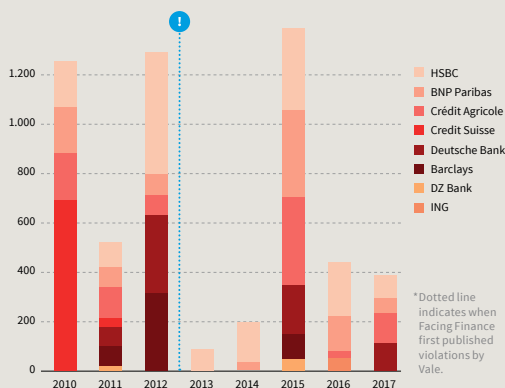


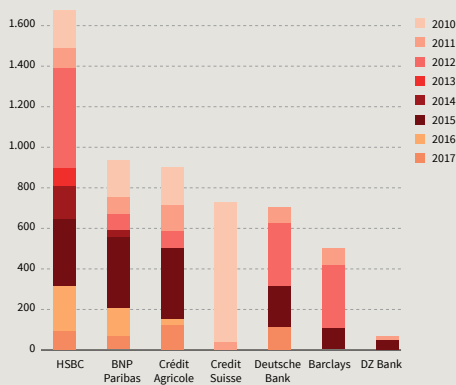
Company responded to Facing Finance regarding allegations	Yes
Significant concern	Brazil massive tailings dam failure. Environmental Destruction. Forced Labour. Human Rights violations in resettlements.
Potential violations	ICCPR, ICESCR, The Right to Information, Art. 19, UNGP on Business and Human Rights, UN Global Compact Principle 1
Company ranking on CHR	30–39% (Bad)
Voluntary commitments	UN Global Compact, Voluntary Principles on Security and Human Rights, EITI, ICMM
Facing Finance category	Undermined: Bad all-rounders

# Vale SA

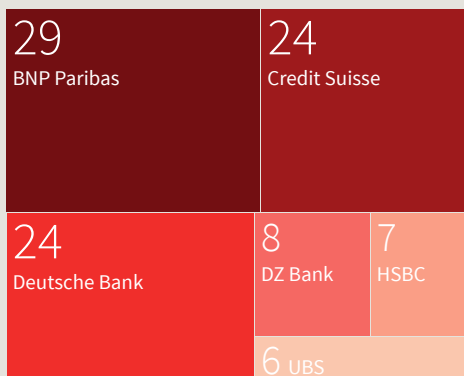
Capital provision by year — all loans and bond underwritings (€ Million)



Capital provision by bank — all loans and bond underwritings (€ Million)



Management of shares and bonds by top banks (in € Million):



## Digging for Justice: Progress on previously reported cases

Vale was included in Dirty Profits 1, 2 and 4 in relation to its coal mines in Mozambique, charcoal production in Brazil, its Carajas mine and railroad in northern Brazil, and La Morada in Northern Peru (now sold to the government of Peru) as well as the Samarco operations in Brazil. Vale is a member of the Global Compact but controversially quit the ICMM due to a dispute with Rio Tinto over the Simandou mine in Guinea and then rejoined late in 2017. Vale has been in contact with Facing Finance regarding the violations and what they have done to rectify these, and due to a lack of policy commitment Vale has been categorised in the middle category “Undermined”.

Vale still owns and operates the Moatize coal mine in Mozambique (covered in Dirty Profits 1 and 2) where large numbers of communities were resettled to make way for the vast coal mines. These families have been resettled to areas less suitable for farming and suffer from food and water insecurity. According to recent reports some families are still awaiting compensation for the resettlement.<sup>280</sup>

The expansion of the Carajas railroad in the Brazilian Amazon has resulted in conflict with the Awá tribe, who claim that the rail expansion will make it harder to hunt for food.<sup>281</sup> Reports from the company and NGOs<sup>282</sup> note that the company and Awá are engaging to ensure that impacts on the tribe are minimized. The Carajas mining complex, the largest iron ore mine in the world and the reason the railway exists, has recently been independently evaluated for air pollution, results showed those living in the area have up to six times higher risk of respiratory diseases.<sup>283</sup> The vast expansion of this project was completed in 2016, known as the S11D project it will be the largest iron ore mine in history.<sup>284</sup>

Recently in Brazil, Vale has been ordered to repair environmental damage it caused with its bauxite pipeline which damaged the ability of 788 families to provide their livelihoods. In addition, the federal prosecutors in Rio De Janeiro State suspended Vale’s dredging operations after 200 grey eared dolphins died.<sup>285</sup>

In Brazil at the Mina do Pica mine, inspections found that



◀ The rupture of the tailings dam of mining company Samarco, owned by Vale and BHP, caused a flood of mud that flooded several houses in the Bento Rodrigues district of Mariana, in the Central Region of Minas Gerais.  
© Rogério Alves/TV Senado

### Catastrophe at Samarco Mineração: two years on from the deadly tailings dam collapse.

workers at the mine were working in conditions analogous to slavery.<sup>286</sup> Inspectors accused a sub-contractor at Vale of subjecting 309 workers to slavlike conditions, forcing them to drive trucks for long hours with no breaks. In our engagement with Vale they have refuted these allegations and have noted that upon discovery of the violations they immediately took action to provide improvements. The contract has now been cancelled with the external contractor. Improvements have been made to oversight. However, the scale and impact of the slavery conditions mean that it is not sufficient to claim lack of knowledge in such a severe case as it shows a clear lack of oversight and policy compliance. This is in our opinion a violation of the Freedom from Forced and Compulsory Labor, Art. 8 ICCPR as well as the Right to Work, Art. 6 ICESCR.<sup>287</sup>

A dramatic chapter in Vale's historic disregard for the environment and human rights was written on November 5, 2015, when two waste dams of the iron ore mine owned by BHP (50%) and Vale (50%) - collapsed. A torrent of mud and iron-ore tailings<sup>288</sup> destroyed villages, including 349 houses, schools and churches, contaminated the Gualaxo do Norte, Carmo and Doce rivers and resulted in the immediate death of 19 people. Around 2,200 hectares of land were impacted along 650 kilometers of river. The destruction started in the City of Mariana and swept along the river, reaching the Atlantic mouth of the Doce 17 days after the dams collapsed. This mud destroyed the village of Bento Rodrigues and caused severe damage in the Paracatu de Baixo district and surrounds.<sup>289</sup> According to IBAMA's (Brazilian Environmental Agency) preliminary technical report<sup>290</sup>, 40 municipalities were directly affected. This has affected, and continues to affect, communities' abilities

*"Vale killed our river, our culture, but will not be able to kill our spirit."*

Djukuna Shirley Krenak<sup>302</sup>

to support their livelihoods, including at least 300 rural producers and 7,500 fishermen.<sup>291</sup> People's way of life has been wiped out, their fishing, hunting, farming and sacred rituals on the river banks have been destroyed.

The water supply in 16 locations was also temporarily suspended due to water quality concerns affecting several communities reliant on the water of the Doce River. An analysis by the Serviço Autônomo de Água e Esgoto (SAAE) de Baixa Gandu, undertaken just after the tragedy, detected the presence of metal particles such as lead, aluminium, iron, barium, copper, boron and mercury. Other statements by independent institutes<sup>292</sup> confirmed the contamination of the water with high levels of heavy metals, reaching the groundwater, water quality continues to be a concern for local communities. Further statements by diverse institutions<sup>293</sup> in Brazil stated that since 2013 the companies involved and the State of Minas Gerais (at a minimum) were aware of the risk of the

Fundão dam bursting, noting that there was the “possibility of destabilization [...] resulting in a collapse of the structure”. However, the company did nothing to avoid this.<sup>294</sup> The assessment report commissioned by BHP and Vale also admits the break was caused by design flaws.<sup>295</sup>

Since the moment the tragedy occurred Vale seriously mishandled the situation. The company took 22 days to respond and make public how they would react to the accident.<sup>296</sup> The company also initially denied that the dam collapse released heavy metals into the rivers.<sup>297</sup> Vale’s board of directors struggled to disassociate themselves from Samarco’s decision-making processes, and did not take their own strong measures to minimize the impacts.

In the two years following the event, several initiatives have been taken judicially and extrajudicially in order to hold to account those actors involved and to provide for reparation measures.

On November 30, 2015, the União Federal and the states of Minas Gerais and Espírito Santo, three actors that could also be considered complicit in the tragedy, filed a lawsuit against Samarco, Vale and BHP regarding reparation measures. On 2 March 2016 plaintiffs and defendants agreed a settlement.<sup>298</sup> This agreement established the creation of a private foundation for the purpose of adopting socioeconomic programs, infrastructure, environmental recovery, as well as measures in the areas of health, education, culture and leisure for the population affected by the tragedy. These processes should be completed within 15 years, but the agreement is renewable. As this was an agreement between the federal government and the companies which ignored the participation of victims and affected parties, the Superior Court<sup>299</sup> in Brazil suspended the decision. Despite the suspension the agreement

continues to be implemented, Samarco remains able to define the measures and those affected. In 2016 criminal charges were filed by the Federal Public Ministry against 22 individuals and the four companies related to the dam rupture- since the dam had clear signs that it could break and the companies were aware of this.<sup>300</sup>

Catastrophic tailings dam failures are one of the most damaging events and the biggest disaster threat that can occur in mining. They are likely to be an increasing threat due to climate change and linked extreme weather events. The devastating effects, such as those that occurred with the break of the tailings dam in Brazil, potentially violate the most fundamental human rights including for example the Right to Life, Art. 6 ICCPR, Right to Housing, Water, Food, Health and Work, Art. 6, 11, 12 ICESCR. The Right to Information, Art. 19, 25 ICCPR was also apparently violated as communities living below the dam had no knowledge of the risk of tailings dam failure or what to do in the event, indeed there was also no early warning system. An OECD complaint has been filed by IndustriALL claiming that the companies Vale and BHP violated the OECD Guidelines. The UNGPs were potentially violated as the company apparently did not assess the potential human rights impacts, nor did they “Avoid causing or contributing to adverse human rights impacts [...], and address such impacts when they occur;”.<sup>301</sup> The fact that the company was aware of the risk of a catastrophic tailings dam collapse but did nothing to prevent the tragedy is comparable to the case of BP Deepwater Horizon, an example of “gross negligence and willful misconduct” by the company and it should be treated as such in the accompanying legal cases.

→ Atingidos pela VALE