About Vale

Vale S.A. ("Vale") is one of the largest mining and metals companies in the world, based on market capitalization. It is the world’s largest producer of iron ore and iron ore pellets and the world’s largest producer of nickel, and also produces manganese ore, ferroalloys, metallurgical and thermal coal, copper, platinum group metals, gold, silver and cobalt. It operates large logistics systems in Brazil and other regions of the world, including railroads, distribution centers, maritime terminals and ports, which are integrated with its mining operations. Directly and through affiliates and joint ventures, Vale has investments in energy and steel businesses.

About our commitment

Vale contributes to the discussion of the challenges related to sustainable development. We are committed to working harmoniously with our stakeholders and aligning our activities to the best practices in the mining and metals industry, as well as international guidelines such as the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

Regarding Security and Human Rights, we engage with public security forces in order to promote the respect for human rights in the performance of security activities. Despite of Vale becoming a member of the Voluntary Principles Initiative ("VP Initiative") in November 2016, our security activities have been aligned to these principles since 2007, reinforcing our main value, "life matters most". The implementation of the Voluntary Principles on Security and Human Rights ("VP") allows a valuable peer learning experience and guidance to our human rights and security programs and procedures.

About this report

This report presents the actions Vale has taken in 2018 regarding the VP in Mozambique, Malawi and Brazil, prioritized countries where the company has its biggest mining and logistics operations and where public governance to promote human rights can benefit more from private engagement. Such actions aim to improve Vale’s security procedures and support public practices in security, in a manner that respects human rights. As per VP’s reporting guidelines, it is divided into four sections:

A. Vale’s commitment to the VP;
B. Policies, procedures and related activities;
C. Country implementation; and
D. Lessons and issues.

A. Commitment to the Voluntary Principles

Public Endorsement
Our endorsement of the VP is set forth in our Annual Sustainability Report\(^1\), which is prepared according to Global Reporting Initiative (GRI) directives, which aims to keep society informed of actions related to the environment and the communities in which Vale operates.

Our commitment to the VP is also expressed by our Global Human Rights Policy that establishes guidelines and principles for our actions regarding the respect for human rights in our projects and operations, throughout our activities and in our value chain.

Vale’s Code of Ethics and Conduct defines our conduct in our business activities guided by a set of values that reflect high ethical and moral standards. It seeks to assure credibility and to preserve the company’s reputation in markets in which we operate. These values are: Life matters most; Value our people; Prize our planet; Do what is right; Improve together; Make it happen.

**Engagement in the VP Initiative**

In 2018, Vale attended the Annual Plenary Meeting in Washington as a presenter on the “Fresh Perspectives” session. Besides that, we also participated in some of VP conference calls.

**Promoting awareness of the VP throughout Vale and within the value chain**

Vale’s Human Rights Policy\(^2\) expresses it has the VP as reference and sets as Vale’s principles to “respect, protect, promote and create awareness of human rights throughout our activities and along our production chain, in accordance with the UN International Bill of Human Rights”. Concerning the company’s security teams, including employees and contractors, that policy sets out that Vale must:

- Include human rights violation risks in our risk assessment of security requirements;
- Rigorously select and monitor our employees and contractors, taking into account prior experience, technical skills and emotional stability;
- Engage with public security providers assigned to our operations to the greatest possible extent in order to communicate our policy and demonstrate our commitment to respect civil rights of employees or any members of host communities;
- Engage to educate and train these security professionals to perform activities in accordance with human rights principles, rejecting the abuse of power and degrading and inhumane treatment, and assuring non-discrimination and citizens’ privacy;
- Seek for pacific solutions which ensure the physical integrity of persons, property and information preservation and production process maintenance.

From the fundamental principles of the company and its subsidiaries described in our Code of Ethics and Conduct, we emphasize:

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The protection, promotion and awareness of Human Rights in its activities and throughout its supply chain in accordance with the principles of the Universal Declaration of Human Rights.

The Code of Ethics and Conduct also states that the following conduct is expected:

- Not establishing business relationships with companies or individuals that are not in compliance with ethical, health and safety, and human rights standards compatible with those adopted by the company, including the anti-bribery and anti-corruption practices adopted by the company;
- Acting in accordance with social responsibility and respect for human dignity.

Vale’s Human Rights Guide focuses on making the company’s directives and principles work, as set forth in our Policy, through effective initiatives in Vale’s corporate daily routine. The Guide refers to the VP and seeks to address, in an objective and informative manner, guidance and examples that will assist all employees, suppliers, partners and clients, to understand and carry out their actions always respecting and valuing Human Rights.

In line with the evolution of its practices, Vale has also developed a normative for the treatment of allegations of human rights violations that follows the steps below:

![Diagram of allegation process]

This model allows the process of handling allegations to become another tool for managing allegations of human rights, focusing on critical issues.

**Promoting and advancing implementation of the VP internationally**

Vale understands the value of the VP Initiative not only as a mechanism to protect and promote Human Rights in the extractive sector, but also as one more piece amongst other extremely relevant initiatives to strengthen and vitalize the global Human Rights movement. The theme Human Rights gains even more importance and adherence in our value chain when our financial partners, clients, vendors and stakeholders in general converge to the same principles. For example, Vale has promoted the 1st Workshop on Security & Human Rights in Mozambique in November 2018, reuniting Public Security Officers, representatives of the Police of the Republic of Mozambique (PRM) and the Brazilian Military Attaché to the country in a discussion over the VP.

Vale maintains a multidisciplinary VP working group at corporate level that includes the active participation of internal professionals from Corporate Security, Human Rights and External Affairs. The main objective of this group is to monitor the implementation of VP work plan for Mozambique, Malawi and Brazil and to propose adjustments or improvements, if necessary.
B. Policies, Procedures, and Related Activities

Relevant policies, procedures and guidelines

The VP are incorporated into our Human Rights Policy, which together with our Code of Conduct and Ethics is the main source for our practices as promoters and protectors of human rights. Our employees are required to certify their compliance with our Code of Conduct and Ethics on an annual basis. The Human Rights Guide is also an important assistance to insert the expected behaviors defined by those policies into Vale’s daily routine.

Vale has promoted awareness of our Human Rights Police and the VP through a variety of mechanisms, such as live and online trainings on human rights for the teams, including the area of Corporate Security. In 2018, over 7,300 employees were trained in Brazil, Mozambique, and Malawi in Human Rights. Around 4,300 third parties participated in a series of security and human rights trainings. The training content is aligned with Vale’s Human Rights Policy, local legal requirements and internationally recognized standards, including the VP, the UN Code of Conduct for Law Enforcement Officials and the UN Basic Principles on the Use of Force and Firearms.

For engagement with public security forces, security teams follow Vale’s robust Global Anti-Corruption Program, comprised by a Global Anti-Corruption Policy and a Global Anti-Corruption Manual, which contain the rules and procedures that must be followed in any types of relationships with government officials or government authorities, so that such relationships meet the highest ethical standards and comply with the anti-corruption legislation applicable to Vale.

The Suppliers’ Code of Ethics and Conduct defines Vale’s expectations towards the conduct of its suppliers. Their employees and subcontractors performing activities hired by Vale must abide by our values and the principles contained in our Code of Ethics and Conduct and Global Human Rights Policy. Suppliers working under contract for Vale must also respect Vale’s regulations and procedures as established by the Corporate Security Department, when accessing Vale’s sites.

Vale also promotes human rights awareness and respect along our value chain, including the adoption of legal contractual clauses on the theme. Contract managers are required to ensure that suppliers comply with Vale’s policies (such as Vale’s Human Rights Policy, Sustainability Policy, Supplier’s Code of Ethics and Conduct) and the legislation of countries where they operate, including verification of adequate workload, remuneration and other legal labor obligations in addition to complying with the Universal Declaration of Human Rights.

In case of potential misconduct of any supplier, partner or customer, we notify the counterpart with requests for additional information on the suspect practice and for the adoption of applicable corrective measures. If the counterpart fails with any of the two requests, Vale is entitled to rescind the respective contractual relationship. Violations of human rights are reported to the authorities and contracts with Vale are terminated.
Finally, the Corporate Security Department issued its *Rules of Engagement for Security Agents in Land Invasion Occurrences and Interdiction of Railways and Access*. Their main objectives are:

- Guide the individual and collective conduct of Corporate Security teams (own employees and third parties) in the defense of Vale's personnel, communities and operational assets in cases of invasion and interdiction, prioritizing human life, whenever possible in a negotiated manner and avoiding the use of force, according to Vale's values.

- Establish the fundamental concepts for communication, risk assessment, planning and execution of critical activities where there is a risk and/or need for the proportional use of force by private security agents or employees from Vale's Corporate Security Teams.

**Vale’s security and human rights risk assessment**

Vale’s Corporate Risk Management Policy establishes guidelines and guidance for corporate risk management at Vale, while the Planning, Development and Management Standard defines the global risk measures and the main responsibilities to be applied for Operational Risk Management.

The corporate risk management strategy is to promote the integrated management of all risks to which Vale is exposed, pursuing zero harm to employees and communities, and leaving a positive social, economic, and environmental legacy in territories in which we operate. Socio-environmental diagnostics are carried out to assess potential impacts of risk events, including those related to human rights.

Integrated with this corporate process, Corporate Security Department conducts security risk assessments that consider risks and/or impacts on human rights within all sites, according to the VP Implementation Guidance Tools (IGT).

**Engagement with public security forces**

The VP implementation plan includes actions to engage with governments to promote best practices and standards of security and human rights, support government efforts and civil society organizations to strengthen public institutions to ensure accountability and respect for human rights, and manage interactions with public forces in accordance with VPs, including holding structured meetings to discuss security and human rights.

Vale’s Security team maintain close contact and cooperation with public security forces in Brazil, Mozambique and Malawi. For example, when public security forces are deployed to respond to events related to our company, Vale’s Security team assesses the at-risk situation and reinforces to law enforcement personnel the need to respect human rights principles.

**Vale’s procedures regarding private security providers**

Vale’s due diligence process, which is applied to any potential providers - including those for private security-, follows the Code of Ethics and Conduct and the Human Rights Policy and is
conducted in compliance with legislation. That screening aims to find out any evidence of human rights violations, among other misconducts (fraud, corruption etc.), globally.

Due diligences are conducted not only for the bidding process, but along the contract’s term. Results serve as inputs for building the Supplier Performance Index (“IDF”), Vale’s main tool for assessing providers across our operations worldwide. That procedure is applicable to all of our providers in Brazil, Mozambique and Malawi.

A dedicated Corporate Security research team is in charge of conducting the screenings and interacts with operational security team at our sites around the world. These are responsible for continually supervising and monitoring the performance of our private security providers, the quality of services and overall conduct, as well as the providers’ compliance with Vale’s policies, and local and international laws.

Our main private security providers, Prosegur and G4S, are in compliance with international standards defined by organizations like the International Code of Conduct Association (ICoCa) and ASIS International.

**Grievance mechanism**

Vale encourages employees, third parties, members of communities, suppliers and any other stakeholder to report incidents related to security and human rights directly to Vale’s Corporate Security Control Center through a hotline available 24-hours per day via phone, internet or e-mail.

Incidents are recorded at the “Enterprise Event Management” (EeM) system and assessed, treated (preventive and corrective actions) and reported at corporate level and to the local and/or federal authorities, if applicable.

Vale also provides other channels to receive demands and allegations:

- Alô Ferrovia (railway hotline) – available to Vale train passengers and neighboring communities in Brazil and Mozambique
- Direct contact with Community Relations Department team (in person and by telephone).

**C. Country Implementation**

In 2018, Vale’s actions regarding the VP were carried out in Mozambique, Malawi, and Brazil.
Engagement with stakeholders on country implementation

In Mozambique and Malawi, our strategy prioritizes: (i) the definition of terms and agreements for a joint action with public security forces that allows mutual support, the dissemination of respectful practices and clear roles and responsibilities; and (ii) the engagement with NGOs or other potential partner, essential to work with both governments on building capacity for public security authorities.

In this regard, we highlight the following actions carried out:

▪ Meeting with the General Commander of the Police of the Republic of Mozambique (PRM), in January;
▪ Engagement with the Ministry of the Interior of Mozambique, Jaime Monteiro, in April;
▪ Promotion of the 1st Workshop on Security & Human Rights in Mozambique, organized by Vale to foster discussion on the VP. The event was attended by Public Security Officers and had as speakers the Brazilian Military Attaché and PRM representatives;
▪ Elaboration of the action plan for security and human rights with dashboard implementation;
▪ Release of operational standard for engagement and collaboration with public security entities;
▪ Memoranda of Understanding (MoU) between NLC’s concessionaries and public security forces in Malawi and Mozambique for joint action;
▪ Training on “proportional use of force” for public and private security agents;
▪ Expansion of the scope of a grievance mechanism in Malawi – Mozambique already has one in place;
▪ Updated security and human rights risk assessment;
▪ Increase in the number of female security officers to promote gender equality;

D. Lessons and Issues

We acknowledge that our ability to interfere with policies, procedures and practices varies according to the degree of our influence on our stakeholders; however, even in cases in which our influence capacity is not strong, we contribute with awareness-raising actions and sharing of good practices in security and human rights.

Mining and its value chain imply a high level of interaction with neighboring communities, employees, contractors and stakeholders in general. Therefore, incidents of violence or human rights violations may happen, despite all Vale’s efforts and commitments to good corporate practices. In all cases, Vale works to act on them in a manner to mitigate impacts and to prevent new events, in a process of continuous improvement.

In 2018, we had two main incidents:

▪ Brazil: During a land invasion in Cabanada Farm, in Pará, a private security guard was physically assaulted. The aggression was retaliated by another security guard using a weapon with non-lethal ammunition.
- It was not possible to verify at that moment whether the aggressor was injured because he ran away following the incident. Vale was later informed that he was treated at a local hospital with mild injuries;
- The two security guards were not injured;
- The incident was informed by Vale to the local police authorities;
- Corporate Security Department reinforced the procedure of “Rules of Engagement for Security Agents in case of Land Invasion Occurrences and Interdiction of Railways and Accesses”.

**Mozambique:** During a protest staged by members of the community of Nhanchere, about 300 people vandalized the panels of the fence that delimits the area of Vale. They invaded the site and blocked roads.
- In a joint action between the Corporate Security team and the PRM, through negotiation, the protest was controlled and the area was released without any physical aggression.
- A multidisciplinary team of Vale employees was created to deal with the issue with the community and the Government representatives.

Vale’s Engagement with the Voluntary Principles has already improved our procedures. Nevertheless, there is still room for improvement and we look forward for the exchange and peer learning opportunities we will have with this year’s engagement.