



Developments on Corporate Governance

Vale has been enhancing in its corporate governance since the beginning of 2017

Before migration to Novo Mercado

Distance proxy voting

- Vale adopted distance voting before the required date proposed by CVM

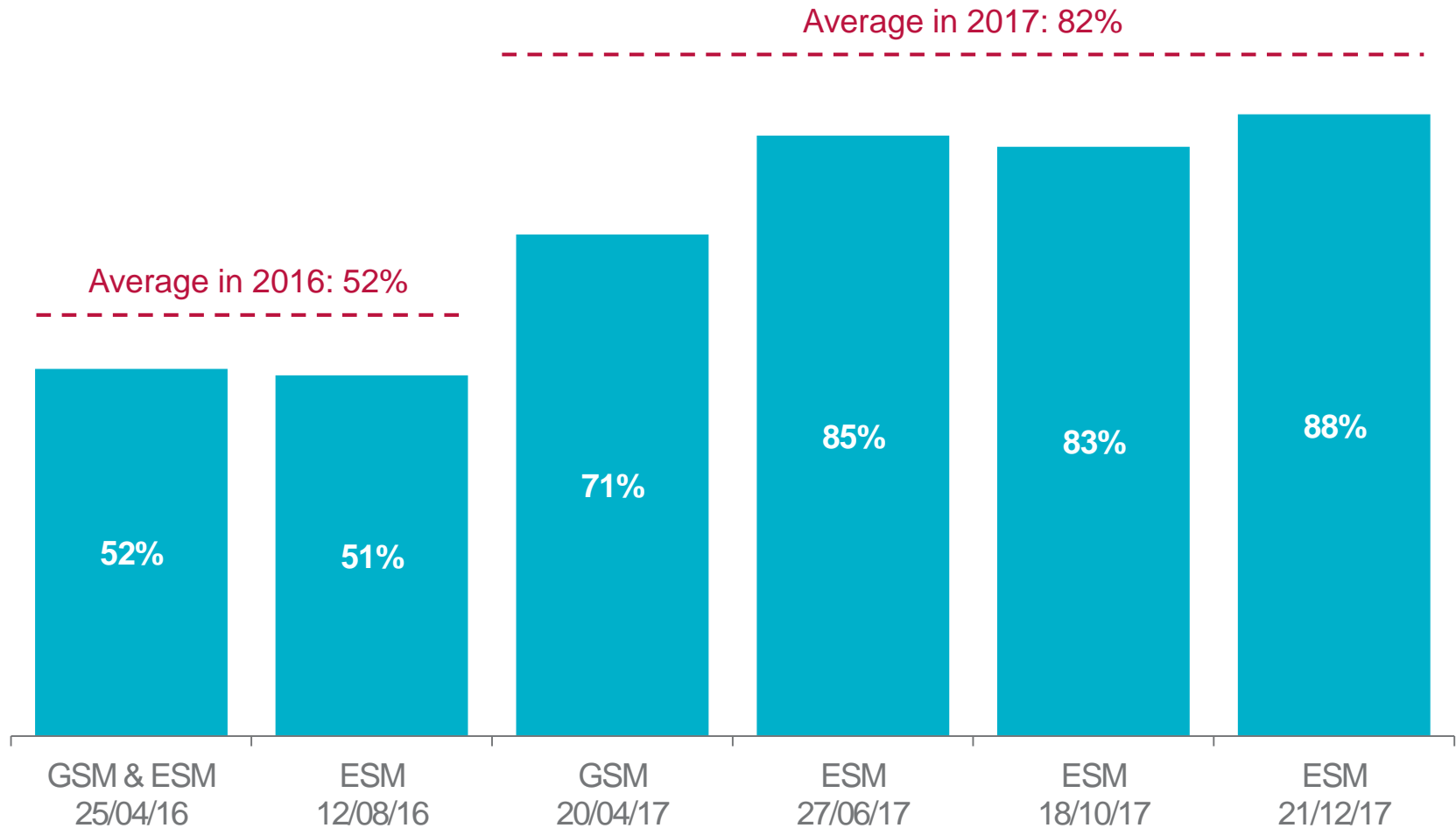
Flexibilization of required documents in Shareholders Meetings

- Vale simplified the process to participate in the Shareholders Meetings both in person and through a representative / by proxy, by waiving the need to present the following documents:
 - Notarization or consularisation of any document
 - Certified translation for English and Spanish
- Vale accepted all valid documents presented on previously held Extraordinary Shareholders Meetings

Revision of Bylaws

- Vale applied the following changes to its Bylaws:
 - Election of 2 independent Board members
 - 100% tag along rights in case of Public Offering
 - 25% poison pill
 - Conflict resolution through B3's Arbitration Chamber

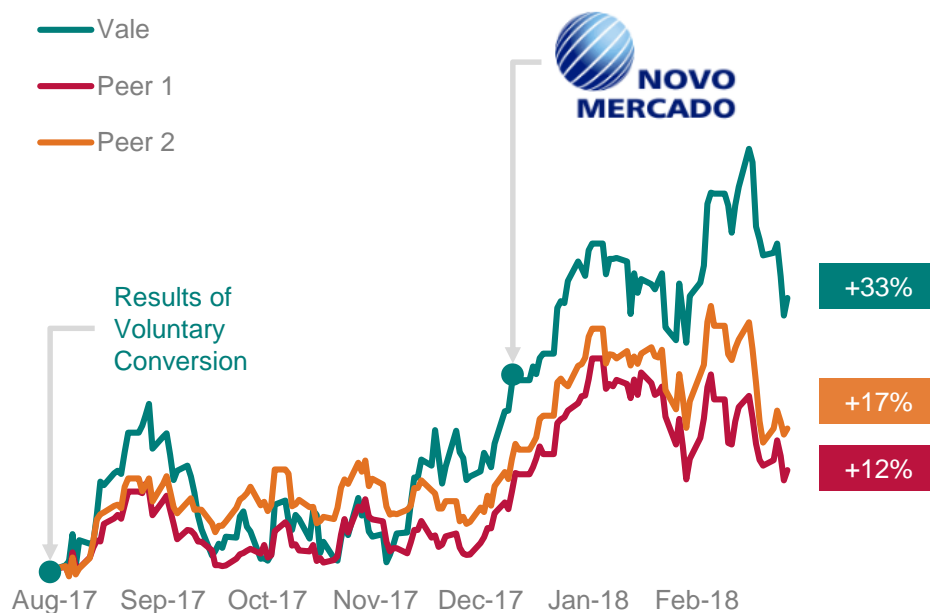
Supported by these changes, the quorum of Shareholders Meetings increased significantly in 2017



In 2017, the migration to Novo Mercado triggered Vale's re-rating and set a new agenda for the next years

Share price increase, Vale ADR vs. peers

11 aug 2017=100



New governance agenda

- Revision of Bylaws
- Adjustment and development of policies
- Development of new supervisory and control structures
- Enhancement of transparency in the disclosure of information and documents

Vale is further improving its Bylaws to reflect new governance practices

Board of Directors composition

- Composition of at least 20% of independent board members in the Board of Directors
 - Adjustments to current composition will be done until 2021

Roles and responsibilities

- Improvement of the company's governance, reinforcing the role of the Board of Directors as the guardian of the strategy and governance models and practices adopted by Vale

Advisory Committees

- Consolidation of corporate governance among the themes of the advisory committees of the Board of Directors
 - People
 - Governance, compliance and risk
 - Finance
 - Audit¹
 - Sustainability

Governance Report

- Working group to prepare the report in accordance with CVM Instruction nº 586
 - Disclosure on the second half of 2018

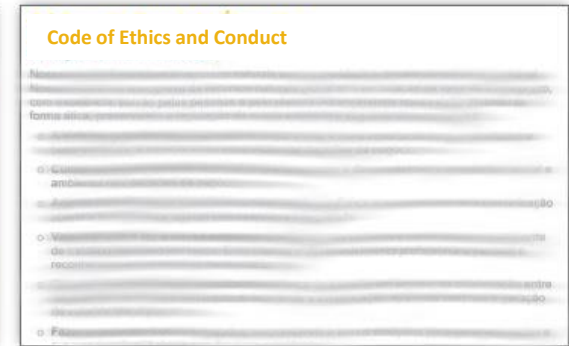
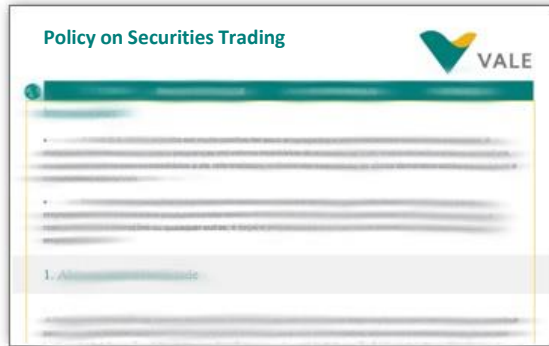


¹ Attributions and composition of the Audit Committee in discussion with regulatory bodies

We are revising, adjusting and enhancing our policies in accordance to the Novo Mercado rules

Update on 1H18

non-exhaustive



Policy on Securities Trading

- Enforcement of blackout periods (including derivatives), procedures and measures adopted by the company to avoid infractions, rules applicable to cases of stock loans

Policy on Related Party Transactions

- Procedures to identify conflicts of interest and related parties, as well as approval levels

Code of Ethics and Conduct

- Identification of the area responsible for the analysis of complaints, and guarantee of granted anonymity, among others things

Vale revised its risk management model which is supervised by the administrative bodies

The risks are eliminated or mitigated along the 3 lines of defense...

Identify and manage risks

(1st LINE OF DEFENSE)

Process Executing Areas

- Operation / Logistics
- Procurement
- IT
- Tax
- HR
- Financial Services
- Commercial
- Projects
- Others

Monitor controls and provide recommendations

(2nd LINE OF DEFENSE)

Regulatory and monitoring Areas

- Risk Management
- Internal Controls
- Other areas of compliance

Ensure independent opinion

(3rd LINE OF DEFENSE)

Areas of compliance certification

- Internal Audit

... and are monitored by the administrative bodies:

Risk Subcommittees, Executive Risk Committee, Executive Directors, Advisory Committees of the Board of Directors and Board of Directors

GRC (Governance, Risk and Compliance) department is the guardian of the model

Greater transparency in the disclosure of information and documents

Statutes

- Release of the new statutes of the Board of Directors, advisory committees in place and Fiscal Council

Compensation

- Disclosure through item 13 of the Reference Form
 - Composition of the total compensation and goals panel of the Executive Board
 - *Peer group* used to evaluate Vale's shareholders return
 - Metrics used in short and long term variable compensation

Policies

- Securities Trading Policy and the Code of Ethics Conduct will be updated in 1Q18. Related Party Transactions Policy will be updated in 2Q18.
- Working group with B3 to direct the development of the Nomination, Remuneration and Risk Management Policies.

Shareholding Position

- More scrutiny and transparency on the transactions of controlling shareholders and related parties disclosed as of 1Q18

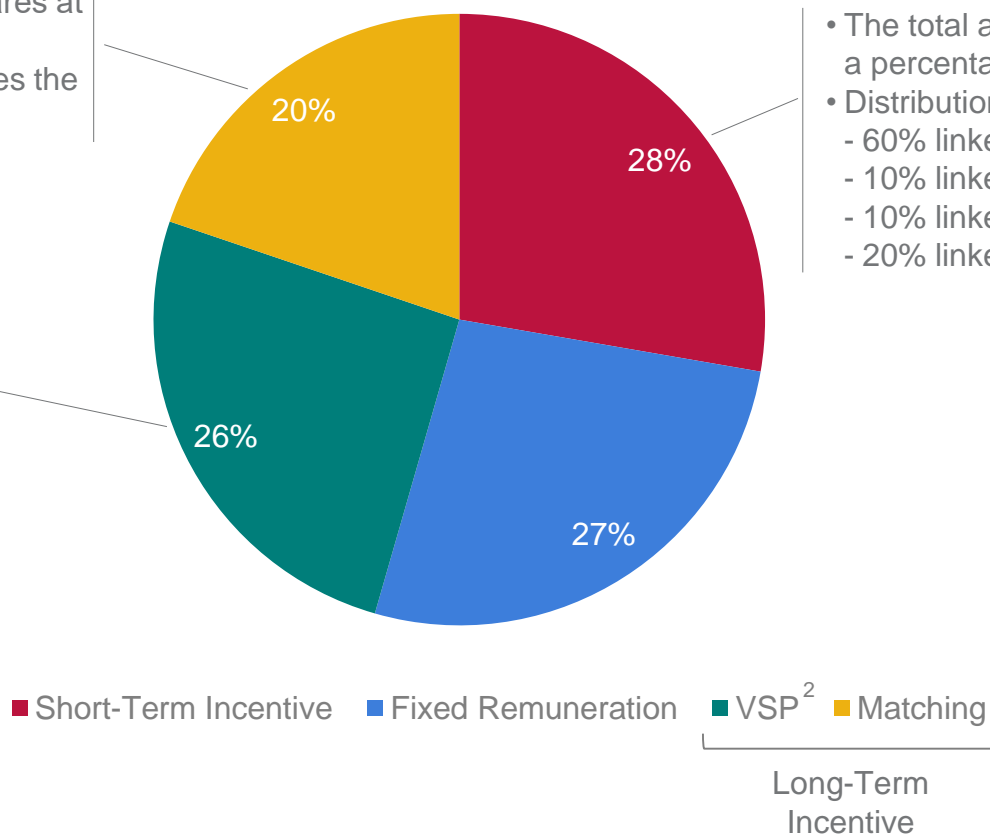
Alignment of executive compensation with long-term shareholders return

Total compensation of Executive Directors

2018

- Executives buy Vale's shares at market prices
- After 3 years, Vale matches the number of shares bought

Shareholders Return¹
Comparison with peers



- The total amount to be distributed is a percentage of cash flow
- Distribution based on goals panel:
 - 60% linked to cash flow generation
 - 10% linked to Health and Safety
 - 10% linked to Sustainability
 - 20% linked to Strategic Initiatives

¹ Measured by Total Shareholders Return (TSR)

² Virtual Shares program (VSP)

Shareholders long-term return directly impacts the total compensation of Vale's executives

11 companies in the Peer Group 2018

- BHP
- Rio Tinto
- Teck Resources
- Glencore
- Freeport-McMoran
- Mosaic
- Anglo American
- Petrobras
- Usiminas
- Gerdau
- CSN

VSP compensation based on the position in the ranking

#	Factor
1	150%
2	125%
3	100%
4	85%
5	70%
6	55%
7	40%
8	25%
9	10%
10	0%
11	
12	

We are not done, the enhancement of corporate governance will continue in 2018 and in the years ahead

By GSM/ESM



Internal Audit linked directly to the Board of Directors

Creation of **Compliance, Internal Control and Corporate Risks** department

Monthly disclosure of the **controlling shareholders ownership** and related parties

Review of the **Bylaws**

Disclosure of the statutes of the **Board of Directors, Committees and Fiscal Council**



Disclosure of the updated **Securities Trading Policies**

Disclosure of the updated **Code of Ethics and Conduct**

Disclosure of the updated **Remuneration Policy**

2Q18



Filling of the **Reference Form**

Disclosure of the updated **Related Parties Transactions**

From 2H18 to 2H20



Filling of the **Governance Report**



Working group with B3 to direct developments

- Nomination, Remuneration and Risk Management Policies.



Its being discussed the strategy for adjusting to the new Novo Mercado rules

- Election of three independent board members

- Board of Directors statement on the candidates independence

- Disclosure of the evaluation of the Board of Directors, Committees and Management

- Disclosure of maximum, average and minimum remuneration



VALE