of the International Council on Mining and Metals (ICMM).

We recover VAT paid on our suppliers' invoices. The amount refunded in 2021 was US\$ 10 million. Additionally, we received corporate income tax refunds of US\$ 77 million.





Contribution in Mozambique



10 Picture shows the Maritime Terminal receives coal mined by Vale in the Moatize area (Tete). Photo: Marcelo Coelho.

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Contribution in Mozambique

In 2021, we paid US\$ 107 million in taxes in Mozambique across corporate income tax, payroll taxes, taxes on mining, taxes on products and services and other taxes. According to local VAT regulations all mining and oil & gas entities in Mozambique exporting 75% of their production do not have to pay input VAT related to domestic purchases. Therefore, the VAT paid by Vale in Mozambique in 2021 corresponds to VAT on imports, which is, in principle, recoverable because exported coal is subject to a zero-rated VAT. The amount refunded in 2021 was US\$ 15 million.

Focusing on Vale's core businesses and on its ambition to become a leader in low-carbon mining, Vale decided to divest its coal assets in Mozambique.

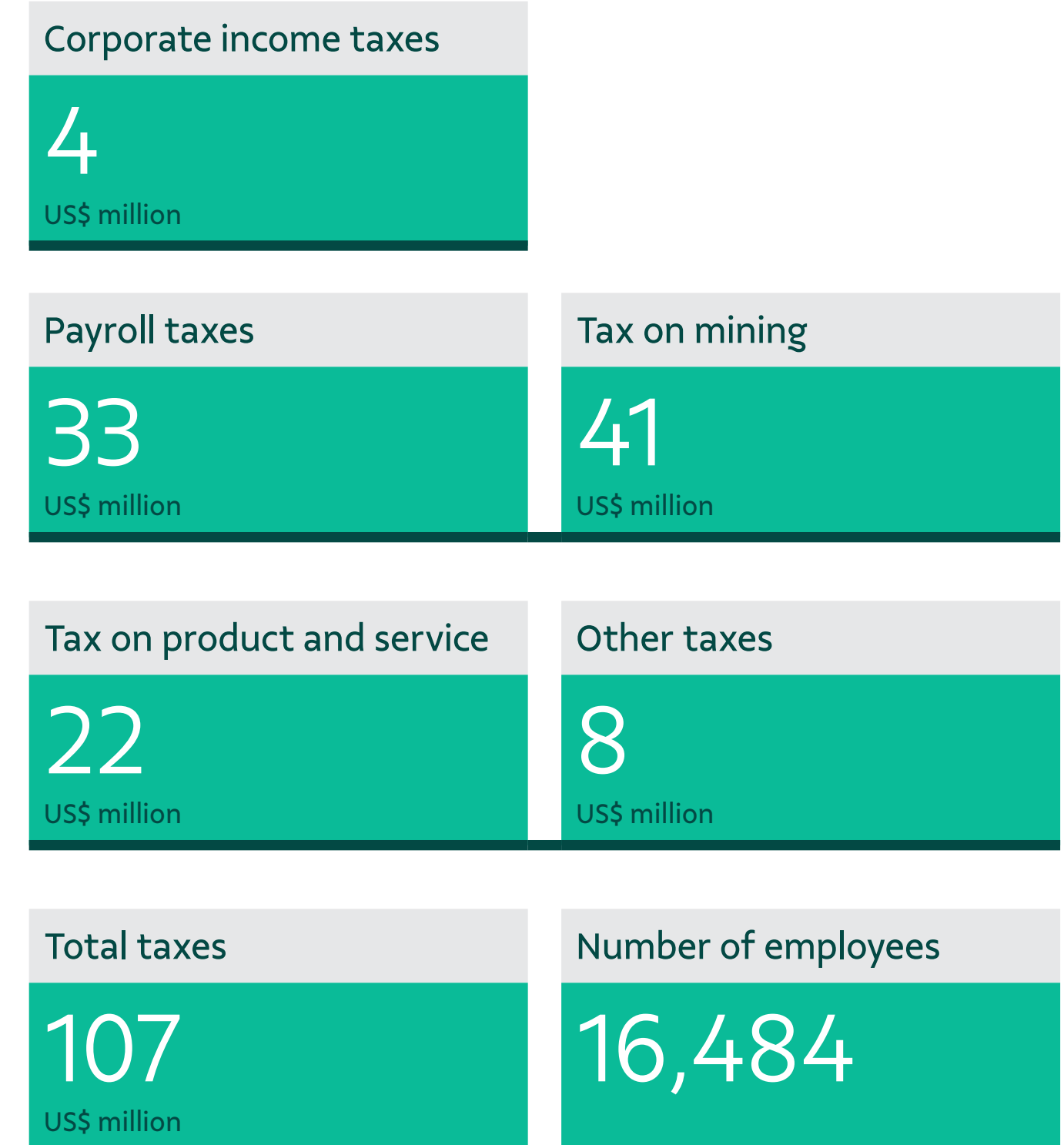
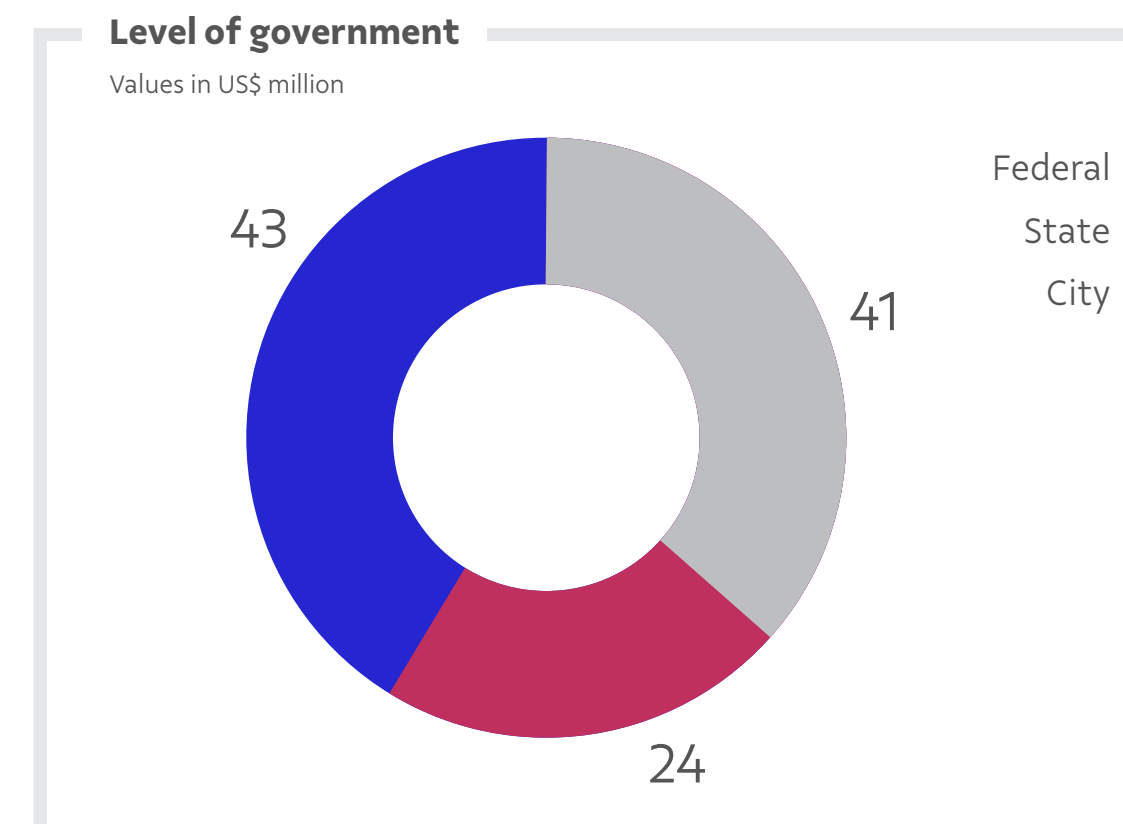
Over the past 15 years, Vale has significantly invested in local infrastructure and has worked in partnership with the governments of Mozambique and Malawi to develop and operate the Moatize mine and Nacala Logistics Corridor's (NLC) 912-km railway for coal transportation, in addition to the revamp of general cargo operations and passenger transportation.

These investments are a significant legacy to the countries and are an important driver for local development.

Our presence in Mozambique has resulted in consistent social investments, with more than US\$ 7.1 million invested annually, benefiting more than 10,000 families included in social programs ranging from agriculture, school feeding for 25,000 primary school students daily, fishing and capacity-building initiatives. On the environmental side, sustainability training, marine preservation and mangrove restoration have been our primary areas of focus.

In December 2021, we entered into a binding agreement with Vulcan Resources (formerly known as Vulcan Minerals - "Vulcan") to sell our coal operations, which consist of Moatize coal mine ("Moatize mine") and the Nacala Logistic Corridor.

Vale is committed to work with both Mozambique and Malawi's governments to ensure a smooth transition to the new operator.





Breakdown by jurisdiction, level of government and by project

Vale is subject to taxation in the many jurisdictions in which it operates. The tax legislation of these jurisdictions may differ; nevertheless **our approach to tax applies equally to all operations worldwide.**

The table below details taxes and royalties paid where Vale has a presence, according to the level of government. Within each jurisdiction, total tax payments are reported by the national (“federal”), regional (“state”) or local (“city”) government to which they were paid. We are also providing a breakdown by state level, which we believe gives a clear view of our contributions across each jurisdiction.

The figures and analysis by jurisdiction and level of government in the tables below have been assessed in accordance with the basis of preparation detailed in [Appendix 1](#).

We hope this information will add greater insight and understanding of our business and operations.



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Tax Borne²⁰	Country	Corporate Income Tax	Payroll Tax	Tax on mining	Tax on product and service	Others	Total Tax Borne
Values in US\$ thousands	Argentina		11			8	19
	Federal		11			6	17
	Buenos Aires					2	2
	State					2	2
	Australia		741				741
	Federal		697				697
	Queensland		6				6
	State		6				6
	Western Australia		38				38
	State		38				38
	Barbados				1		1
	Federal				1		1
	Brazil	4,314,349	377,297	1,372,105	1,466,847	19,083	7,549,681
	Federal	4,314,349	377,297		645,359	10,572	5,347,577
	Bahia				1,244	43	1,287
	State				1,244		1,244
	City					43	43
	Espirito Santo				184,439	2,726	187,165
	State				181,815		181,815
	City				2,624	2,726	5,350
	Maranhão				62,851	603	63,454
	State				61,666	1	61,667
	City				1,185	602	1,787
	Mato Grosso do Sul			9,849	17,385	6	27,240
	State			9,849 ¹⁷	17,385		27,234
	City					6	6
	Minas Gerais			423,997	326,958	3,022	753,977
	State			423,997 ¹⁷	324,426	134	748,557
	City				2,532	2,888	5,420
	Pará			938,259	216,540	1,277	1,156,076
	State			938,259 ¹⁷	216,540	6	1,154,805
	City					1,271	1,271
	Rio de Janeiro				9,853	664	10,517
	State				3,337		3,337
	City				6,516	664	7,180
	São Paulo				831	159	990
	State				831		831
	City					159	159
	Sergipe				1,072		1,072
	State				1,072		1,072
	Others¹⁸				315	11	326
	State				315		315
	City					11	11

¹⁷ Includes the CFEM payment that is made to the National Mining Agency, resulting from mining operations.

¹⁸ Alagoas, Amazonas, Ceará, Distrito Federal, Goiás, Mato Grosso, Paraíba, Paraná, Pernambuco, Piauí, Rio Grande do Norte, Rio Grande do Sul, Rondônia, Santa Catarina and Tocantins.

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Values in US\$ thousands

Country	Corporate Income Tax	Payroll Tax	Tax on mining	Tax on product and service	Others	Total Tax Borne
Canada	9,427	49,024	14,014	12,085	22,779	107,329
Federal	9,427	23,051		1,151	2,171	35,800
Manitoba		1,518	4	5,782	3,717	11,021
State		1,518	4	5,782	1,093	8,397
City					2,624	2,624
Newfoundland and Labrador		3,143	11,354	2,795	1,732	19,024
State		3,143	11,354	2,795	1,146	18,438
City					586	586
Ontario		21,312	2,656	1,169	15,152	40,289
State		21,312	2,656	1,169	322	25,459
City					14,830	14,830
Quebec				1,188		1,188
State				1,188		1,188
Saskatchewan					7	7
City					7	7
Chile		28	343	59	15	445
Federal		28	343	59	15	445
China	18,523	2,146			1,600	22,269
Federal	18,523	2,146			1,600	22,269
India					51	51
Federal					51	51
Indonesia	66,051		26,779	16,184	18,700	127,714
Federal	66,051		19,187	16,184	8,051	109,473
South Sulawesi			7,592		10,649	18,241
State					7,630	7,630
City			7,592		3,019	10,611
Japan	5,610	1,190			211	7,011
Federal	4,165	812			11	4,988
Mie	1,319	378			200	1,897
State	1,085					1,085
City	234	378			200	812
Tokyo	126					126
State	126					126
Luxembourg	50				100	150
Federal	50				100	150
Malawi		164				164
Blantyre		164				164
City		164				164



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Values in US\$ thousands	Malaysia	72	1,727		342	1,400	3,541
	Federal	72	1,727		342		2,141
	Manjung					500	500
	State					500	500
	Perak					900	900
	State					900	900
	Mozambique	4,289	2,930	40,610	21,612	399	69,840
	Federal	2		13,239	21,612	399	35,252
	Maputo		233	27,371			27,604
	State		233				233
	City			27,371			27,371
	Nacala Porto	2					2
	City	2					2
	Nampula	4,285	933				5,218
	State		97				97
	City	4,285	836				5,121
	Tete		1,764				1,764
	State		1,764				1,764
	Netherlands	2,011	115				2,126
	Federal	2,011	115				2,126
	Oman	10,802	2,158		3,360	130	16,450
	Federal	10,802	2,158		3,360	130	16,450
	Paraguay		847		4	7	858
	Federal		847		4		851
	Asunción					7	7
	City					7	7
	Peru		140	1,825	29	19	2,013
	Federal		140	1,825	29	19	2,013
	Singapore	2,148	1,126		122		3,396
	Federal	2,148	1,126		122		3,396
	Switzerland	29,705	1,130			450	31,285
	Federal	348	325			400	1,073
	Vaud	29,357	805			50	30,212
	State	29,357	805				30,162
	City					50	50
	Taiwan		28			18	46
	Federal		28			18	46



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Values in US\$ thousands	United Arab Emirates					37	37
	Federal					37	37
	United Kingdom	8,402	2,094		1	300	10,797
	Federal	8,402	2,094		1		10,497
	Swansea					300	300
	City					300	300
	United States	13,030	75			15	13,120
	Federal	12,446	64			15	12,525
	California	31					31
	State	31					31
	Delaware	14					14
	State	14					14
	Michigan	184					184
	State	184					184
	New Jersey	72	6				78
	State	72	6				78
	Ohio	151					151
	State	151					151
	Pennsylvania	105					105
	State	105					105
	Tennessee	16					16
	State	16					16
	Others¹⁹	11	5				16
	State	11	5				16
	Uruguay		12			6	18
	Federal		12			4	16
	Soriano					2	2
	State					2	2
	Total Tax	4,484,469	442,983	1,455,676	1,520,646	65,328	7,969,102

¹⁹ Arizona, Connecticut, Florida, Texas, Utah and Wyoming.

²⁰ In 2021, Vale received US\$ 90 million in tax refunds, not included in the figures presented above.

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Tax collected²²

Values in US\$ thousands

Country	Corporate Income Tax	Payroll Tax	Tax on mining	Tax on product and service	Others	Total Tax Collected
Argentina		18			19	37
Federal		18			19	37
Australia				542		542
Federal				542		542
Brazil		243,484		483,333	84,739	811,556
Federal		243,484		322,763	84,739	650,986
Bahia				268		268
State				5		5
City				263		263
Espírito Santo				10,351		10,351
State				791		791
City				9,560		9,560
Maranhão				17,492		17,492
City				17,492		17,492
Mato Grosso do Sul				1,420		1,420
State				80		80
City				1,340		1,340
Minas Gerais				65,171		65,171
City				65,171		65,171
Pará				61,358		61,358
City				61,358		61,358
Rio de Janeiro				4,224		4,224
City				4,224		4,224
São Paulo				252		252
City				252		252
Others²¹				34		34
City				34		34
Canada		209,508	2,843	78,119	2,190	292,660
Federal		209,508		64,115	2,190	275,813
Newfoundland and Labrador			2,843			2,843
State			2,843			2,843
Quebec				14,004		14,004
State				14,004		14,004
Chile		274			24	298
Federal		274			24	298
China		6,501		1,106	149	7,756
Federal		6,501		1,106	149	7,756
India		30		2	8	40
Federal		30		2	8	40

²¹ Goiás, Paraná and Santa Catarina.

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Values in US\$ thousands

Country	Corporate Income Tax	Payroll Tax	Tax on mining	Tax on product and service	Others	Total Tax Collected
Indonesia		12,042		1,360	8,384	21,786
Federal		10,851			7,248	18,099
West Nusa Tenggara		203			785	988
City		203			785	988
Java		988		1,360	351	2,699
City		988		1,360	351	2,699
Japan		1,944		28,138	111	30,193
Federal		1,317		28,110	111	29,538
Chiba		4		2		6
City		4		2		6
Mie		525				525
City		525				525
Tokyo		98		26		124
City		98		26		124
Malawi		1,462			1,340	2,802
Blantyre		1,462			1,340	2,802
City		1,462			1,340	2,802
Malaysia		2,223			187	2,410
Federal		2,223			187	2,410
Mozambique		30,053			7,147	37,200
Federal					5,305	5,305
Maputo		3,620				3,620
State		3,620				3,620
Nacala Porto		2				2
City		2				2
Nampula		8,531			1,842	10,373
State		73				73
City		8,458			1,842	10,300
Tete		17,900				17,900
State		17,900				17,900
Netherlands		974				974
Federal		974				974
Oman		1,357			136	1,493
Federal		1,357			136	1,493
Paraguay		462		107	218	787
Federal		462		107	218	787
Peru		613		91	18	722
Federal		613		91	18	722
Singapore		1,372		146		1,518
Federal		1,372		146		1,518



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Values in US\$ thousands	Switzerland		2,190		664		2,854
	Federal		325		664		989
	Vaud		1,865				1,865
	State		1,865				1,865
	Taiwan		13			1	14
	Federal		13			1	14
	United Kingdom		4,594			95,395	99,989
	Federal		4,594			95,395	99,989
	United States		513			4,500	5,013
	Federal		439			4,500	4,939
	New Jersey		68				68
	State		68				68
	New York		6				6
	State		6				6
	Uruguay		18				18
	Federal		18				18
		Total Tax		519,645	2,843	689,003	109,171

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Country	Corporate Income Tax	Payroll Tax	Tax on mining	Tax on products and services	Others	Total
Africa	4,289	34,609	40,610	21,612	8,886	110,006
Coal	2	23,687	13,239	21,612	5,704	64,244
Logistic	4,287	10,922	27,371		3,182	45,762
Asia	92,404	30,342	26,779	47,400	30,820	227,745
Corporate	21,079	12,849		2,912	2,276	39,116
Distribution Center	72	3,949		342	1,643	6,006
Logistic				12		12
Nickel	66,024	10,851	26,779	44,134	26,268	174,056
Nickel refinery	5,229	2,500			412	8,141
Production and Processing materials		193			221	414
Europe	40,168	11,097		96,060	850	148,175
Corporate	31,766	4,409		665	460	37,300
Nickel refinery	8,402	6,688		95,395	390	110,875
Middle East	10,802	3,515		3,360	303	17,980
Corporate					13	13
Logistic	3,120	804		2,779	34	6,737
Pelletizing	7,682	2,711		581	256	11,230
North America	22,457	259,120	16,857	90,205	29,484	418,123
Corporate	22,457	16,403		5,621	6,083	50,564
Nickel		242,717	16,857	84,584	23,401	367,559
Oceania		741		542		1,283
Coal		741		542		1,283
South America	4,314,349	623,204	1,374,273	1,950,470	104,156	8,366,452
Copper			44,888	55,483	84	100,455
Corporate ²³	4,314,349	621,866	2,168	999,677	101,667	6,039,727
Energy				18,086	2	18,088
Iron			1,323,970	791,331	1,540	2,116,841
Manganese			1,928	1,301	279	3,508
Nickel			1,318	9,866	290	11,474
Logistic		1,338	1	74,726	294	76,359
Total	4,484,469	962,628	1,458,519	2,209,649	174,499	9,289,765



Our value chain

Through our operations we make important contributions to the places where we work.

The taxes and royalties we pay, people we employ, local businesses **we support, and social development projects we fund improve our communities.** Our projects are long-term investments and the amount we contribute depends on where in the project life cycle it is. Our objective is to create long-term, win-win and sustainable value not just for our shareholders but also our employees, our suppliers, our local communities and the regions and countries where we operate.

The below graphic demonstrates how we contribute, financially, socially and sustainably to the communities and areas we work in at the different stages of our projects.

Mineral
exploration

We invest in technical and feasibility studies to understand potential value

The first stage is mineral exploration, which means assessing and quantifying reserves. It involves early excavation and analysis by highly-skilled employees and contractors, including geologists and experts in sustainability.

Our contribution at this stage is limited to permits and license fees, as well as employment taxes and costs associated with construction – recognizing the huge upfront investment needed for exploration.

Our contribution

- Licenses, permits, fees normally paid to governments at this stage
- Employment related contributions (wages and taxes)
- Payments to suppliers, contractors
- Withholding taxes on payments to suppliers and contractors
- Social contribution on third party contractors
- Property taxes (taxes for owning rural or urban properties and vehicles)
- Taxes on real estate transfers



Development and
construction

We build to create future value

This stage involves heavy investment in people and infrastructure as we construct facilities and supporting networks. In some cases, it also involves the construction of towns and social amenities, like schools and parks, as well as rail lines such as the Vitória-Minas and Carajás Railroad.

This period of development creates jobs, both through construction and through local business who supply materials, equipment and services to our sites and workforce. Alongside this significant capital investment and payments to suppliers, our economic contribution also includes indirect taxes, such as employment taxes, and excise taxes on materials and equipment.

Our contribution

- Significant capital expenditure
- Employment related contributions (wages and taxes)
- Indirect taxes
- Payments to suppliers, contractors
- Contribution to communities
- Withholding taxes on payments to suppliers and contractors
- Social contribution on third party contractors
- Property taxes (taxes for owning rural or urban properties and vehicles)
- Taxes on real estate transfers



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Mine, process and logistics



Commercial and distribution



Decommission and rehabilitation

We operate our mines and process minerals and metals safely to generate value

Extraction and processing of commodities is at the core of this operating life phase. At this stage, royalty payments start and corporate income taxes begin. This phase also involves logistics, including the moving, handling, warehousing and distribution of materials throughout the supply chain.

Our contribution

- Royalties
- Corporate income taxes
- Employment related contributions (wages and taxes)
- Indirect taxes
- Payments to suppliers, contractors
- Long-term contribution to communities
- Withholding taxes on payments to suppliers and contractors
- Social contribution on third party contractors
- Property taxes (taxes for owning rural or urban properties and vehicles)
- Taxes on real estate transfers

We commercialize and transport our products to maximize value

Products are sold and transported to our customers to maximize value and minimize market risk through core commercial activities. This phase, in particular, supports our suppliers and local and international business partners.

This is a substantial logistical effort, with significant payments to suppliers and the corresponding economic contribution in terms of indirect, and other, taxes.

Our contribution

- Corporate income taxes
- Employment related contributions (wages and taxes)
- Indirect taxes
- Payments to suppliers, contractors
- Withholding taxes on payments to suppliers and contractors
- Social contribution on third party contractors
- Property taxes (taxes for owning rural or urban properties and vehicles)
- Taxes on real estate transfers

We create sustainable value after we finish our operations

This phase involves the closure of operations and the sustainable rehabilitation of the land. The multiple legal, environmental and social attributes, as well as economic aspects are all considered. Integrated and systemic planning is essential to the sustainability of the territories to promote the reintegration of the mined territories to physical, biotic and socioeconomic environments, contributing to the sustainable development of these locations.

Our contribution

- Employment related contributions (wages and taxes)
- Payments to suppliers, contractors
- Support to communities
- Withholding taxes on payments to suppliers and contractors
- Social contribution on third party contractors
- Property taxes (taxes for owning rural or urban properties and vehicles)
- Taxes on real estate transfers

Our purpose

Vale goes beyond the traditional mining value chain to support the communities where we operate. Our efforts to add value to our communities, such as sustainable mining initiatives, demonstrate our ambition to serve society whilst taking care of the planet – examples of which can be found below.

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Innovation

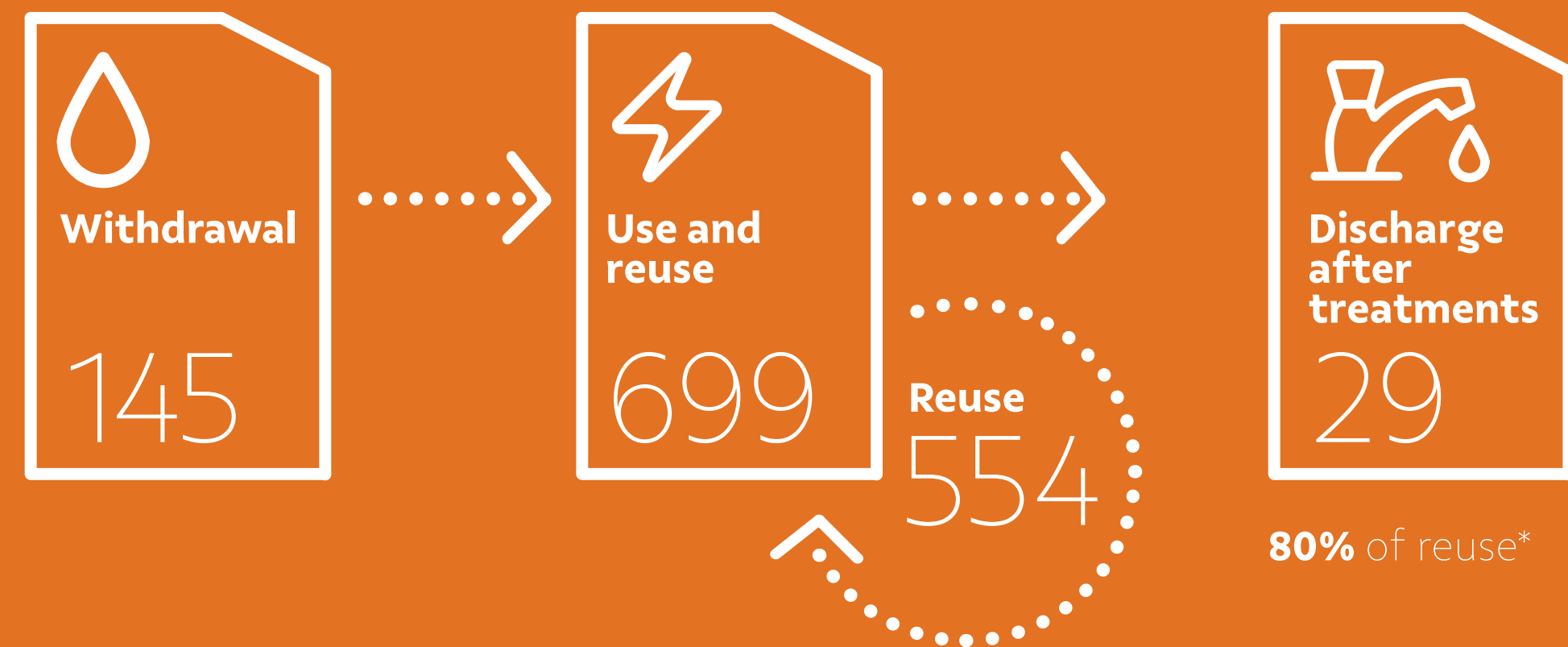
For us, innovation is the key to generating shared value with society and building a safer, more sustainable and collaborative future.

Ecoshipping – Vale's project to create the first large ore ship equipped with a rotating sail system. Still in the testing phase, the innovative use of wind propulsion can offer an efficiency gain of up to 8% and a consequent reduction of up to 3,400 tons of CO₂ equivalent per ship per year.

Sustainable sand – Reducing the volume of tailings disposed in dams, this year around 250,000 tons of sand have already been processed and destined to sale or donation to be used in concrete, mortar, cement and road pavement.

Water reduction – we promote water security in the regions where we are present. We invested in expanding water monitoring network, in initiatives for the reuse of effluents in our processes, use of rainwater, search for new technologies and development of studies aimed at the continuous improvement of responsible management of water resources.

Water balance (in million of m³)



In the integrated Report we highlight that we maintain our water reuse rate at 80%. In our strategy we understand that this is a way to reduce water abstraction from the environment. In 2021, we invested US\$ 142.4 million in actions for water resources management.

* Stared volume does not count in the percentage of water reuse.

Decarbonization

Aware of all the planet's current urgencies, Vale reinforces our pact with society. And, in line with the best sustainability practices worldwide, we will invest in reducing our carbon footprint in all areas within the company's scope of responsibility. Furthermore, Vale has a goal to a 33% reduction in scope 1 (reduce emissions) and 2 (energy sources) by 2030 and a 15% reduction in scope 3, which are emissions from our value chain, in other words, emissions from our suppliers, third-party transport and our customers.

Invest up to **US\$ 6 Billion** to reduce direct and indirect emissions.

Reduce by 33% the carbon footprint by 2030.

Reduce 15% the carbon emissions from our value chain by 2035.

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Product enhancement

Vale makes continuous effort towards its portfolio enhancement, in conjunction with sustainable initiatives though the use of technology in our day-to-day operations, such as our Green Briquettes, capable of reducing greenhouse gases in the steel production or our Concentration project, a pilot plant for the magnetic concentration of low iron ores, without using water.



13 Picture shows a Green briquet in Nova Lima, Minas Gerais (MG), Brazil. Photo: Valdirene Resende.

The Amazon

The Amazon accounts for 50% of the world's tropical forests, and it houses the world's largest drainage basin, a fifth of the planet's fresh water, 400 billion trees and 20% of the Earth's total biodiversity. In addition, it also stores 150 to 200 billion tons of carbon.

Vale has been in the Amazon for more than 30 years helping to protect approximately 800 thousand hectares of rainforest in partnership with Brazil's ICMBio. The area is five times the size of São Paulo's capital city and represents a total of 490 million tons of carbon equivalent.



14 Aerial View of Carajás Zoobotanical Park in Pará (PA), Brazil. Photo: Beto Felício.

Biodiversity

Biodiversity is an intrinsic and essential aspect to our business. Therefore, we are committed to discover and monitor the regions in which we operate, manage the risks and impacts associated with our business activities, and be transparent to society about our practices.

Our initiatives include researches focused on knowledge about territories and improvement of knowledge about threatened species, recovery of degraded areas, innovation, technology development, and maintenance of protected areas, which are important remnants of the biomes where we operate.



15 In the photo, a couple of Araras-Piranga, in Vale Zoobotanical Park. Photo: Marcelo Coelho.

Community

Our community relations in the areas where we operate are fundamental to the sustainability of our operations. Consequently, we are investing in various initiatives to contribute to social and environmental development in the locations where we are present, and we offer services to meet communities' demands and needs, such as passengers train services, optimizing local trades and skills, and promoting community health and education.

In order to engage communities, Vale aims at establishing structured dialogue spaces for the construction of Community Relations Plans. The plans have as their principle the social participation and mobilization in the definition and prioritization of social actions to be implemented in the communities.



16 Picture shows the engineer Jonatas Costa, talking to children from the Project Engenheiros na Escola. Photo: Marlon Henrique Santos.



Corporate Income Taxes and our Financial Statements

The income tax expense recorded in our Financial Statements reflects the impact on our economic position at year-end according to Vale's results. It is intended to provide an indication of the amount of tax we expect to pay for the activities performed during that year, so that it is possible to assess the impact that the tax may have on our financial position. In this report, we present the income tax paid during the year, and for a number of reasons, as shown in the chart, this figure does not correspond to the record in our Financial Statements.

For example, tax paid during this financial year may include payments relating to activities in a previous financial year, but may exclude final payments relating to activities in this financial year, but which occur after the end of the financial year.



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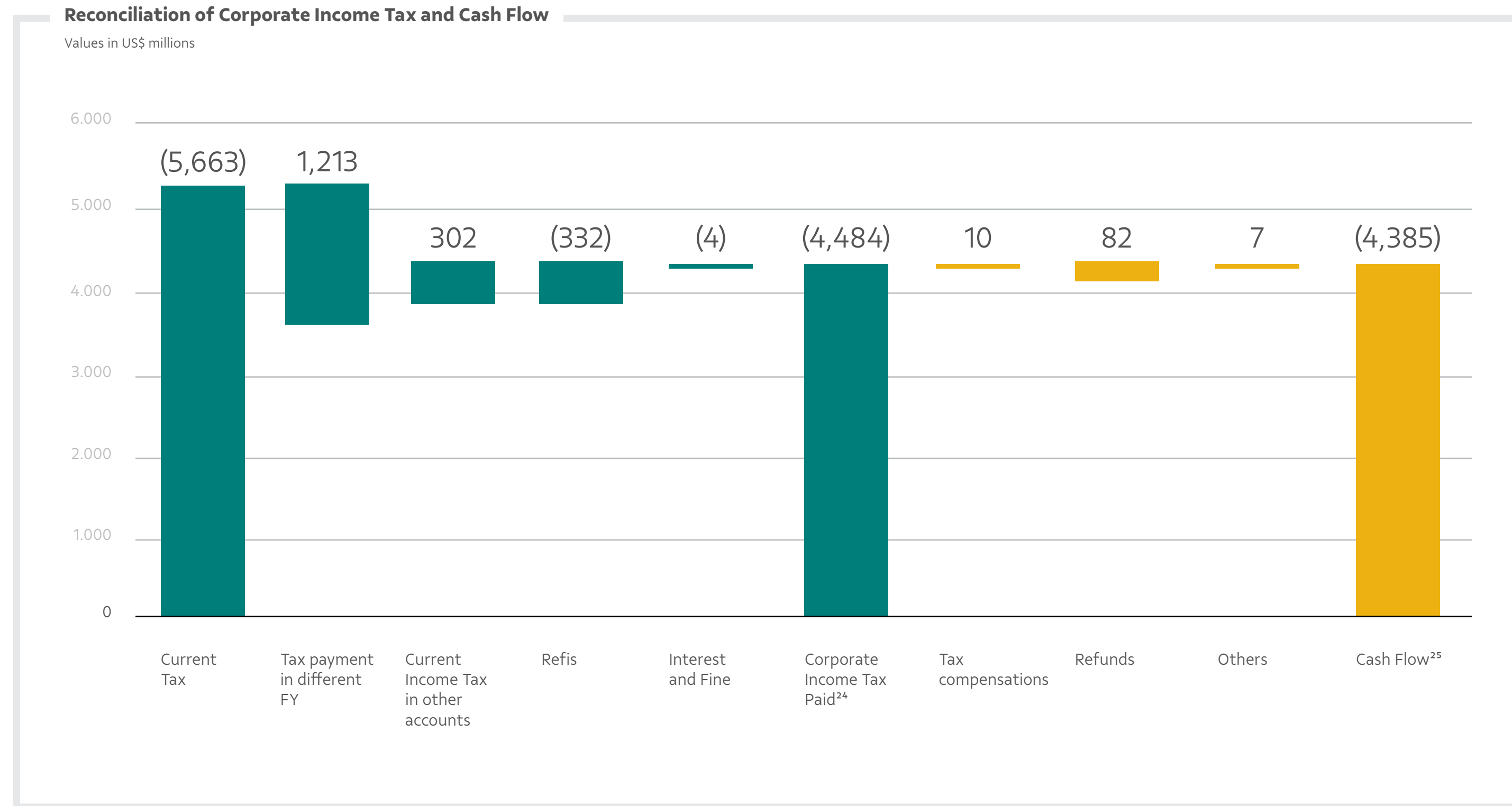
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²⁴ As per this tax transparency report.

²⁵ According Vale's cash flow on Financial Statement.

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Effective Tax Rate

Brazilian corporate tax law requires taxation on income on a worldwide basis (including profits generated from foreign subsidiaries) and, therefore, Vale's income tax charge is calculated using the statutory tax rate in Brazil at the end of the reporting period. The income tax liability shown in our consolidated financial statements is calculated by applying the difference between the Brazilian income tax rate and the local income tax rate of each jurisdiction where our subsidiaries operate and generate taxable income.

In 2021, we recorded a net income tax expense of US\$ 4,697 million, compared to a net income tax expense of US\$ 735 million in 2020. Our effective tax rate differed from our statutory tax rate of 34%, principally due to tax incentives from our iron ore, copper and nickel operations in the North region of Brazil (impact of US\$ 2,826 million), resulting in an effective tax rate of 16%.

If we exclude the effect of cumulative translation adjustments²⁶ to the income statement for the year (US\$ 2,413 million), our Adjusted Effective Tax Rate is 24%.

The reconciliation from the statutory tax rate to our effective tax rate is presented in [Vale's Financial Statement](#), note 8.



A summary of how this report was prepared

This report has been prepared using data derived from our internal controls over financial reporting.

Vale S.A. (Vale) and its subsidiaries **use the same data to prepare individual and consolidated financial statements**, according to the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The headline figures presented in this report and those found in other reports published by Vale and/or its subsidiaries may also differ. This is because different reporting frameworks have specific data requirements. Vale's Extractive Sector Transparency Measures Act (ESTMA) submission can be found at <http://www.vale.com/canada/en/pages/estma.aspx> for clarity and comparison.

For the purposes of this report, Vale's total tax contribution is understood as being comprised of:

- Corporate Income Taxes
- Tax on Mining
- Payroll taxes
- Tax on Products and Services
- Other taxes

Detailed definitions of each of these terms can be found in the [Appendix 1](#).

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Independent auditor's report

To the Board of Directors and Shareholders
Vale S.A.
Rio de Janeiro - RJ

Opinion

We have audited the accompanying Selected Information, which comprises the amounts in the tables entitled "Tax borne" and "Tax collected", included in the section "Breakdown by jurisdiction, level of government and by project" of the Tax Transparency Report (the "Report") of Vale S.A. and its subsidiaries (the "Company") for the year ended December 31, 2021.

In our opinion, the Selected Information referred to above has been properly prepared, in all material respects, in accordance with the basis of preparation in Appendix 1 to the Report.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Selected Information included within the Report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and in the Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter - basis of preparation of the selected information to the report

We draw attention to Appendix 1 to the Report, which describes the basis of preparation of the Selected Information. The Report is prepared in accordance with a special purpose framework for providing reasonable assurance over total taxes paid by the Company in 2021. As a result, the Report may not be suitable for another purpose.

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The Report does not comprise a full set of financial statements, prepared in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Our opinion is not qualified in respect of this matter.

Responsibilities of management and those charged with governance for the Selected Information to the Report

Management is responsible for the preparation of the Selected Information in accordance with the basis of preparation in Appendix 1 to the Report and for determining that the basis of preparation is acceptable in the circumstances. Management is also responsible for such internal control as they determine is necessary to enable the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's responsibilities for the Selected Information to the Report

Our objectives are to obtain reasonable assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Selected Information.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Selected Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures of the Selected Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance, in connection with the audit of the financial statements of the Company as at and for the year ended December 31, 2021, with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Rio de Janeiro, May 31, 2022

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

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Appendix 1

The basis on which this report was prepared

This report is prepared from data derived from our internal control over financial reporting and from data recorded in our financial systems, being the same data used to prepare our consolidated financial statements, which are prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Outflow of taxes, royalties, and other tax related payments to governments are presented in this report considering payments made in cash and through available tax credits for the year ended December 31, 2021. Tax refunds received in the year are detailed in footnotes in the Tax Borne and Tax Collected tables. Further information on other tax refunds is provided in the specific country sections.

Functional and reporting currency

All our data about our subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("functional currency"), which in the case of the Parent Company is the Brazilian real ("R\$"). For presentation purposes, this report is presented in United States dollar ("US\$") we believe this is how international investors analyze company's

financial information. All payments included in this report expressed in currencies other than US\$ were translated for this Report at the exchange rate on the month each payment was made.

Basis of consolidation

This follows the same principles as the consolidated financial statements. All majority-owned subsidiaries in which we have both a share and management control are consolidated. Our variable interest entities in which we are the primary beneficiary are consolidated.

For the purpose of this report, only entities with tax payments were considered, which can be found in [Appendix 3](#).

Tax borne

Taxes borne are those that companies are required to pay to the government or a third party on its own behalf. Tax refunds are informed in a footnote. Taxes we have included in this category are:

Corporate income taxes

This comprises any tax on the business calculated on the basis of its profits, income or capital gains. Typically, these taxes would be reflected in corporate income tax returns made to governments, and tend to become payable, and are paid, either in the year the profits were made or up to one year later, depending on the local tax

rules regarding timing of payments. The amounts include any payments on account, balancing payments, offsetting tax credits (e.g., PIS, COFINS) and settlements in relation to disputes. Where there is separate capital gains tax (e.g., on property, leases or shares), this should also be included within this amount. The total is the final amount payable, net of any double tax reliefs, losses brought forward etc. Withholding taxes on payments to overseas companies are included here, as they represent a burden to Vale.

Tax charged on payments of dividends or other distributions of profits are also included as corporate income tax. Typically, this tax is reflected in income tax returns made to governments and tends to become payable, and is paid, at the point of a distribution of profits from one territory to another rather than in the year the profits actually arise. Taxes are withheld on payments to overseas companies. This includes taxes that are withheld at source or deducted from payments made to non-resident Vale companies and some resident Vale companies. Typically, this tax includes intercompany royalties, dividends and interest on overseas transactions.

Tax on mining

This involves payments related to mineral activities within the jurisdictions, and can be split into three categories:

1. Taxes on minerals and metals

extractions: This comprises taxes that are specific to the mining sector, and effectively represent payments to governments for extracting natural resources. This could include amounts related to aggregate use.

2. License fees: These are fees paid in return for the permission to exploit a certain resource or area in the jurisdiction.

3. Royalties: This comprises payments made to governments for activities such as the extraction of minerals or metals. Typically, these taxes tend to become payable, and are paid, in the year in which the activities occurred relate to.

Payroll taxes

This comprises both (i) employer social contributions and (ii) payroll and other taxes on employees.

Employer social contributions comprise contributions paid by the employer, towards the cost of certain state benefits in support of its employees. It can be a contributory system of insurance against illness and unemployment, and also provides retirement pensions and other benefits. Includes all types and classes payable, including those for overseas staff.

Payroll and other taxes on employees comprise payroll and employer taxes payable as a result of a company's capacity as an employer. Typically, these taxes would be reflected in payroll tax returns made to governments and tend to be payable, and

are paid, on a regular basis (often monthly) throughout the year, shortly after the return is submitted.

Tax on products and services

- Customs duties and taxes on international transactions: This comprises all non-recoverable customs/ excise/ import/ export duties. Typically, these taxes tend to become payable, and are paid, to governments at the point where goods are imported and exported from territories and move across country borders.

- Indirect taxes on the production or sales of goods and services

- This comprises sales tax, VAT and other taxes that arise on production or sale. Typically, these taxes would form part of a sales tax return made to governments and tend to become payable, and are paid, regularly (often monthly) throughout the year.

- Revenue based indirect taxes: This comprises any indirect taxes self-calculated and paid to the government on revenue or turnover (for example, PIS/COFINS in Brazil).

Other taxes

Comprises:

- **Other fees:** These are other miscellaneous payments to the government, which do not fall under a specific category such as fees, tax on vehicles and real properties.

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• **Discretionary contributions:** Discretionary contributions include optional payments to governments, such as contributing to investment, infrastructure or charities.

• **Mandatory contributions:** Mandatory contributions include penalties and fines which need to be paid to the government, and interest included within finance or administration expenses.

• **Grants and subsidies received:** A subsidy is a benefit given by the government to companies in the form of a cash payment or tax reduction, generally to help an industry or company. A grant is a financial award given by the federal, state or local government to an eligible grantee. Government grants are not expected to be repaid and do not include technical assistance or other financial assistance such as loans. This will appear as a negative number in taxes borne, as it is a payment received from the government.

Tax collected

These are taxes that we administer on behalf of the government and collect from others. Typically, these taxes would form part of a return made to a government and are payable and paid, regularly (often monthly) throughout the year, shortly after returns are submitted.

Payroll taxes

Comprises:

• **Employee social contributions:** Paid by workers and employers towards the cost of certain state benefits. It can be a contributory system of insurance against illness and unemployment, and also includes

retirement pensions and other benefits. This should include all types and classes payable, including those for overseas staff.

• **Employee income tax deducted through payroll:** Comprises payroll and employee taxes withheld from employee remuneration, and paid to governments, i.e., tax collected by Vale and remitted to governments on behalf of employees.

Taxes on product and service

This includes VAT/GST or equivalent net paid/ amounts to and from the government. Typically, it is charged on the sales of goods and services and is recoverable from purchases. VAT/GST paid / on import are also included. There is no net loss to the government for any taxes refunded. It also includes import taxes/VAT/GST on goods or services acquired and import tax paid to the tax authorities directly at the border (or indirectly through a deferment account or freight forwarder) when importing goods and services.

Other taxes

This category comprises any other indirect taxes levied on products either from suppliers or invoiced to customers.

It also comprises taxes that are withheld at the source or deducted from payments made to third parties, both domestic and overseas. Taxes are charged on payments of services and profit distributions. Typically, this tax is reflected in withholding tax returns made to governments and is payable monthly or periodically.

Other considerations related to preparing this report

Tax payments related to prior years

All payments are reflected in the year they are paid, regardless of the year of assessment that they relate to.

Tax refunds related to prior years

All refunds are reflected in the year they are received, regardless of the year of assessment that they relate to.

Taxes under audit

Taxes under audit or dispute may not crystallize, which will lead to re-statements. These amounts are excluded until cash is paid or refunded.

Fines, penalties and interest

All fines, penalties and interest paid to the government have been included.

Tax credits

In some cases, tax credits from one type of tax can be used to settle liabilities of other taxes in future years.

In Brazil, Normative Instruction 1,717 of 2017 provides for the mechanism for refunding and offsetting federal tax credits. Thus, the taxpayer can claim its right to refund or use federal tax credits to settle tax debts (offset) by submitting an electronic request for returns or reimbursements and for compensation (PER/DCOMP) a tax refund/offset return to Brazilian Federal Revenue.

Tax credits represent a payment to the government in the year they are utilized.

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Adjusted Effective tax rate

Income tax expense (or income if applicable) divided by the profit (or loss if applicable) before tax, excluding the influence of exchange rate movements and exceptional items.

Brazilian tax authorities

Any national, regional or local tax authority in Brazil. The Brazilian Federal Revenue Service (RFB in Portuguese) operates at the national level. State Finance Departments (SeFaz) and Municipal Finance Departments (SMF) operate at the regional and local level respectively.

CIT

The acronym for Corporate Income Tax.

CFC

A controlled foreign company. Under Brazilian legislation, CFCs are subject to the taxation of any statutory profit realized by group entities at a corporate income tax rate of 34%.

CFEM

The Portuguese acronym for Compensação Financeira pela Exploração Mineral. This is a

financial charge to be paid to the Brazilian federal government as compensation for the using mineral resources. It is levied on the revenues from the sale of minerals extracted, net of taxes, insurance costs and costs of transportation. The current CFEM rates are: 3.5% for iron ore; 2% for copper, nickel and other materials; 3% for bauxite and manganese ore; and 1.5% for gold.

Current tax

As it is defined in the International Financial Reporting Standard IAS 12, current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax

As it is defined in the International Financial Reporting Standard IAS 12, deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- (a) deductible temporary differences;
- (b) the carryforward of unused tax losses; and
- (c) the carryforward of unused tax credits.

ECF

The Portuguese acronym for Escrituração Contábil Fiscal (tax and accounting Return), a tax return that comprises corporate income tax computation and transfer pricing schedules, among other information. It must be submitted to the Brazilian Federal Revenue by most taxpayers on an annual basis.

Fees

Payments to governments charged on the initial or ongoing right to use an area for extractive activities. There is no specific government service attached.

Government

Any national, regional or local authority of a jurisdiction governing body. Also includes any department, agency or undertaking that is a subsidiary undertaking where the authority is the parent undertaking.

GST

The acronym for Goods and Services Tax which is an indirect tax (or consumption tax) used on the supply of goods and services that is ultimately borne by the final consumer. A GST is collected by the retailer when the final sale in the supply chain is reached via a purchase by the end

consumer. End consumers pay the sales tax on their purchases. Businesses issue resale certificates to their sellers when buying business supplies/inputs that will be resold since sales tax is not due. Tax jurisdictions do not receive the tax revenue until the sale is made to the final consumer.

Income tax

The total of current tax and deferred tax.

Indirect tax

Taxes imposed on goods and services rather than on income or profits. They can be passed on to another entity or individual. Examples include VAT, GST, sales tax and others. In Brazil, the examples are Tax on Industrialized Products (IPI in Portuguese) and the Tax on Operations Relating to the Movement of Goods and Interstate Transport Services for Intermunicipal and Communications (ICMS in Portuguese).

Iron ore pellets

Agglomerated ultra-fine iron ore particles of a size and quality suitable for specific iron producing processes. Our iron ore pellets range in size from 8 mm to 18 mm.

ISSQN

The Portuguese acronym for Tax on Services of Any Nature, which is imposed on any kind of services performed by companies or self-employed professionals, with a maximum rate of 5%, its assessment is based on the price of each services and also assessed on services provided by non-residents to Brazilian residents (import of services).

IPTU

The Portuguese acronym for Tax on Services of Any Nature, which is charged by the local municipality. IPTU is paid every year, by the owner of a house, building or land plot.

OECD

The acronym for the Organization for Economic Co-operation and Development (OECD). This is an intergovernmental economic organization founded in 1961 to stimulate economic progress and world trade. The organization provides a forum and knowledge hub for data and analysis, exchange of experiences, best-practice sharing, and advice on public policies and international standard-setting.

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Ore

A rock, a natural solid material, from which a metal or mineral can be extracted.

PIS / COFINS

The Portuguese acronyms for Social integration plan (PIS) and Social Welfare Tax (COFINS) which are levied at different percentages on the company's gross revenues. There are two applicable regimes: cumulative – rates of 0.65 % and 3 %, respectively, without any generation or use of credits; or non-cumulative – rates of 1.65% and 7.6 % and 1.65 %, respectively, with generation of credits in the acquisition of goods or services that can be offset with debts of the same contributions. Such contributions are also levied on the importation of services (with rates of 7.6 % and 1.65 %) and goods (with rates of 2.1 % and 9.65 %).

Project

Operational activities related to the type of the commodity in a certain region, governed by contracts, licenses, leases, concessions or similar legal agreements and that form the basis for payment of liabilities to a government.

Refis

The Portuguese name for the debt reduction or Settlement program of the Government related to the collection of federal taxes.

RFB

The Portuguese acronym for Brazilian Federal Revenue.

Royalties

All mining taxes that are levied by the government. Royalties includes the CFEM.

Tax

A compulsory financial charge, in order to contribute to state revenue or some other type of levy imposed upon a taxpayer by the government. It is required to be paid by law or by agreement.

Tax borne

Taxes borne are those that companies are required to pay to the government or a third party on its own behalf.

Tax collected

These are taxes that we administer on behalf of the government and collects from others. Typically, these taxes would form part of a return made to a government and are payable and paid, regularly (often monthly) throughout the year, shortly after the submission of returns.

Temporary differences

Differences between pre-tax statutory profit or loss and taxable income or loss for a given reporting period. These differences arise because the reporting period in which some items of revenue and expense are included in determining of the pre-tax statutory profit or loss does not coincide with the reporting period in which they are included when determining of taxable income or loss.

TFRH

The Portuguese acronym for Tax for Control, Monitoring and Surveillance of Water Resources Exploitation and Utilization Activities. The purpose of this charge is to regulate the exploitation and utilization of water resources through taxation.

TFRM

The Portuguese acronym for an Analysis of the Rate for Controlling, Monitoring and Supervision of Exploration and Mining Activities of Mineral Resources. It is a tax imposed on several Brazilian states, including Minas Gerais, Pará and Mato Grosso do Sul, on mineral production. It is assessed at rates ranging from R\$0.50 to R\$3,575 per metric ton of minerals produced in or transferred from the state.

VAT

A value-added tax, which is an indirect tax (or consumption tax) levied on the supply of goods and services that is ultimately borne by the final consumer. VAT is collected by all sellers in each stage of the supply chain. Suppliers, manufacturers, distributors and retailers all collect the value added tax on taxable sales. Suppliers, manufacturers, distributors, retailers and end consumers all pay the VAT on their purchases. Businesses must track and document the VAT they pay on purchases in order to receive a credit for the VAT paid on their tax return. Tax jurisdictions receive the tax revenue throughout the entire supply chain as opposed to at the sale to the final consumer chain.

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The table included only entities that paid any type of tax in the scope of this report, during FY2021.

Company	Country
Aços Laminados do Pará S.A.	Brazil
Atlantic Iron SarL	Luxembourg
Centro Tecnológico Soluções Sustentáveis S.A.	Brazil
Cia Paulista de Ferroliga	Brazil
CMM Overseas S.A.	Switzerland
Companhia Logística Africa Limited	Mozambique
Companhia Portuaria Baía Sepetiba	Brazil
Companhia Siderurgica Ubu	Brazil
Companhia Usina Tecpar	Brazil
Corredor de Desenvolvimento do Norte Porto	Mozambique
Corredor de Desenvolvimento do Norte S.A.	Mozambique
Corredor Logístico Integrado de Nacala S.A.	Mozambique
CPP Participações S.A.	Brazil
Docepar S.A.	Brazil
Empreendimentos Brasileiros de Mineração S.A.	Brazil
Empresa Mineração Esperança	Brazil
Exide Group Incorporated	United States
Florestas Rio Doce S.A.	Brazil
Mineração Corumbaense Reunida S.A.	Brazil
Mineração Guanhões Ltda	Brazil
Mineração Mato Grosso S.A.	Brazil
Minerações Brasileira Reunidas	Brazil
Monticello Insurance Limited	Barbados
Nacala Corridor Holding Netherlands B.V.	Netherlands
New Steel	Brazil
New Steel Global B.V.	Netherlands
PT Sumbawa Timur Mining	Indonesia

Company	Country
PT Vale Eksplorasi Indonesia	Indonesia
PT Vale Indonesia Tbk	Indonesia
Railvest Investments Inc.	Canada
Rio Doce Australia Pty Limited	Australia
Salobo Metais S.A.	Brazil
Santanense Mineração S.A.	Brazil
Société Industrielle et Commerciale Brasilo-Luxembourgeoise Société Anonyme	Luxembourg
Tecnored Desenvolvimento Tecnológico S.A.	Brazil
Tecnored Tecnologia de Autorredução S.A.	Brazil
The Central East African Railways Company Limited	Malawi
Transbarga Navegación S.A.	Paraguay
Vale Americas Inc.	United States
Vale Asia Kabushiki Kaisha	Japan
Vale Base Metals Asia Pacific Pte. Ltd.	Singapore
Vale Canada Limited	Canada
Vale Emirates Limited	United Arab Emirates
Vale Energia	Brazil
Vale Europe Limited	United Kingdom
Vale Exploración Argentina S.A.	Argentina
Vale Exploraciones Chile Limitada	Chile
Vale Exploration Peru S.A.C	Peru
Vale Fertilizer Netherland B.V.	Netherlands
Vale Holdings B.V.	Netherlands
Vale Holdings B.V. - Branch	Switzerland
Vale India Private Limited	India
Vale International S.A. - DIFC	United Arab Emirates
Vale International S.A.	Switzerland

Company	Country
Vale International S.A. Branch	Singapore
Vale Japan Limited	Japan
Vale Logística de Argentina S.A.	Argentina
Vale Logística de Uruguay S.A.	Uruguay
Vale Logistics Limited	Malawi
Vale Malaysia Minerals Sdn Bhd	Malaysia
Vale Malaysia Sdn Bhd	Malaysia
Vale Manganês S.A.	Brazil
Vale Metais Básicos S.A.	Brazil
Vale Metals (Shanghai) Co., Ltd.	China
Vale Minerals China Co., Ltd.	China
Vale Moçambique S.A.	Mozambique
Vale Newfoundland & Labrador Ltd	Canada
Vale Nickel (Dalian) Co., Ltd.	China
Vale Óleo e Gás S.A.	Brazil
Vale Oman Distribution Centre LLC	Oman
Vale Oman Pelletizing Company LLC	Oman
Vale Power S.A.	Switzerland
Vale S.A.	Brazil
Vale Shipping Holding Pte Ltd.	Singapore
Vale Soluções em Energia S.A.	Brazil
Vale Switzerland S.A.	Switzerland
Vale Taiwan Limited	Taiwan
Vale Technology Development (Canada) Limited	Canada
Vale Trading (Shanghai) Co., Ltd.	China
Valesul Alumínio S.A.	Brazil



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