



Ethics & Compliance Program Report 2021

Audit and Compliance Department

Public information





Our path to Ethics & Compliance



In 2021, we began writing a new chapter to promote a culture of ethics and integrity at Vale. On March 10, we launched our Ethics & Compliance Program globally, which consolidates activities to promote ethical conduct and anti-corruption behaviour.

Through the program we seek to build, every day, a culture of ethics and integrity based on our ethical principles set forth in Vale's Code of Conduct. These principles guide our attitudes and decisions and lead us to our purpose: **We exist to improve life and transform the future. Together.**

We present to you our Ethics & Compliance Program Report, a document that brings together our main activities and figures for 2021, showing the continuous and systemic growth of the elements of the program.

This report reinforces Vale's commitment to transparency. Building a culture of ethics and integrity is a collective journey, yet it depends on the individual behaviour of each one of us and starts with small and big decisions. We hope that the advances and challenges shared here will inspire all our own and third-party employees to be part of this new chapter in our company's journey.



Denis Cuenca
Chief Audit and Compliance officer



The Culture of Compliance at Vale: an outside perspective

Vale tracks the **evolution of its compliance culture** through the Compliance Culture Diagnosis conducted by a specialized consultancy that uses the **Hearts and Minds methodology**. This analysis enables us to identify the level of **maturity of our implemented processes**, the impact of our actions and our employees' perception of our **compliance culture**.

In 2021, the diagnosis demonstrated that **Vale's compliance culture has evolved**.

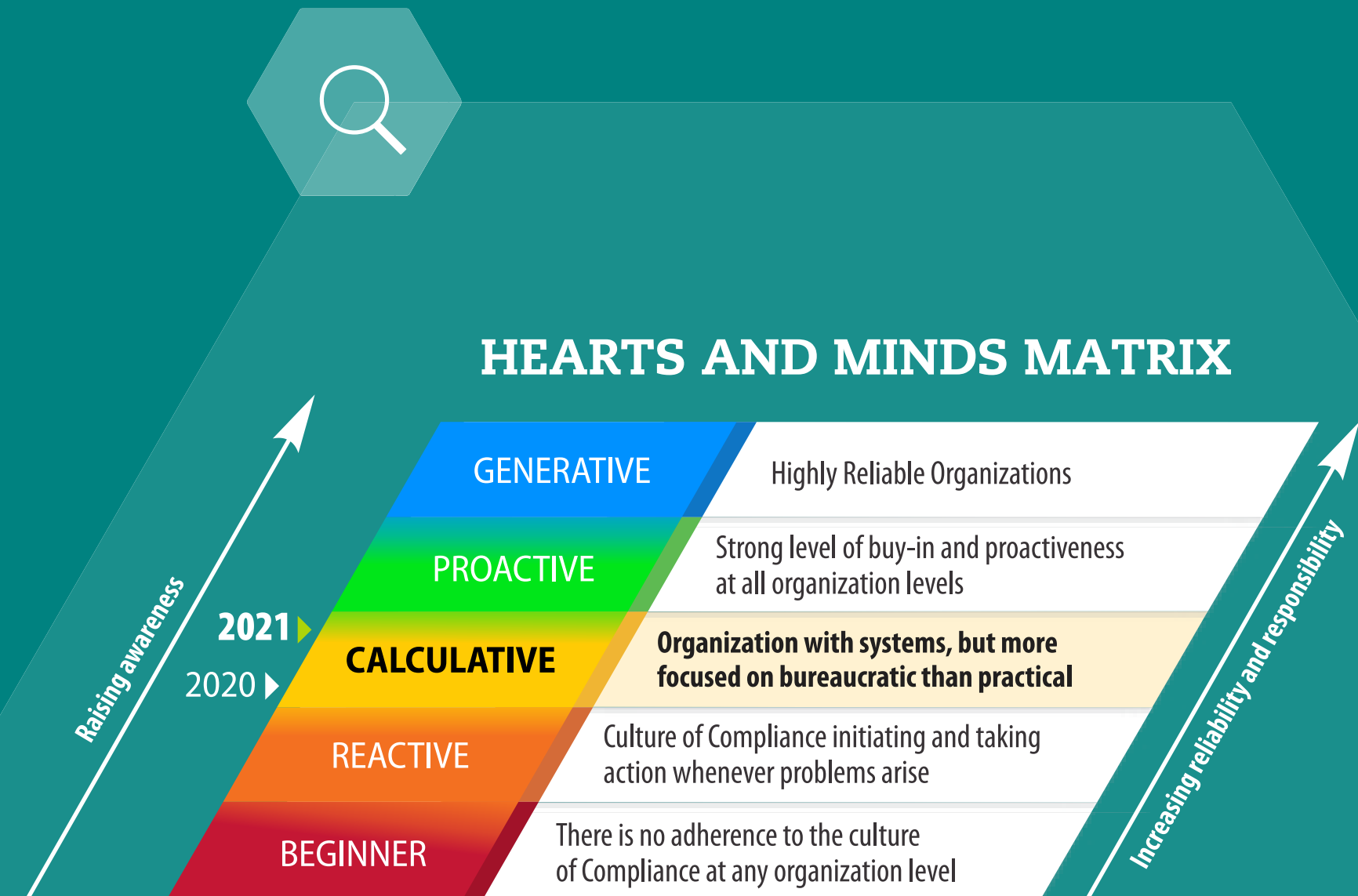
Clear progress

- ⬡ Employee training
- ⬡ Sense of ownership for compliance matters
- ⬡ Adequacy of policies and guidelines to different realities
- ⬡ Disclosure of the Whistleblower Channel

The diagnosis has helped us to identify opportunities for improvement that will enable our culture to evolve further, such as:

- ⬡ Third-party employee training
- ⬡ Whistleblower Channel's reports
- ⬡ Wider dissemination of the structure, tools and methodologies used to enforce compliance requirements

This Compliance Culture Diagnosis will be conducted at least once every two years. In addition, the activities of the Ethics & Compliance Program, including the Whistleblower Channel, will also undergo an external audit every two years, starting from 2022.



The consultancy opinion highlights clear signs of **progress** by Vale from the **initial calculative** profile identified in 2020 to the **advanced calculative** model in 2021.

The Ethics & Compliance Program elements

Vale's Ethics & Compliance Program has **six elements** that have been established to ensure the **prevention, detection** and **correction** of misconduct.

Prevention

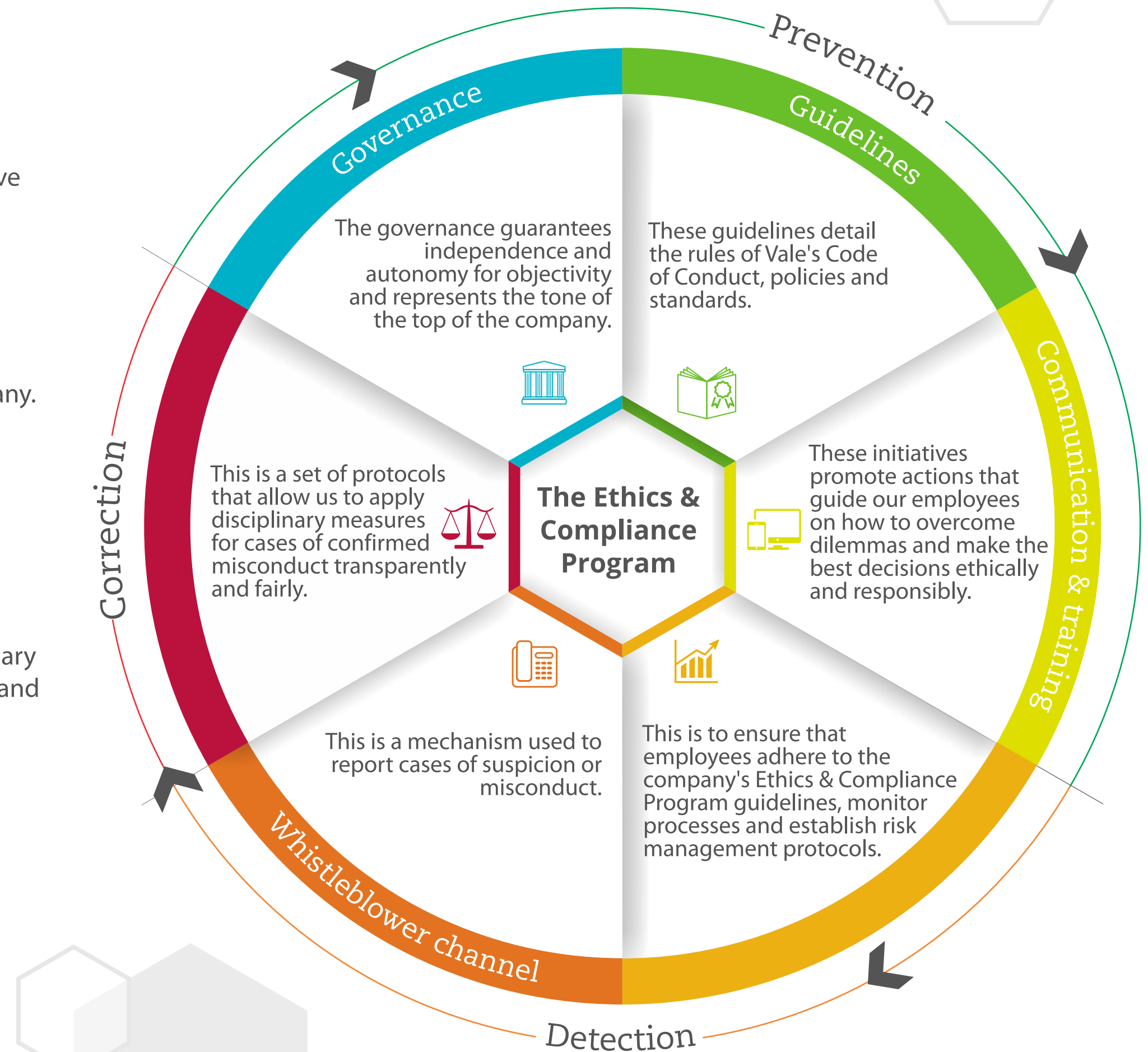
With strengthened and committed governance, clear guidelines and actions to enhance our communications and training, the program promotes a culture of ethics and integrity in the company.

Detection

Through controls, risk management related to ethics and compliance, and the Whistleblower Channel, any misconduct or acts of non-compliance are identified.

Correction

Consequence management protocols allow us to apply disciplinary measures for confirmed cases of misconduct with transparency and fairness.

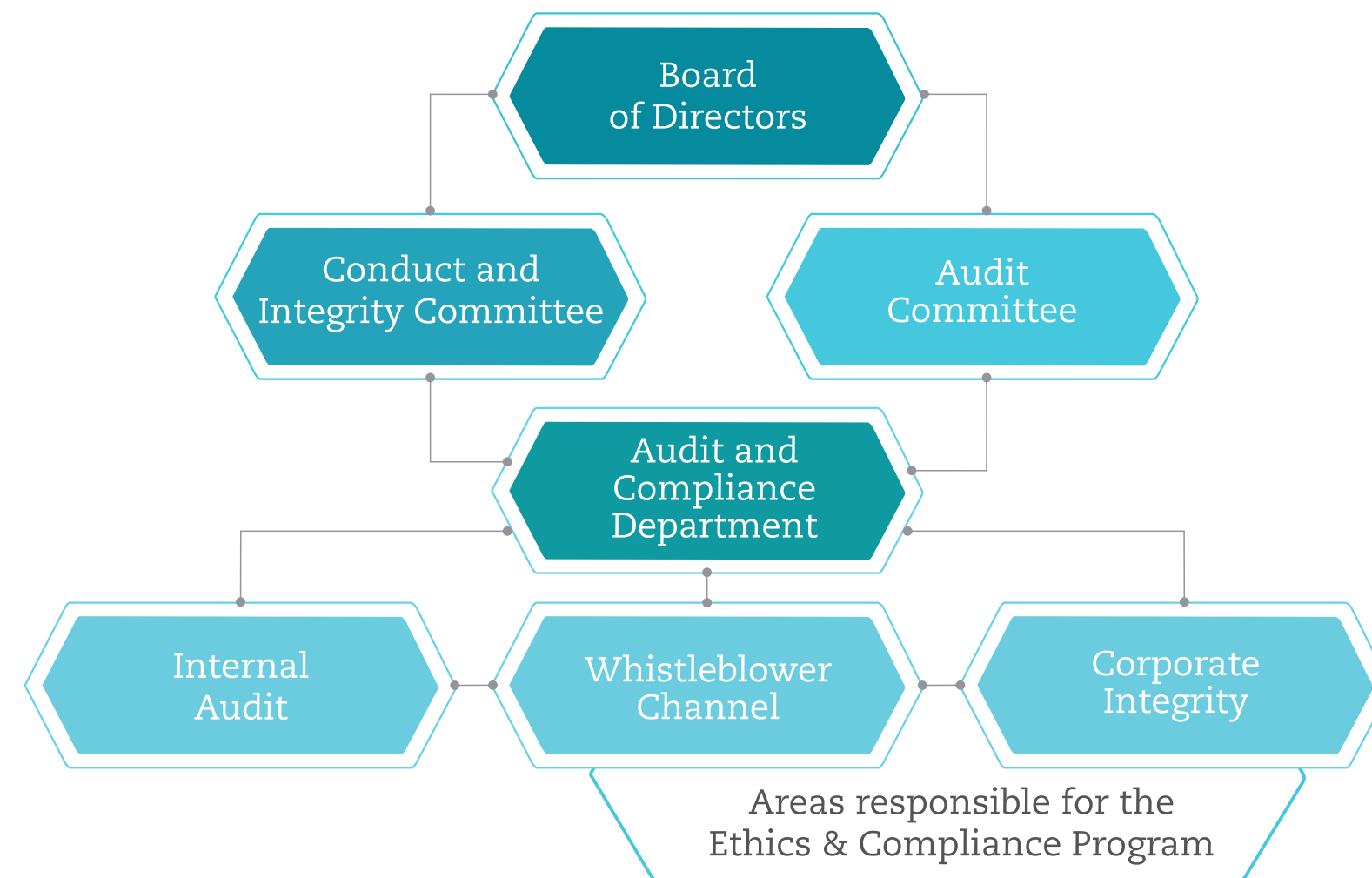


Governance



Responsible for the Ethics & Compliance Program, the **Audit and Compliance Department** reports to the **Board of Directors**. It is supervised by the Audit Committee and works together with the **Conduct and Integrity Committee**. This structure guarantees that the Audit and Compliance Department has independence and autonomy as it conducts the **Internal Audit**, **Whistleblower Channel** and **Corporate Integrity** areas.

Compliance Structure



About the Conduct and Integrity Committee

In 2021, we revised the Committee's charter and had included an independent external member.

The Chief of Audit and Compliance officer, the Executive Vice President of People, the Executive Vice President of Legal and Tax and the Executive Manager of Corporate Integrity are also members of the Committee.



Guidelines



The **Ethics & Compliance Program** Guidelines are established based on our **Code of Conduct**, which unfolds the company's values and ethical principles. These principles, in turn, are outlined in normative documents that **guide our employees** in their day-to-day activities.

The new version of the **Code of Conduct** is available in **nine languages** on Vale's intranet and website as well as in **audiobooks** available in **Portuguese, English, and Spanish**.



A new edition of the **Global Anti-Corruption Manual** is available, which details in a simple and accessible way the rules and guidelines of the Global Anti-Corruption Policy.

We have published the first version of Vale's **Consequence Management Policy**, which standardizes protocols globally and brings more transparency to this process.

We have published **normative documents** on:

- ⬡ The Procedure for Implementing Vale's **Ethics & Compliance Program** in the Vale group of companies.
- ⬡ Vale's **Global Conflicts of Interest Guidelines**.

Commitment to ethics

We have more than **61,000** signatures affirming compliance with our Terms of Commitment.

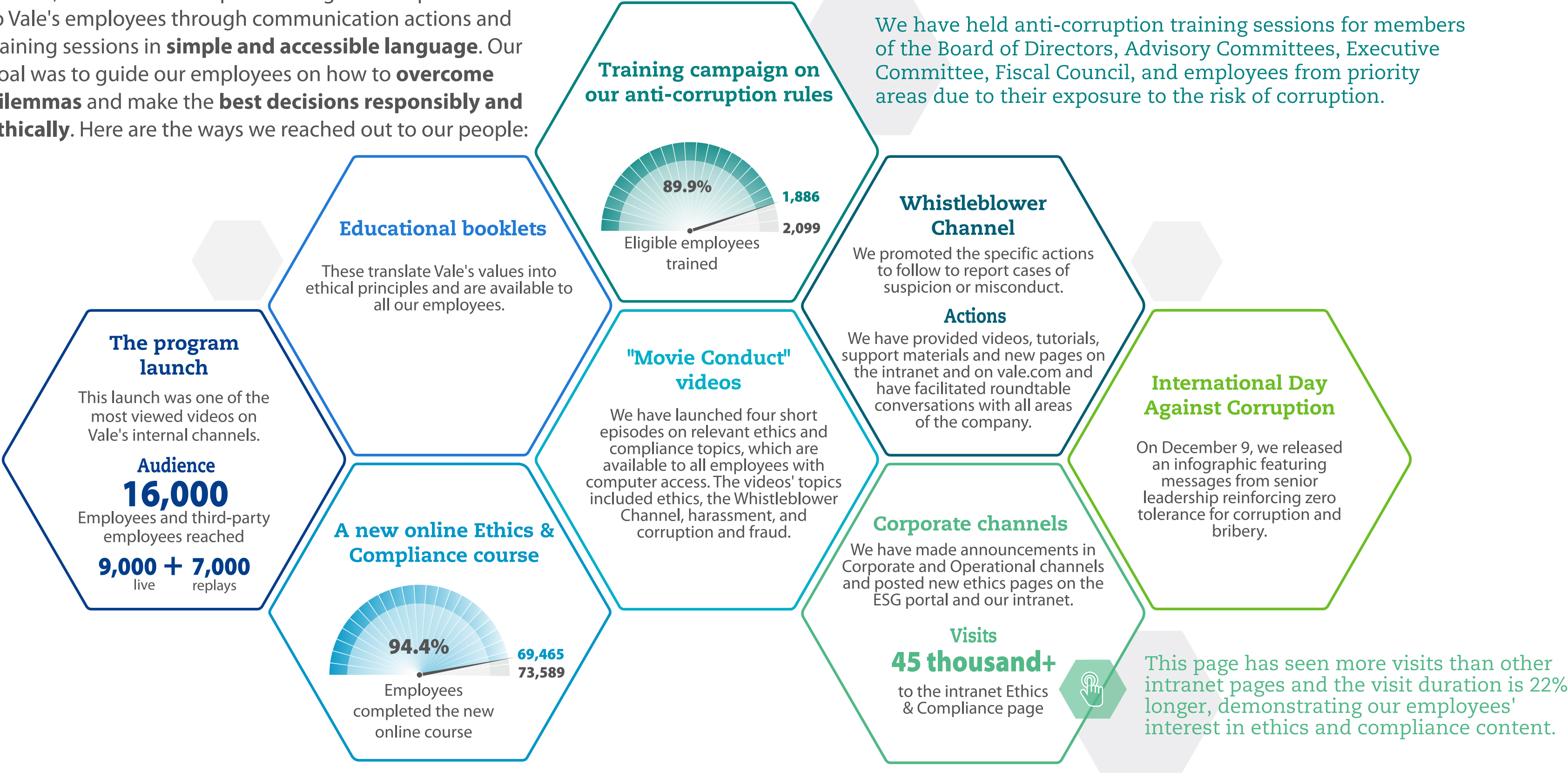
95% of our leaders and **88%** of our eligible employees have reaffirmed their commitment.



Communication & Training



In 2021, the Ethics & Compliance Program was presented to Vale's employees through communication actions and training sessions in **simple and accessible language**. Our goal was to guide our employees on how to **overcome dilemmas** and make the **best decisions responsibly and ethically**. Here are the ways we reached out to our people:



Risks & Monitoring



By **continuously monitoring** our processes and risk management, we aim to monitor our company's adherence to our **established guidelines**. This monitoring is carried out through controls and tests to ensure the Ethics & Compliance Program works in practice.

We have created **sixteen controls** that compose the risk management matrix that protects the company from corruption. Six of these controls are classified as **key controls**: approval of socioenvironmental investments, specific conditions governing donations and sponsorships, suppliers in general, high-risk suppliers, training program, and hiring of public agents.

Continuous follow-up

Continuous monitoring through defined controls and tests ensures that our program operates well in daily practice. With this continuous follow-up model, we can identify opportunities for improvement and review our processes.

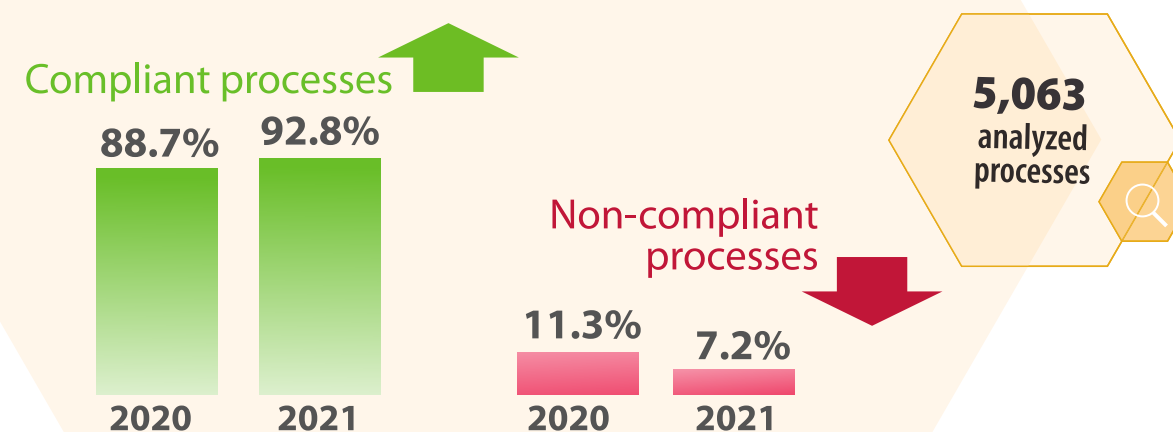
More automation

The Ethics & Compliance Program has also invested in **automated controls** that ensure compliance with company processes and anti-corruption guidelines and rules.

In 2021, we became part of the control and automation project (Smart Compliance) that involves several areas of the company, bringing more **technology and automation** to the **monitoring of controls** related to socioenvironmental investments and suppliers. These controls generate automatic alerts, of which we handled **more than 99%**, in collaboration with the respective first line of defense.

Increased compliance

In 2021, the index of compliant processes increased from **88.7%** to **92.8%**.



Risks & Monitoring



2021 Results

Socioenvironmental investments

Donations, contributions and sponsorships are ways in which Vale contributes to regional development where it is present and strengthens our interaction with different audiences and institutions. These investments are subject to our anti-corruption rules and must be analyzed by Corporate Integrity.

3,013 transactions approved by Corporate Integrity

US\$ 458 M
Total amount

US\$ 55 M
During the Covid-19 pandemic

Suppliers and third-party employees

Vale seeks to work with suppliers and third-party employees who are committed to the fight against corruption and contributing to a more ethical and fair society. Before registration, all of them undergo a reputational assessment – we analyze public information, scope of action and organizational structures – and are classified according to the degree to which they are exposed to a risk of corruption.

66,514 active suppliers
+ 1,604 classified as high-risk
1,597 with active contracts

25,800 background checks

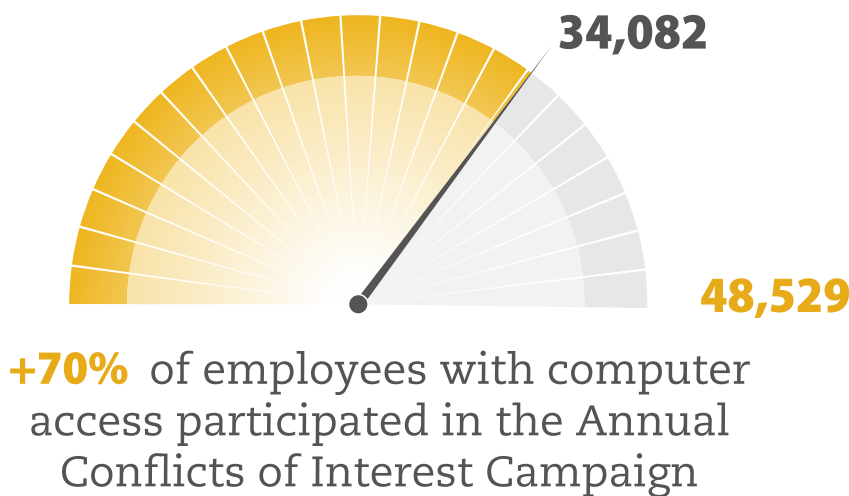
Suppliers undergo a background assessment when they register with Vale

Suppliers classified as being at high risk of corruption are submitted to specific rules and procedures.

Conflicts of interest

The Ethics & Compliance Program periodically conducts a global campaign to identify actual or potential conflicts of interest in the company. When necessary, Vale implements action plans to mitigate conflict situations. In 2021, the campaign was first launched globally.

842 hired employees stated that they had connections with government officials or that they served as government officials in the last 12 months

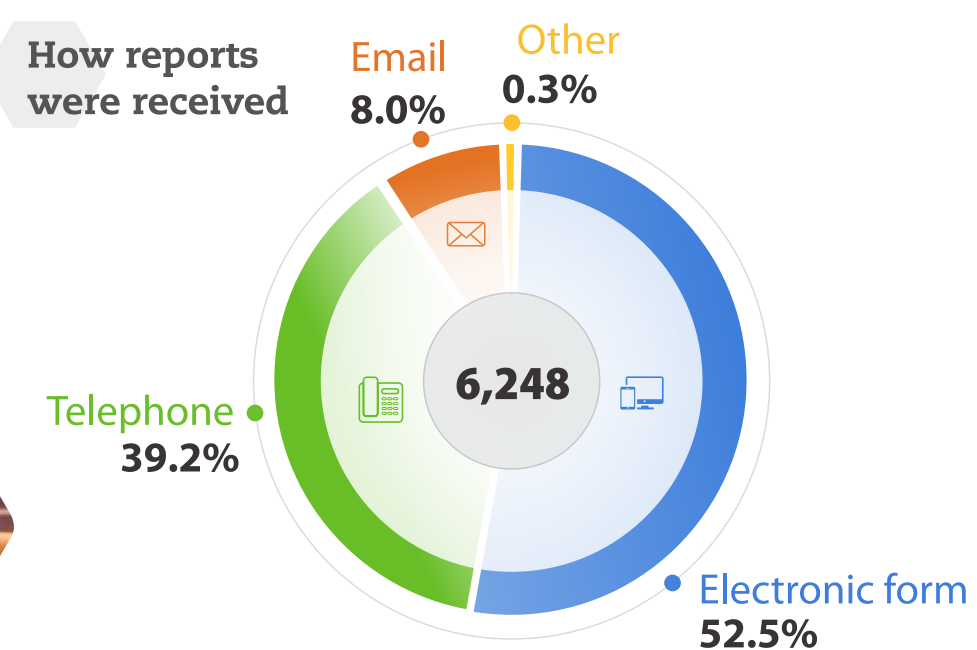


Whistleblower Channel

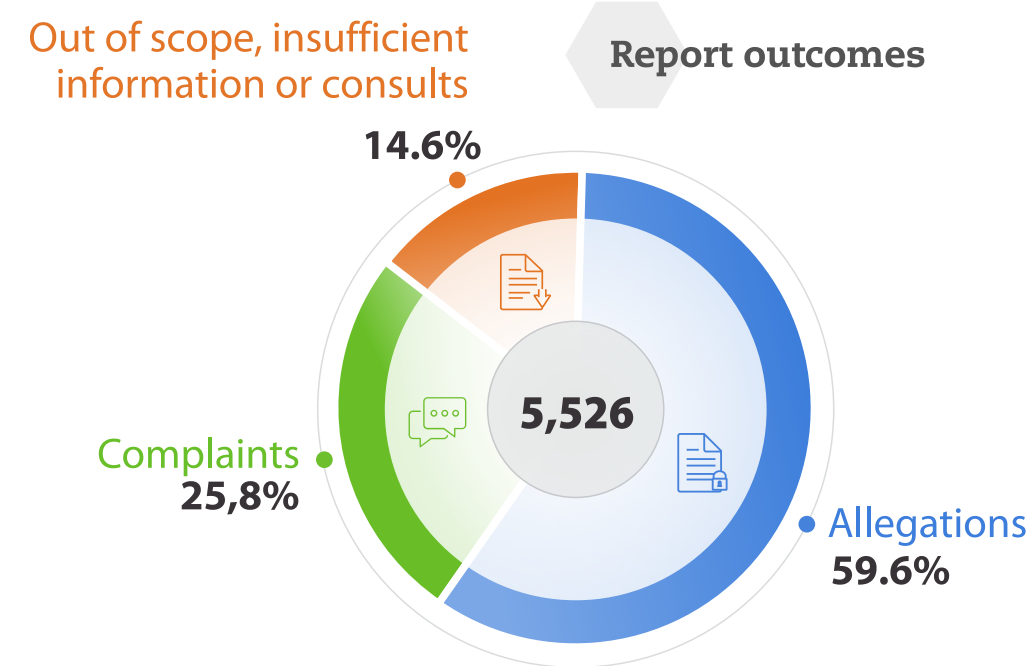


Key numbers

In 2021, Vale's Whistleblower Channel received **6,248 reports**. These included allegations, inquiries, and complaints. Over the year, **5,526 investigations** were closed. All confirmed violations triggered correction plans. In this year, **3,014 corrective actions** were established, including the action for **dismissal of 157 employees**.



Reports can be submitted through several channels in different languages.



70% of the reports received were anonymous

The Whistleblower Channel always protects the confidentiality of those reporting information, whether the reports are anonymous or identified.

When the whistleblower discloses their identity and contributes to the process, the investigation tends to be more agile and effective.

Under no circumstances will there be breach of confidentiality, nor will intimidation or retaliation be inflicted upon the whistleblower.

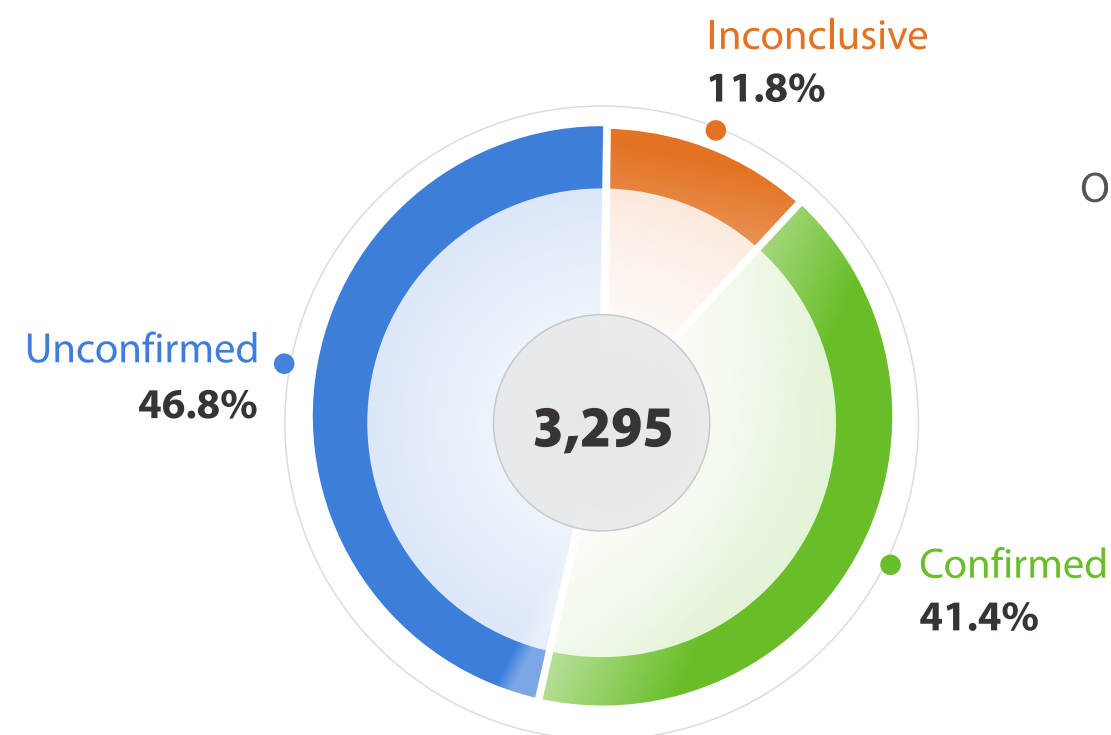
Whistleblower Channel



Allegations indicators

Allegations are reports of actual or suspected violations of the Code of Conduct, non-compliance with legislation and company rules and/or actions that may generate risks to the health and safety of employees, the community and the environment where the company operates. All allegations require an investigation.

Allegations in 2021



Accurate and confirmed reports



Currently, most of our confirmed allegations are related to interpersonal relationships.

The classification of interpersonal relationships includes harassment, sexual harassment, inadequate management of people, discrimination, and inadequate behaviour.

In 2021, 11 cases of sexual harassment were confirmed in Vale in Brazil, all involving female victims.

Three cases of discrimination were confirmed: two for gender issues and one for sexual orientation.

All were classified as having a high or very high level of severity according to the Consequence Management Policy, resulting in termination of employment. The cases involving third-party employees triggered the notification of their companies and the demobilization of their involved employees.

18 cases of bullying were confirmed, which generated actions that included training, coaching, feedback, warnings, dismissal, and demobilization of third-party employees.

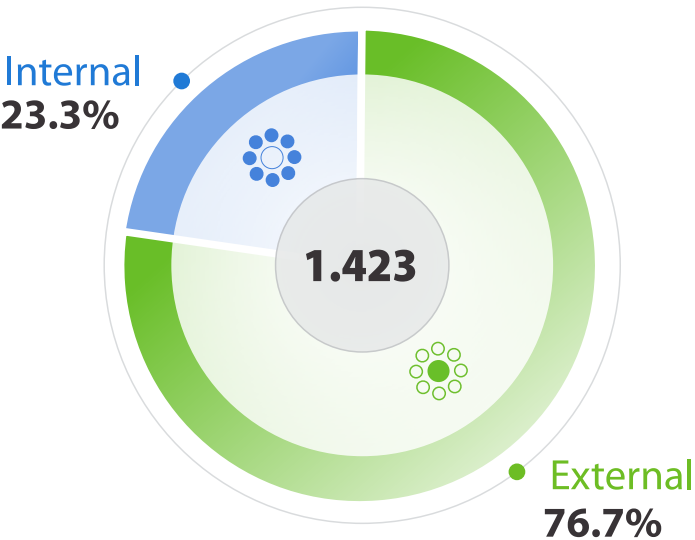
Whistleblower Channel

Complaints indicators

Complaints are reports that do not represent violations of the Code of Conduct or non-compliance with company standards and laws. They do not require verification and may be directed to the areas responsible for proper treatment.



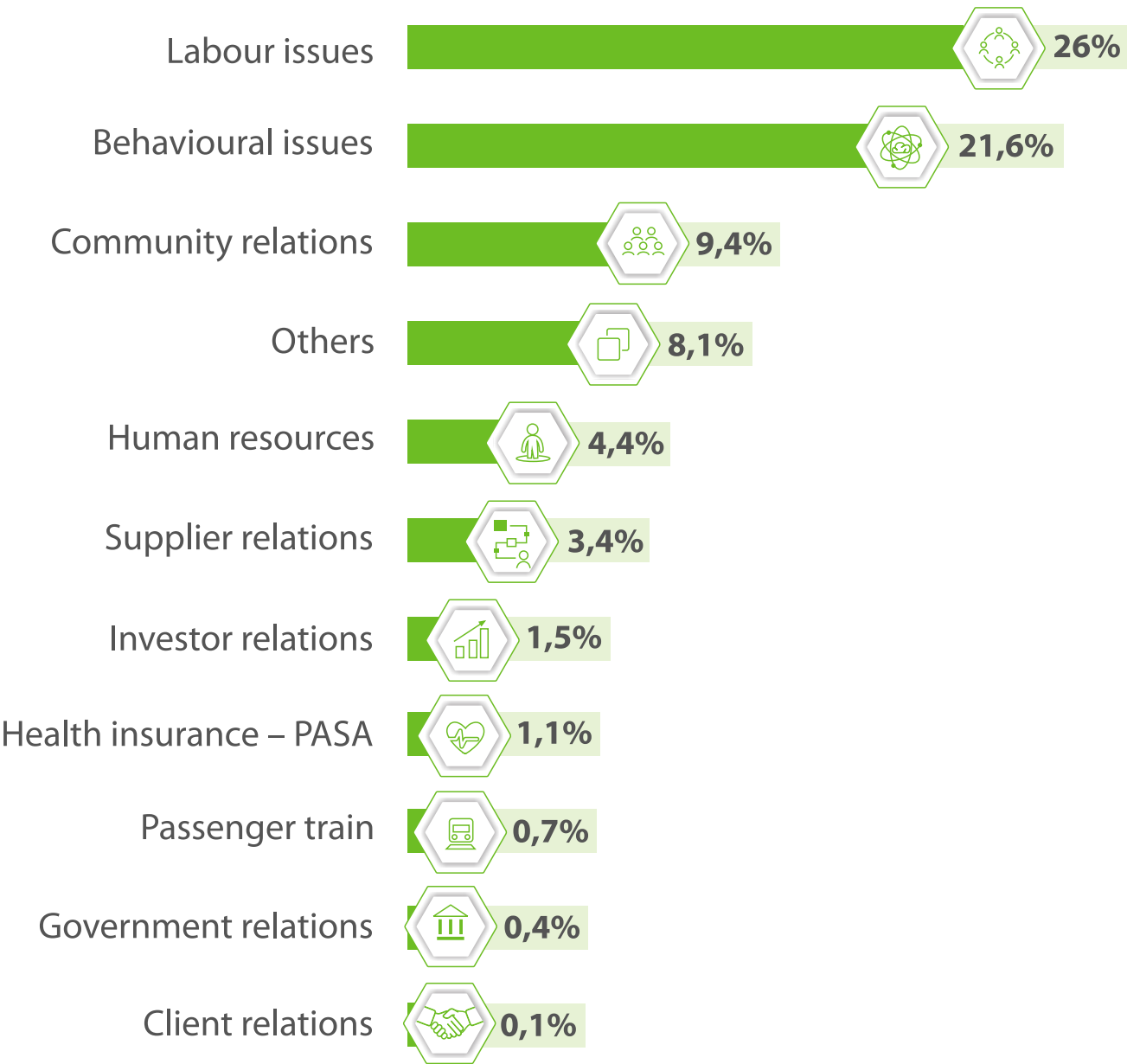
Complaints forwarded for treatment



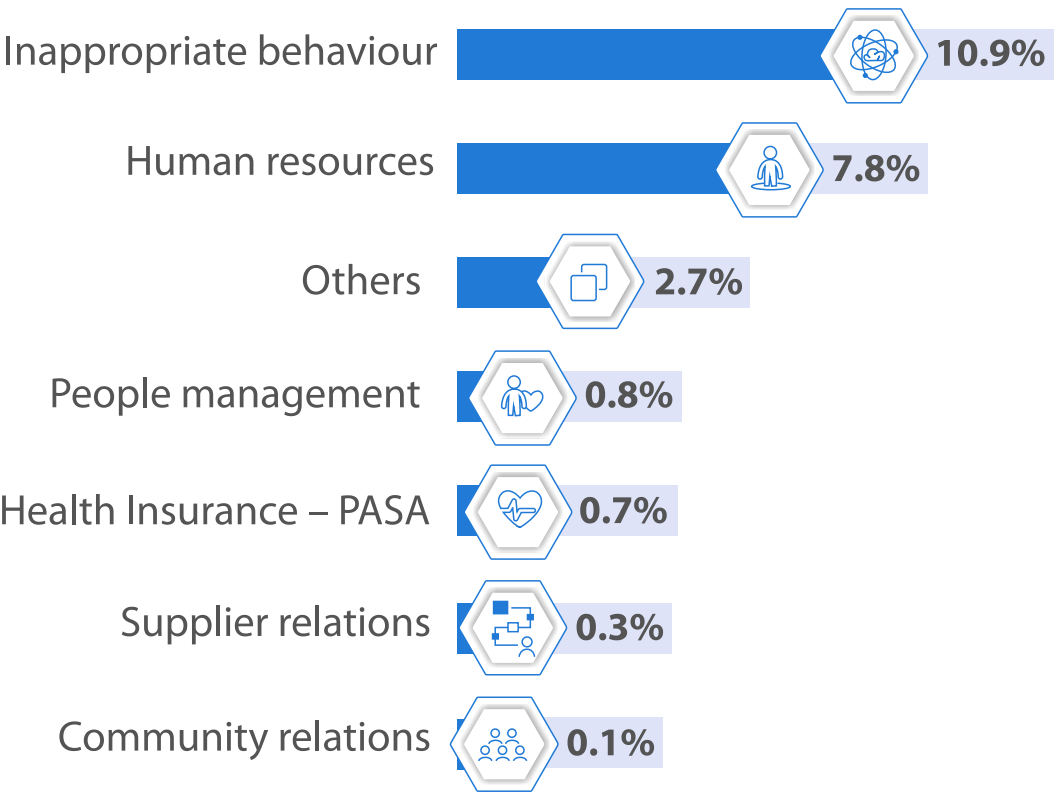
Internal complaints involve Vale's employees or its processes. External complaints also include third-party employees.

The main drivers of complaints were labour and behavioural issues involving third-party employees. In 2021, these accounted for 47,6% of the total complaints received.

Complaint types External/Third-party employees



Complaint Types Internal



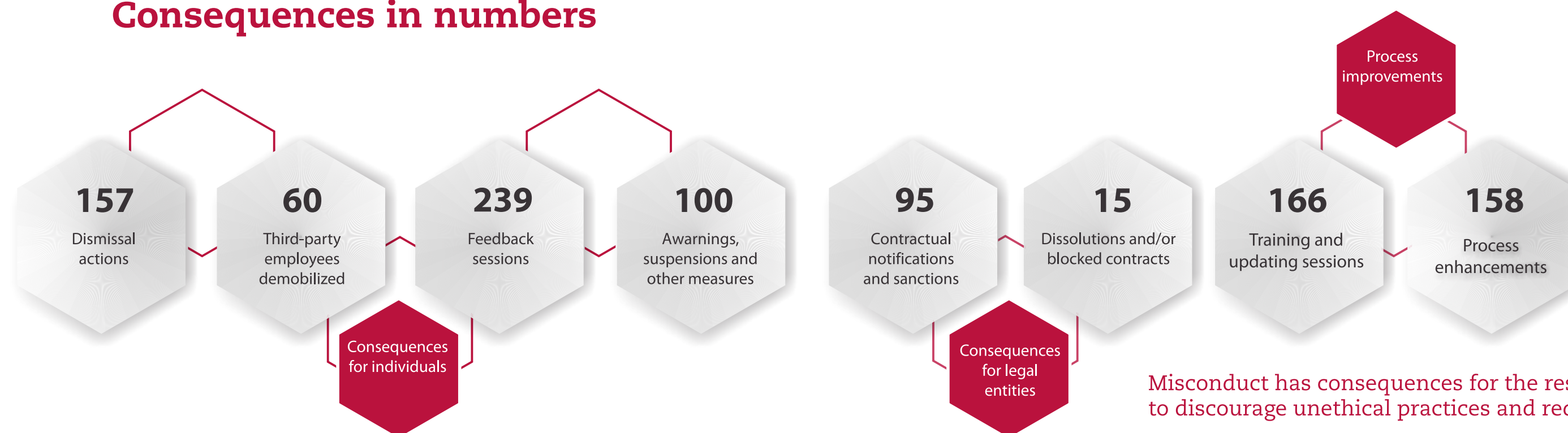
Consequence Management



Vale's first Consequence Management Policy

- ⬡ This policy is applied to all employees and administrators from Vale and our wholly owned subsidiaries.
- ⬡ It establishes guidelines for the fair treatment of violations.
- ⬡ It aligns roles and responsibilities of leadership and governance bodies. It ensures **transparency in information** reporting.
- ⬡ The document is classified as public. It must be reproduced in our direct and indirect subsidiaries, in Brazil and other countries, respecting our constitutive documents and the local legislation.
- ⬡ Differentiated disclosure: alignment meetings will be held with strategic areas and a tutorial for leadership will be developed.

Consequences in numbers



Misconduct has consequences for the responsible parties, to discourage unethical practices and reduce negative impacts.

Misconduct is identified on a day-to-day basis or determined by the Whistleblower Channel.

Other specific corrective actions were established, according to the identified problems.



For more information, [click here](#) and please visit our Ethics & Compliance page on vale.com/esg or access the QR code on the side

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