




DDCA 040/2021

Rev.: 01 - 16/09/2021

Nº: POL-0029-G

PUBLIC

Subject: Internal Audit Charter. 	
Identification: POL-0029-G / Version: 01.	Use: Public.
Deliberation: DDCA – 040/2021.	Issued on: 16/09/2021.
Responsible: Internal Audit.	Review until: 15/09/2023.

1. General Guidelines:

- Internal Audit is an independent and objective assessment (assurance) and consulting activity, established to add value and improve the operations of an organization. As the 3rd Line of Defense¹, it assists the organization in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management and internal control.
- This Charter establishes the principles and guidelines for the Internal Audit activity, as well as guides employees to support the activities performed by Internal Audit.

2. Scope:

- This Charter applies to all Vale's employees and administrators and its wholly owned subsidiaries and must be adopted by its direct and indirect controlled entities in Brazil and in other countries, always in compliance with these companies' constitutional documents and applicable laws.
- For the Purpose of this Charter, it was adopted the naming convention of Vale's organizational chart to facilitate the reading and understanding of the Charter' users. Therefore, "Executive Board" is internally called "Executive Committee", "President & CEO" and "Executive Directors" are also called "Chief Executive Officer" and "Executive Vice Presidents", respectively.

3. References:

- POL-0001-G – Code of Conduct.
- POL-0002-G – Delegation of Authority Policy.
- POL-0007-G – Information Security Policy.
- POL-0009-G – Risk Management Policy.
- POL-0016-G – Anticorruption Policy.
- POL-0017-G – Related Parties Transactions and Conflicts of Interest Policy.
- POL-0034-G – Personal Data Protection and Privacy Policy.

4. Governance and responsibilities for conducting Internal Audit activities:

- **Organization, Professionalism, Authority, Independence and Objectivity.**

The Chief Compliance Officer (Chief Audit Executive) reports functionally, administratively, and directly to the Board of Directors. Internal Audit activities are supervised by the Audit Committee.

The Chief Compliance Officer can delegate his duties established in this Charter to the Audit Director. However, the Chief Compliance Officer remains fully responsible for the delegated matter(s).

¹ The concept of Lines of Defense is outlined in the Risk Management Policy (POL-0009-G).



It is the Chief Compliance Officer responsibility to confirm to the Audit Committee, at least annually, the organizational independence of Internal Audit. In addition:

- The Internal Audit area must remain free from interference in determining the scope of the Internal Audit, in the execution of its work and in the communication of results. The Chief Compliance Officer must report any interference, and potential consequences, to the Audit Committee and discuss the implications.
- To preserve the independence of assessments conducted by the Whistleblower Channel and Corporate Integrity areas, which report to the Chief Compliance Officer, these assessments will be carried out by external consultants, under the direct supervision of the Audit Committee.

The members of the Internal Audit area shall:

- Abide by the mandatory guidance of the International Professional Practices Framework² of The IIA³, including its definition, its Code of Ethics⁴, the Core Principles⁵ and the International Standards⁶ for the Professional Practice of Internal Audit. This guidance constitutes the mandatory elements required for the professional practice and assessment of the Internal Audit activities performance.
- Have full, free and unrestricted access to any and all records, assets, employees⁷ and administrators⁸, as required to carry out their activities, with strict accountability for confidentiality and safeguarding of records and information made available.
- Take part of Advisory Committees related to audit subjects and control environment, at Vale and its controlled entities, Foundations and sponsored private pension entities, according to applicable regulations.
- Exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information related to the activity or process being examined, with a balanced assessment of all relevant circumstances.
- Remain independent and free from undue interference within the organization, including but not limited to matters of audit job definition, scope, procedures, frequency, period, as well as the Internal Audit Report content.
- Disclose any impairment to the independence or objectivity, in fact or appearance, to the impacted parties and related governance bodies.
- Declare, annually, that read, understood and agreed to abide by the mandatory guidance of The IIA.

The Chief Compliance Officer shall maintain a Quality Assurance and Improvement Program (QAIP) to allow an assessment of the conformance by Internal Audit with the Standards and an assessment related to adherence of The IIA Code of Ethics by the Internal Audit members. The Program shall also assess the efficiency and effectiveness of Internal Audit activities and identify opportunities for improvement.

The Chief Compliance Officer shall communicate to the Audit Committee, at least annually, about the QAIP, including the continuous monitoring and the results of the periodic internal assessments, as well as the external assessments performed at least once every five years, by a qualified and independent assessor, or assessment team, external to the organization.

² The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance promulgated by The Institute of Internal Auditors.

³ The Institute of Internal Auditors (The IIA): Established in 1941 and based in the United States, it is an international professional association with a mission to promote dynamic leadership to the internal audit profession on a global level. Additional information is available on the website www.theiia.org

⁴ Document prepared by The IIA which aims to promote an ethical culture in the profession of internal audit. It contains the principles that are relevant to the profession and practice of internal auditing, as well as the rules of conduct that describe behavior norms expected of internal auditors.

⁵ The Core Principles, taken as a whole, articulate internal audit Effectiveness: Demonstrates integrity; Demonstrates competence and due professional care; Is objective and free from undue influence (independent); Aligns with the strategies, objectives, and risks of the organization; Is appropriately positioned and adequately resourced; Demonstrates quality and continuous improvement; Communicates effectively; Provides risk-based assurance; Is insightful, proactive, and future-focused; Promotes organizational improvement.

⁶ Set of professional standards, which aims to: (i) Guide adherence with the mandatory elements of the International Professional Practices Framework; (ii) Provide a framework for performing and promoting a broad range of value-added internal auditing services; (iii) Establish the basis for the evaluation of internal audit performance; and (iv) Foster improved organizational processes and operations.

⁷ Any employee, own or third party, temporary or not, apprentice, intern and/or trainee at Vale or its controlled entities.

⁸ Any member of the Board of Directors, the Fiscal Council, the Advisory Committees and the Executive Committee of Vale or its controlled entities, or someone occupying another statutory role or similar position in accordance with the applicable laws in the jurisdictions in which Vale or its controlled entities operate.



Internal Audit members shall not have direct operational responsibility or authority over any of the audited activities. Therefore, they shall not implement internal controls, develop procedures, install systems, prepare and approve records, engage as a member of Committees that approve or decide, in an executive manner, on operational activities, organizational structures or investments, as well as be involved in any activity that may impair their opinion, including specific activities in which they were responsible in the previous year. Additionally, they shall not be influenced by their own or others' interests when forming opinions.

All employees and administrators of Vale and its wholly owned subsidiaries, as well as its direct and indirect controlled entities, shall support Internal Audit in the performance of their duties.

- **The scope of activities of the Internal Audit Members.**

The Internal Audit shall assess the adequacy and effectiveness of the organization's governance, risk management, and internal controls, as well as the quality of activities assigned to achieve the organization's strategic goals and objectives, as long as there is no impairment to independence or conflicts with the audit methodology, including:

- Monitoring and assessment of the effectiveness of the company's key risks management process, as defined by the Board of Directors.
- Assessment of the reliability and integrity of information and accounting records, as well as the means used to identify, measure, classify, and report such information.
- Evaluation of the systems and controls established to ensure conformance with policies and other internal normative documents, laws and regulations that can have a significant impact on the organization.
- Evaluation of the means for safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluation of the effectiveness and efficiency in which resources are employed.
- Evaluation of operations and projects, to ascertain whether results are consistent with established objectives and goals, and whether they are carried out as planned.
- Monitoring and assessment of governance, compliance, and internal controls processes, including the effectiveness of the activities of the 1st and 2nd Lines of Defense. Regarding the Global Anti-Corruption Program and other processes under the responsibility of Corporate Integrity and the Whistleblower Channel areas, the matters of independence indicated in the item "Organization, Professionalism, Authority, Independence and Objectivity" of this Charter shall be observed.
- Support the review of normative documents, aiming to improve the internal control environment.
- Performance of consulting and advisory services, provided they are intended to add value and improve the governance, risk management, and control processes, and the internal auditor does not assume management responsibility inherent to the duties of the Process Owners and the 1st and 2nd Lines of Defense.
- Evaluation of specific operations as requested by the Board of Directors, Audit Committee, Fiscal Council or Management⁹, if appropriate. If the Chief Compliance Officer requests an exceptional assessment of the areas under his responsibility, this shall be approved by the Audit Committee.
- Support in investigating allegations received from the Whistleblower Channel and according to the methodology established among the respective areas.

The Chief Compliance Officer must communicate to the Audit Committee, at least annually, aspects of:

- The purpose, authority, and responsibility of the Internal Audit area.
- The conformance of the Internal Audit area with the The IIA Code of Ethics and Standards, as well as the action plans to address issues of nonconformance.

⁹ Members of the Executive Committee and other managerial roles or equivalent in Vale and its wholly owned subsidiaries, as well as its direct and indirect controlled entities.



In addition, whenever necessary, the Chief Compliance Officer must communicate to the Audit Committee and, if necessary, to the Fiscal Council, aspects of:

- Control deficiencies and exposure to significant risks, including fraud risks, governance matter and other subjects that require attention or that have been requested by the Audit Committee.
- Any responses to risks by Management that, in the Chief Compliance Officer's opinion, may materially infringe the Risk Management guidelines adopted by Vale.

- **The Internal Audit Plan and its execution.**

The Chief Compliance Officer must prepare the Internal Audit Plan based on a prioritization of the audit universe using a risk-based methodology, including historical results of past audits, inputs from representatives of governance bodies and Management, amongst others.

In addition, the Chief Compliance Officer shall:

- Submit the Internal Audit Plan for review and approval by the Board of Directors, with due prior appraisal by the Audit Committee, at least annually, encompassing the schedule of the audit exams and the goals of the area.
- Evaluate the necessary headcount and budget resources for the execution of the Internal Audit Plan and submit it for review and approval by the Board of Directors, with due prior appraisal by the Audit Committee.
- Periodically report to the Audit Committee on the progress and any significant deviations from the Internal Audit Plan, the results of engagements and other activities, as well as any impact due to limited resources.
- Review and adjust the Internal Audit Plan, when necessary, in response to changes in the organization's businesses, risks, operations, programs, systems and controls.
- Ensure that each engagement of the Internal Audit Plan is performed, including the establishment of objectives and scope, the allocation of financial and human resources, as well as tools, which must be appropriate and properly supervised, the documentation of work programs and test results, and the communication of engagements' results, with applicable conclusions and recommendations, to the appropriate parties.
- Ensure that emerging trends and matters that may impact the organization are considered and communicated to the Audit Committee, as appropriate.
- Establish and ensure adherence to the procedures developed to guide the Internal Audit area.
- Ensure adherence to the organization's policies and procedures, prevailing the provisions of this Charter with regards to the content covered in such normative document.
- Ensure that the Internal Audit has appropriate and sufficient knowledge, skills, and competences to achieve its objectives and fulfill the designated activities, whether sourced with internal or external resources. The Chief Compliance Officer may coordinate activities, as well as consider collaboration of other internal and external providers of assurance and consulting services, as necessary. It is also possible to invite employees to engage in specific audits, provided that the guidelines defined for the Guest Auditor Program¹⁰ are observed.

- **The Internal Audit Report and the Monitoring of Action Plans.**

The Internal Audit Report shall include comments and corrective measures adopted by Management or actions to be taken to address the audit observations and the respective recommendations. Management's response shall be registered in the Internal Audit Report, including an explanation for any corrective action that is not considered for implementation.

The members of the Internal Audit area shall:

- Prepare, at the end of each audit engagement, the Internal Audit Report and submit it for review, according to the internal workflow.

¹⁰ Program implemented by the Internal Audit in which employees act as invited auditors to perform audit engagements, aiming to increase the quality of the work, in addition to providing training to the participants and improving the understanding of the Audit function in the organization.



- Monitor the action plans established to address the audit observations, in accordance with the specific procedure of Internal Audit. Action plans shall remain open in the system used by Internal Audit until they are satisfactorily concluded.

The Chief Compliance Officer is responsible for:

- Review and approve the disclosure of the Internal Audit Report before its final issuance, as well as decide to whom and how it is going to be distributed, considering the affected areas, meaning those parties with responsibility to ensure the audit results receive proper consideration, and the required information confidentiality.
- Report periodically to the Audit Committee and the Fiscal Council on the status of action plans, replanning, outstanding items, and special situations.

All employees and administrators, when applicable, shall:

- Present the action plans and validate the content of the Internal Audit Report according to the responsibilities and established deadlines.
- Implement the actions within the agreed deadlines, according to the responsibilities defined and formalized in the Internal Audit Report, justifying any corrective measure that is not considered for implementation and presenting mitigation control to address the risks, if applicable.

5. Consequences Management:

- Failure to comply with this Charter will be subject to the terms of the Company's Consequence Management Policy.

6. General Provisions:

- Questions about the interpretation, scope or procedures related to this Charter should be addressed by Internal Audit which will direct questions to other areas or to the Audit Committee, if necessary.
- This Charter shall be reviewed periodically, at least once every 2 (two) years or on demand.

7. Approvals:

Area:	Description:
Compliance Department	Preparation
Executive Management of Business Risk, Internal Controls and Processes Governance	[Review / Recommendation]
Executive Vice-Presidency of Legal and Tax	[Review / Recommendation]
Audit Committee	[Review / Recommendation]
Board of Directors (DDCA – 040/2021)	[Approval]