

Case Study:

Vale

Our approach to engagement throughout the investment journey

Through our ongoing engagement, we are to be an active voice during Vale's process of improving its practices, ultimately helping drive value creation for all stakeholders.

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November 2023



We invest in Vale

A Brazilian multinational corporation engaged in metals and mining.



Why we engage

Vale is one of the largest iron ore and base metal producers in the world.

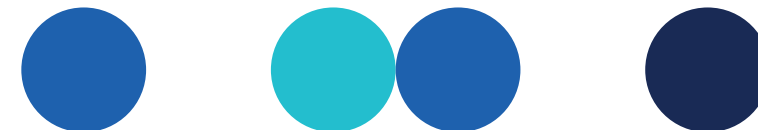
The Mining and Metals production sector is exposed to high-risk and high-impact environmental and social issues. We saw an opportunity for Vale to move from a laggard to an ESG improver, creating value for all stakeholders.

Original engagement was focused on corporate governance but was escalated following the incidents of Mariana and Brumadinho focusing on reparation, safety & risk management, among other E&S topics.

How we engage

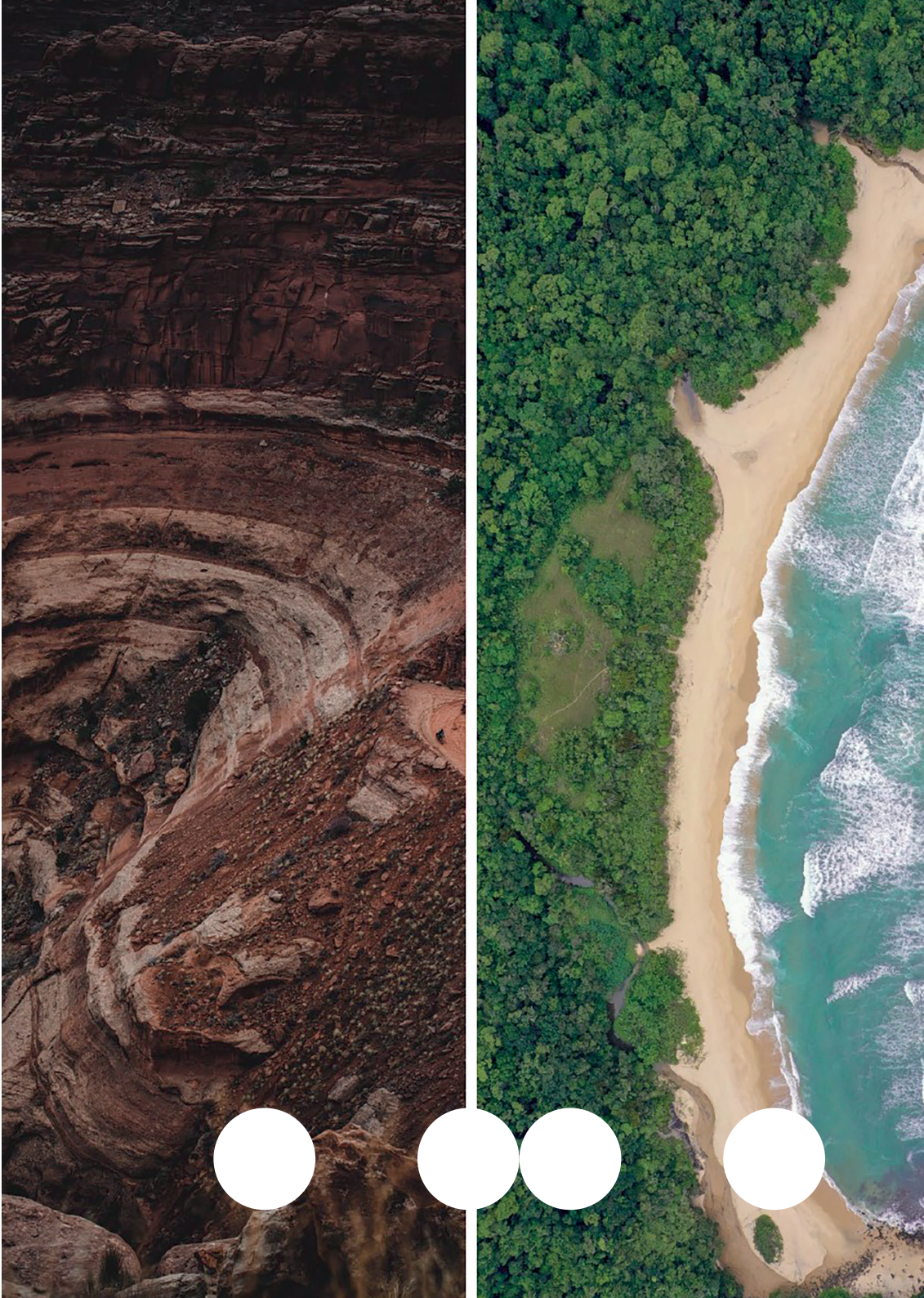
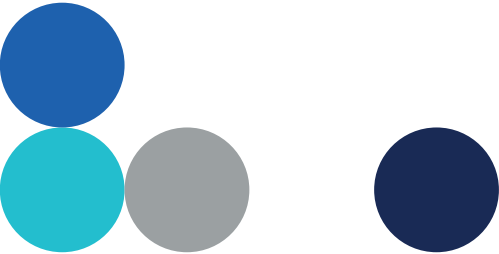
We were an active voice in the company's process of moving to a single share-class, listing under Novo Mercado, and becoming a full corporation.

We nominated the first two fully independent directors to Vale's Board of Directors.



We have also engaged with Bradespar, an important investment vehicle for Vale, nominating an independent director to its Board of Directors;

Following the Brumadinho incident, we were active in supporting the reparation efforts and voicing the importance of improving safety and operational standards



Outcomes

Vale is listed under Novo Mercado, with a single share-class. Its Board of Directors has been strengthened with a better balance of skills and greater independence.

Vale has been active in repairing and compensating the environmental and social damages of the Mariana and Brumadinho incidents through settlements and initiatives that promote the restoration and economic development of the affected communities.

The company has committed to de-characterising all its upstream dams by 2035 and constructed back-up containment structures to enhance safety around riskier structures.

Vale strengthened its safety & risk management governance and process, implementing new technologies, promoting better alignment within its internal governance, and embedding ESG and Health & Safety in management's KPIs.

- The company has also disclosed an ESG roadmap, committing to become Net Zero by 2050, zero the number of recordable high potential injuries by 2025, and reduce water consumption by 10% by 2030.

- Vale's business strategy has become increasingly aligned with its ESG goals by focusing on low-carbon and greening metals & mining products.





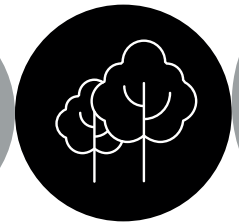
Next steps

Moving forward, we will continue to monitor the company's progress in the reparation efforts, the de-characterisation of the upstream dams, and the progress in the initiatives of its ESG roadmap.

Investment outcome

Through our ongoing engagement, we were able to be an active voice during Vale's process of improving its practices, ultimately helping drive value creation for all stakeholders.

The commitment to this engagement plan and frequent dialogue with the company were key to fulfill our stewardship role as investors while informing our investment insight and sizing decisions across portfolios, which ultimately proved additive for clients.



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