



## WEBINAR ESG BRUMADINHO AND CULTURAL TRANSFORMATION

October 6<sup>th</sup>, 2020

**Mr. Ivan Fadel:** Ok, so, it's already 11:30 a.m. here in Brazil. So, hi everyone, I hope you're all healthy and safe. My name is Ivan Fadel, I'm Head of Investor Relations here at Vale, I'd like to welcome you all to another edition of Vale's webinar on ESG. In this webinar, we will talk about our reparation efforts and Vale's cultural transformation.

I would like to welcome to today's session three Executives from Vale, Eduardo Bartolomeo, our CEO, Marcelo Klein, Director for Reparation and Development, who is leading the efforts in Brumadinho and Marina Quental, Director of People, who is responsible for Vale's Human Capital Management and also plays an essential role in our cultural transformation initiatives.

So, as you all know, we're working remotely, so I hope you understand if we face any connection instability. Also, to improve sound quality, we will be put in a listen-only mode. After the slide presentation we will conduct our Q&A session. If you want to ask a question, please enlist it through the Q&A box that you can see on the right-hand side. In case we don't have time to answer all the questions posted we will later follow-up by email.

I also must remind you that this is a private meeting and recording is not allowed. Also, the slide presentation used in this webinar will be available at the IR website later on. So, I guess we're going to start. I hope you'll all enjoy this event. Eduardo, please, the floor is yours.

**Mr. Eduardo Bartolomeo:** Ok, thank you, Ivan. Good morning to all. First of all, I hope everybody is safe and sound in this unprecedented time. It's been already seven months on the road with the challenges of COVID and thanks a lot for the attendance, we have over a hundred people interested in listening to our story, to our narrative. I won't take much of our time. I want just to give the context of what we are going through. Today we're discussing mainly the reparation efforts. Klein's going to detail it and the culture transformation.

I just want to say two words, I think, to open: one is learning and one is enablers. There's a lot of learning going on since the tragedy and those two elements that we're discussing today are enablers, what Vale has to be to achieve its mission that is to transform natural resource in sustainable development and prosperity.

So, with that said, just recapping, if you could go to the next slide. Since day one, a lot of people asked me how it was to take charge of Vale during such a hard time, facing



the tragedy. I arrived 40 days after the accident. I said, “Look, it wasn’t that hard”. It was very clear what we had to do. We had to focus on our people, because they are the most important in this equation. I'm not talking about my people, I'm talking about people in the community as well. We have to talk about safety, we had to improve our safety tremendously and we have to repair, we have to repair as quickly, as fairly, as better as we can. And that drove us to a famous phrase that people sometimes come back to me and say: “We will never forget Brumadinho”. Brumadinho is the driving force behind everything that Vale is doing to improve itself and to do its contribution to society.

If you go to the next slide, this is another slide that is very familiar to you, but as well I want to give you some context, because first time we mentioned it was in Barcelona, at the Bank of America, and we implemented two new pillars, but they're actually two resets that we had to do inside Vale. One was to create the safety and operational excellence mindset and this new pact with society that actually is born in Brumadinho.

For that, there are structures that are as well supporting it, we did the second line of defense with Medeiros, I think you might have had the chance to meet him in a webinar about safety that we did recently, and Klein, that you're going to have the chance to talk. Klein is the embryo of this new pact with society that goes much beyond reparation, much beyond tax-paying to really do a contribution to society. And, of course, the safety operational excellence, as you know, from a tragedy that has been caused by us is an obligation to go to even higher levels, to be benchmark on it and I think we're taking the right steps on that direction.

If you go to the next slide, just I'm going to go very briefly, because as I said Klein is going to exercise that a lot around the reparation, but there are a few questions around how is Vale reacting to COVID and how is the Brumadinho reparation. As I said in the beginning, as I said in my first speech in May 10, last year, we will do as fast, as hard, as good as possible. We never stopped the essential works. Of course, we removed people from the sites, we had to stop the search, but resume now. Recently we did remotely our community relations, the social progress continues, actually we even helped the Minas Gerais state with that. So, we continue our job to repair, but as I said, I think Klein can do it in a much better way than I can do it now.

But COVID, if you go to the next slide, gave us a chance to exercise something that is improving inside Vale, is an active listening. Of course, for timing I'm not going to go through the details, but we were very quick to ask to the government and say, “look, what do you need? We're facing the hugest unknown, unprecedented disease since World War II, what does the government need?” And they said: “look, I don't need money, I need tests, I need PPEs.” And as you know, we have a strong arm in China, so



we went there. It was, I think, very well-received, but what's more important is not only the action of helping, is the fact that we were open to help and we were open to listen to what society was actually expecting from us.

And in a way we did, I think, a tremendous job not only on the Brazil level, but as well on our sites, like this picture here is in Maranhão, we did a nice job in Parauapebas , improving the numbers of beds in the hospitals, field hospitals, we helped Indonesia, even Canada, that doesn't need any kind of help on that level we did what we could do, for instance in Voisey's Bay.

But that brings us to another discussion, that goes a little bit further, if you can go to the next slide, and I think it's a familiar slide for you as well, that talks to it. When I said that the pact with society, it's not only repairing, it's going broader: we are listening, we are engaging. I think a situation like Brumadinho makes you humble, makes you look, look what went well, look what didn't went well, so we talked about the board diversity, compensation, climate change...

And if you go to the next slide, you can see that we made bold steps, I think accelerated a lot of things. One might say reactively, but reactively for good, not bad. So, scope 1 and 2, we doubled the targets, we are going carbon neutral in 2050, we are doubling our workforce, we are behind on that, we need to double, we're doing great events on that. We were one of the first companies that attached sustainability targets to our long-term remunerations, but we want to go further.

I think Amazon is in the top of the agenda of everyone here. We are doubling, increasing 50% our protection. Today we protect a million hectares, most of it in the Amazon forest, around 800,000. We're doing a hundred thousand of regeneration and 400,000 protection. We are changing the way we involve our stakeholders in a more comprehensive way and as we are going for the transition now for a corporation, we just created the Nomination Committee for the first board election. So when you look at the ESG on the environmental, on the social/safety and governance, Vale is doing a lot and, as I mentioned in the beginning, due to this driving force that is bringing us closer or faster to where we want to be.

For the next one, please. On the pillar of safety, that's not the discussion for today, if you go to the next slide, please. I'm not going further with this slide because we had the opportunity to discuss that with Medeiros, it's the governance, the second line of defense, it's the geotechnical, EoR, the higher that is going for the whole company and for dams. We are extremely adherent to the ICMM global standard. We are under review, actually we started before, with our Canadian company, because we hired as



soon, so we are like 60 to 70% adherent to the ICMM global standard. So, we are on the path, as well, to the pillar of safety.

But the story that I want to share with you, if time allows us, is this one here and it's very interesting. I shared the first time in Barcelona, it's a personal story, it's 2004, I joined Vale. The level of accidents in the railways, this is Vitória-Minas Railway, is the one that connects the mines in Minas to the port of Tubarão, had a 10-fold number of accidents that we have today and was 4 to 3 times higher than the Class I US.

But what did we do to happen that? We implemented our management model, a management model that we call VPS now, at that time it wasn't VPS, is the famous Total Quality Control, that is known for the one that knows Lean, and I'm a Lean fan and all it involves are very simple and for the ones that are interested can read on this, but the leadership part, how you train, how you engage, how you set values. The method is how you measure, how you solve problems and the technical is all the architecture of how you operate, how you maintain, it is not only for operations, but the way people think it's only for operation can go for sales, can go for finance.

So, this thing happened and is a case of success inside Vale. Okay, fine, we removed 10-fold and we have one of the safest railways in the world, Carajás is even safer than Vitória-Minas. Of course, there's a consequence of energy-efficiency, but the question that has to be posed here is why VPS is not universal in Vale? When I joined back, and I think people that followed me in base metals knew that I came back and started to implement VPS back in base metals.

The answer Marina will bring to us, it's this next slide, is the culture. We need a culture of learning together. We need to create a standard inside Vale that we need to learn. I won't spoil Marina's presentation, but we did a diagnostic that told us, that showed us that our performance, the way we perceive performance, was mistaken. We set the bar low. So, in that sense you don't need to learn, you don't need to go after a good model, you don't need to go after something that will improve your either safety or operation.

So in a very nutshell, the first line and the last line, they're exactly the ones that you go in our website and you see with minor changes, we actually put this work-in-progress here to make it very clear that it's still a work-in-progress, you got to see that life matters most, active integrity has a different wording, value our people, make it happen, respect our planet and communities we said, used to be prize or planet, so we're doing minor adjustments, but the values of the company, they'll never change, they are our values.

Our mission, and now we can start technically discussing mission/purpose, but our mission in Vale, it touches on the purpose, because it's not only to transform natural



resource, but do it with prosperity and sustainable development. We are reviewing that as well, but what are the changes happening inside Vale that I want to stress here, and I think Marina and Klein will explain even better than I do?

We want to do a company to be recognized to actually be the safest and the most reliable. We have been discussing that with you. We want to be a talent factory. We want to lead in the carbon mining. We want to be a reference in creating and sharing value, not only for the shareholders, but for all the stakeholders. And as I mentioned, just to stress again, VPS is just a system, is a lever, it was here before, it will be here I hope in the future. What will make the difference is how we act. Are we chronically at unease when we talk about the obsession with safety? Do we really have an open and transparent dialogue to align with our act with integrity? Do we develop people, do we empower people? Do you have ownership for Vale? Are we really actively listening to the society? This only will be unleashed, if we need to learn together.

So with that said, I'll pass the floor to Klein, because Klein will touch on the genesis of this transformation and Marina will translate how this work has been going since we joined in July, for the first time, when we had the team complete with Medeiros, to now, okay? Thanks a lot again for your attention and for your participation. I will be ready for the Q&A after Marina and Klein's presentation. Thank you.

**Mr. Marcelo Klein:** Okay, Eduardo, thank you. Good morning, good afternoon everyone. Thank you very much for joining this Webinar and for giving me the opportunity to share with you updated information concerning the reparation at Brumadinho.

As I've been introduced, I'm Marcelo Klein and I've developed my whole career at Vale, I've been working at Vale for 28 years now. The dam collapse of the Córrego do Feijão mine on January 25, 2019 claimed the lives of 270 people, of which 250 were our colleagues, employees of Vale, of other companies and 20 members of the surrounding communities. Besides, thousand other lives were deeply impacted and changed.

I started my personal story with Brumadinho the day after the dam breach, when I volunteered to help organize some processes on the ground and front operations during those very hard and critical initial days, weeks and months. The close contact with relatives of victims and many other affected people allowed me to witness extreme situations of pain, despair and hopelessness. Such experience was fundamental in forging in my heart and my mind, totally new meanings for the words empathy and compassion and a clear understanding of the purpose of our reparation mission. Next, please.



So, after 3 months running in emergency response mode, in April 2019, Vale created the Reparation and Development Office to ensure focus and agility for the reparation process. Since then I lead a team of 500 people, fully dedicated to the reparation of Brumadinho. I report directly to our CEO, Eduardo, and every Monday I have a fixed slot of 30 to 45 minutes, an executive weekly meeting, during which I report to the CEO and to the executive officers the progress of Brumadinho reparation actions and I also have the chance to trigger the help chain for any critical issue we're facing, since I have all the senior management there available for me.

I also meet monthly with the members of the sustainability committee that reports to the Board of Directors and this committee provides me coaching and guidelines for our reparation activities. Under demand, I also participate in meetings with other executive committees, like finance, people and risk management. Next, please.

Our number one priority is to give full logistic and resource support to firefighters in the search and rescue operations for victims. The firefighters have already done a terrific job, they have found 259 victims, what account for 96% of the total, but they're still looking for eleven missing ones. The search work was interrupted for 5 months, from March 21<sup>st</sup> to August 27<sup>th</sup>, due to the sanitary restriction imposed by the COVID-19 pandemic and that halt in the search of victims brought deep anguish for all the families of the victims.

But since late August, their hope has been renovated. The operation has been resumed, following restrictive pandemic protocols and includes 60 military personnel and around 150 heavy equipment for material handling and they search the whole perimeter of the site, guided by information that they get through a huge effort of intelligence analysis, which correlates the information they gathered along these twenty months. Next please.

We'll start talking a little about our environmental works related to reparation. Repairing the environmental damage at the area affected by the collapse of the dam will require the removal of 9.7 million cubic meters of tailings that have spread over 10 km extension from the base of the dam down to the Paraopeba River. Up to now we have already removed 1.6 million cubic meters.

Unfortunately, the progress of this removal work was severely harmed by the interruption of the search operations by the firefighters, since we can't touch or handle any material without the previous authorization from the firefighters. We started the waste removal in the bottom, on the left, in that green area, is the place where the Ferro-Carvão Stream meets the Paraopeba River and will be evolving upward into the right until we meet the base of the B1 collapsed dam. We will have the whole material



removed, most of it, by 2023 and it will take us two years more, until 2025, to have the whole area revegetated, recovered with natural species. Next please.

Along 2019, we've focused our environmental actions in building several engineering structures like dykes and hydraulic barriers to prevent the waste to spread on the ground from being carried to the Paraopeba River, that was a big threaten, because during the heavy rains and the wet seasons that last from October to March, there was a big chance of having all this material keeping polluting the river.

So those structures proved to be very efficient and the overall goal of minimizing the amount of sediments carried to the river was successfully achieved after a very strong rainy season that we have experienced this year, from November 2019 to March 2020. So, the function of these structures is to retain the solid and let the water go through and after the installation is saturated, we remove the solid, letting the equipment ready again for the next rainy season.

In this picture now, we see a dredging system that also removes the sediments deposited on the Paraopeba riverbed. It means that the material that could not avoid getting into the river, we remove using this dredge. The material taken from the dredge is stored dehydrated in large geotextile bags and the water is filtered and sent back to the Paraopeba River in very good and clean conditions, as the next picture shows. This is a huge civil and environmental engineering work that is performing quite well.

This picture shows the Zero Milestone project that includes the first area of the affected land that was recovered. From topographic surveys and photographic research, we managed to recreate the original course of Ferro-Carvão Stream and then seeds of natural species to the region were planted on the slopes and in the coming years we just need to let nature works and we will have the area reforested and the natural species will be reconstituted. Next please.

In our reparation works, our engineering team is also responsible for implementing the structural reinforcement works in the dams around the collapsed area, such as the B6, the Menezes II and the Capim Branco dams. In September, the B6 dam, for example, which drainage system was impaired by the collapse of B1 dam, received its declaration of stability. That's a very strong message to all communities in the area, showing that we are achieving new standards of safety in that area. Next please.

So, in addition to the region that surrounds the Brumadinho and the collapsed dam area, where we concentrate our tailings containment and removal operation, it's important to remember that the tailing flow advanced along the Paraopeba River for about 300 km, flowing the course of the river until it stabilized in the reservoir of the Três Marias



water dam. Throughout this section of the Paraopeba River, which includes 22 municipalities, 22 different mayors and a whole set of stakeholders, we're developing hundreds of actions and studies to recover the water quality, to protect the slopes and to preserve the fauna and the flora. While the return of the use of the river water was not authorized by special authorities, we need to provide water to human consumption, to irrigation of plants, to animal feeds for thousands of families throughout this affected area.

Now let's talk a little about people. Since the very first days after the collapse it became clear to all of us at Vale that our great execution capacity and our ease of access to material resources would be of very little help, if we did not quickly adopt an attentive and careful listen to affected people. That was a challenge we were not ready for and we need to learn it on flight.

The only way to legitimate the reparation process is through social engagement, dialogue and transparent relationship with the communities and all key stakeholders, what is a big challenge since the boundary conditions are unsatisfactory. So, the first step we took was to increase our team of community relationship professionals. We now have 39 working in Brumadinho and the Paraopeba Basin and we organize weekly meetings with several critical impacted communities like Córrego do Feijão, Parque da Cachoeira and Pires and during those meetings we discuss the demands and we account for the progress of the ongoing actions.

A challenge that we face in the struggle with this is how to compose a fair and balanced panel of representatives to speak on behalf of the several affected groups. It's very hard to have a productive discussion in a big audience with thousands of people, so they need to organize themselves in commissions and committees and then we can run this agenda and, also, it's difficult to guarantee that the sets of prioritized actions to demands will be really perceived as those that will bring value to the communities. Depending on the person to whom you talk, they have different perceptions to what is more important, what the priorities are. So, legitimating these community committees, these representatives and demands is not trivial. Next please.

The reparation activities require intense interaction with several stakeholders. We need to divide our week talking to all of these groups and giving accountability to the impacted people, so I have meetings with the relatives of victims, a strong agenda with legal authorities, going on with all the commissions we have already made and we have technical issues regarding safety of constructions in the area and mainly the recovery actions we have a timetable to follow. The quality of these dialogues and negotiations have increased drastically, although occasionally we still have moments of greater



tension in the talks, that's something natural, but it's a learning process for everybody. Next please.

Another important pillar of the reparation are the infrastructure improvements. Although we do a lot in environmental recovery, the common citizen perceives a better sense that the reparation is evolving when he sees that we're going to benefit them directly. So for a process with active dialogue with the community and local authorities, we check these priorities and we direct our resources to recover roads, to improve assets, to communities, to build squares, nurseries, community health centers, schools, basic public sanitation facilities and so on. This picture shows a nursery and a health center for the communities of Parque das Cachoeiras, that's one of the most affected by the collapse of the dam.

This is a very special chapter. We are supporting the victims' families with the construction of a beautiful and touching memorial for the victims. The memorial will allow, it will be a way for us to affirm our commitment to our state that we'll never forget Brumadinho and also to the guarantee of our no repetition principle. The inauguration is forecast for the first half of 2023. It's a very beautiful architectural project. The whole process is handled by the victims' family association and I would like to stress the generosity with which the victims' relatives allow us to talk and to walk alongside them is a matter of great honor for all Vale's employees. It's one of the most touching lessons we have learned is how we sit down with a father, a mother, a brother that have lost a beloved one and you manage to establish a good dialogue. This is very meaningful for us.

So, we believe that our actions related to people, to the families, to the community, to the cities and to the whole environment are allowing us to progress with this Integral Reparation Program. In 2020, in this year, we will have big milestones, the completion of the emergency works and the immediate legal commitments and a great advance in all indemnities paid.

We understand that having speed and agility on the payment of indemnifications allow the families to reconnect to the new lives they need to embrace. We also have, for 2021, the beginning of the year, we will be finishing some important works related to water security, but since there was the interruption of the capture of water in the Paraopeba River, we have many actions related to guarantee the water security for the Belo Horizonte metropolitan region.

We are now working on several compensation projects that will be launched and developed from 2021 to 2024 and we understand that we will be delivering the results in different perspectives of those projects will really allow us to deliver legacy for society.



And with that, also, by reinforcing the enablers and the key pillars for the city and for the citizens, we'll have an important economic recovery that will allow people to go back to the normal economic dynamics of the city and the region. Next please.

So, in the next slide I'm going to show you some details about this maintenance I told you. So, regarding the legal commitments, we're finalizing the environmental emergency works and several actions regarding the restoration of the water supply safety, as I told you, big works in development, the payment of emergency financial aid to more than one hundred and five thousand people and the closing of extrajudicial indemnities for more than eight thousand people so far. Next one, please.

The water supply initiatives have a remarkable relevance, as I told you. We have already completed works to interconnect water supply systems to the region of Belo Horizonte and other important works and studies for water security in all the affected areas are being carried out. Next please.

So with the actions in progress and those to be implemented in our social environment reparation plan and with a clear strategy for transforming Brumadinho, listen to people, pay attention to their demands, what they prioritize, involving the public agencies in terms of how the handover from Vale to the administrators of the cities will be established and defined, we understand that we will reach 2025 with an effective reparation compensation, we believe it, and we will reduce the damage we have caused by the breach of the dam.

Regarding the recovery of peoples' means of living, we are running several income generation projects in order to reset Brumadinho to a new reality. We reduced the dependence on mining, fostering business related to family agriculture and other natural vocations that the region has and also seeking for new activities that have been mapped and can be attracted to the region.

We are also supporting the city administration with material and human resources, mainly in the areas of health, social assistance, education, sports and culture. By investing in developing the skills of the teams and the personnel in the municipality administration, we understand that we will allow Brumadinho's citizens and agents to stand on their own feet.

So, I come to my last slide to share with you some of our lessons learned. This journey has been very challenging and one point I'd like to stress is our awareness of importance of having an agenda of permanent dialogue and listening and also understand the fundamental role played by a socially empowered team. We used to be a company of engineers and geologists and we understand now that we have to have much more



professionals that know about how to deal with people, how to plan the development of a region, how to evaluate the social and economic impacts of our actions in the territories where we operate.

We will remain committed to building fair and fast legal agreements as part of our unconditional support to those affected. For a humble and fast impact approach, I believe this reparation team can engage with all Vale employees in a learning together term, acting as a catalyst and an activating agent for the cultural transformation that Eduardo and the Executive Board believe. To talk about this ongoing cultural transformation that's key for letting Vale achieve its mission, I now give the floor to my colleague and Head of People Marina Quental. Thank you.

**Mrs. Marina Quental:** Thank you, Klein. Good afternoon. Good morning to all. I'm Marina. I joined Vale almost two years ago and nowadays my main mission here is to rebuild, you know, to be part of the Vale's rebuilding and to lead the cultural transformation that is a key enabler as you know how to the aspired organization Eduardo just shared with us.

Today my intention is to bring you through our journey, our learnings, our evolution and the opportunities we can see ahead. So, when we started our culture journey, this happened when we had the new executive team in place, in July 2019, remembering that three business leaders were new and our CEO as well. So this happened after the arrival of Carlos Medeiros, the Head of Safety and Operation Excellence, and in that exact moment, we got together and started to discuss where we wanted to take Vale, what organization we wanted to build, and it has become quite clear that transforming our culture would be one of the most win battles for the executive team and for the board. We learned that strategy and processes, as better as they might be, would not be sustainable without the proper culture in place. And we knew by heart that something in Vale's culture was holding us back.

So, what we want in this journey? Firstly, we decided to position culture as a strategic pillar that will drive all business choices, all behaviors and most deeply our beliefs. We also want our four thousand leaders to lead the change and to own it. And we are putting a great deal of efforts in engaging and developing them. And we also want the desired culture to be part of how we run business, not a separate stuff. So therefore the "how" must be integrated with the "what". Then we defined a clear roadmap that has been guiding us and I must say that we activate initiatives along the way in the spirit of generating bigger impact in our business. We will go through this later on. You can move, please.



So, being aware that culture is modeled through systems, symbols and behaviors we'd be very intentional in working through these three elements. Systems for instance are there processes, mechanisms that impact how we do things in any organization. Organization design is one good example and the creation of the executive board position, the executive position acting as the second line of defense in asset management, safety and operation excellence brought to Vale critical checks and balances and is changing big-time the way we work.

When we look at behaviors, behaviors we must walk our talk, right? Otherwise nobody would buy the change. So, consistency of our actions is key here. And one example that I want to bring is a consequence of our permanent and constant chronic unease with safety, which is a kind of Brumadinho post-trauma, a behavior that we display, that we feel.

We quickly decided, in the early stages of the pandemic, it took us 10 minutes to make a decision to keep in our sites only the core staff involved in operations. This means that from a Friday to Monday, around twenty thousand employees started to work remotely, and they are still there, which allowed us a high level of safety for the ones on the ground and for the ones at home. So, this is a clear example of safety ahead of production, right? Because we haven't asked ourselves what would be the impact on production, because something much bigger and much more important was in front of us.

Symbols send also powerful messages, and a quick one here, very simple one. We introduced, in any meeting we have a safety share moment, in the beginning of the meeting, ten, fifteen minutes, no more than that, when we bring an operator, a supervisor, someone from the business to share a learning, something that went wrong, something that could have caused an incident or an accident, what would the learnings and here we are really looking for opportunities rather than any kind of reaction or punishment.

So, 2019 was our starting point to the culture change. It started with defining our aspirations, key behaviors, of course leadership as a role model, being very intentional on the symbols. I will talk later about the D&I agenda, which is critical as well to this company we want to build and we ended up the year with a very comprehensive global diagnostic on culture that we run, that I'm going to talk a little bit to you about.

So our objective with that was really to identify what lies beneath the observed behaviors, because without rewiring the organization's shared beliefs, we would not change behaviors for real and we have confirmed a strong core culture of achievement that we knew that represents a clear strength. But the flipside of it, of the overuse of



this capacity year after year, has turned into flaws that can be summarized on these three patterns of behaviors that I am kind of quoting here.

So, deliver now, no matter what. We can make anything happen here and speed comes above everything else. The infallible competence: I can't fail, I should not ask for help and, as leaders are infallible, I should not question their decisions, right? Isolated self-sufficiency: I must rely on myself and on my own area, my own kingdom, right? And this, in a nutshell, reinforced a mentality of no need for integration and learning, short-term delivery, with little kingdoms with lots of freedom. When Eduardo says, "Why VPS was not implemented?" Lots of freedom: I do if I wish, right? And the mislead perception of high-performance, which is quite serious. Let's go please.

So, it was clear that a strong mindset shift is needed in Vale, from a know-it-all kind of culture to a learn it together. We defined those five behaviors that we believe once installed through all the organization will let us to become the organization we aspire. And this means that we must incorporate deep inside ourselves a great deal of humbleness, togetherness, in having learning as a never end part of our culture.

And this is quite different from, as you could observe, the beliefs and the shared values that the company, that individuals have in Vale. So it's a significant change that we need to do and, without those elements, just one moment please, without those elements we will not achieve a different path of performance, so we've been raising the performance bar, big time, and without learning together, without asking for help, without being humble enough to know that I'm not, you know, the last and ultimate knower of things, we are not going to be able to reach that. So, one thing is one behavior is completely interconnected with the other one. We can go.

So, I'm back to the first page that Eduardo had showed us and let me tell you how to bring the aspiration to life, right? Since July 2019, the executive team gets together one day a month, one full day a month to align ourselves on the aspirations and what it takes to get us there. And after the diagnostic, we were able to be much more assertive on the culture behaviors needed to underpin strategy and the mindset we wanted each employer to leave, the learn together mindset. This mindset is allowing us to untap Vale's potential, and we also defined key levers that exist in the organization, we're not creating them, that if well-worked will boost the transformation as well. And the way we are doing this, we are working in a very collaborative way, some members of our executive team are sponsoring some of these levers that are under their own responsibility, which is great.

So then we have our management model, safety, people, so the D&I agenda is a big part of this here, without having different voices being heard at the table, we are not going



to be able to really have an open and transparent dialogue among ourselves and the fifth behavior we viewed here, and as we are in a learning mode, we built it very recently is the active listening to society, which is not the same as the open and transparent dialogue, it has a different objective, so...

**Mr. Ivan Fadel:** Marina, can I just make a suggestion, just on the benefit of time. If you don't mind, maybe you can go to your last slide, where you can summarize all the main topics and wrap it up and then we can later touch on a few things. Thank you so much.

**Mrs. Marina Quental:** Okay. So just in a nutshell, here what we've been doing. In 2019, aspirations redefined, behaviors, the leadership engaged so we have done this big-time, with the top leaders of the organization and now the diagnostic that I just mentioned in 2020, a strong D&I agenda, we are finalizing the narrative, we are inviting our top leaders, our leadership, to help us to define the purpose of Vale and we are integrated culture in the management model, the way we do all our routines and we run, you know, our management modeling at Vale. We are moving to measurements and KPIs. We actually have already KPIs are going to talk this later on, but keep a rigor on tracking the results, it's going to be quite important, and I see that we are just a strategy as we go right? And the culture has the mission to serve the strategy. And that's our mindset, to really become a great organization, to reach our ambition for that. Thank you so much for you time.

### Q&A SESSION

**Mr. Ivan Fadel:** Okay, thank you so much, Marina, Eduardo and Klein. I think we're ready to move to the Q&A session. I must say we received many questions in advance and I really appreciate. We also received many questions in the Q&A box, so what I will try and do is prioritize the themes by the number of questions received and also combine some questions, so we can answer as many as we can, okay?

So just going to the first question we got, it's about COVID in our operations and the question is how has the COVID situation evolved in the last few months in our operations as the situation in Brazil progressed? And also putting it in the context of Brumadinho and in the larger context of Brazil.

And also combining with another question is how has COVID impacted our cultural transformation plans, or how has our compensation also been impacted by COVID-19? So I guess, Eduardo, maybe you can start and then Marina can complement.

**Mr. Eduardo Bartolomeo:** Fine. I'll be very brief, because COVID, as we said always in our calls, meetings, is still our guard extremely high. We took all the high standards of dealing with it. We were first hit on our North operations. We implemented the test,



trace and treat. In the beginning we had impact in absenteeism, but now, just to have an understanding, it's only 6% of our workforce is under absenteeism due to COVID and half of it are people that are of risk, like, they cannot go to work because either they are over 60 or have some kind of disease that it doesn't allow.

So, it's not an issue anymore, still we have concerns, of course, of second waves. Minas came later, but it's still because we have a spare capacity for issues around production, but more importantly, as we've been talking since the beginning of the meeting, the focus is the safety of our employees, so we are, as I said, in a world-class standard, we tested three hundred thousand people, I believe per capita we tested more people than any country in the world. We are extremely comfortable, I do travel to operations, I've been already five times to our operations. There was a question here in Q&A about the level of our people outside the fields for iron ore, we have 20% of people that are not at the sites. I'm going to jump to the culture piece as well to give this hint to you and Marina will help me with that.

We are looking at the learnings of the COVID to say that people there shouldn't be exposed to risk, shouldn't be at the mine site, so we are taking the chance to reflect on that. Communication improved like crazy, we're talking a lot with our people so it's not that COVID is behind us, it's not behind us, we take it extremely serious, the resurgence, but today we can do our plans, there is no issue around COVID in our operations. And would you add very quickly about the culture so we can go to the next question, we have limited time to cover all the questions.

**Mrs. Marina Quental:** Yes, COVID has been indeed speeding up our transformation. The principles that we defined on how we are working together based on our behaviors, so this is pretty much that. We are working pretty much in collaboration, we are listening to our employees, because we are faced with something that we didn't have all the answers at all, the world didn't have all the answers at all, and we still don't, right?

So how we are going to evolve? We are working in collaboration hubs that we put together, a great deal of respect for our employees. We haven't had any kind of reduction or dismissal or anything. We have today twenty thousand people, as I said, work for from home and we are working as well to reskill and upskill some of the people that might be difficult to come back to the operational sites.

**Mr. Ivan Fadel:** Okay, thank you very much Marina. So, our next question, it's for you, Klein, what is the progress on the independent assessment on our reparations work?

**Mr. Marcelo Klein:** Okay, the Board of Directors has established this Independent Committee for helping us to characterize the operation and throughout 2019 they have



sent 84 recommendations for us and they have organized those recommendations in 9 technical parameters that goes from emergency actions to reparation plans, to transparent policies, to technical capacity and the way we assess over our operation and 48 of these 84 should already be done then.

Every three months we report to the sustainability committee how these recommendations are evolving, how we are implementing them. So, 84 are already done, we have 34 under way and until December we will finish 26 of these 34, so there will be only 8 of the 84 that will not be attended this year and we will pass over to next year. And those that are related to some improvements in the public sector in the municipality of Brumadinho, that depends on a long-term adaptation and this is related to the governance of agreements that can be done with the official authorities.

But these recommendations, they helped us very much in framing our reparation efforts, they've been very positive to us.

**Mr. Ivan Fadel:** Okay, thank you Klein. So, our next question, I think this is an important one, because we're trying to combine many questions we received, especially also on tailings and the ICMM standards adherence. So, the question is how does Vale measure success in strengthening the health and safety and operational risk technical capabilities? How is Vale ensuring that it has the right staff with the right competences? And how is Vale ensuring that health and safety is included in every staff's KPI?

**Mr. Eduardo Bartolomeo:** Okay, thank you, Ivan. I think to answer this question we need to understand the architecture that we implemented with the second line of defense. It required technical capabilities that some of those were inside Vale, some of those not like geotechnical. We created a Director of Geotechnical Risk inside Medeiros' area. We have an asset manager that takes the other assets besides geotechnical. We have the traditional health and safety in operations and the VPS.

All those four elements are there, so we're staffing there with internals and with external, we are bringing people from petrochemical, people from mining, Rafael is a key leader in geotechnical, he's from mining, so he came from a very prestigious mining company, we are bringing people from oil and gas, we're bringing people from everywhere. And we've been able to nurture our own talents, so we're pretty sure that we are strengthening our staff with the right skills.

I think the question around ICMM, specifically, I'm going to say here because I was going to try to say after the KPIs, because the question about how do I have the right staff, do I have the right capability, do I have the right KPIs? They're extremely important, of



course they are, they're the governance part. But as we discussed here, culture is much more important, the felt leadership is much more important.

So, for instance, we endorse, yes, the ICMM global standards, we went there, we are working with them actually not to be presumption. We started before, because of Brumadinho, we hired an international consultancy company, so we are 60% adherent. If every time that we find any kind of flaw we will stop the operation or the dam, the commitment provided Vale, as I said in the beginning, has the commitment to be a reference on that sense and wouldn't be different than from, how can I say that, from the tailing standards that are, of course, needed to improve the safety of the whole industry.

But we want to take the opportunity to use that knowledge in the rest of our business. Just another sign of felt leadership, we closed the refinery when we had a fatality in Mozambique, we stopped the whole Vale's operation of conveyors. It means a little bit more than four thousand kilometers, so we're talking seriously about the felt leadership about safety. So if there is a standard that ICMM endorsed because we are there, if there's a timeline, yes, I think we would even be first to achieve, because we started earlier and if there's any structure that doesn't fit, it's done, it's gone. We know our plans is not to use dams in the future. We don't use dams in the Northern System. We are going to dry stacking in the medium-term.

So it's a hundred percent around that, but for that we can go back to the initial question: do we have the right capabilities? We are building the right capabilities. We have one of the best engineers, we hired the engineers of records to follow up all our dams, not only in Brazil, but in Canada. In Canada we are [...] Sudbury, by the way, through market standards. So in that sense I believe that we are staffing in the right manner, getting the right competences and measuring, and very importantly, people from safety doesn't have operations goals. Medeiros doesn't have any financial goals. We are just in the KPIs as well, it's not only that people have safety KPIs and we're improving the safety KPIs, we are not measuring through it, we are measuring potential, so there are a lot of things going on, we're very confident that we're in the right track. I think Marina can add to the KPIs as well.

**Mrs. Marina Quental:** Just a quick add to your point on remuneration, because it's something that people are asking us. We are increasing the percentage of health, safety that nowadays is 10%, from our KPIs, to 15%, and also risks 10% and sustainability ESG Targets, 10% as well. The entire population, so as you can imagine we are reducing the financial bit of the KPIs to really give light to those critical points, people as well, and our management model as well.



**Mr. Ivan Fadel:** Okay, thank you Marina. So, our next question is to Marcelo Klein. The question is why is there a disparity between community reports and the report from Vale on the Brumadinho reparation? Thank you.

**Mr. Marcelo Klein.** Yes, we have these different perceptions on the ground, the way we listen to the voice on the ground and I believe that much of that comes because people have their expectations, but my position is that we need to listen to the complaints believing that they are right, they are right in complaining, we need to check if we can do something to improve, but what happens is that in many situations there is a problem of eligibility. People are complaining for things or compensations they are not allowed according to the framework of the agreements we established with several legal institutions.

So, for example, sometimes the prosecutors pick up different cases to complain that we have denied extra payment and things like that, and along this year from 100% of the complaints the prosecutors brought to us, 95% of them we kept denying. And they agreed. So, in fact there is people that are complaining about something they're not eligible for them.

But of course, there are situations in which we have some transactional errors that we need to correct and there are different pains and different levels of people affected. The families of victims complain that we are flowing too much money to people who are not directly connected to the collapse itself, or didn't know anybody close, and so what we're trying to do to guarantee the legitimacy of all the grievances, what we do is to be fair. So, we have a framework, we have some lens through which we see if what the complaints that are arriving to us, if they make sense or not, and as much as possible we try to agree.

Of course, there are also some political agendas and some people who want to use the whole operation to reinforce that we have a strong company, an unbalanced game of power, but our premise is to always listen very careful and check to see if there's something that can be improved as a continuous learning process or premise to comply.

**Mr. Ivan Fadel:** Okay, thank you, Klein. I think we're out of time, but actually we have so many people already connected, still connected, that I might just take the opportunity to ask another question, maybe to you Marina, we get this question a lot. So maybe if you can comment about what are the cultural baselines and KPIs that we have currently in place on the cultural transformation process? Thank you.

**Mrs. Marina Quental:** Okay, this is an important one and not very easy to measure, right? So, the baselines are our diagnostic, as we said here, so those beliefs and those



patterns behaviors that we are changing as we go. So, we have some key business indicators, because there's two ways of looking, of tracking results. One is through the business outcomes, which is the most important thing. We really want to see business taking decisions and business doing things differently, because of the change in mindset. And we have in our logging lots of examples on that, that is a culture being, you know, alive.

And the other dimension is the cultural evolution, how we track, sorry, the behaviors as an organization moving forward. So, what we have done, we have started with assessment, behavior's assessment for the top leadership, including ourselves, and our 200 top leaders. We have done last year, we have done again this year and tracking where, you know, this individual coach kind of action for us to be mindful and conscious about it and we are, by the end of this year, starting to measure broadly behaviors, so at weekly basis, and I hope to be able to tell you later on in a nudge technology where we can bring behaviors to life and also impact behaviors as we go. So, after an important event, once we are, you know, doing things, we are going to be able to track and to measure those. That's it.

**Mr. Ivan Fadel:** Okay, thank you so much, Marina. We already ran out of time, so I will pass the floor to Eduardo Bartolomeo for his closing remarks and after that I will just come back very quickly for a last message, okay? Thank you.

**Mr. Eduardo Bartolomeo:** Thank you, Ivan. Just to conclude, I think there was still a question that I think is important to answer again and build it up on it. Vale will endorse the global industry standards, yes! We will be complying on the timeline agreed for the ICMM members, yes! Why is that? Because this is the driving force behind all the change that we want to make inside Vale as I pointed out in the beginning.

I was actually reading the first speech that we gave in May last year and they are all there, so we need to transform the company, we need to enhance our safety, we need to repair Brumadinho and we'll do that by transforming the way we behave, the way we act and that's the narrative that we'd like to share with you, it is a work-in-progress, always reset, it's not a sprint, it's a marathon but Vale, our team, as you saw through Marina, through Klein, through Medeiros last time, extremely committed on this happening, okay? So once again thanks a lot for your attention and for your participation and keep safe and healthy.

**Mr. Ivan Fadel:** Okay, thank you very much Eduardo. So, I would appreciate it to thank all our executives here for their participation, most of all of course everyone that attended. Please visit our ESG portal, we appreciate any feedback on how we can improve our transparency and quality of information we put there and also please,



before you leave, if you can use your camera on your cell phone to scan the QR code and answer a one-minute survey, we would greatly appreciate. So, I hope you found this event useful, helpful and thank you very much for your participation. Have a great day, thank you.