



**Local Conference Call
Vale S/A(VALE3)
4Q22 Earnings Results
February 17th, 2023**

Operator: Good morning, ladies, and gentlemen. Welcome to Vale's conference call to discuss fourth quarter 2022 results. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will be given at that time. This call is being simultaneously translated to Portuguese.

If you should require assistance during the call, please press the star followed by zero. As a reminder, this conference is being recorded and the recording will be available on the Company's website at: VALE.COM at the Investors link.

This conference call is accompanied by a slide presentation, also available at the Investors link at the Company's website and is transmitted via internet as well. The broadcasting via internet – both the audio and the slides changes – has a few seconds delay in relation to the audio transmitted via phone.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Actual performance could differ materially from that anticipated in any forward-looking comments as a result of macroeconomic conditions, market risks and other factors.

With us today are:

- Mr. Eduardo de Salles Bartolomeo – Chief Executive Officer;
- Mr. Gustavo Pimenta – Executive Vice-President of Finance and Investor Relations;
- Mr. Marcello Spinelli – Executive Vice-President of Iron Ore;
- Mr. Carlos Medeiros – Executive Vice-President of Operations;
- Ms. Deshnee Naidoo – Executive Vice-President of Energy Transition Materials;

First, Mr. Eduardo Bartolomeo will proceed to the presentation Vale's fourth quarter 2022 performance, and after that he will be available for Questions and Answers.

It is now my pleasure to turn the call over to Mr. Eduardo Bartolomeo. Sir, you may now begin.

Eduardo Bartolomeo: Thank you very much. Good morning, everyone, I hope you're all doing well.

In 2022 we substantially de-risked and reshaped Vale, we had strong deliveries in dam management and decommissioning, we advanced as expected with the



Brumadinho reparation, we created leverages for operational stability and flexibility, and we are simplifying our business portfolio, enabling a greater focus on our core businesses.

On top of that, we drew up a plan for the Vale of the future; a company that promotes sustainable mining, fosters low-carbon solutions, and remains capital disciplined.

Next slide. Before going to our performance in Q4, let me just reinforce that we just announced a new organization design for Vale's Executive Committee which will strengthen our core business, broaden technical excellence, and improve project execution. I will provide more details later on.

I'm also very happy to announce the appointment of Jerome Guillen as our first independent director for our energy transition materials business in line with the new management model that we had laid out during Vale Day. Jerome Guillen as our first independent director for energy transition materials business, in line with the new management model that we had laid out during Vale Day.

Jerome is a former president of Tesla Automotive and has played a key role in developing the EV market as we know today. He's a very normative and purpose-driven individual that will certainly add tremendous value to our energy transition materials strategy. As well, we continue to make substantial progress on the minority sale and expect to share additional details with you still in the first half of this year.

Moving on to our operations, in iron solutions we delivered strong results with fines sales up 24% combined with a strong price realization. Our all-in cost decreased benefited by lower freight rates. On the project side, the Gelado project is now under commissioning and that help us make us very confident about our production guidance. In our energy transition material business, our nickel production was steady with sales up 30% and production up by 6%, mainly due to the excellent performance of our Sudbury mines, which delivered the highest production rates since 2019. Also, Onça Puma had the best annual production in the last five years.

In copper, it was a quarter of important maintenance activities in Salobo and Sossego to ensure asset integrity, which is paving the way for a higher production rates in 2023. We successfully completed the startup of Salobo III, which will add 30 to 40 kilotons per year of copper at peak production capacity.

On product strategy, I would highlight Vale's long-term agreement with General Motors to supply battery grade nickel sulfate. This reinforces Vale's unique strategic position to be the supplier of choice to the EV industry. In our quest to become a leader in sustainable mining, we continued to deliver in many of our public commitments, such as in human rights, Amazon Forest protection, and the safety of our dams.



Finally, we walk the talk on cash return to our shareholders. We just announced a US\$1.8 billion dividend for payment in March while remaining committed to our buyback program, about 43% completed.

Next slide, please. The redesign of our executive team is key to ensure a fit-for-purpose organization with greater focus on its core business and on delivering our strategic goals. We now have a dedicated structure led by Spinelli to accelerate the development of innovative products and solutions in iron ore and the improvement of our marketing strategy. Carlos Medeiros now has the challenge of accelerating the implementation of Vale's management model, which will promote greater safety and reliability on Vale's operations. Rafael Bittar was promoted to the executive team. He implemented with excellence our tailings and dams' management model and now will lead our technical office, which incorporates safety and operational excellence, mineral exploration, and operational innovation. Alexandre Pereira will be entirely focused on implementing a state-of-the-art project planning execution from end to end to secure our long-term growth ambitions.

As you can see, we designed our organizational structure for efficient management of our operations and the development of innovative solutions for a carbon-neutral society.

Next slide, please. We are seeing unprecedented opportunities for segmentation and demand growth for high-quality products. Quality is key for the decarbonization of steelmaking and a game-changing transformation for the high-quality suppliers like Vale. There's no other company like Vale which combines volume and quality, innovative products, and supply chain to deliver the decarbonization solutions that the steel industry needs. Our iron solutions strategy is designed precisely for this purpose.

With those differentiators we are a partner of choice for our clients. We are establishing partnership with steel mills to find new solutions to decarbonize the industry. We have sign with clients representing almost 50% of our Scope 3 emissions. As you can see on the chart, we are projecting a higher average iron content in our iron ore portfolio starting in 2023, this would give us much higher quality premium on prices. It's a quality and a price game.

Just as a reference of how much value we can generate on quality, each one percentage point increase in average iron content corresponds to around US\$550 million of incremental EBITDA. The commissioning of the plus 20 project in the S11D and the Gelato project, which I already mentioned, will help us achieve growth, higher quality and better prices. In the Southeastern and the Southern Systems, we are increasing concentration process to deliver high-quality feedstock with the 4 filtration plants in Itabira, Vargem Grande and Brucutu that we delivered recently. And concentration is key to a high-quality low-carbon supply, reason why we signed up for the development of mega hubs in the Middle East.



And finally, we are also about to start up our first green briquette plant. In the first half of 2023, we faced 6 million tons production capacity as originally planned.

Next slide, please. In our energy transition material business, we have the right assets in the right jurisdictions making us the ideal partner for delivering high-quality products to our customers. In 2022 we entered into strategic nickel supply agreements with Northvolt and with General Motors, in addition to an MOU for nickel processing between PTVI, Huayou and Ford Motor Company. We are developing a first-of-its kind plant in Canada and North America to produce nickel sulfate from high-purity, low-carbon nickel from our Canadian refineries. This project is a natural extension to our business offering diversified sales with a greater footprint in the North American EV market.

Nickel production increased 6% in 2022 mainly due to the stabilization of Sudbury operations and the consistent and strong performance at Onça Puma. Copper production declined by 15% to 253,000 tons in 2022 due to extended maintenance at the Sossego mill during the first half of the year and additional maintenance required at Sossego and Salobo. With the maintenance completion and the startup of Salobo III, our copper production should grow materially in 2023.

In short, we have the assets, we have the innovative technology, and we are building the client engagement and the supply chain. With that, we have the will and the conditions to take Vale to the leadership of a sustainable mining on the critical mineral's world.

Next slide, please. Safety is the basis of our work and culture, and we are proud to have achieved historic results in 2022. We reduced more than 80% the number of high-potential recordable injuries since 2019 in key critical activities. Vale has now the lowest TRIFR rate in 15 years, we are also 40% completed in our goal to eliminate all our upstream dams.

The B3/B4 dam had its emergency level reduced from high to medium after successful safety improvements; an important milestone in the journey to eliminate critical safe conditions in dams by 2025. Vale is around 90% adherent to the requirements of the Global Industry Standard for Tailings Management, which gives us confidence that we will be 100% compliant by 2025, and we will continue to pursue the highest safety standards and operational excellence, making sure safety is incorporated into the company's culture.

Next slide, please. At Vale we are making sure that sustainable mining is at the core of all our actions. On our journey to reduce Scopes 1 and 2 emissions, we established a natural gas supply agreement for a pelletizing plant in São Luís. We are also testing biochar in our metallurgical and pelletizing processes while progressing with the conversion of 2 pelletizing plants to green briquettes in Tubarão, as mentioned before.

We have a voluntary commitment to protect and restore additional 500,000 hectares of forest by 2030, we protected and recovered 51,000 hectares in 2022



bringing the total to 172,000 hectares since 2019, or about 34.4% of the long-term goal. On human rights, 100% of Vale's operations in Brazil are covered by human rights due diligence. As you know we have a goal of taking 500,000 people out of extreme poverty by 2030. In 2022 we detailed our action plan. In 2023 we will start a pilot project to benefit 30,000 people from areas neighboring Vale's operation and in other locations.

In Brumadinho, we delivered 58% of the commitments set by the reparation agreement within established deadlines. In Mariana, the Renova Foundation provided 315 housing solutions in 2022, this means Renova provided a total of 441 housing solutions so far, or about 60% of the resettlement requirement.

In conclusion, we have materially de-risked Vale, and we are delivering on our commitments to a safer and more sustainable company. With that I am sure that we are building a better Vale.

Now I'll pass the floor to Gustavo, who will detail our financial results and I'll get back to the Q&A at the end. Thank you.

Gustavo Pimenta: Thanks Eduardo and good morning everyone. Let me start with our EBITDA performance for the quarter. As you can see, we delivered a solid US\$5-billion EBITDA in Q4, US\$1 billion higher than Q3 2022. This US\$1-billion increase is mainly explained by our strong sales performance in the quarter with iron ore fines up by 15.8 million tons and nickel up by 13.9 kilotons. Price realization for iron ore fines also contributed to our better performance, and I'll provide more details about that on the next slide.

Bunker and oil cost was positively affected by US\$250 million due to lower freight costs mainly as a result of lower bunker prices. In others, the main driver was the US\$224 million one-off tax agreement in Pará, which I will cover later in my presentation. So, back to iron ore price realization, the average reference price for the quarter was US\$ 99 per ton, our average premium was US\$1.6 per ton, up US\$1.00 versus Q3 as a result of better sales mix. The pricing mechanism effect had also a positive impact on our final realized prices. This is largely explained by the higher forward prices at the end of December. Around 31% of sales were booked at an average price of US\$116.3 per ton. You can see this effect on provisional prices in current quarter, which contributed with US\$5.3 per ton. Before the adjustments from moisture and FOB sales, price realization was about US\$107.4 per ton, 8.5% above the benchmark price.

So, in summary, we delivered a realized price of US\$95.6 per ton, up US\$3 per ton versus Q3 despite a decrease in benchmark prices of US\$3.3 per ton.

Now moving to iron ore all-in costs. As you can see at the bottom of the table, our EBITDA breakeven cost came down by US\$2.8 per ton to US\$48.5 per ton. This is explained by 3 main factors: first, the 18% decrease in sales from third-party purchases, which contributed to US\$1.2 per ton in our C1; second, our freight performance which contributed with the cost reduction of US\$3.6 per ton due to



lower bunker prices and better freight rates; and US\$1 per ton resulting from higher finance premium due to a better mix.

On royalties, Vale joined a program with the government of Pará in relation to the increase of TFRM, which is a fee to fund the government supervision of mineral production activities. This agreement, which covers the entire 2022 fiscal year, was fully recorded in Q4. Excluding this one-off event, the royalties' line in Q4 would have been US\$2.7 per ton lower with all-in EBITDA breakeven of US\$45.8 per ton versus the US\$48.5 per ton recorded. For 2023, we forecast a decrease of US\$2 per ton in the EBITDA breakeven due to higher average quality of our product portfolio and lower fuel costs.

Now turning to energy transition materials, our EBITDA more than doubled quarter on quarter, reaching US\$775 million. This was mainly driven by better price realization for both nickel and copper, as well as a 30% growth in nickel sales and a decrease in nickel unit cost by 16% in the quarter.

Now looking at all-in costs, in nickel all-in unit costs dropped by 2.600 per ton mainly driven by lower cost of goods sold. As you may recall, in Q3 we had a carryover of high-cost inventories which was a one-off impact to our Q3 cost of sales. For 2023, we project nickel unit cost to be relatively flat as we don't expect to change our purchased-feed strategy in the short term despite higher expected productivity in Sudbury. In the mid-term, we expect a reduction in nickel cost as we ramp-up VBME.

Now moving on to copper. Copper all-in unit cost was up due to lower volumes from South Atlantic operations after maintenance at Salobo and Sossego plants. We expected unit costs to go down on the back of higher volumes associated with better operational performance at Salobo and Sossego and the ramp-up of Salobo III.

Now moving to cash generation. As you can see, free cash flow generation was largely impacted by working capital and Capex, which are usually higher in Q4. The working capital variation is largely explained by the US\$2.1 billion increase in Accounts Receivable mainly due to higher accrual sales volume for iron ore, together with the positive effect of US\$21 per ton on higher iron ore provisional prices. These invoices will be collected in Q1 this year and we expect the effect on working capital to revert in the following quarters.

We also repurchased around US\$1 billion in Vale shares in Q4, which is aligned with our capital allocation strategy. So, let me talk more about our capital allocation strategy in the next slide.

Since April 2021, we bought back 683 million shares, or 13% of the initial number of outstanding shares. This means a 15% increase in concentration of earnings and dividends on a per share basis. Also, yesterday we announced US\$1.8 billion in dividends to be paid in March 2023.



So, before opening up for questions, I'd like to reinforce the key takeaways from today's call. As Eduardo mentioned, Vale re-designed its Executive Committee to ensure a fit-for-purpose organization with greater focus on our operations and on delivering solutions for the global energy transition. In that sense, we are taking actions to serve a growing market demand for quality products leveraging on our unique mineral endowment and innovation capabilities. For example, the high-grade pellets and briquettes, the mega hubs initiatives and the low-carbon nickel products.

We also remain focused on delivering new projects to meet our production guidance and to make sure we sustain the unique competitive advantage of Vale.

And finally, we remain highly committed to a disciplined capital allocation process as evidenced by our highly accretive buyback program and dividend payout.

Now I would like to open the call for questions. Thank you.

Question and Answer Session

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We advise that the question should be asked in English.

If you have a question, please press the star key followed by the one key on your touch tone phone now. If at any time you would like to remove yourself from the questioning queue, please press star 2. Please, restrict your questions to 2 at a time.

And our first question comes from Leonardo Correia, with BTG Pactual.

Leonardo Correia: Good morning everyone, thank you. Can you hear me well?

Eduardo Bartolomeo: Yes, yes, we can, Leo.

Leonardo Correia: OK, perfect. Thank you. So, my first question goes to Gustavo. On the notes of still of cash returns, Gustavo, you... I mean, Vale has been very active on the buybacks over the past quarters, and since you joined Vale, your message has been very clear on buybacks and the preference for buybacks, right. I think Vale has really stepped up the game on that front. Since the recent lows, Vale has rebounded like 40-50%, the stock has performed quite well over the past months. In this context, the stock has reweighted as well versus Australian peers, we see that rerating process probably complete, the multiple is now more aligned, which is fair. So, in this context, Gustavo, how do you see the balance of now sustaining this buyback in the context of, let's say, a higher priced share vis-à-vis paying that balance in extraordinary dividends?

So, I just want to see how you see the current trade off given where the share price is and the recent Vale.



And the second question on cost, I think we had a pretty reassuring number in terms of delivered costs into China. The number has declined from US\$51 to about US\$48 this fourth quarter, I mean, looking forward, given the deflationary pressures we're seeing, the oil prices still quite depressed, if you think of freight rates Brazil to [unintelligible] the number is US\$16, still below the freight rate that you guys are booking and I understand that you have a good part of that which is long-term contracts, but just putting everything together can we see the delivered cost into China falling below US\$45 by year-end? Or how are you seeing the evolution of those costs?

Thank you very much.

Gustavo Pimenta: Thanks, Leo. So, on the first one, as you know, we have a very attractive dividend policy, the 30% EBITDA less sustaining, which is somewhat close to a 50% payout, so we've been performing on that. And on the buyback, as you know, we've been walking the talk, delivering and executing on the buybacks, especially when prices are softer. Quite frankly, we continue to believe that even at the current levels this is probably one of the best (if not the best) investments that we have buying back shares and we will continue to do at those levels, we will continue to believe that these investments at the current level is highly accretive for our shareholders.

On the cost, I mean, the guidance that we have provided for 2023 is about 47, so US\$2 lower than what we posted last year, so we'll have to see. I think a lot will depend on how bunker performs, certainly year-to-date freight rates are better, about US\$3 altogether, so that could be an upside, but so far we're keeping the 47 as our guidance for 2023.

Operator: And our next question comes from Rafael Barcellos, with Banco Santander.

Rafael Barcellos: Hello, good morning and thanks for taking my question. My first question is about briquetting. I mean, how is the briquetting project evolving and how has been your commercial strategy on these as I think we are approaching the startup, and of course, how your costumers have been reacting to that?

And my second question is about the base metals division. Could you please elaborate on how are you seeing operations evolving now in the 1Q, not only on the cost side, but also on the production side? And which type of contribution to Vale we could expect from Tesla's former executive, who just joined the Board? Thank you.

Marcelo Spinelli: Thank you, Rafael, for your questions. It is Spinelli here. Talking about the briquette, the green briquette, so as you mentioned, we expect the startup this year for the first industrial plant in the first half/second half. So, this is the year for test, so industrial test in our clients. We've been developing the blast furnace briquette and we've been testing around Brazil in all the kind of size of blast furnace, so that would be another test, so we're going to explore the



seaborne, all the impact in the vessels. So, that's a year for test. And also, direct reduction will be a possibility to foster and increase the speed to test in our clients.

So, for this year it's about test. All the commercial strategy is similar to the pellets and from next year we'll be evolving in our agenda to expand our production to the mega hubs and to our clients in all the parts of the world.

Eduardo Bartolomeo: Rafael, I'll lay the question for Deshnee to go over the performance, but I want to explore your second part of the question around Jerome. I think, as we've been continuously saying, we have unique assets and opportunity in what I say revolution energy of the world, and I think Jerome is part of this, he's is 10 years in Tesla, he's been through and made what we know what is the EV world today, so he will help us a lot on guiding us, on helping us and the Board together with me and other peers that we're going to construct to unblock the tremendous value that we have inside this business.

Absolutely, he is one profile that fits because he comes from OEM, we're looking for other profiles as well that will help us with underground mining for sure for with the base metals experience, so when we said "let's carve out the business, let's ring fence base metals is exactly to attract talent, top people and I think this is a good example, and again, I'm so glad that he took the challenge to come and extract this unperceived value of the base metals business at Vale.

And I think Deshnee can elaborate in your question around the performance, and I think we are doing good stride on that side as well, and still a lot of challenges as well. OK, Deshnee, please.

Deshnee Naidoo: Thank you for that, Eduardo, and thank you for the question, Rafael. So, if I look at nickel and as we guided at Vale Day, nickel will be very similar to the production levels that we achieved last year, but with 2 changes: we will take the Onça Puma furnace I down in Q4; and we will take the Creighton shaft down for overhaul in Q3. But despite that and because of the productivity gains that Eduardo mentioned in terms of Sudbury, we're still expecting to keep production largely flat in the rest of the business and outside of Sudbury and after completing the PTVI furnace for rebuild last year PTVI will give us a delta 10,000 tons in the year.

So, that's a nickel, but I think because of the seasonal impacts of P&P that we generally do in the first half, we'd have a similar year for nickel where you see the production back ended to the second-half including sales as well.

Coming to copper, so copper there's 3 changes that will happen this year: the first one is a North Atlantic, but we'll see about a delta 10,000 tons year-on-year and that's largely from the improved support that we did last year following some of the seismicity events we've had that we've since supported and was great to see not only, as you know, Eduardo mentioned, nickel had a great quarter last quarter, but so did copper for us out of Sudbury. The game that we need to win at this year is the backlog maintenance at both Salobo and Sossego.



And turning to Salobo quickly, we've now moved this into a very structured program where we've mapped out not only all of the risk based on loss profile, but the action that we need to follow to both catch up on some of the backlog maintenance, but as well as keep up to the maintenance schedule that we've had. And again, we have had a good January which tells us that we are on the right plan.

Now we all know that in order to be successful, what gets measured, gets done. So, we've actually put the Salobo operations into a PMO structure so that we now as a leadership team can see weekly all of the work that is happening. That will give us about a delta of 45,000 tons from last year's performance across both Salobo I and II plant, as well as the Sossego plant. But the real win for us this year is making sure that we can continue on the ramp up plan of Salobo III plant, which will give us about a delta 50,000 plus in the year. And again, Rafael, that will be back ended just because of the nature of the ramp up curve that we have, but we're very happy to report that as of today both lines are operating in Salobo III.

So, the way to look at the performance nickel similar to last year with some of the exceptions I mentioned, copper we are targeting the guidance and it will come from the delta that we're going to get in terms of the maintenance that we are doing, but because of the Salobo III ramp up back ended into the second-half of the year.

Operator: Our next question comes from Caio Ribeiro, with Bank of America.

Caio Ribeiro: Good morning, thank you for the opportunity. So, my first question is on the base metals division. If you could share some updates in regards to the process of potentially selling a 10% stake in the division that would be very helpful, especially in regards to the timing of concluding the transaction. First half 23 is still valid? What profile of investors you're in discussion with? And what do you plan to do with the potential sales proceeds?

And then secondly, if you could also provide an update in terms of discussions around the renegotiation of the Renova framework agreement, whether there is any timing, any definition of potential amounts already agreed that would be great too. Thank you.

Gustavo Pimenta: Thanks, Caio. This is Gustavo, so I'll cover both. On base metals, it's moving quite well, quite frankly we are expecting to have news in more details as we said before in the first half of 2023, we're discussing the opportunity with different parties, great parties that we think it's going to add a lot of value to this story. So, stay tuned. We should be using a larger portion of the proceeds to fund growth. This is a business that should be investing in new platforms going forward that I think it's going to be highly accretive, good level of returns and so on, so the idea is that a lot of the resources will be used for that.

On the TTAC renegotiation, Renova, we continue to evolve on the discussions, I think the new government has been vocal in the sense that they are also



reinforcing a desire to settle, which we all think it's a good thing. So, our expectation is that we'll be able to find a resolution and settle the renegotiation this year in a format that works for everybody.

Operator: Our next question comes from Carlos de Alba, with Morgan Stanley.

Carlos de Alba: Thank you very much, good morning everyone. So, a couple of questions. Coming back to the base metal business, I don't know what else can you elaborate, but maybe how did you see the Vale rerating that a transaction in base metals can take place? Do you see more coming from a multiple rerating or do you think that is more ready the performance of the business that fortunately even though in the last few months it has improved, over the last several years it hasn't been stellar.

So, could you maybe articulate, Bartolomeo or Gustavo, on how do you see this playing out? Do you attribute this to multiple rerating, transparency, structure of the business, institutional structure and leadership structure or more to the performance going forward being better on a sustainable basis?

And then the other question, if I may, Gustavo, it has to do with the CSLL and recent decision by the STF, because the government would be able to get the money on tax disputes before the process or the dispute come to an end on an exhaust on the legal avenues and it could be in theory retroactive? How much Vale is exposed to that?

And also continuing with the tax situation, there was a proposal, a provisional measure that would change the transfer pricing practices in Brazil. How is Vale exposed to that provisional measure? Thank you very much.

Eduardo Bartolomeo: OK, Carlos, I'll let Gustavo go to the second one, but again, maybe all the above that you mentioned because let's be frank I think the name of the game here – I've been saying that for a long time – is execution. Why are we ring fencing the business? Because we believe that doing the right incentives, the right motivations will allow us to improve our performance. It's happening by the way, you noticed that and we're finishing this ring fencing, so Deshnee is going to have all her ex-co together with her directly focused, the governance that we are building together is around attracting people like I just mentioned, Jerome and others that you see in the next months as we evolve in the design of this governance.

But fundamentally, why bring somebody else to the table now? That's a good question, a fair question to answer, and I said that we would do anyway, right, so just be in mind that if eventually we don't have a right proposal because we want with this is an anchor to promote the acceleration of the execution, we spent already 16 years on that, we don't have another 16 years for that. So, if I'm able to bring somebody that shares the same perception of value like I mentioned that Jerome did as a Board Member and this guy is a partner, a financial partner, a strategic partner that can help us again accelerate the execution that would be



the fundamental reasons why we carved out, ring fenced and sold a minor participation.

We don't want to put a lipstick on the peak, we want to make this business really, really excel. And I'm sure the rerating is key here, it's not only because Vale has rerated, as I think Leo mentioned, I think the whole industry is underrated, the whole industry is ridiculous underrated, and I'm not talking about the mining industry. We cannot be in the basis of the energy revolution and being taking multiples as we speak. And evidently if I move the green metals, copper, nickel, cobalt to a separate entity that makes it easier to people understand the criticality and the growth that's coming.

That's the next reason why we're doing that because if you understand the needs of cash for this business, we're talking huge amount of money, we're talking about US\$20 billion, and I think Vale's iron solutions' shareholder eventually wouldn't like that as well. So, why not have this option in the near future if you are executing well?

So, sorry for the long answer, Carlos, but it's all and above, and I have zero doubts that we are in the right path, I have zero doubt that we're going to execute much better than we have been executing, I have zero doubt that we're going to have rerating and a rerating much more above, and I think mining industry has to be rerated. It's unacceptable to be rerated like rated everybody, I'm not talking about Vale, I'm talking about the mining industry. So, we are so critical to the world – and you know exactly what I'm talking about valuations.

So, long answer, sorry, but that's a fundamental thing for us, this is the most important strategic matter in our portfolio today, and we will have time to talk about iron ore, by the way. I never saw a call with so many questions about base metals. I think that shows the interest.

Thanks, Carlos, for the question again. I will ask Gustavo to go over the...

Gustavo Pimenta: So, Carlos, just to complement quickly here on the tax, the CSLL we've booked 100% of the potential impact on Vale in Q4, which was US\$150 million, so that's fully provisioned including the interest and penalties, so you probably heard there has been discussions around giving some relief on penalties which we are following closely, but at this point it's fully resumed, US\$150 million of impact in Q4.

On the transfer pricing, we saw it very positively actually, because I think the view here is that the regulation will follow the OECD principles, which is what Vale already follows. So, I think to a certain extent it gives transparency and clarity on the regulation that Vale has been already following, so for us was a positive move.

Operator: Our next question comes from Vanessa Queiroga, with Credit Suisse.

Vanessa Queiroga: Hi, thank you for taking my question. I have a couple. The first one is if you can discuss how you see the current demand for higher grade



iron ore and agglomerates. I mean, in the very short term we are well aware of the fundamentals for that medium and long term, but just wondering what is your sense of the current market conditions for those products.

And the second one just to add on the questions about base metals, we've seen and we've heard that potential partner could be either a player in the automotive sector or a financial partner. So, can you discuss a bit further on what are the different virtues that you see in either profile for the potential strategic partner? Thank you.

Marcelo Spinelli: Thank you, Vanessa, for your questions, it's Spinelli here. Well, let me talk about the short-term and mid-term. So, short term in pellet business, the agglomerate business now is pellet, so we're moving to green briquette so far, but actually blast furnace pellet in the last quarter we had some adjustment in the demand because of all the problems in the energy in Europe, so Europe is an important client, but so far so good, they didn't have that huge impact that we were expecting, so the demand is strong for this quarter and next quarter.

Direct reduction is really with a good demand in the Middle East, so Middle East and the US today are the main users for direct production route. So, so far, they have some adjustment in their price, but the demand is there, and you see the demand and the production in the level that we announced in our guidance.

But I have some news in mid-term, I just came from China, actually I was the first major in presence in China so far after COVID, and one thing is they are... and it's funny because I expected that the Europeans would come in the first moment for the mega hubs, all the strategies that we have to improve the production for pellet, and they're really interested on that. We believe in that trend of growing the use of scraps in China, but they are struggling to speed up that supply of scrap and they will need the pellets for that, so they are aiming to join us in this mega hubs project.

And also, our team was in Japan and Korea, and so far, they are already investing in some places where we have [unintelligible] that is in Oman, also Ras Al-Kahir in Saudi Arabia. So again, it is happening and for the mid-term carbon price will make a real important difference, and so far, the clients are coming. So, we are excited to keep our strategy and we are sticking on that.

Gustavo Pimenta: Vanessa, Gustavo here. Just on the on your second question, look, we are keeping this certainly close to us in terms of details of potential interested parties. What I can say at this point is we are looking at potential partners that believe on the energy transition, believe on what Eduardo highlighted early in terms of electrification of everything, EV transition, that sees the long-term value of base metals and is willing to support our strategy. So, that's the type of profile that we are looking at, so we'll make sure we share those details later once we finalize those conversations.

Operator: Our next question comes from her Rodolfo Angele, with Banco JP Morgan.



Rodolfo Angele: Thank you. I have 2 questions. My first is (I think) a hard one, but I would like to hear your thoughts. What I'm hearing from this call is there is a big change happening at Vale and you're positioning the company to be a key player in a world that's going to be very different, and indeed the company has very unique assets, both in the base metals and in the iron ore space to kind of deliver that. But we still feel... I don't know, there's a gap of time until we get there, and in the meantime, we're of course looking at what's happening, we've discussed costs, we've discussed a number of things here.

So, my question to you is when or what are the key kind of first indicators that will make clear that for investors that we're getting to a point where profitability is increasing because of the profile of products the company has, because of the changes that are being implemented and if you think that will happen before a rerating of the sector or not? So, that's more of a concept question.

And the other question is, I'm sorry, it's going to be a bit more boring, I just wanted to know if you can provide us on the base metals cost guidance assumption what your assumptions are embedded there for by-product credit. So, that's it for me, thanks.

Eduardo Bartolomeo: Well, Rodolfo, as you said, hard question, but excellent question. I'll try to be brief because it's around everything that we've been talking about, right. If you look at this iron solutions business, there's a fundamental shift that we're trying to push on everybody's mind and ourselves' by the way, that's why we redesigned the organization taking Spinelli completely focused on the marketing and the strategy, bringing Medeiros to face the most immediate challenge that you mentioned.

How can you perceive that? It's the increase of production of pellet feeds and feed of quality in the northern system that will bring exactly that percentage point that I mentioned to the model that you model because, of course, we have to be on the lowest quartile, we have the better assets, some cost pressures, but you do it with final cost, and if we dilute for 340 as you model, obviously we will help. But fundamentally, it's a percentage of iron ore quality that is the iron solutions that where we segment the market, where we play the high yield.

Remember the slide on the presentation that we showed that this year we improved like 0.7 percentage point but we want to improve like 2 points percentage? I know if you remember Vale Day, we put Carajás, we've been able to concentrate to 67, that's where you're going to start seeing the true premium and we're going to do a webinar about that by the way, it's not a place to announce this kind of thing, but we are doing a webinar to give even more details about that for you because people are not factoring that. We mentioned that in Vale Day and we're going to talk a little bit more. So, that's one part of the equation.

Second one, I'll try not to repeat my whole speech about base metal, but that's ridiculous undervalued, everybody not only us. The kind of demand that's coming over us on nickel, on copper, on cobalt and everything, on lithium, etcetera is not



priced, and we need to be able to deliver the projects. So, I think if you ask me where the key points are, delivering the guidance, delivering the effectiveness of our current operations because we still have great assets that could perform better – I would say underperform, but they could perform better – they are getting better performance, like in copper, as Deshnee mentioned on nickel and the growth because there's the growth. Like Salobo III, we're very excited with Salobo III, Salobo III started up very well, those kind of assets are the ones that are going to bring growth to the market and people are going to start appreciating that.

And when you look at the percentage of the participation of base metals in our our cash generation, and again going back to your model, redo it because you're underestimating the size of cash generation that we're going to be able to bring if we execute the projects. So, that's why again we focus our organization on that sense.

So, conceptually speaking, it's that, I think it's a bit of not only time, I think I'm not trying to buy time here, we're doing, we're executing, we are buying back Vale – that's another extremely high avenue of growth and you do much more better calculations than I do –, we increased 15% the bases, we're going to buy more 7%, we're going to renew our buyback program.

So, I think it's a long-term game, I always said that, this kind of business is not a sprint, it's a marathon and people that believe in the marathon is going to make a lot of money, as we are doing already, right. So, let's be honest, I think Vale has been really accretive and it has a lot much to do, and I think your questions are the truth was that investors should really think about, and people that jump in the bus now would be very happy in the medium term.

Thanks for the question.

Gustavo Pimenta: Eduardo, just complementing on Rodolfo's question on the second one, on the cost. So, Rodolfo, we are taking certainly the benefit of by-products based on market prices, this is the numbers we are currently using. For 2023, we have guided copper at 3.200, it's better than last year as we're bringing Salobo online, resuming capacity at Salobo I and II and bringing Salobo III online. And in nickel, we are at 13,000. So, similarly to last year, as volumes are somewhat flat as Deshnee has highlighted.

Operator: Our next question comes from Daniel Sasson, with Itaú BBA.

Daniel Sasson: Hi everyone, thanks for taking my questions. My first question is on the TFRM in Pará. If I'm not wrong, basically Pará was trying to triple the taxes that they charged, and you actually reported higher royalties or higher expenses with royalties in your iron ore business this quarter and you explicitly mentioned a US\$2.7 per ton cost increase because of an agreement with the Pará state. If you could just give us more details on how or by how much the final taxes really increased that would be great.



And just a quick follow-up on the iron ore cash cost. You mentioned that you're comfortable with your US\$47 per ton guidance for the year, but if you could comment a bit on the marginal cost that you're seeing in the industry right now after the very strong cost inflation that we saw during 2022, but then again we are now seeing lower bunker prices as you mentioned, lower freight rates.

So, if you could give us a sense on where you see the marginal production cost standing right now that would be great. Thank you.

Gustavo Pimenta: Thank you, Daniel. I'll let Spinelli cover the marginal cost of the system. On the TFRM, the increase is in reais actually, it's around R\$8, so in dollar is about 1.6 per ton from the north. So, this was a long dispute we had with the state of Pará and we decided to settle, part of the increase will be dedicated for local investments that we're planning to do social-related and others, so that's the impact you're going to see from now on.

As I mentioned in my prep remarks, we booked everything in Q4, that's why you saw that large variation in our Q4 performance.

Marcelo Spinelli: Hi, Daniel, Spinelli here. So, you're right, there's a movement that for us is better than our competitors actually, we are more exposed to the freight, and what we need today our long-term the price is the 70 that used to be in the past, now is 90 despite all those ups and downs in terms of cost, that's a long-term price in average.

And again, it's important to say we were the benchmark last year in terms of all-in costs because of our high-grade ores, so the premiums are playing an important role and that mid to long-term strategy that we see, the premiums will play a very important role to make Vale in the first quartile of the cost curve.

Operator: Our next question comes from Amos Fletcher, with Barclays.

Amos Fletcher: Yeah, good morning everybody. So, I just had one question on base metals. I just wanted to play devil's advocate here and ask why does it make sense to bring an OEM onto the shareholder register and the Board of the base metals business? I'm just concerned I guess around potential for conflict of interest as in [unintelligible] low nickel and copper prices that Vale shareholders won high prices? So, I guess my question is why can't OEM be in as a shareholder when you can sign offtake volumes as you've already been doing with Tesla and GM, etcetera? Thanks.

Eduardo Bartolomeo: OK, Amos. I'll ask Gustavo, Gustavo is leading the process. Just to be clear, Jerome is a former guy, right, so I think you are asking about the partnership. Go ahead.

Gustavo Pimenta: Yeah, so Jerome is no longer with Tesla, right, so what we are after is his innovation capability, his understanding about the EV market, we think it's going to add a lot of value to the Board.



Regarding your reference to GM, we haven't commented on any potential candidates, so I won't comment on that.

Operator: That does conclude today's question and answer session. Mr. Eduardo Bartolomeo, at this time you may proceed with your closing statements.

Eduardo Bartolomeo: OK, thank you. I think very exciting moments, right, I think a different call, good to have a different call once in a while, I don't know, nobody asked about China, China is doing fine, China is going to improve, but anyhow, I think we are in a good start, I'm going to push on the Gustavo's remarks in the end, the organization after the reshaping as we exempted all the assets that were draining cash inside Vale, we were able to repurpose our people, we have a great team here at Vale to execute the strategy, we are taking the actions, as was asked by Rodolfo, we need to put quality truly on the market with volumes, our volumes are coming back with quality, we're not going to put anything else besides quality, and we're going to have to make iron solutions be real.

In base metals, energy transition now we need to educate ourselves as energy transition materials, the opportunities are huge, as we discussed during the call and execution of the project and the operations are key.

And finally, we will remain capital disciplined. I think our checkbox list is we've been very critical to assign value to our shareholders and to our stakeholders, society, as we discussed before, has to perceive Vale as desired – and not only Vale, I mean, mining, we're not in this game alone –, it's an effort to supply the critical minerals that are needed for society, that's a collective effort, society has to recognize that, and when that does happen I would truly believe that not only Vale but the whole sector will be re-rated.

So, with that I would like to thank you for your attention, your questions and hope you all keep safe and hope to see you in the next call. Have a good day.

Operator: That does conclude Vale's conference call for today. Thank you very much for your participation. You may now disconnect.