

# **Voluntary Principles on Security and Human Rights**

## **2023 Annual Report**



### **About Vale**

Vale S.A. (“Vale”, “we”, “us” or the “Company”) is one of the world’s largest producers of iron ore, pellets, copper and nickel, with a portfolio that also includes platinum group metals (PGMs), gold, silver, cobalt and, more recently, iron ore briquettes. We are present in 18 countries, and, alongside our mining operations, we manage an extensive network of logistics systems—including railroads, maritime terminals, ports, and distribution centers—that enable us to deliver our iron ore to customers across the globe. Directly, and through associates and joint ventures, we also have investments in the energy business segment.

As the company is working to position itself as a key player in today’s energy transition, it recently spun off its Base Metals business into Vale Base Metals (VBM). Our goal is to boost operational efficiency and leverage a forward-looking commodities platform, supported by a new governance structure as well as a dedicated Board of Directors with in-depth knowledge of the sector.

### **About our commitment**

Building the Vale of the Future is an ongoing journey of continuous evolution. We built our trajectory based on collective thinking with different actors in society, reflecting on our learnings and seeking to act in a transparent, responsible, and coherent way.

By linking efforts and working with our stakeholders, we aim to share and learn knowledge, experiences, and best practices, especially in ESG. Collaboration strengthens the overall industry, supports more effective action on strategic issues, regulation, innovation and technological development, and helps to foster a sustainable business environment.

Our commitment to human rights is reflected in our Ethics & Compliance Program and our cultural transformation journey. Our approach draws on international standards such as the

UN Guiding Principles on Business and Human Rights, the ten principles of the UN Global Compact, the Universal Declaration of Human Rights, and the principles and guidelines issued by the International Council on Mining and Metals (ICMM) among others.

Regarding Security and Human Rights, Vale became a member of the Voluntary Principles Initiative (“VPI”) in November 2016, however, our security activities have been aligned to the 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, procedures, and management.

The creation of VBM led to a major restructuring process throughout our governance. Nevertheless, our commitment to the VPI spreads across the holding function in a pervasive way towards our subsidiaries. Hence, the carveout process comprehends a series of steps to assure that the high standards of the security processes management, in line with the VP, are properly handed over and in place.

### **About this report**

This report presents the actions Vale has taken in 2023 regarding the VP in Brazil, Canada, Indonesia, Malaysia and Oman – prioritized countries where the company had 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, this document 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 Integrated Report<sup>1</sup>, which is prepared according to Global Reporting Initiative (GRI) directives and aims to keep our stakeholders informed of actions related to the environment and the communities Vale touches.

Our commitment to the VP is also expressed by our Global Human Rights Policy<sup>2</sup>, issued in 2009 and last revised in 2023, 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.

Communicating Vale's policy is also an important step in setting the expectations when collaborating with public security providers or engaging with private security companies. By endorsing the VPs, we demonstrate our commitment to human rights standards and the VPI, and the repudiation of the abuse of power and inhumane treatment.

#### **Engagement in the VP Initiative**

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<sup>1</sup> Please, refer to:

<https://vale.com/documents/44618/6969891/VALERelatoIntegrado2023-EN-120424-Final.pdf/a3cb49bc-6348-3103-7608-97042178cffb?version=2.0&t=1714491030837&download=false>

<sup>2</sup> Please, refer to:

[https://vale.com/documents/d/guest/pol-0005-g-human-rights-policy\\_2019?\\_gl=1\\*x4cf5s\\*\\_ga\\*ODQ0NTkxNTQwLjE2OTA1NjU1ODM.\\*\\_ga\\_BNK5C1QYMC\\*MTcxNTA0NDg5OC4xOS4xLjE3MTUwNDQ5OTQuNDEuMC4w](https://vale.com/documents/d/guest/pol-0005-g-human-rights-policy_2019?_gl=1*x4cf5s*_ga*ODQ0NTkxNTQwLjE2OTA1NjU1ODM.*_ga_BNK5C1QYMC*MTcxNTA0NDg5OC4xOS4xLjE3MTUwNDQ5OTQuNDEuMC4w)

In 2023, Vale participated and supported the Brazilian in-country working group as one of the few local companies being a VPI corporate pillar full member. We have also attended a series of VP conference calls, which were held virtually, throughout the year.

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

Vale's Human Rights Policy states the VP as reference and sets as Vale's principles to "Respect, raise awareness, and promote human rights, preventing potential adverse impacts and violations of Human Rights and, when necessary, mitigating and remediating them, in Vale's activities and along its value chain, through engagement with stakeholders".

Concerning the Company's security teams, including employees and contractors, that policy reinforces that Vale is a signatory and applies the Voluntary Principles on Security and Human Rights (VPSHR) in its activities and highlights that we must include potential human rights violation risks in our risk assessment of security requirements, as well as:

- Selects security Employees and strictly monitors them, considering previous experience, their technical capacity, and emotional stability.
- Regularly trains security professionals to carry out their activities in line with Human Rights principles and with the proportional use of force, treating vulnerable people and groups with special care.
- Seeks peaceful solutions and de-escalation of conflict situations that ensure the physical integrity of people, as well as the preservation of assets, information, and the maintenance of the production process.
- Works in accordance with the United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials and International Humanitarian Law.
- Respects the United Nations Code of Conduct on Law Enforcement by Officers.

From the fundamental principles of the company and its subsidiaries described in our Code of Conduct<sup>3</sup>, we emphasize:

- The seeking to prevent potential impacts and violations and, if necessary, working to mitigate and remedy them in Vale's activities and across our value chain. In this regard, we follow the United Nations Guiding Principles on Business and Human Rights and the laws of each country in which we operate in addition to national and international standards.

The Code of Conduct also states the following:

- Our interactions with Suppliers, which are part of our value chain, are guided by good faith, honesty, ethics and transparency, and the purpose of contributing positively to the economic and social development of the regions in which we operate.
- We seek results that align with our Values. We strive to be recognized as a socially responsible and sustainable company.

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<sup>3</sup> Please, refer to:  
<https://vale.com/documents/d/guest/code-of-conduct-1>

Vale's Human Rights Guide<sup>4</sup> focuses on making the company's directives and principles actionable, as set forth in our Policy, through effective initiatives and examples found in Vale's institutional daily routine. The Guide refers to the VP and seeks to provide, 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 respecting and promoting Human Rights.

In line with the evolution of its practices, Vale has an internal norm for the treatment of human rights allegations that follows the steps below:

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



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

Vale believes in the value of the VP Initiative not only as a mechanism to protect and promote Human Rights in the extractive sector, but also as a unique organization to strengthen and support the global Human Rights agenda. The Human Rights theme gains even more prominence and adherence in our value chain when our financial partners, clients, vendors, and stakeholders in general converge to the same principles.

Vale's long-term engagement with the Voluntary Principles has along the years contributed to Company's procedures. Nevertheless, there is still room for improvement, and we've been actively working for the sustainable and coordinated handover of functions during this period of change in the course of business strategy, especially in regard to the commitments we seek to preserve as a holding company.

### **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, is the main source for our practices in the promotion and respect of human rights. Our employees are required to certify their compliance with our Code of Conduct on a biennial basis. The Human Rights Guide is also an important guiding document to clarify and further explain how to apply the expected behaviors defined by those policies, into employees' daily routine.

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<sup>4</sup> Please, refer to:

[http://www.vale.com/EN/suppliers/code\\_conduct/Documents/human-rights-guide.pdf](http://www.vale.com/EN/suppliers/code_conduct/Documents/human-rights-guide.pdf)

Vale provides regular human rights training, educational content, and awareness campaigns for our workforce. Training is mandatory for both employees and contractors and is delivered in the local language. At year-end 2023, 96% of our employees had received human rights training. For contractors, a human rights training video is available in all local languages.

Enhanced training is provided to critical functions. For the corporate security function, for instance, we provide training in line with the Voluntary Principles on Security and Human Rights, of which Vale is a signatory. At year-end 2023, 99.1% of our Corporate Security employees and 99.8% of contractors had been trained in human rights.

For engagement with public security forces, security teams follow Vale's 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 interactions meet the highest ethical standards and comply with the anti-corruption legislation applicable to Vale.

The contractors and subcontractors performing activities hired by Vale must abide by our values and the principles contained in our Code of Conduct and Global Human Rights Policy. In addition, the Principles of Conduct for Third Parties explain how we implement our values at Vale and apply these values to our relationships with third parties. We seek to work with third parties - suppliers, customers and other types of partners - that understand and comply with all applicable laws and are committed to operating their businesses in a responsible and ethical manner. Suppliers working under contract for Vale must also respect the Company's regulations and procedures as established by the Corporate Security Department, when accessing our 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 our Human Rights Policy, Sustainability Policy, Principles of Conduct for Third Parties) 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 to comply with any of the 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.

Also, in order to standardize the individual and collective conduct of Corporate Security, covering its own employees and contractors, in situations where there is a need for

intervention or contact with people, the Corporate Security department in Brazil defined the Engagement Rules for Corporate Security Actions, an internal document which:

- Establishes the fundamental concepts, principles and guidelines for the proportional use of force, allowed when strictly necessary and only for self-defense against unjust attacks, by security guards and other own agents and contractors that integrates Corporate Security teams.
- Defines, based on the severity of the occurrence, which one of the levels of service and proper types of equipment shall be applied, according to the available teams.
- Prioritizes prevention actions to avoid conflicts, values proportionality and reasonability as central principles, and guides all procedures by respect, empathy, dialogue and Vale's value, "*Life matters most*";
- Establishes internal requirements for Corporate Security Actions, defines roles and responsibilities, requires periodical training, and reinforces the observance of legal requirements related to Corporate Security Actions, referring, especially, to Brazilian laws, such as:
  - Federal Constitution
  - Penal Code
  - Civil Code
  - Privacy legislation
  - Any other applicable standards
- Establishes mitigatory actions and crisis management orientations.
- Establishes analysis and register procedure of the occurrences.

### **Vale's security and human rights risk assessment**

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

100% of Vale's operations<sup>5</sup> have assessed the risk of human rights violations and monitored them periodically along with other business risks. In addition, our operations have adopted prevention and mitigation control measures for these risks and conducted tests to ensure their effectiveness. When it comes to the area of Corporate Security specifically, risk controls were implemented in Brazil and internationally, aiming to mitigate the risk of human rights violation through the engagement of multiple operational and corporate areas for the proactive registering and treating of site vulnerabilities which could result in

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<sup>5</sup> Considers as operations the risk management areas that contemplate the Company's business.

community conflicts.

### **Human Rights Due Diligence (HRDD)**

Human rights due diligence (HRDD) is an in-depth assessment of actual and potential impacts conducted by independent external experts across all operations and critical projects in cycles of three to five years. HRDD findings are acted upon through corrective actions within operations, along with monitoring and reporting on actions taken to address identified risks and impacts.

In 2023, HRDD was completed across 100% of our operations in Brazil (including active, curtailed, and decommissioned assets), and in our iron ore operation in Malaysia. Our HRDD conducted in Brazil identified challenges related to property security, specially within the most remote jurisdictions where we operate. The lack of public security's presence and the local socioeconomic condition impose extra challenges in terms of security of people and assets. Other relevant HRDD findings are related to contractor working conditions, infrastructure and facility management, workplace and sexual harassment, discrimination, and diversity and inclusion. HRDD has action and mitigation plans that are continuously monitored by the company.

### **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 maintains close contact and cooperation with public security forces in Brazil and Indonesia. 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.

Additionally and aligned to our key-behavior "Active listening and engagement with Society", we have settled Memorandum of Understanding (MoUs) and Technical Cooperation Agreements with the public security forces of the main states in which we operate in Brazil<sup>6</sup>. The content of each MoU is negotiated according to the local reality, aiming to contribute with material supplies needs, and to sponsor relevant social programs held by public administration (Educational Drug and Violence Resistance Program, for example), and promote environmental protection actions regarding security in conservation unities.

Considering all those agreements, over R\$5MM were invested on multi-year working plans, benefiting localities in different areas in Brazil. We adopt Human Rights and Anti-corruption

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<sup>6</sup> Pará, Maranhão, Minas Gerais, and Espírito Santo.



and Sanctions clauses in those agreements, reinforcing Vale's commitment of using its leverage to promote human rights best practices in all security actions, especially when taken by public security forces in the Company's interest.

### **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 Conduct and the Human Rights Policy and is conducted in compliance with local legislation. That screening aims to find out any evidence of human rights violations, among other misconducts (fraud, corruption etc.), globally.

Due diligence 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 our providers in Brazil, Canada, Indonesia, Malaysia and Oman.

### **Grievance mechanism**

Vale encourages employees, third parties, members of communities, suppliers and any other stakeholder to report incidents related to security and human rights.

Vale's Grievance Mechanism is composed of several listening channels, which are the structures responsible for managing community manifestations. Stakeholders can contact and interact with the company through these channels (i.e. phone, letter, email, among others). In addition, our Grievance Mechanism is governed by the UN Guiding Principle on Business and Human Rights and complies with the local privacy and data protection laws.

In 2023, 4,311 community manifestations were registered, of which 83.3% were responded. Most of complaints are related to Vale's impacts on access, dust, noise/vibration, pruning and weeding, mobility, among others.

Considering Corporate Security's activities, incidents are recorded on the "Stakeholders, Demands & Issues" (SDI) system and assessed, treated (preventive and corrective actions) and reported at corporate level and to the local and/or federal authorities, if applicable.

We are committed to responding to 100% of human rights complaints received by the Business & Human Rights Resource Centre (BHRRC). In 2023, three allegations were received and clarified on the BHRRC platform, regarding socio-environmental impacts and working conditions in Indonesia, and compensation from the Renova Foundation.

## **C. Country Implementation**



Since November 2022, the Brazil working group has been meeting quarterly, alternating online and in-person meetings. The group has very strong corporate participation from both the mining and oil & gas sectors in Brazil, as well as growing engagement with representatives from several ministries of the Brazilian Government, and civil society.

Vale has promoted awareness of our Human Rights Police and the VP through a variety of mechanisms across the world.

We have developed a specific training about Human Rights and Security which is continuously presented to our security personnel in Brazil and abroad. The content of this training refers to the Engagement Rules for Corporate Security Deployment and it aims to guarantee, especially to contractors, the proper acknowledgement of Human Rights concepts, legal and mandatory internal requirements for security actions, also to share good practices and lessons learned, through an interactive theoretical discussion, sharing cases that were widely reported by the media and hypothetical ones about the theme.

Moreover, aligned to Vale's commitment with the promotion of Human Rights and the prioritization of life, Corporate Security increased the efforts to prevent, instead of responding to threats, allowing for a more predictable and effective processes. The same way, there were investments in Security's technology park, capacity building, and continuous improvement.

In addition, the Corporate Security department developed a new tool for our security guard teams in Brazil. It is a daily checklist that must be answered by security guards before the beginning of each journey. The main objective is to promote a self-reflection in each of our partners, especially about their mental health state and real capability to safely execute their tasks that day. The tool – still at a pilot stage – also helps to define standards and to verify all the personal protective equipment needed. Also, if one of the mental or physical aspects is not considered safe by them, the contractor shall exercise their right of refusal and do not carry the activity. All of this according to our key-behaviors "Open and transparent dialogue" and "Obsession with safety and risk management".

### **Engagement with stakeholders on country implementation**

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:

- Expansion of the scope of a grievance mechanism in Indonesia, Malaysia, and Oman;
- Implementation of Anti-corruption and Sanctions clause on agreements firmed with public security in Brazil, promoting the good faith, and reassuring the observance of the Code of Conduct in the relationship with public agents;

- Inclusion of the Human Rights, Information Security, Diversity and Inclusion Policies and Conduct Code as inseparable parts of the contractual term on agreements firmed with public security in Brazil, to reassure Vale's commitment, and guiding all the contractual relationship with public organisms by the best practices standards in those agendas;
- Ongoing implementation of an agreement signed in 2022, with public security forces, in Brazil, predicting, among other subjects, the availability of materials to promote awareness in disarmament campaigns and other civil duty actions, besides the availability of educational material to support public security institutions in other kinds of awareness campaigns.
- Periodic training on the use of operational techniques and human rights for private security and public security, environmental protection institutions and fire services in some high-level exposure risk sites in the north region, in Brazil.

#### **D. Lessons and Issues**

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

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.

#### **Security and Human Rights allegations in Indonesia**

In Indonesia, 55 families encroached on a protected forest under the responsibility of PT Vale Indonesia (PTVI) and received financial compensation to vacate it. However, in August 2023, Vale SA received notification letter concerning to allegations related to social and human rights impacts such as intimidation by security forces, land access and resettlement. PTVI reached out, seeking dialogue with local NGOs to address their concerns and clarify the issues with the communities, but the engagement attempt was unsuccessful.

Regarding the recent events mentioned in the letter, near the Asuli and Lembo South area in 2023, it is essential to clarify the circumstances. In February 2023, a spontaneous protest took place within the Asuli village community due to PTVI's plans to initiate mining operations. PTVI engaged in dialogues with the Asuli village community, and these discussions included the active participation of local government officials. The primary objective of these dialogues was to reach mutually agreeable terms regarding livelihood programs for the community. There were no interventions by local authorities at this demonstration.

In a subsequent demonstration mentioned in the letter, the situation escalated, leading to property damage involving PTVI assets. To prevent any further escalation and to ensure the safety and security of all individuals involved, PTVI informed local authorities. In this specific incident, when demonstrators vandalized a bus owned by PTVI, the police intervened with the aim of maintaining safety and security for all parties present. PTVI maintains a positive and constructive relationship with all stakeholders, which includes the military and police. Additionally, it should be noted that the armed forces have publicly affirmed that their activities were routine in nature and that they are not involved in PTVI's exploration work.

When there is an escalation of conflict, PTVI firmly rejects the use of intimidation, violence, and coercion. The company actively addresses unauthorized encroachments into its concession areas and works together with the local authorities, community leaders, and NGOs to resolve conflicts and ensure compliance for mutual benefit. Moreover, PTVI's security team, including contractors, undergo Human Rights training so they may carry out their duties in accordance with the VP and the United Nations Guiding Principles on Business and Human Rights (UNGPs) and with due regard for the proportional use of force.

Following the notice, in October 2023, Vale Base Metals (VBM) established a task force to support PTVI in assessing and responding to the allegations as well as strengthening their approach to social, human rights, and environmental impact management in the region. An investigation was commissioned and VBM has received a report with findings, which were carefully reviewed and the corrective action plan is being developed.

### **B1 dam failure - Brumadinho**

The search for the victims of the dam failure, carried out by the Fire Department of Minas Gerais, continues with the participation of the Civil Police, through the Forensic Medical Institute, teams from Vale and family members of the victims. The local fire department's search for the three individuals still missing, among the 270 victims of the dam breach, two of whom were pregnant, is still ongoing. We know that human losses are irreparable.

Our commitment to "never again" has inspired a cultural transformation within Vale, including a comprehensive review of all our major processes, such as governance, risk management, and dam management. We are challenging ourselves as we seek to achieve recognition as an industry leader for safety and as a reliable operator. As we seek to ensure that damages are repaired and safety is improved, we are establishing a new set of standards and guidelines, as well as a culture of increased accountability, humility, empathy, respect, and active listening - aiming to reshape our relationship with society.

In 2023, we made further progress on our programs under the Brumadinho Comprehensive Reparation Agreement, which has now reached 68% completion of total obligations, including performance (25% completed) and payment (87% completed) obligations. The initiatives completed in the year met the demands made by compliance enforcement agencies (Government of Minas Gerais, the Public Defenders' Office of the state of Minas

Gerais, and the Federal and Minas Gerais state prosecutors' offices) and were approved by the courts. We also have a series of other initiatives underway on the water supply, treatment, and monitoring fronts, along with social projects and support for those affected, the support of socioeconomic development, social works, and urban infrastructure.

The Agreement established include BRL 97 M (USD 19.4 M) in investments to the civil defense authorities and BRL 71 M (USD 14.2 M) to the local fire department. Among the actions completed to date are procurement of 8,227 technology items and 533 vehicles. All these actions will provide better technical working conditions and improve the services offered to society.