Executive Directors Compensation Policy

VALE

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Objective: Establish general guidelines for defining the model and compensation management of the statutory members of Vale's Executive Directors.

Application:

This policy applies to Vale.

References:

- POL-0001-G - Code of Ethical Conduct.
- POL-0016-G - Anti-Corruption Policy and Global Anti-Corruption Manual.

Compensation Guidelines:

The Compensation Policy is designed to be competitive in the global talent market and to allow Vale to be able to attract and retain highly skilled executives with experience and knowledge commensurate with the position required, besides encourage them to execute the strategy and promote the company's success in the medium and long term, through behaviors and practices aligned with the interests of shareholders and Vale's values, essential for generating sustainable return.

The compensation practiced by Vale, in addition to being directly impacted by the economic and financial results achieved by the company and the short and long term market value, has as one of its main focuses the improvement and strengthening of health and safety aspects, social progress and the environment.

Principles:

The Executive Directors compensation is based on the principles below:

- Align executives' priorities and efforts with shareholders' vision, constantly striving for balance in stakeholder relations.
- Leverage and reward value creation and sustainable results, with a long-term perspective, considering Vale's vision to lead the transition to a low carbon economy, generating social progress and respect for the environment.
- Strengthen meritocracy, differentiation and other forms of performance enhancement, balanced with well-done management and mitigation of business risks.
- Align Vale's compensation practices to the best international governances' practices.
- Promote clarity and simplicity.
- Provide competitive compensation to attract and retain highly skilled executives in the global talent market while preserving appropriate compensation levels against market practices.

Total Compensation Competitiveness:

The competitiveness of the executive compensation and benefits package is defined by comparing Vale to other companies of similar size and business cycle - typically large global mining and natural resource companies. Vale's strategy is to position its executive compensation around the median (P50) of this peer group, considering the target value of the package.

Additionally, Vale establishes compensation slots ("salary ranges") for each of its statutory positions, considering factors such as strategic importance, main attributions, scope of responsibilities and other relevant aspects that are inherent to each position, such that executives can be individually positioned considering their level of maturity, professional experience and their share of contribution to company results.

In addition to the analysis of the international market, in order to propose necessary adjustments to the compensation, the People and Governance Committee ("Committee") may also take into consideration researches that portrays the senior management compensation of large Brazilian companies, which are also monitored by the Committee on a secondary basis (local reference) to support their analysis.

The Committee is responsible for recommending to the Board of Directors the necessary adjustments, to comply with the compensation strategy described above and the position of its Executive Directors, facing the challenges of each position.

Total Compensation Components:

1. Fixed Compensation (wage compensation), Private Pension and Benefits:

The fixed portion of total compensation capable of attracting and retaining executives with experience and ability commensurate with the scope and responsibility of the position. These components aren't associated with Vale's performance.

- Fixed compensation may be reviewed for meritocratic recognition, for adjustments to job responsibilities, or for alignment with the peer group to ensure remuneration competitiveness, if applicable.
- Vale grants supplementary pensions to executives, preferably the Vale do Rio Doce Social Security Foundation - Valia, a nonprofit closed entity headquartered in Brazil.
- The benefits offered are aligned with market practices.

2. Short Term Incentive - Bonus[1]:

The Bonus pays the executive according to the performance achieved against the challenges that have been set for the year in question. Such results may relate, for example, to financial, operational excellence, Health and Safety, Environment and Communities (HSEC) aspects or any initiatives or projects associated with the implementation of Vale's strategic plan. Its goals and weights are defined and approved annually by the Board of Directors, under the premise of having a relevant impact in the short and long term, balancing performance and potential risks and being intrinsically related to the strategy and annual budget.

The purpose is to encourage and focus executives on delivering strategic priorities and the outcome of the current year, encouraging them to exceed established performance goals. This model ensures a strong alignment between priorities and executive engagement and shareholder vision and establishes a value limit (maximum payment) on individual payment.

Among Vale's main short-term strategic commitments that have a significant impact on executive compensation, besides to the economic and financial results, include the sustainability, social, environmental, health and safety and risk management dimensions, as shown in the following examples:

- Sustainability, social and environmental - aspects such as aspiration for renewable electricity self-production in Brazil, reduction in specific use of new water, forest recovery of degraded areas, reduction of greenhouse gas emissions, increase in health services, impact increasing entrepreneurs' average income generation and supporting full literacy and education for children.
- Health, safety and risk management - factors such as reduction of critical aspects such as the number of injuries with potentially critical or catastrophic severity, exposure of employees to harmful agents and risk scenarios related to processes and tasks performed in the company, as well as management of fatalities and changed lives indicator.

- Each Executive Director's goal panel consist of Vale's collective goals, business and individual goals. It is annually established and approved by the Board of Directors with the support of the Committee, based on developments in Vale's strategic and budgetary guidelines.
- Follow-up is conducted by the Human Resources Department and presented quarterly to the Committee, ensuring that the end-of-cycle result is consistent, meritocratic and aligned with Vale's plans.
- At the end of the cycle, the results of the goals are calculated and submitted for approval by the Board of Directors. Regarding the individual strategic contribution goals, the performance evaluation is performed by the Board of Directors, in the case of the CEO, and by the CEO, in the case of the other Executive Directors.
- It is important to reinforce the existence of the Bonus Trigger, the result target that defines the minimum conditions for payment. This trigger is common to all hierarchical levels and locations and ensures adequate minimum collective performance, based on the company's global performance, for program payment to be made. If the trigger is not

[1] The amount distributed to the Executive Directors and employees globally (Bonus pool) depends directly on the company's cash generation, being limited to 5.5% of EBITDA less Current Investments made in the year.

- achieved in a determined year, there is no payment of the Bonus to the Executive Directors, nor to the Annual Incentive Plan - AIP to the employees.

- The target of the Annual Bonus is 15 (fifteen) fixed compensation for the CEO and 12 (twelve) fixed compensation for the other Executive Directors, which may vary between 0 (zero) and the maximum of two times the target, as performance calculated in the program. Thus, upon exceptional performance, this portion of the compensation may reach 30 (thirty) fixed compensation for the CEO and 24 (twenty-four) fixed compensation for the other Executive Directors. This program enhances the competitiveness of the package as it leverages executive compensation in case of outperformance.

3. Long Term Incentive - *Matching*:

It works like a partial deferral of the Bonus in the form of shares issued by Vale. In this component, the executive must buy shares issued by Vale using its own resources, and in doing so, receives the right to the share award after 3 (three) years, in a 1:1 proportion (Matching of the originally bought shares), provided observing the conditions of permanence in the program, that are the executive to remain active in the company and not to transact its program shares during the period.

The program has as main objectives to encourage retention and long-term commitment, valuing the alignment of executives' priorities and efforts with the shareholders' view and associating awards with the value generated by Vale's market shares and dividends paid, in addition to acting as leverage of the executives' equity position during the program's performance period.

- During the vesting period (three years), the Executive Directors are entitled to the net amount equivalent to dividends or interest on equity on the shares to be rewarded by Vale, whenever there is distribution to the market.

- Each year, it is mandatory[1] for the Executive Directors to participate in the program using their own resources (in cash or free shares), equivalent to 50% (fifty percent) of the target value of their annual bonus.

- The amount of shares granted annually is equivalent to 7.50 (seven and a half) fixed compensation for the CEO and 6.00 (six) fixed compensation for the other Executive Directors, valued at the grant. It is worth mentioning that these values are net, so that, at the time of the award, Vale gross-up the amounts.

- The granting of the program in a given year does not obligate Vale to grant this incentive, or any other similar format, in future years. Vale has the prerogative to analyze and decide to grant similar incentives in future years.

4. Long Term Incentive - PSU (Performance Share Unit Program):

In this component, the Executive Directors' award is based on virtual share units granted to them at the beginning of the 3 (three) year cycle. The grant entitles the Executive Director to receive a prize at the end of the period, upon the fulfillment of Vale's performance conditions.

PSU directs Vale's management efforts for the long-term sustainable value creation management efforts, aligning executives' focus with shareholders' vision and encouraging executive retention.

The program further ensures the Executive Director's alignment with Vale's market value, while establishing Vale's Total Shareholder Return (TSR) against peer group TSR in the period as the performance condition that leverages or reduces its awards. PSU's peer group consists of companies with which Vale competes for investment and that have similar risk profile and market behavior, focusing on the mining segment. It should be stressed, therefore, that this panel is not the same as the one used for the competitiveness analysis of total compensation.

Relative TSR was chosen as a measure of performance because it considers the total shareholder return, the appreciation of the shares issued by Vale and the dividends and interest on equity paid in the period, and because it allows independent, objective and external evaluation.

- The number of virtual shares granted annually is equivalent to 18.75 (eighteen seventy-five) fixed compensation to the CEO and 9.0 (nine) fixed compensation to the other Executive Directors, valued at the time of grant.

[1] For years when the net bonus actually paid in the year is not sufficient to participate in Matching, the compulsory participation is reduced to 50% of the net bonus actually paid.

- If Vale's TSR is in the worst quartile of peer group TSRs during the period (below 5th position), the award will not occur.
- Between 5th and 2nd position, the number of virtual shares to be awarded varies continuously, between 10% (ten percent) and 100% (one hundred percent) of the amount granted.
- If Vale's TSR overcome the 2nd largest peer group TSR in the performance period, the number of virtual shares to be awarded may continually vary up to 150% (one hundred and fifty percent) of the grant, in the case of to have the best peer group TSR. This program enhances the competitiveness of the package as it leverages executive compensation in case of outperformance.
- The granting of the program in a given year does not obligate Vale to grant this incentive, or any other similar format, in future years. Vale has the prerogative to analyze and decide to grant similar incentives in future years.

5. Additional Information:

Regarding the compensation components described above, the following points should also be observed:

- They are evaluated annually by Vale, based on surveys of international peer group compensation and may be adjusted when applicable, in order to maintain the competitiveness of the package offered to its executives.
- They don't include possible extraordinary mechanisms of attraction, retention and/or incentives for relevant deliveries and other initiatives that bring differentiated value to the company. If applicable, such mechanisms shall be approved by the Board of Directors, upon Committee recommendation, being limited to the amount of approved global annual compensation, which is approved annually at the Annual General Meeting by Vale's shareholders.
- They are subject to the application of Malus, as described in the item below, except for fixed compensation, private pension and benefits.

Malus:

The Malus Rule on the payment of each variable Compensation (Bonus, Matching and PSU) may be applied, and may be partially or fully reduced by resolution of the Board of Directors with the support of the Committee. The Malus Rule is not intended to address performance issues already captured by the regular application of incentive models but is applicable in the case of extraordinary events or events of exceptional severity and with obvious impacts on Vale's market value and/or reputation, and whose causes originated during the executive's management period. Such extreme situations include, but are not limited to, the following: fraud or unlawful conduct by the executive, the occurrence of catastrophic environmental or health and safety events affecting Vale's reputation or Vale System controlled entities, and the occurrence any extraordinary events arising from the executive's action that have a material adverse impact on Vale's market value.

Mandatory Ownership of Vale Share Ownership:

In their quest to continually align executive efforts with shareholders' views, Vale's Executive Directors must strive to significantly increase their ownership interest in Vale to a minimum level. It is mandatory that they reach and maintain a shareholding position equivalent to the following values: for the CEO, 36 (thirty-six) times the monthly fixed compensation and for the other Executive Directors, 24 (twenty-four) times the monthly fixed compensation.

The Executive Directors will be able to achieve this level of participation over the term of management, accumulating Vale's shares through incentive programs that provide for the purchase and/or receipt of shares. Before the minimum value is reached, executives are prohibited from trading Vale shares they own.

The accumulated balance of the shares retained by each one is verified annually, considering the fixed monthly portion in force, the number of shares owned by the executive and the share price of Vale issued in March of each year.

Compensation Governance:

Pursuant to its Internal Chart, the Committee advises Vale's Board of Directors on matters relating to the compensation of the Executive Directors, constantly monitoring the main practices, trends and conditions prevailing in the market, the competitive environment and the relativity of this group's compensation. The Committee has the prerogative to revisit and propose to the Board of Directors changes to the compensation modeling of the Executive Directors whenever deemed necessary and, for this purpose, it has the support of Vale's specialist compensation team, and when necessary, the advice of independent and specialized compensation consultancy, which acts impartially and focuses on the Company's main strategic pillars and supported by competitive market analysis.

As part of its commitment to good governance, the Committee also considers shareholders' points of view when evaluating and recommending changes or measures related to the Executive Directors Compensation Policy. Vale is committed to engaging and communicating regularly and proactively with shareholders and investor representative organizations on compensation and governance issues.

General Provisions:

- Vale's Executive Directors' compensation design means that the amounts effectively received by the executives each year depend heavily on the achievement of Vale's superior business performance, linked to the good management of its potential risks, the successful implementation of the strategy and relevant individual contributions, generating sustainable value and leading Vale to a possible leadership in the process of transition to a low carbon economy, generation of social progress and respect for the environment.
- Considering the package design offered by Vale (target values), most of its compensation is associated with performance and pay for performance. In minimum performance scenarios, this fraction may go to zero, so that the only compensation of the Executive Directors is the fixed portion and the benefits. On the other hand, in cases of exceptional performance under the Policy, the compensation may reach its maximum, generating a significant increase in the package paid to the Executive Directors, observing the overall annual compensation fixed by Vale's Annual General Ordinary Meeting.
- This Policy shall be reviewed periodically at least 1(one) time every three (3) years or on demand.