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**End of supercycle: Implications
from a company perspective**

By

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The views expressed are those of the author and do not necessarily reflect
the views of UNCTAD.

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End of the Supercycle: Implications from a Company Perspective



Vale employees in Minas Gerais
Renato Stockler das Neves Filho / Agência
Vale

We are Vale

- A global mining company headquartered in Brazil
- The global leader in iron ore and pellet production and the second largest nickel producer
- We also produce copper, coal, fertilizers, manganese, ferroalloys, cobalt and platinum group metals
- We invest in logistics and energy

Mission

To transform natural resources into prosperity and sustainable development

Vision

To be the number one global natural resources company in creating long term value, through excellence and passion for people and the planet

Values

Life matters most
Value our people
Prize our planet
Do what is right
Improve together
Make it happen



1997

Privatized on:

May 6

Market value:

**US\$10.5
billion**

Net earnings:

US\$350 million

Workers:

11,000 (direct employees)

2014

Market value:

**US\$ 29.9
billion**

Net earnings:

US\$657 million

Workers:

More than 70,000
(direct employees)

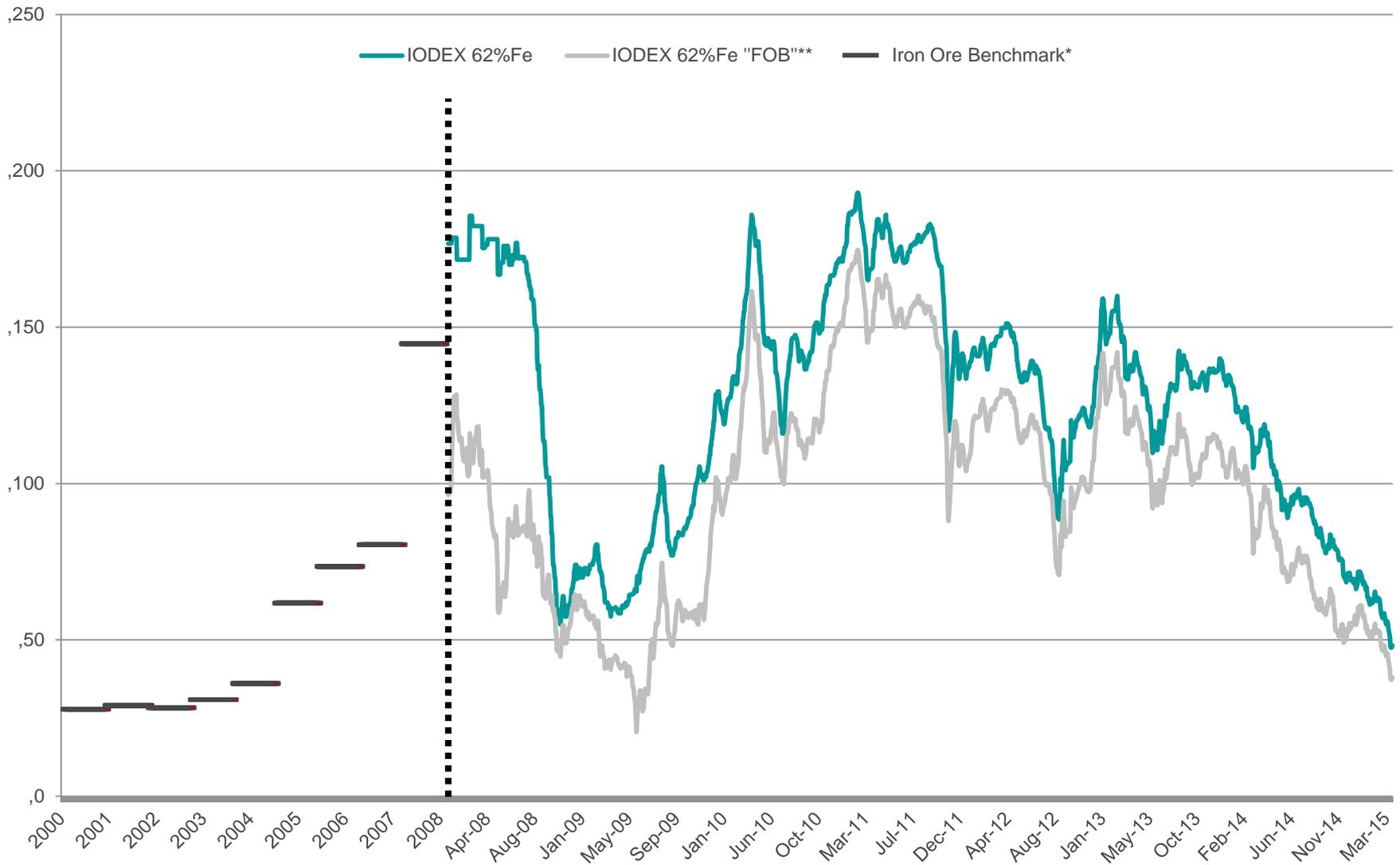
2015

Headquartered in Rio de Janeiro, we have operations, research laboratories, projects and offices on five continents.



Key product prices

Iron ore prices



Sources: Platts, The Tex Report

* Benchmark to the Japanese market (Carajás fines)

**IODEX 62%Fe (USD/t) minus freight BR-CHI \$/t

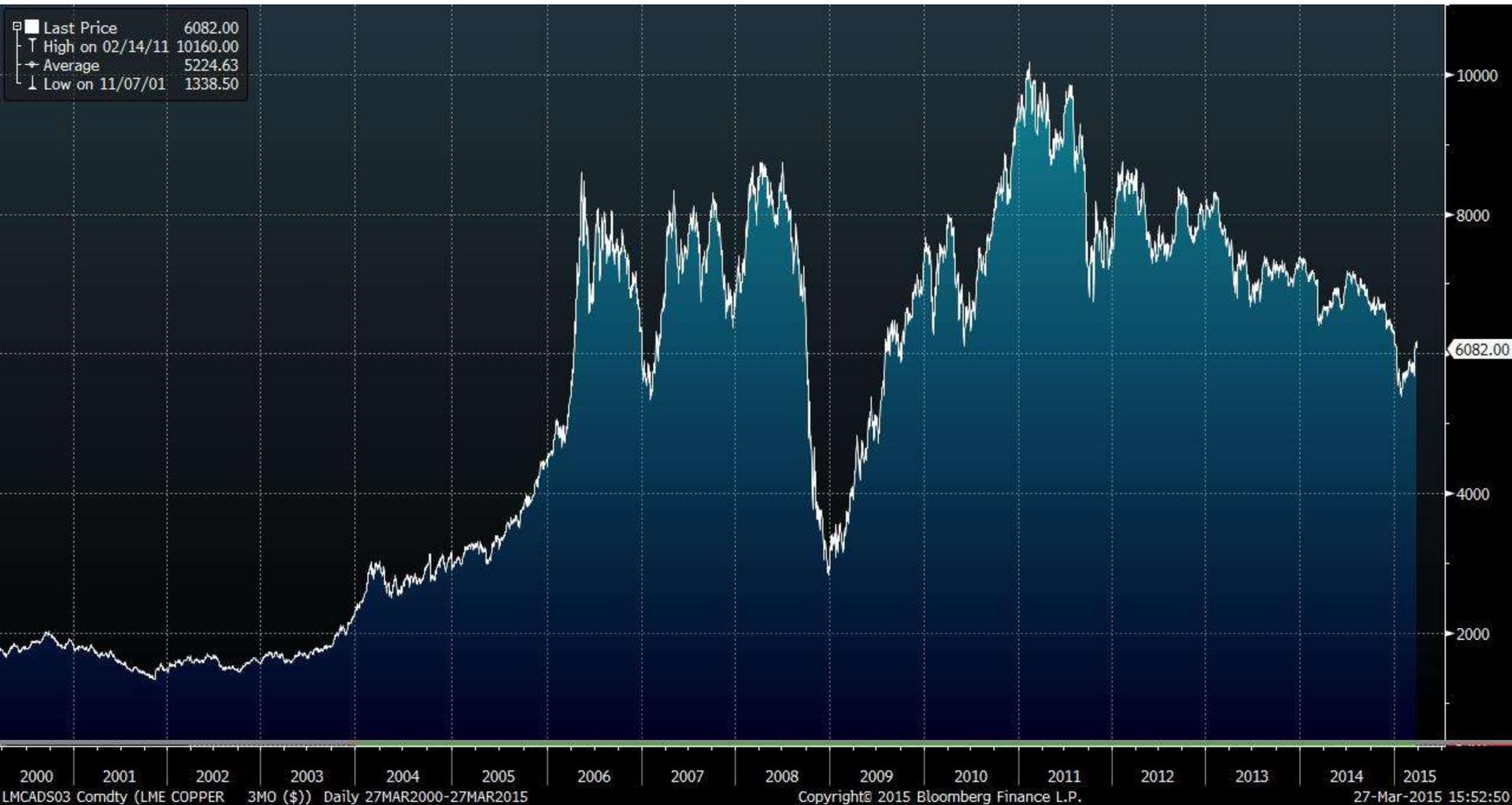


Nickel prices



Source: Bloomberg

Copper prices



Source: Bloomberg

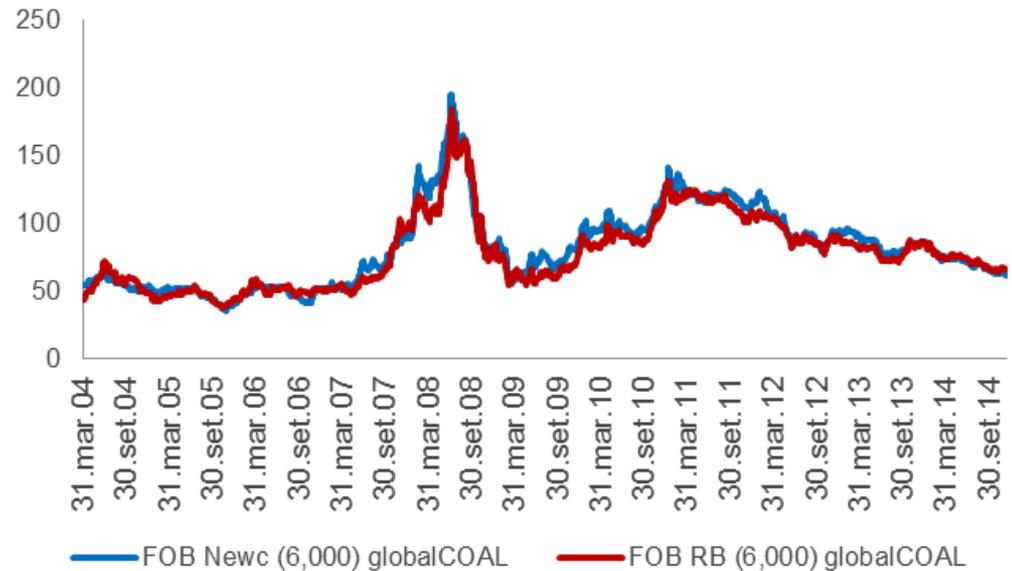
Coal prices



Coking coal

Source: BREE

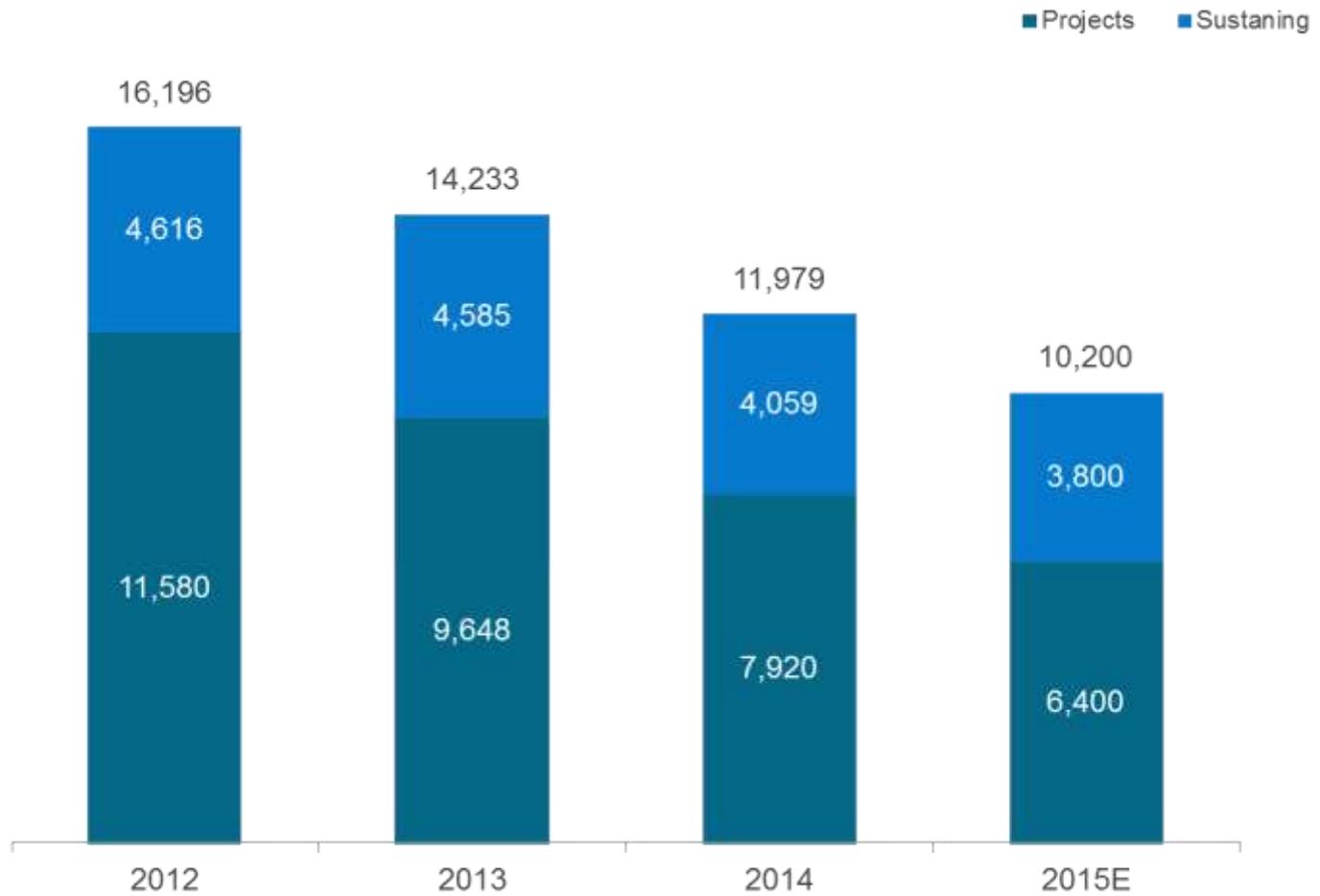
Thermal coal



Consequences of the fall in prices

Evolution of capital expenditures

US\$ billion



Initiatives to increase productivity, reduce costs and control risks whilst maintaining our commitment to SD

Mine

- Natural moisture screening
- Truckless system
- Autonomous mine

Beneficiation

- Process simplification
 - Single building layout for screening and crushing
- Tailings disposal at waste stockpiles

Logistics corridors

- Full automatic operation of reclaimers
- Automated operation of trains
- Distributed traction technology
- Online wagon monitoring

Autonomous reclaimers



Truckless system



Strategic Vision in Sustainable Development

Strategic vision – sustainable development

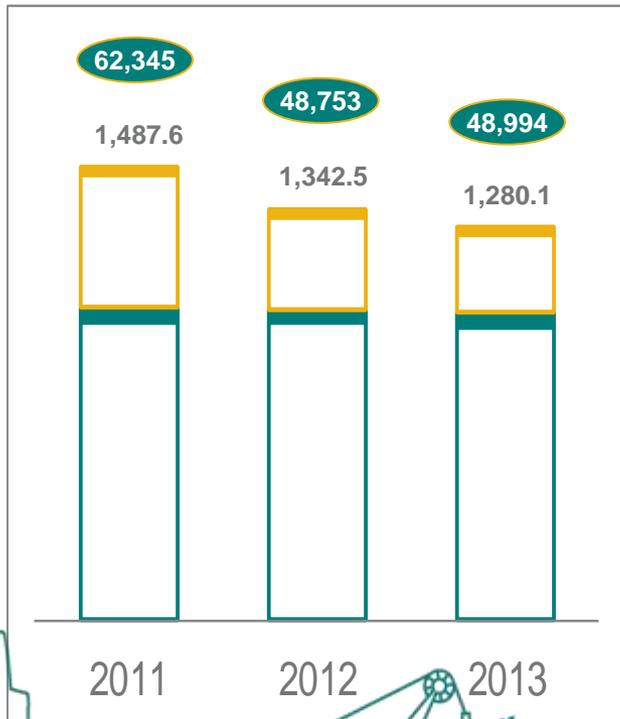
Sustainability is one of Vale's strategic pillars, based on the concept that there can only be sustainable development when companies and society work together, sharing the value generated with their stakeholders.



Social and environmental expenditures

Net Operational Revenues versus Social and Environmental Expenditure [EC8, EN30]

(US\$ million)



	2011	2012	2013
Social	457.2	317.2	265.1
Environmental	1,030.4	1,025.3	1,015.0
Total	1,487.6	1,342.5	1,280.1

US\$ M

Net operational revenues (2011-2013 adjusted according to IFRS rules)

People

1,500



projects and social actions of the Multi-Year Plan for Social Expenditures planned for the period 2014-2018 are being monitored, of which over 40% were initiated in 2013



Communities
Efficient management of community's claims is essential for our actions to achieve the best results

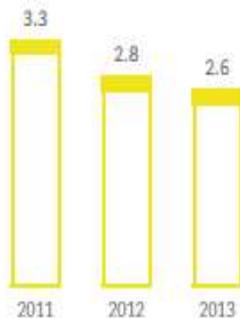


In 2013, five Multi-Year Plan for Social Expenditures were implemented - four in Brazil and one in the district of Nacala, in Mozambique. Altogether, ten locations were covered

In 2013, 50 trainees from Mozambique and 60 in Malaysia participated in the Vocational Training Program. Both classes had practical lessons in Carajás (PA) and Porto de Tubarão, em Vitória (ES), respectively.

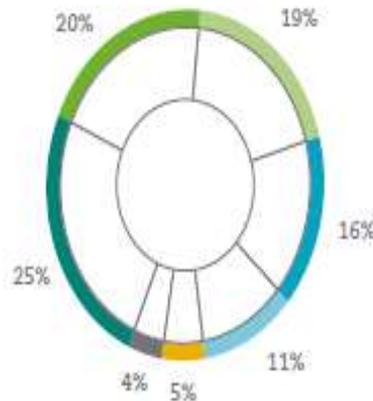
Total injury rate¹ (LA7)

Number of total injuries² / per 1,000,000 person-hours worked



Lost-time injury rate¹ (LA7)

(Number of lost time injuries / per 1,000,000 hours worked)



Investments by Vale Foundation¹

Total of US\$26.9 million

	Value	
Education	6.7	25%
Knowledge Station	5.5	20%
Sport and leisure	5	19%
Culture	4.2	16%
Health	3.1	11%
Work and income generation	1.3	5%
Urban development	1	4%
Other	0.1	0%

¹ In 2013, the difference between the amount donated by Vale to Vale Foundation was of US\$35.9 million and the total investment applied by Vale Foundation was of US\$26.9 million - the remaining US\$9 million are part of Vale Foundation cash.

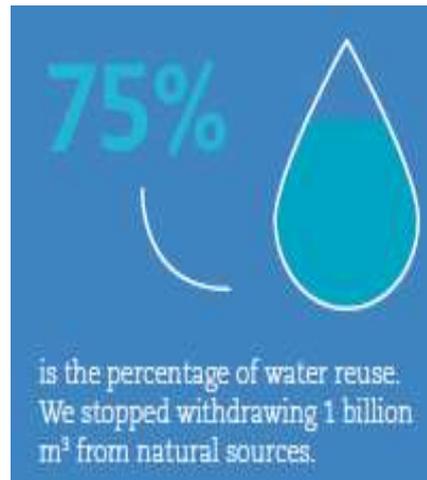
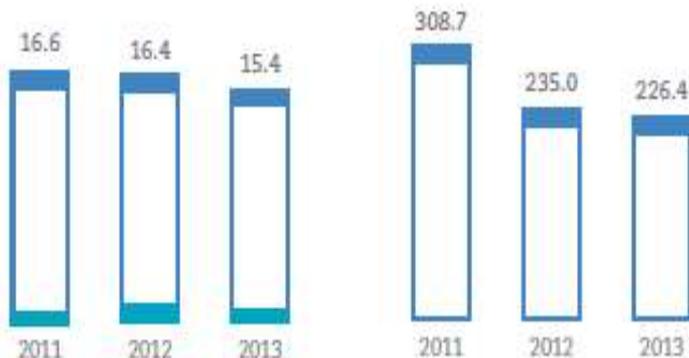
Planet

Vale is responsible for managing several territories, including areas of high cultural value and great biodiversity importance.

US\$136 million

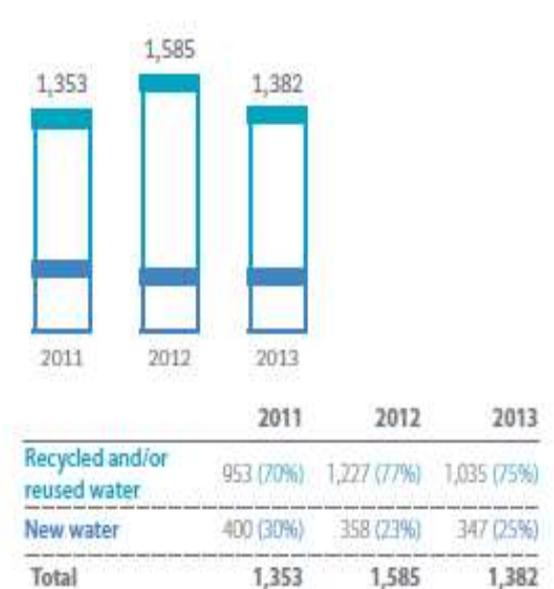
was invested in improving processes and actions to control emissions, noise and vibration.

Greenhouse gas emissions' (E) Indirect GHG emissions (E17)
 Scope 1 and 2 - million metric tons of CO₂e Scope 3 - million tons of CO₂e



Total volume of water recycled and/or reused + withdrawn water ^(E18) (E10)

In million m³/year



2.5 times

larger is the total 12.4 thousand kilometres of natural areas that we protect and help protect over the sum of all our operating units.

US\$196.9 million

was destined for projects of renewable energy sources in 2013.

What the company is looking for

Key elements for a successful investment environment

- ✓ **Good governance, including sound policies, institutional capacity, and coordination of public and private sector investments.***
- ✓ **Strong political support**, commitment and buy-in from the highest levels of government.
- ✓ **Mechanisms that define and coordinate the collaboration and respective contributions between governments, investors, donors, and civil society.**
- ✓ **Greater transparency.** Key initiatives, such as the EITI, are evolving throughout the world, and this evolution must continue.*
- ✓ **Need for re-investment of resource rents into R&D for technology development** to capitalize on linkages opportunities, for the development of resource industrial clusters and, ultimately, a regional competitive advantage.

*These elements are also present in the OECD's Policy Framework for Investment.

Thank you!



For a world with new values.