



Impact
REPORT
2021



Letter from Vale's Vice President for Sustainability

The year 2021 was important for us to reaffirm our pact with society, with responsibility, transparency and coherence. We launched our Social Ambition, we continued along the path to achieving net zero carbon emissions by 2050 and we made good progress in our voluntary commitment to restore and protect 500,000 hectares of forest by 2030.

Our biggest challenge is to act at the forefront of sustainable mining, and Fundo Vale has played a key role in building partnerships that support social and environmental development in multiple

areas. Fundo Vale is a great connector of ideas, actions and plans that promote a more sustainable future.

In the 12 years since it was established, Fundo Vale has reinvented itself in order to expand its positive impacts. This transformation is clear. It began by working in line with a traditional model of philanthropy, whereas today it focuses on promoting and investing in businesses that are driving a more sustainable, fair and inclusive economy.

This innovative model has influenced Vale itself. There are many examples of this. Fundo Vale was responsible for creating the Carbon Hub and Impact Carbon vision, giving rise to discussions and initiatives, as well as coordinating collective

work on the forest and climate agenda within the company. Currently, Fundo Vale is also responsible for the ideation and coordination of Vale's 2030 Forest Goal, one of the largest voluntary initiatives to restore habitat currently under way in Brazil.

All these initiatives, and many others, are presented in this report.

Enjoy the report!



Malu Pinto e Paiva,
Vice President for
Sustainability

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Letter of Presentation



Fundo Vale 2021 Impact Report

In 2021, we continued along the structuring journey presented the previous year, in [Fundo Vale's 2030 Theory of Change](#). A new chapter in the organization's history is being written and the initiatives set out in this Impact Report demonstrate the first steps in that direction.

This document contains information on the work done together with our partners over the course of the year, focusing on achieving the expected results for 2025, which will pave the way for attaining

long-term results and impacts up to 2030. Accordingly, the initiatives reported here were divided into five 2025 Results, allowing a clearer view of the achievements obtained and the challenges faced during the process.

Impact management and measurement is fundamental to Fundo Vale's strategy, because as well as showing the necessary course corrections, it also encourages the organization to move forward in its agenda of positive social and environmental impacts. This report also points to the next steps for the impacts that Fundo Vale wants to generate. There is a lot of work to be done.



2021 was a very important year for Fundo Vale: we learned about possible ways forward, we used the 2030 Theory of Change as our guide and we tested whether the businesses had the capacity to deliver the proposed hectares. It was a year of proof of concept and great clarity.

Patricia Fagundes Daros,
director, Fundo Vale



Letter from the Team



A year of growth

The year 2021 was of great importance to Fundo Vale. Building on strategic guidelines established in 2020, we put into practice several initiatives proposed in the 2030 Theory of Change, providing clarity on the paths to be followed, an in-depth look at projects in our portfolio and advances in measuring the positive social and environmental impacts we are generating.

During the year, Fundo Vale invested around R\$50 million in all, up 130% from 2020. The organization also directly and indirectly supported 122 impact businesses during the year. Of these businesses, six directly received

capital injections, while the others received support from partner dynamizing organizations, in line with one of the main strategies adopted by Fundo Vale.

Along this journey, we have reinforced our belief that it is possible to achieve the transformations we dream of, while assuming that the learning cycle is constant and part of a network.

In 2021, we strengthened our relationship with our sponsor company, helping it deliver on its [voluntary sustainability commitments](#) based on the concepts championed by Fundo Vale: business promotion, investment, innovation, formation of partnerships and generation of positive social and environmental impacts.

We continued to implement

Vale's 2030 Forest Goal, which aims to protect and restore 500,000 hectares of habitat through different strategies and models, including business arrangements with positive social and environmental impacts. In 2021, more than 5,000 hectares were restored and we entered into three new partnerships with conservation areas, which together with existing partnerships are helping protect more than 62,000 hectares of forest. When carrying out this initiative, we saw the real size of the proposed challenge, which gave us even more inspiration and courage to move forward.

We are working on two more innovative projects to support Vale's goals: we built a proposal based on REDD+ (Reduction of Emissions from Deforestation and Forest Degradation) as an alternative to the traditional





conservation model and we are incubating the Carbon Hub, an initiative to originate, develop and manage carbon projects as part of our nature-based solutions agenda.

In 2021, we also made considerable progress regarding our commitment to the Amazon's protection and sustainable development. In partnership with Microsoft and the Institute for the Amazon's People and Environment (Imazon), we created PrevisIA, an open platform that uses artificial intelligence to identify areas in the biome at risk of deforestation in future. By cross-checking various types of satellite maps and data about

deforestation vectors such as illegal road construction, it is possible to produce information that contributes to measures to combat and control forest degradation. The platform was listed among the 22 most innovative practices in the world focused on protecting forests and biodiversity in a ranking produced for the COP15 NGO Forum on Biodiversity.

Together with other co-funders, we also supported the launch of the Amazon Impact Accelerator (AMAZ), which made its first investments through blended finance (a combination of philanthropic capital and impact investing

from various sources, such as companies, multilateral agencies, traditional investors and governments). In all, AMAZ invested R\$25 million in this way – half philanthropic capital and half repayable capital.

Fundo Vale also joined the Living Forests Initiative, a project created by Brazil's national development bank, BNDES, to provide financial support for forest restoration projects involving native species and agroforestry systems in the country's different biomes. The resources raised will be leveraged by BNDES and its network of major partners through match funding. In its first phase, the

Living Forests Initiative will invest at least R\$140 million, of which the bank will supply up to 50%, and the amount may reach R\$500 million by the end of the second phase.

In another area, we achieved good results with the Conexsus Social and Environmental Fund, created to support sustainable family farmers and extractive workers affected by the COVID-19 pandemic. As of June 2020, the fund had executed just 10 financial operations, worth R\$1.3 million in all. Then, between June 2020 and December 2021, it provided emergency funding to 82 community businesses, expanding its loan book to R\$10.1 million.

We also made progress in laying the foundations

of a model for managing and measuring the impacts of our initiatives, called GIMPACT, based on international references in venture philanthropy and impact investing, positioning Fundo Vale in line with the global markets and making its processes more efficient and transparent.

Thus, 2021 left us with many lessons learned and the confidence that we can scale up our results. We expect that in the coming years, we and our partners will advance to another level, learning more about the models we are implementing and getting ever closer to the impacts we intend to generate collectively.

Fundo Vale Team



The advances of 2021 reinforce our belief that the results and impacts expected by Fundo Vale will only be achieved through coordinated action with our partners and a lot of innovation in projects, businesses and above all arrangements. We remain confident about the coming years, guided by long-term social and environmental impacts and believing that integrated action via business promotion and investment is the key to our results.

Gustavo Luz,
Fundo Vale and equity
stakes manager, Vale



R\$ 50 million*
amount invested by Fundo Vale

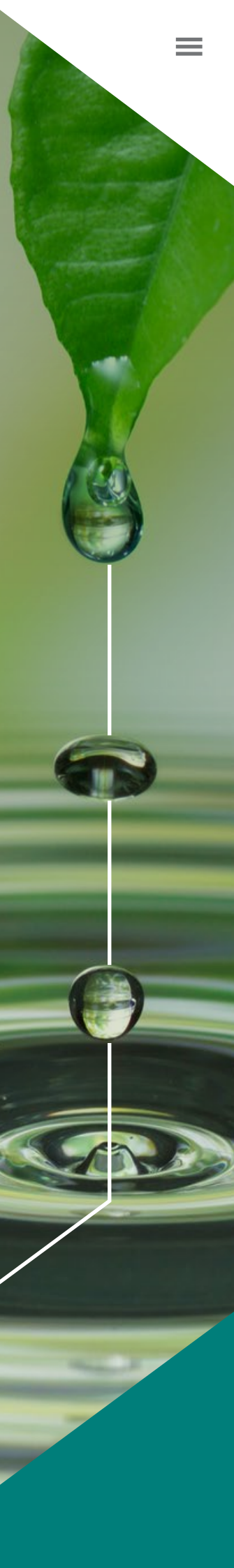


130%
increase in resources contributed by Fundo Vale in 2021,
compared to 2020

*Approximated figure



Impact Map



Impact Map 2021

Total resources disbursed
R\$ 50.2¹ MILLION

¹ Approximate numbers. In exact figures, R\$50,232,101.81 was disbursed in 2021: R\$10,436,369.41 in business promotion and R\$39,794,732.40 in investment.



R\$ 10.4¹ MILLION
of business promotion
 involving refundable resources

R\$ 39.8¹ MILLION
of investment with expected
 financial return

○ 2009 Total amount between 2009 and 2021: **R\$212,233,000** ● 2021



8 BUSINESS PROMOTION INITIATIVES

Structuring of impact businesses, strengthening of dynamizing organizations and support for social and environmental impact entities.



3 INVESTMENT INITIATIVES

Direct investment in businesses or indirect investment via dynamizing organizations, with the potential for blended finance.



10 BLUEPRINT INITIATIVES

Structure, align and enhance activities of Fundo Vale to achieve the results expected in the 2030 Theory of Change.



[Click here to find out more](#)



Around **29,000 people benefited**

directly or indirectly from initiatives supported by Fundo Vale (rural producers, extractive producers and their families).



8 studies supported and/or produced

by Fundo Vale and partners.



Around **80 seminars and events**

- **20** supported by Fundo Vale.
- **60** supported or produced by partners.



342,000²

hectares undergoing conservation and preservation initiatives.

²Valores aproximados

122

impact businesses supported and accelerated by our partners



96

businesses received financial support from Fundo Vale, including direct investment in 6 cases



7 business promotion partnerships, involving support for 6 dynamizing organizations³



2 Vale Group partners



3 networks and alliances for the Amazon

³ These are actors/organizations that support the journey of entrepreneurs and investors generating social and environmental impacts in different ways. They offer network infrastructure, training and connection platforms, reference content, recognition initiatives and conditions for the replication of best practices. Source: Alliance for Impact – Recommendations 2020-2025





Vale's 2030 Forest Goal



Spending on Vale's 2030 Forest Goal in 2021

R\$ 46.5 million⁴

+ R\$19,597,751 in January 2022⁵



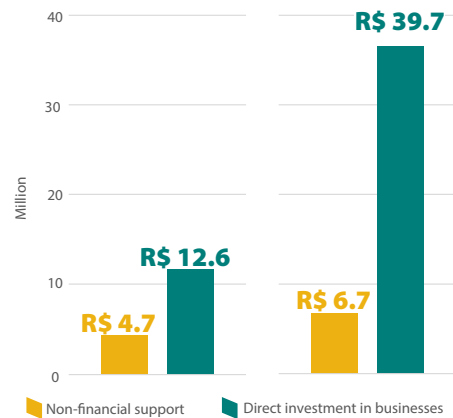
Total amount between 2019 and 2021 Vale's 2030 Forest Goal

R\$ 63.9 million⁴

	Outlays 2021	Outlays Jan/2022*
Direct investment in businesses	R\$39,794,732.40	R\$18,612,478*
Non-financial support	R\$6,739,426.88	R\$985,273*

Total in 2019 and 2020

Jan to Dec 2021



⁴ Approximated figures

⁵ Some of the money related to the 5,125 hectares implemented in 2021 was disbursed in January 2022 (direct investment in businesses of R\$18,612,478 and non-financial support of R\$985,273) to complete the work done up to December 31, 2021.

Some crops being grown:



Açaí



Cocoa



Forest species



Fruits (banana, orange, lime, passion fruit, pineapple)



5 institutional partnerships to provide non-financial support to businesses



5 agroforestry businesses supported

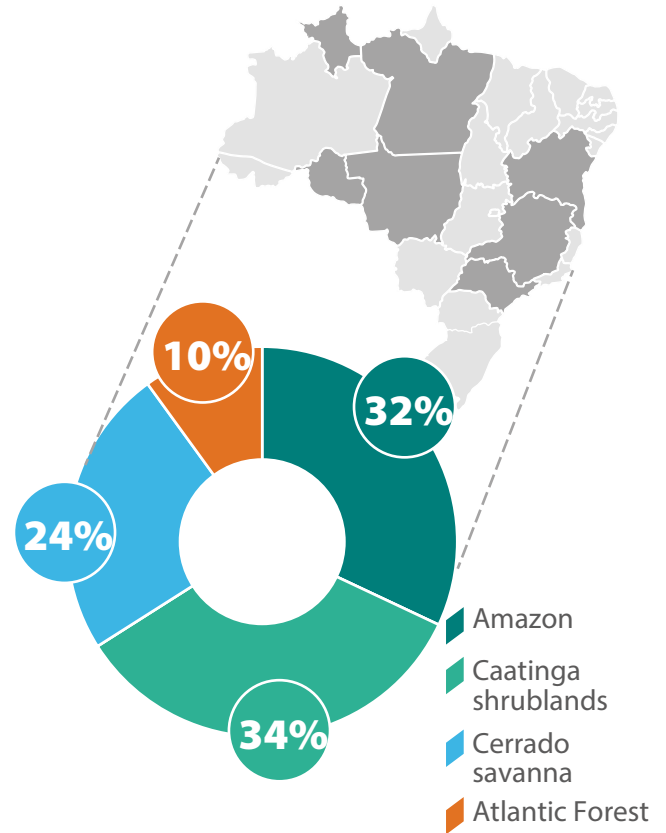


91 rural areas involved



+560 workers involved (full time and temporary) in productive activities

Hectares undergoing restoration by biome



Number of hectares restored and conserved

5,125

hectares being restored through impact businesses as part of Vale's 2030 Forest Goal

6,178

hectares undergoing restoration since 2020





Theory of Change 2030





The challenge of measuring impacts

Through the 2030 Theory of Change, Fundo Vale seeks to leverage initiatives for biome restoration and environmental conservation in Brazil.

To achieve this objective, the organization has been working with hybrid financing models, ranging from philanthropic support to investment with financial returns. The idea is to unlock access to financial resources and markets for social and environmental impact businesses and to make production chains structured and more sustainable. This will also make it possible to attract other investors and engage strategic stakeholders so that these businesses prosper and the initial capital comes back and can be reinvested in new projects and businesses.

In 2021, Fundo Vale positioned itself as a vehicle for innovation to strengthen the impact

business ecosystem. As well as executing the Theory of Change, it laid the foundations for its own impact management and measurement model, to monitor the initiatives in its portfolio. This model, called GIMPACT, is a dynamic mechanism that will be adjusted and revised throughout its life. Impact management is a cross-cutting and fundamental element of Fundo Vale's operations. The implementation of GIMPACT is viewed by Fundo Vale as an exercise in continuous improvement, considering that this is not an easy task in this field.

There are great challenges in dealing with the establishment of common concepts, alignment between different impact management models and their indicators (at Fundo Vale and its partners), and the collection and systematization of data across such a diverse portfolio.



2020 was the year when we built our Theory of Change and, in 2021, we moved forward with our commitment to measure and manage impacts by constructing GIMPACT. We developed a flow for implementing the model, produced data collection instruments, proposed evaluation approaches and strengthened our matrix of indicators, to allow us to measure the achievement of expected results.

Juliana Vilhena,
social and environmental impact and innovation management leader, Fundo Vale

4.1. Fundo Vale's 2030 Theory of Change

Fundo Vale produced its Theory of Change in 2020, presenting a set of guidelines to shape its activities over the next 10 years. The document sets out the main regions of intervention, premises, connections with the United Nations Sustainable Development Goals, strategies, stakeholders, results expected by

2025 and 2030, and impacts to be generated.

Five institutional strategies were presented: **Build** Capacities, **Catalyze** Social and Environmental Impact Businesses, Transfer and Unlock Financial **Capital, Contribute** to Vale's Sustainability Commitments, and Work in **Coalitions**. The Theory of Change was strengthened in 2021, focusing Fundo Vale's activities on results to be

attained by 2025 and the long-term path to be followed to deliver results in 2030.

This document, besides guiding decisions on the allocation of resources and efforts, provided the foundations for Fundo Vale's Impact Management and Measurement Model, known as GIMPACT.



2030 THEORY OF CHANGE

MISSION

Promote positive social and environmental impact solutions that strengthen a sustainable, fair and inclusive economy.

REGIONS

Fundo Vale will operate in regions where there are opportunities to serve its mission, especially in the Amazon region.

Main Sustainable Development Goals



Cross-cutting Sustainable Development Goals



5C STRATEGIES

Build **CAPABILITIES**

CATALYZE Social and Environmental Impact Businesses

Work in **COALITIONS**

Transfer and Unlock Financial **CAPITAL**

CONTRIBUTE to Vale's Sustainability Commitments

STAKEHOLDERS

Academia and research institutions
Community associations and cooperatives
Local communities, traditional and forest peoples, and farmers
Companies with positive impact agenda

Corporate foundations and institutes
Traditional and impact investors
Bilateral and international cooperation organizations
Civil society organizations

Organizations promoting the social and environmental impact ecosystem
Social and environmental impact businesses
Vale

RESULTS

2025

Structured social and environmental impact businesses, generating a financial return and with the potential to gain scale.

Driving organizations in the social and environmental impact ecosystem with organizational capacity to support entrepreneurs at all stages of business development.

Vale employees, organizations and partner companies engaged in the positive social and environmental impact agenda, focusing on a sustainable, fair and inclusive economy.

Financial instruments leveraging resources for the social and environmental impact sector.

Innovative social and environmental impact solutions contributing to Vale's sustainability commitments regarding the forest and climate change agendas.

2030

Structured value chains for social and environmental products and services.

Financial resources leveraged for forest protection and restoration, climate change mitigation and adaptation, and other sustainability initiatives.

Vale's 2050 carbon neutrality strategy, involving forest protection and measures to tackle illegal deforestation in the Amazon, social and environmental impact businesses and the formation of a bioeconomy.

IMPACTS

Protected and restored natural ecosystems, enabling the sustainable use of their resources.

Local communities, traditional and forest peoples and farmers working in a cooperative, organized way, generating wealth sustainably from natural resources, with greater access to services and products, boosting the quality of their lives.

A regenerative economy based on the harnessing of natural resources and the fair, egalitarian and equitable distribution of their benefits throughout the value chain.

Vale considering the social and environmental impact business agenda in the transformation of its organizational culture and long-term strategies.

PRINCIPLES

We are here to generate positive social and environmental impacts.

Our impacts are aligned with Vale's 2030 sustainability goals.

Our capital is patient, catalytic and flexible.

Our approach is systemic, understanding, coordinating and working with different stakeholders in the ecosystem.

Our transparency, governance and efficiency are leveraged by a system for measuring and managing impacts.



Read the 2030 Theory of Change



Watch a video presenting the 2030 Theory of Change



Blueprint Initiatives



Structuring impacts

The working model of Fundo Vale, which in 2021 adopted innovation and partnerships as core, cross-cutting principles, has made it possible to experiment with processes and strategies, thereby generating accumulated knowledge and lessons during the process and earning a prominent place in the social and environmental impact ecosystem.

In this chapter, we present initiatives that have contributed to structuring, revising and enhancing Fundo Vale's performance. These initiatives were carried out over the course of the year with the aim of responding directly to the 2030 Theory of Change and supporting the development of the expected results.

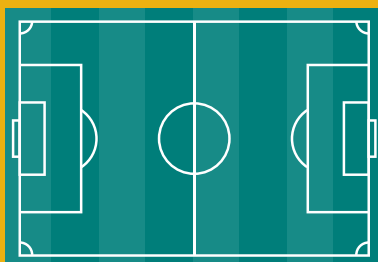
5.1 Vale's 2030 Forest Goal

Vale's 2030 Forest Goal provides for the protection and recuperation of 500,000 hectares of habitat in Brazil by 2030, outside Vale's sites. Of this amount, 400,000 hectares will be protected via partnerships with conservation areas and REDD+ projects. The other 100,000 hectares will be restored through a network of partner regenerative businesses and other positive impact solutions, aimed at creating income and jobs, boosting sustainable production chains during the biome restoration process and allowing carbon to be sequestered from the atmosphere. The area conserved will be as big as 400,000 soccer fields, while the area restored will be equivalent to 100,000 soccer fields.

These habitat protection and restoration measures will also contribute to the UN Sustainable Development Goals and the targets of the UN Decade on Ecosystem Restoration (2021 to 2030).

Restoration component: 100,000 hectares

To restore 100,000 hectares of forest, Fundo Vale proposed an innovative component that is unparalleled in Brazil. Most of the execution work will take place through investment, acceleration and promotion of established businesses and startups, focusing on production arrangements involving agroforestry, silvopastoral and agro-silvopastoral systems. At the moment, Brazil does not have any businesses with



SIZE OF COMMITMENT

CONSERVATION:

400,000
soccer fields

RESTORATION:

100,000
soccer fields

a track record of acting on such a large scale. **What Vale is doing, through Fundo Vale, is innovative**, insofar as it is promoting this kind of arrangement to restore habitat.

As well as promoting replanting with native species, which will have significant environmental benefits, the goal will contribute to the recovery of forest diversity and help tackle the climate emergency.

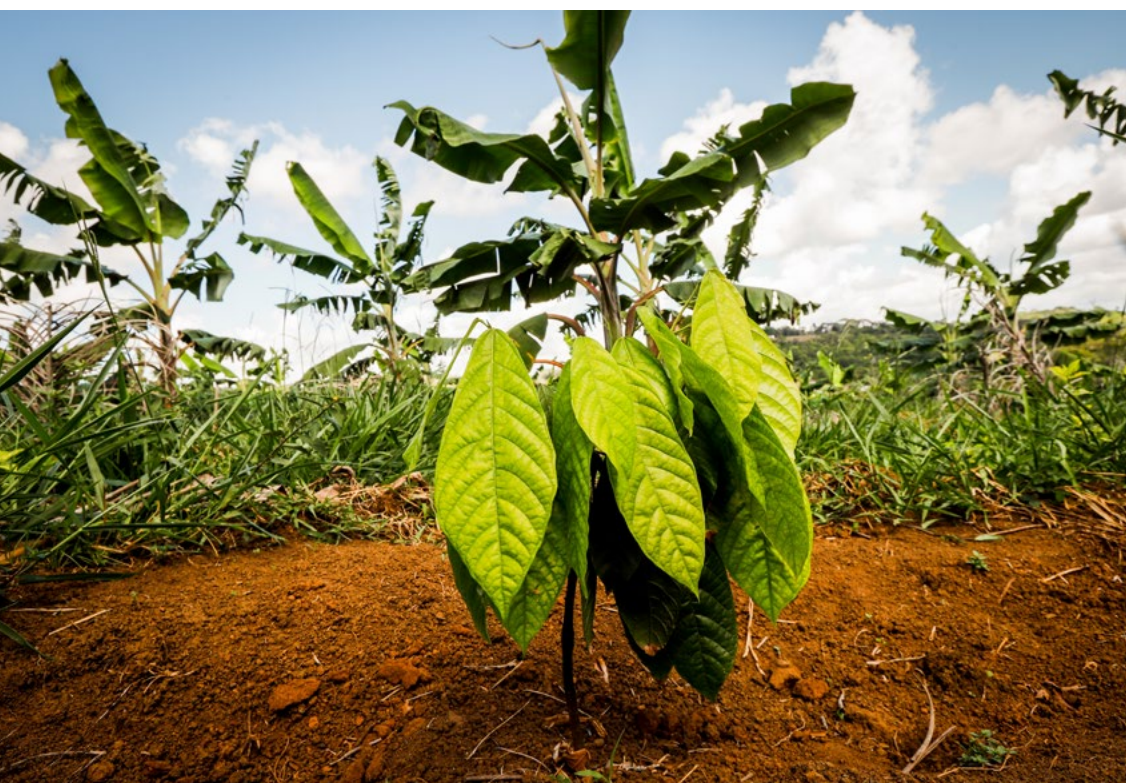
In the absence of a track record of initiatives to underpin this new agenda at the scale required to tackle the challenge, the **impact thesis** constructed by Fundo Vale for agroforestry

businesses became a part of the restoration component of Vale's 2030 Forest Goal. This thesis demanded tests and validation work to ensure it was conceptually and operationally viable. In 2021, a specific **Theory of Change** was formulated to shape strategies for implementing restoration initiatives directly involving businesses.

From the perspective of social impacts, by restoring areas on properties where family farming is carried out, the initiative helps to engage farmers in this process, which they often would not be able to do on

their own, due to the high cost. Furthermore, the choice of agroforestry and silvopastoral processes offers farmers the possibility of increasing their income through fair trade in intercropped species grown on their land.

Restoring these areas has a variety of positive impacts: income generation for producers; direct employment opportunities in the forest restoration chain; development of the agroforestry and silvopastoral ecosystem for the recovery of areas; and carbon capture.



Vale 2030 Forest Goal's Theory of Change



By **Move Social**

STRATEGIES

Development of Business Structuring Unit

Responsible for mapping, selecting and supporting the development of businesses

Related to Fundo Vale's 5Cs strategy: "catalyze social and environmental impact businesses"

Coordination with investors

To permit blended finance, reducing investment risk through a combination of philanthropy and impact investment.

Related to Fundo Vale's 5Cs strategy: "invest and unlock financial capital"

Coordination with off-takers

To enable value chain-based strategic agreements (product purchase guarantees, early receipt of revenue, etc.).

Related to Fundo Vale's 5Cs strategy: "act in coalitions"

RESULTS

Impact businesses strengthened and sustainable

Strengthening of organizations in order to expand their capacity to deliver financial results and social and environmental impacts.

Indicators

- Strengthening of financial results
- Variation in the extent of businesses' production areas
- Diversity of products
- Business productivity
- Value produced per hectare in R\$
- Farmers' satisfaction

Production of knowledge and innovation regarding sustainable production systems

Knowledge and innovation related to products and services, with descriptions of experiences systematized, published and distributed to stakeholders.

Indicators

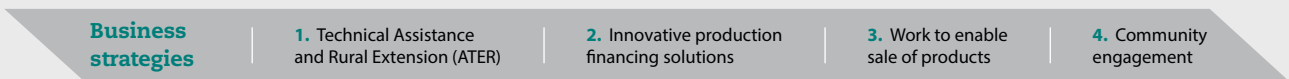
- Number and nature of publications
- Number of citations in publications
- Communication events
- Hours of training
- Development of new technologies
- New products developed and sold

Financial resources mobilized

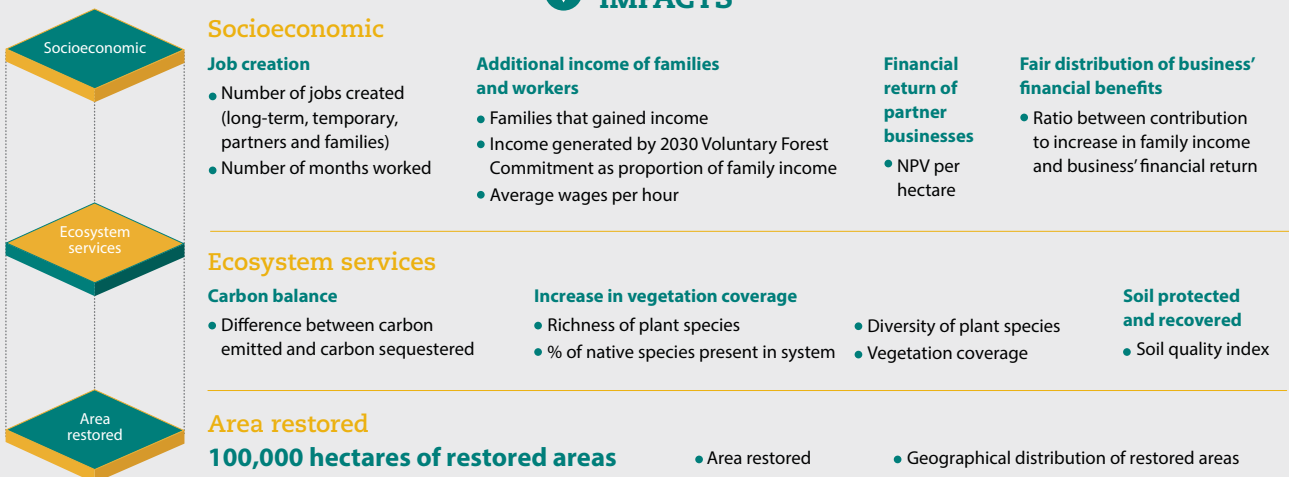
Resources obtained from third parties (not Fundo Vale), mobilized directly with partner investors and off-takers, including resources captured by businesses via Fundo Vale's investment.

Indicators

- Value of financial resources mobilized
- Business valuation



IMPACTS



STRATEGIC STAKEHOLDERS



Agroforestry Systems

The proposal to break with traditional ways of operating in the sector in order to restore habitat in Brazil is a bold one. Agroforestry systems have the potential to meet one of today's biggest challenges: to produce food while conserving natural resources. That implies the conscious and integrated use of natural resources to enhance the free flow of ecosystem products and services.

This type of system is a great way to rehabilitate areas, as it accelerates ecosystem changes when compared to natural succession. One of the model's difficulties so far has been proving that it is possible to implement agroforestry systems on a large scale in an environmentally friendly way, sustainably getting maximum output out of minimal inputs.

Fundo Vale's strategy is to think about the links in the production chain so that impact businesses can maintain their practices. That is, in addition to production, it is necessary to make other stages possible, such as marketing and transportation. To do this, we are working to bring together all stakeholders, from crop planting to market sales.



HABITAT RESTORATION ARRANGEMENTS

Agroforestry systems: Forms of land use or management in which tree species (fruit and/or timber) are combined with agricultural crops and/or animal husbandry, simultaneously or successively, providing economic and ecological benefits.



Silvopastoral systems: Intentional combination of trees, pasture and livestock in the same area, at the same time, managed in an integrated way, with the goal of increasing productivity per unit of area.



Diversified silviculture and groups of species: Simple systems of crop-livestock-forest integration, featuring two or more species, including at least one type of tree, planted at the same time and interspersed.



Organic fruit growing: System for organic fruit growing.

Disruptive businesses open up new market

As of December 2021, Vale's 2030 Forest Goal involved five established businesses and startups with 6,178 hectares of crops in all. To test its proposal, two startups were created through a partnership between Fundo Vale, Impacto Plus and other partners: Belterra and Caaporã. In the last quarter of 2020, these two startups planted 1,053 hectares of forest together with other crops as part of pilot projects.

Belterra used agroforestry systems while Caaporã used agro-silvopastoral systems. In 2021, they were joined by Inocas (forestry combined with macaúba palm), Regenera (agroforestry, silvopastoral and silvicultural systems) and Bioenergia (combined tree and fruit growing). In 2021, Fundo Vale's directly invested more than **R\$39 million in these five businesses.**

These startups will be accelerated in 2022, in partnership with the CERTI Foundation.



Belterra

Startup focused on implementing agroforestry and silvopastoral systems, starting in the states of Rondônia, Pará, Bahia and Minas Gerais. Through innovative partnerships with farmers, the firm offers loans and technical assistance for implementation work, market intelligence and guaranteed crop purchases. The main crop is cocoa, which is in high demand in both domestic and foreign markets.



Caaporã

This company is part of poultry, swine, dairy and beef production chains in agro-silvopastoral systems, while trees are at the center of its production model. It proposes a radical innovation in livestock farming, whereby trees improve animal welfare, cut the carbon footprint of operations, provide a source of food for animals and enhance biodiversity. Caaporã seeks to position itself as an anchor company with a brand of innovative products “from field to table.” It already produces and sells NoCarbon Milk, the first zero carbon milk produced in Brazil. It operates in São Paulo, Mato Grosso and Bahia.



Bioenergia

This organic fruit growing agro-industrial project encompasses the entire organic production chain, including sourcing of inputs, fruit processing, seedling production, certification of organic cultivation areas, irrigation systems, and organic food management techniques. More than R\$55 million has so far been invested by the company, including R\$12 million in research and development into organic fruit seedlings in partnership with EMBRAPA’s fruit unit in Cruz das Almas, Bahia. The rest of this money has gone on land acquisition and the implementation of nurseries, bio-input production areas and a cloning facility. The project is fully certified for the sale of organic fruits and seedlings in Europe, the United States, Canada and Brazil. The nurseries are duly registered with the Brazilian Agriculture Ministry. Bioenergia is located in the Marimbus-Iraquara Environmental Protection Area in the Chapada Diamantina region, in a “Priority Area for Conservation, Sustainable Use and Sharing of the Benefits of Brazilian Biodiversity,” in which the restoration of degraded areas is prioritized. Since 2011, the company has implemented 127 hectares of productive activities on its own land, where it clones its output. It operates in the state of Bahia.



Inocas

This company is planting macaúba palm, a species native to the Cerrado savanna region and also present in other biomes, through rural partnerships with producers, leases or on its own sites. It has great knowledge of macaúba, obtained through years of study, allowing this species to be domesticated, reducing its mortality rate and boosting its fruit production. Macaúba palm growing is now being tested on a large commercial scale. It has high potential, given its productivity (up to 90 kg of fruit per tree) and its byproducts for various sectors. Studies indicate that macaúba, if planted in pastureland or agro-silvopastoral systems, can generate not just environmental benefits, but considerable value for dairy farming through increased milk fat content. The company operates in São Paulo and Minas Gerais.



Regenera

This is a partnership between rural landowners/investors and Sucupira Agroflorestas Ltda, which has extensive knowledge of agroforestry systems. The group has implemented pilot projects, involving 60 hectares of agroforestry in the commercialization phase in Bahia and 120 hectares of African mahogany in Roraima and Mato Grosso do Sul. Regenera's strategy is to promote and develop large-scale regenerative food and timber production systems in Roraima, prioritizing the use of native species in mixed silvicultural systems, successional agroforestry and integrated livestock-forestry systems.

Non-Financial Support

In 2021, our institutional partners played the role of supporting the businesses we are investing in, throughout the process of implementing new areas, especially in terms of managing environmental safeguards and impacts generated as well as operating initiatives on the proposed scale. This support constitutes non-financial support offered to our investees as they recover sites, aimed at improving their efficiency and processes.

Imaflora

The Institute for Forest and Agricultural Management and Certification (Imaflora) has been a partner of this initiative since 2020. It is responsible for evaluating whether the chosen businesses are operating in compliance with legislation and best practices related to agriculture, agroforestry and pastoral systems and social demands in the period in question.

This monitoring involves diagnosis of projects and their social and environmental

practices, as well as analysis of georeferenced data from areas being restored. This allows Fundo Vale to mitigate risks related to each business' social and environmental compliance and offer projects the opportunity to improve their management systems in areas of production.

RNV and ITV

Vale Natural Reserve and the Vale Institute of Technology (known by Portuguese acronyms RNV and ITV, respectively) have extensive

experience in habitat restoration and management, as well as research. They contribute to production arrangements as consultative organizations. RNV also performs technical monitoring of the implementation of agroforestry systems.

Palladium

Palladium joined the initiative to map, evaluate and select potential agroforestry businesses aligned with Fundo Vale's impact investing thesis and carry out integrated management of the current portfolio of the Forest Goal's investees and partners.

CERTI Foundation

This organization performs modeling of Fundo Vale's entrepreneurial journey. It has designed a mobilized innovation ecosystem and identified gaps in performance,

in order to strengthen the Theory of Change.

It is responsible for implementing the Acceleration Program for impact businesses invested in as part of Vale's 2030 Forest Goal. This program is intended to be a catalyst, accelerating the development and growth of these businesses.

The Acceleration Program offers support strategies, such as mentoring, connections with partners and monitoring by specialists. The acceleration trajectory of each business will be guided by a specific Acceleration Plan.

Move Social

Move Social designed the Theory of Change, which underpins all the activities of Fundo Vale and its partners in restoring 100,000 hectares of habitat, based on an impact investing thesis. It is focused on monitoring the trajectory of results and impacts of the portfolio

of Vale's 2030 Forest Goal, supporting the acceleration of companies in the field of impact management, and helping report the results and impacts attained in 2022. It also has the role of strengthening an impact culture at investees, helping to structure impact strategies, and supporting the execution of the data collection and analysis cycle. Move Social also developed and helps to monitor the initiative's social and environmental impact indicators.

IETS

This organization studies impact assessment methodologies to be developed by national and international research institutions and it defines criteria for selecting impact businesses that are suited to each type of impact assessment method within the scope of Vale's 2030 Forest Goal. It focuses on assessment methods of the greatest technical rigor, such as randomized control trials.



Detailed information about the 2030 Forest Goal can be found in our 2020 Impact Report.



Protection component: 400,000 hectares

As part of the protection component of Vale's 2030 Forest Goal – which involves protecting and conserving 400,000 hectares of forest – Fundo Vale undertook to assess the environmental, social and economic feasibility of integrating REDD+ into the strategy it had been carrying out through partnerships with conservation areas.

REDD+

Reduction of Emissions from Deforestation and Forest Degradation (REDD+) is a mechanism developed by the parties to the United Nations Framework Convention on Climate Change to financially reward developing countries for their results related to the recovery and conservation of their forests. Fundo Vale carried out a study to find solutions that combine forest protection with the generation of carbon credits and the fight against deforestation in the Amazon as a way to help meet this commitment. The result was a strategy based on REDD+ as a complementary alternative to the model initially planned by Vale to achieve this goal, through partnerships with federal and state conservation areas.

The REDD+ project has the following main distinctive advantages:



Strengthening of Vale's strategic agendas.



Potential leadership of a coalition in the area, featuring major stakeholders and establishing long-term partnerships.



Additional social and environmental benefits – Impact Carbon Thesis.



Tangible measurement of benefits and co-benefits generated by preservation projects.



Amazon is high-priority region for development of projects.



Impacts: Acquisition of carbon credits will make it possible to finance preservation while generating economic, social and environmental benefits.



Better cost-effectiveness of carbon projects.



Contribution to the 2050 neutrality agenda.

*REDD+ stands for "Reduction of Emissions from Deforestation and Forest Degradation." The "+" refers to the conservation of forest carbon stocks, sustainable management of forests and enhancement of forest carbon stocks.

Progress in 2021

REDD+ Business Plan

In 2021, a REDD+ Business Plan was produced, following analysis of more than 60

opportunities through a rigorous methodology that combined positive social and environmental impacts with business strategies, aligned with Vale's objectives. This work resulted in a final list of projects

encompassing more than 900,000 hectares in the states of Rondônia, Acre, Pará and Amazonas, with the combined potential to generate 2,500,000 credits per year, called the Green Portfolio.

2022 REDD+ Operational Plan

Based on the Green Portfolio, an operational plan was developed to structure the acquisition of carbon credits from these projects. The objective in 2022 is to protect 50,000 hectares.

5.2. Impact Carbon

In 2021, Fundo Vale deepened its strategy in the area of carbon, integrating Vale's 2030 Forest Goal with its Carbon Goal, aligned with its approach to the Amazon. In this way, we reinforced our concept of "Impact Carbon," which is the term we have used since 2019 to describe our approach to the subject. Fundo Vale's approach to carbon goes beyond cutting or avoiding greenhouse gases emissions; it incorporates the results of investment that catalyzes local socioeconomic and environmental development, aiming at the equitable, egalitarian and fair generation and distribution of benefits. In other words, Impact Carbon is how Fundo Vale considers positive and additional social and environmental impacts, as well as carbon itself, and consequently how it evaluates its investments.

Vale has undertaken to reach zero net emissions by 2050. The company's first step in

achieving this goal was to prioritize the continuous reduction of operational emissions through innovation and technology. After that, in order to appraise the possibility of reducing its residual emissions, it will discuss the role of forests and nature-based solutions in meeting this goal, in line with the Net-Zero Standard of the Science-Based Targets initiative (SBTi).

Carbon Hub

The Carbon Hub is being incubated by Fundo Vale. It was created to be a vehicle for the origination, development and management of carbon projects and environmental assets. The idea is to combine different strategies for developing its own projects, investing in new businesses and new technologies, and buying and selling carbon credits on the market, while generating positive externalities, in line with Vale's needs and in the market's context.

The Carbon Hub is being constructed jointly by various areas of Vale and strategic partners with a view to pooling knowledge and devising the ideal approach for Vale. This analysis will consider the strategy and capabilities required to implement the Hub, as well as its business plan, operational structure, governance, rules and safeguards needed for its operation.

In this context, the 2030 Forest Goal is playing a crucial role, as it originates innovative and high-impact projects that can be amplified in the context of offsetting emissions through projects of high additionality for society as a whole.

5.3. Bioeconomy

Since it started operating in 2010, Fundo Vale has supported various sustainable production initiatives that value people and biomes, especially in the Amazon. Thus, the topic of the bioeconomy is not new to its institutional work agenda. In 2020, after building its 2030 Theory of Change, the organization decided to formally structure its activities in this area, incorporating a long-term vision.

Fundo Vale's bioeconomy strategy aims to strengthen businesses in the area so that they can access investments and produce competitive forest products, generating value for local people. The main region of action is the Amazon and operations are structured through institutional guidelines defined in its own **Theory of Change**.

The strategy was developed with the support of Move Social and Sense. The process consisted of listening to specialists, having conversations and sharing information with partners,

reading a variety of materials and positions on the subject, and having meetings with different areas of Vale.

PROCESS OF BUILDING STRATEGY:

- Mapping of more than **70 initiatives** already established in the sector, focusing on the Amazon
- Participatory process, including interviews and workshops with **29 specialists** in the area and professionals in several areas of Vale, as well as **18 organizations** operating in the sector
- Design of a **work plan**, starting with initiatives already under way and then incorporating new ones

Although the bioeconomy might seem to be a new topic, discussions about it have been on the environmental and development agenda for decades. The term is related to the green economy, bio-business, biotechnology, and social and biological diversity economics, among other things. The bioeconomy is becoming increasingly prominent and it has growing links with entrepreneurship

and innovation. The current challenge in this field is to combine traditional knowledge with scientific and technological knowledge.

The Amazon Rainforest has the planet's greatest biodiversity reserve, so its potential in the bioeconomy is unquestionable. However, the search for a sustainable, fair and inclusive economic development model entails identifying and overcoming some significant challenges. Based on analysis of documents and interviews with experts, five major levers for strengthening the Amazon's bioeconomy were mapped:

1. Science and Technology;
2. Innovation and Entrepreneurship;
3. Supply of Capital;
4. Development of Markets and Enabling Services;
5. Regulation, Inspections and Incentives.

Fundo Vale's bioeconomy operating premises

Support a sustainable and resilient bioeconomy, associated with conservation and restoration, which promotes economic development in the Amazon together with inclusion and social equity between peoples and genders.

Expand the generation of products and services for Brazil, based on a localized vision of an economy that values, conserves and restores the Amazon biome and its biodiversity.

Value innovation and technology focused on products, production processes, services and business arrangements for promoting forest conservation or restoration value chains.

Include traditional and indigenous peoples in production arrangements and strengthen their businesses, valuing their knowledge associated with biodiversity and its sustainable use while seeking to reduce social and regional inequalities.

Expand and facilitate investments and capital flows in different parts of the system, especially in the early stages of the innovation and entrepreneurship journey.

Promote fair and sustainable negotiation and market practices, favoring competitive and inclusive economic growth in different regions.

Promote cooperation, collaboration and information sharing among stakeholders involved in the subject, strengthening intervention capacities and economies of scale.

Act in alignment with Vale's sustainability goals, optimizing opportunities for synergies with other programs and areas.

Encourage sustainable consumption and food security.

Theory of Change
BIOeconomy Strategy



Produced by
Move Social e Sense-Lab

FUNDO VALE STRATEGIES (5CS)



AREAS OF ACTIVITY

<p>Science and Technology</p> <ul style="list-style-type: none"> Coordination with and support for initiatives that stimulate prototyping and connections between research and social and environmental businesses 	<p>Innovation and Entrepreneurship</p> <ul style="list-style-type: none"> Support for and development of initiatives involving entrepreneurial education, talent development and productive social organization Support for incubation and acceleration programs 	<p>Market Development</p> <ul style="list-style-type: none"> Support for businesses to access local markets Expansion of sales channels to harness national and international markets 	<p>Enabling Services</p> <ul style="list-style-type: none"> Promotion of a pool of complementary services (logistics, tracking, certification, communication and monitoring/measurement) 	<p>Supply of Capital</p> <ul style="list-style-type: none"> Business promotion/seed capital in hybrid models Repayable investment 	<p>Impact Ecosystems</p> <ul style="list-style-type: none"> Support for strengthening and integration of dynamizing organizations and other stakeholders in local ecosystems to promote the bioeconomy
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RESULTADOS ESTRUTURANTES

- Science and technology solutions adopted by bioeconomy businesses, generating more added value.
- Community and impact businesses strengthened and integrated into the social and biological diversity chain.
- Greater supply of Amazonian services and products arising from the creation of new businesses.
- Forest chains and their products highly visible, valued and accessible to the consumer market.
- Private sector and other partners engaged in strengthening the initial links of social and biological diversity chains, boosting corporate purchases.
- Hybrid investment arrangements providing capital for emerging businesses.
- Coalitions generating collective impacts, focusing on the bioeconomy.

Bioeconomy businesses strengthened and with access to investments, creating competitiveness for forest products and generating value for local people

Contribute to the following impacts in Fundo Vale's 2030 Theory of Change:

Protected and restored natural ecosystems, enabling the sustainable use of their resources	Local communities, traditional and forest peoples and farmers working in a cooperative, organized way, generating wealth sustainably from natural resources, with greater access to services and products, boosting the quality of their lives	A regenerative economy based on the harnessing of natural resources and the fair, egalitarian and equitable distribution of their benefits throughout the value chain
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STAKEHOLDERS

Primary

- Impact entrepreneurs
- Family farmers and extractive workers
- Traditional and indigenous peoples
- Young people and women

Secondary

- Dynamizing organizations in ecosystem
- Research organizations
- Institutes and foundations
- Impact investors
- Companies

GEOGRAPHICAL SCOPE

Focus on **Brazilian Amazon**, especially in locations where Vale operates (along the company's "Northern Corridor")



Bioeconomy initiatives developed

Conexus Institute – COVID-19 Social and Environmental Response Plan and Emergency Credit Line

The COVID-19 Social and Environmental Response Plan was designed to mitigate the pandemic's impacts on the financial health of community businesses and their producer base. Support for enterprises takes place in the following areas:

- ✦ Structuring and implementation of the Conexus Social and Environmental Fund, focused on expanding the supply of capital for sustainable community businesses.
- ✦ Non-financial support for cooperatives and

associations of family farmers and extractive producers in areas such as administrative and financial management, legal aspects, market access, marketing and sales.

- ✦ Activation of a network and sharing of experiences between organizations to strengthen capacities in the social and environmental impact business ecosystem.

In addition to the COVID Response Plan, the Conexus Institute worked on structuring the governance of the FSCX Fund, seeking to do the following:

- ✦ Structure an organizational model, internal policies and more efficient management systems.

- ✦ Implement a monitoring and evaluation system.
- ✦ Implement a strategy for raising funds from investors to execute the Conexus Fund.
- ✦ Implement the Opportunity Fund, to provide strategic business development support.
- ✦ Analyze credit proposals presented to the Conexus Fund's Emergency Credit Line (December 2020).
- ✦ Develop the Conexus Fund's brand and website.
- ✦ Structure Conexus' role in the internationally strengthened business ecosystem.



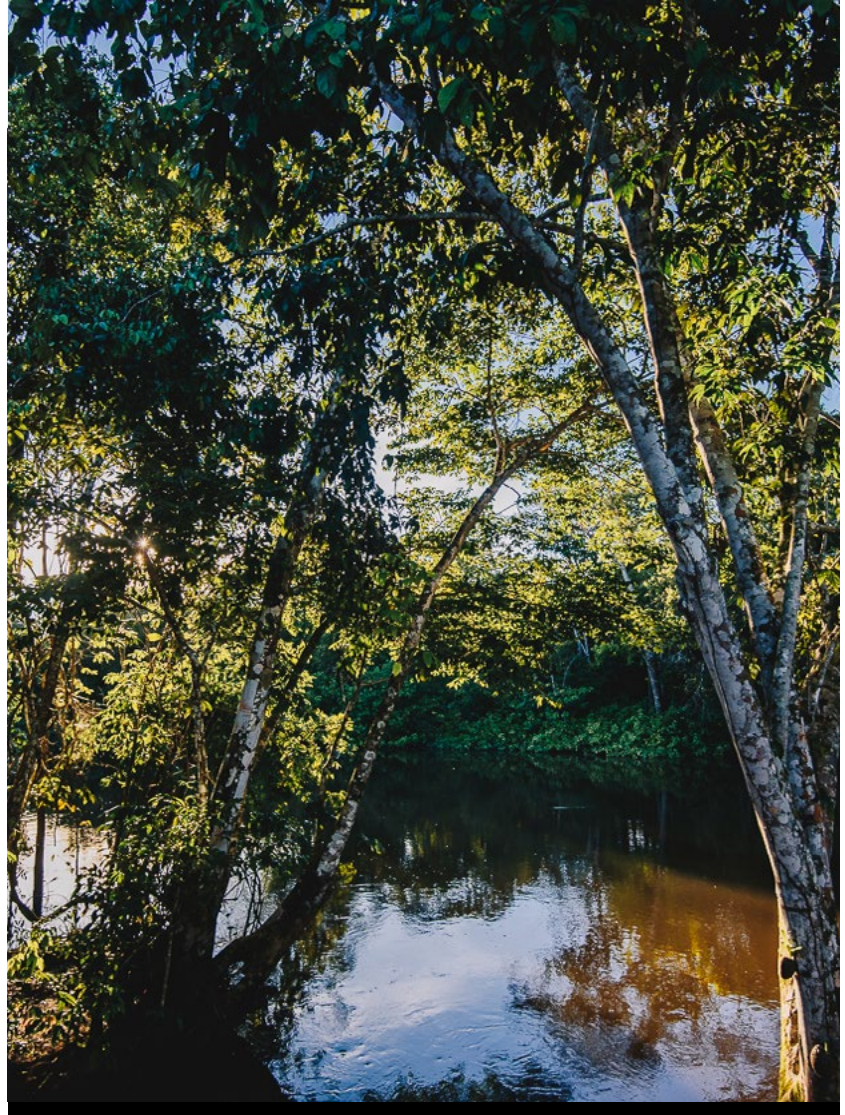
Amazon Impact Accelerator (AMAZ) – Idesam

The Amazon Impact Accelerator (AMAZ) is a high-profile initiative launched in 2021, created and administered by the Amazon Conservation and Sustainable Development Institute (Idesam) as an offshoot of the Partners for the Amazon (PPA) Acceleration Program. Fundo Vale played an active role in AMAZ's design and it is one of its founding organizations, which means it has a seat on the Management Board and is involved in governance decisions.

AMAZ has also been recognized as a driver for raising other resources, forging links with potential investors. The accelerator's five founding organizations are Fundo Vale, Humanize, the Climate and Society Institute, the Good Energies Foundation and the JBS Amazon Fund.

Impact Entrepreneurship and Innovation Day in the Amazon – CERTI Foundation

In partnership with the CERTI Foundation, this initiative was undertaken to expand business opportunities based on biodiversity in a forest that remains intact, alive, rich and preserved, fostering



impact entrepreneurship in the region and stimulating innovative proposals that generate economic, social and environmental value.

Amazon at Home, Intact Forest – Climate Ventures

Our partnership with Climate Ventures was formed soon after it was founded in 2018. The relationship began at the "Climate Laboratory" event held by Climate Ventures, at which Fundo Vale employees contributed by mapping

challenges for the low-carbon economy and prototyping solutions to overcome them. This experience gave rise to a "Logistics Lab" and a partnership with Fundo Vale to implement it.

This initiative sought to promote market access for products sourced from intact areas of the Amazon Rainforest through integrated logistics, commercialization and marketing services. The goal was to generate positive impacts throughout the production chain by prototyping and testing integrated solutions.

Previsia - Imazon

In 2021, Fundo Vale joined forces with the Institute for the Amazon's People and Environment (Imazon) and Microsoft to develop PrevisIA, a tool that uses artificial intelligence for risk assessment and prevention of deforestation and fires in the Amazon. That wasn't the first time Fundo Vale had worked with Imazon. At the beginning of Fundo Vale's trajectory, it supported the development of the Deforestation Alert System, a platform for monitoring the Amazon based on satellite images. This is now crucial for reporting the pace of forest degradation and deforestation in the region. PrevisIA arose from a concern to look to the future and act to prevent deforestation, identifying risks and intervening in regions so that deforestation does not happen. Engagement actions were immediately initiated. For example, Imazon worked with the Pará State Public Prosecutors' Office on structuring an action plan based on information from the platform. In order to enhance the tool, a second phase of the project is now being negotiated. The idea is to promote engagement with other sectors, carry out updates to the system and include a carbon analysis layer.

Forums and Networks

Collective action is essential to construct large projects. Fundo Vale's presence in discussion forums contributes to the initiatives that it supports and helps obtain feedback about the organization's own strategy, enhancing its impacts. For example, the construction of Fundo Vale's bioeconomy strategy was inspired by interactions in networks.

5.4. Social and Environmental Innovation

Social and environmental innovation is a theme that permeates Fundo Vale's activities and it is part of the way the organization looks at all its areas of action and how it arrives at its results. Fundo Vale has become an innovative vehicle, in terms of both proposed solutions and the project implementation format.

Vale's 2030 Forest Goal and Impact Carbon strategy were catalysts for scaling up Fundo Vale's innovation. Since it was founded, the fund's innovative vision has been expanded and its impact scale has grown 10-fold. The model for restoring habitat through agroforestry systems and impact businesses with the capacity to create

income for entrepreneurs, the community and funders, while generating carbon credits, is unprecedented on this scale in the private sector. Accordingly, Fundo Vale's concept and impact thesis needed to be tested.

Another aspect of innovation is the initiatives developed jointly with different areas of Vale and other organizations to provide knowledge to help enhance the entire performance of the organization itself. Examples include the results generated by the Forest and Climate Innovation Day, held in partnership with the CERTI Foundation, Mine 2.0 and the NBS study, described below.

The lessons learned since 2020 have driven the cross-cutting nature of innovation within the organization. We can say that the starting point for this change was the [Agroforestry Challenge](#), an acceleration program for the expansion of agroforestry businesses, which emerged as a contribution to the challenge of restoring areas on a large scale. The program posed six challenges commonly faced by businesses that develop agroforestry systems. The idea was to identify innovative businesses with solutions capable of responding to these demands.



Initiatives that stood out for their innovation in 2021

Forest and Climate Innovation Day

Fundo Vale’s strategy is to develop, promote and support mechanisms and solutions to boost the trajectory of innovative ventures that generate positive impacts for forests and the climate. To this end, the Forest and Climate Innovation Day was aimed at contributing to the targets of Vale’s 2030 Vision and Fundo Vale’s Impact Carbon Thesis and Theory of Change.

In 2021, in partnership with the CERTI Foundation, this event was conceived to support innovative ventures at all stages, from initial ideas to commercial products and business growth, taking into account the stakeholders and solutions that are part of the forest and climate ecosystem.



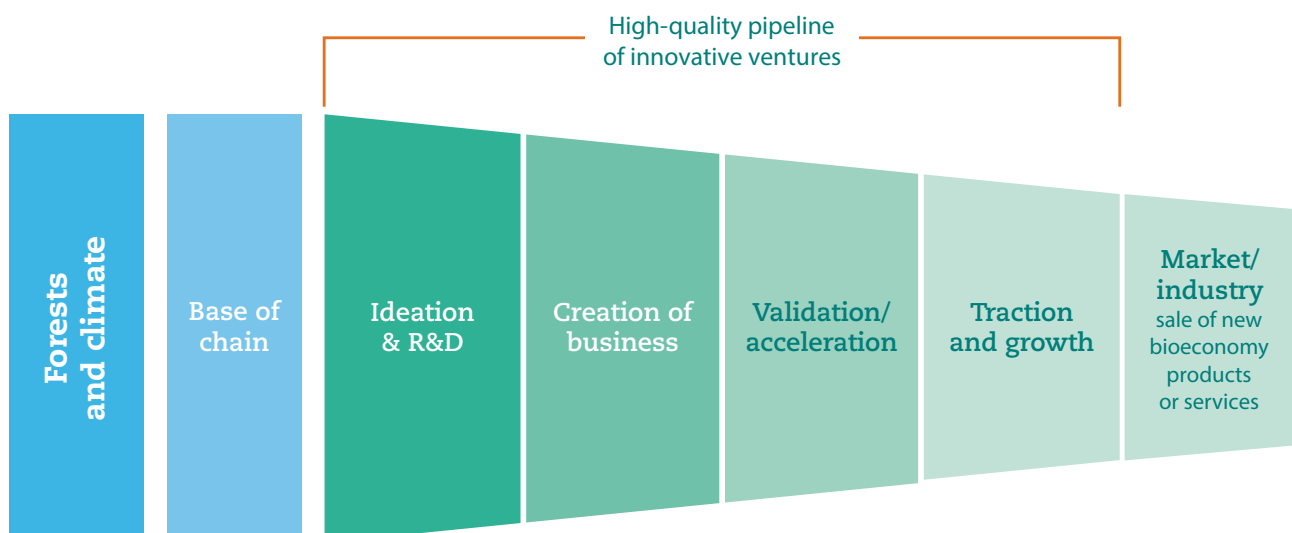
Fundo Vale has stood out among the most innovative business promotion and investment organizations on Brazil’s forest and climate agenda. Attentive to the challenges in the journey of innovative entrepreneurship, always seeking additionality in its operating positioning, it has a strategic role in promoting mechanisms that drive the ecosystem. An example of this is the Forest and Climate Radar, a tool that has raised the profile of a pipeline of projects with positive impacts on forests in Brazil, creating opportunities to strengthen these businesses.

Marcos Da-Ré,
CERTI Foundation

This allowed Fundo Vale to develop an integrated and systematic view of its operations and to identify other potential partners based on analysis of supported initiatives, assessment of gaps and proposals for additional dynamic mechanisms.

As a result, aiming at the results and impacts set out in the Theory of Change, it was possible to identify and prioritize where Fundo Vale should concentrate its efforts in the ecosystem together with its sponsor and external partners.

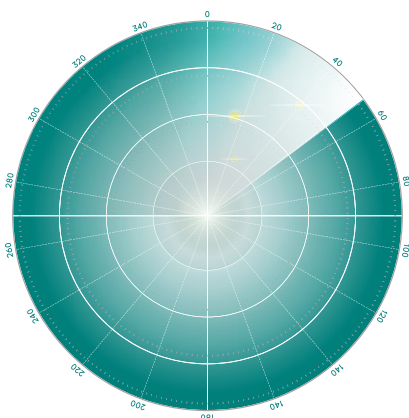
Forest and Climate Day



Forest and Climate Radar

The Forest and Climate Radar is a tool created by Fundo Vale in partnership with the CERTI Foundation in 2021. Its goal is to contribute to Vale's sustainability agenda, focusing on forests and climate, to generate innovative impact solutions.

When Fundo Vale understood its positioning and role in the forest and climate ecosystem, it became necessary to create a tool that could facilitate the identification of businesses and solutions in the Brazilian ecosystem and to connect the organization with synergistic startups. Accordingly, the Forest and Climate Radar mapped 489 Brazilian startups in its first phase, making it possible to visualize geography-specified information about their operations, types, the maturity stage of solutions, and business models.



This tool was designed to operate and be updated continuously. In 2022, it is in a new phase of maturity, in line with Fundo Vale's initiatives as part of the forest and climate change agenda.

Mine 2.0 Program

The "Carbon Credits in Projects to Restore Degraded Areas and Protect Forests" challenge was run in 2021, as part of the [Mine 2.0](#) Program, through a partnership between Fundo Vale and Vale's Open Innovation Area.

Carried out by the **Vale Institute of Technology** in partnership with Fundo Vale and Vale Natural Reserve, this program set out to quantify biomass carbon stocks in agroforestry systems. As a result of Mine 2.0, new solutions were developed to make cost and time savings in forest inventory preparation, using technologies and advanced data processing, allowing the measurement and management of carbon stocks generated in restoring sites through agroforestry systems. This also contributed to the competitiveness of businesses, as many want to sell carbon credits.

NBS Study

This mapping exercise was carried out in partnership with consulting firm The Bakery. It identified practices around the world in relation to nature-

based solutions (NBSs). The aim was to identify measures that could contribute to Vale's sustainability commitments. The study presents insights into investments and opportunities in the sector. It can be accessed [here](#).



This year was fundamental. We thought about innovation in a more global and cross-cutting way. Our work on the Forest and Climate Innovation Day with the CERTI Foundation allowed us to discuss how innovation can enhance the results and impacts of Fundo Vale's Theory of Change. We understood how innovation can strategically guide Fundo Vale's activities in driving innovative forest and climate-related solutions.

Juliana Vilhena,
social and environmental impact and innovation management leader, Fundo Vale



5 Results in 2021



Systemic perspective

Fundo Vale is an organization that is diversifying its projects through both business promotion and investment initiatives. Its positioning is reflected an equally diverse portfolio in the field of social and environmental impacts. The heterogeneity of its portfolio is intentional and strategic, adopted since the 2030 Theory of Change was structured. The rationale is that tackling complex situations and problems requires action together with a systemic perspective.

The content of this 2021 Impact Report mirrors this perspective. We decided to present our results in a systemic way, highlighting some of the main initiatives developed within the scope of each of the five results established for 2025 as part of Fundo Vale's 2030 Theory of Change.

6.1. Structured social and environmental impact businesses, generating a financial return and with the potential to gain scale

INITIATIVES IN FV'S PORTFOLIO THAT ARE CONNECTED TO RESULT R1/25

1. Vale's 2030 Forest Goal
2. Café Apuí
3. PPA Acceleration Program
4. COVID-19 Social and Environmental Response Plan
5. Conexsus Social and Environmental Fund
6. Amazon Logistics and Sales Lab
7. Amazon Day

In 2021, Fundo Vale supported **122 social and environmental impact business**. Of this total, partner organizations financed **96 impact enterprises**. Partners that are supporting impact businesses include the Conexsus Social and Environmental Fund, the Logistics Lab and the Amazon Day. Fundo Vale also directly supported six other businesses, including five within the scope of Vale's 2030 Forest Goal. They directly received around R\$40 million from Fundo Vale to structure themselves and restore 5,125.43 hectares in 2021.

The sixth business, **Café Apuí**, received direct funding from Fundo Vale in the form of seed capital, through a blended finance strategy.

Contributions of initiatives supported by Fundo Vale



Around **29,000** people have benefited directly and indirectly from initiatives supported by Fundo Vale (rural producers, extractive producers and their families).

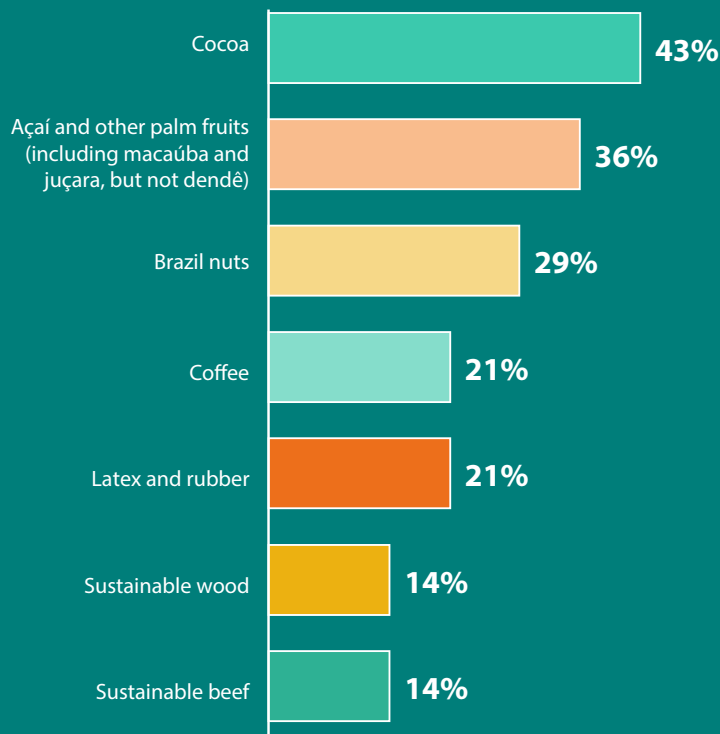


Direct restoration of **5,125** hectares as part of Vale's 2030 Forest Goal.



342,129 hectares undergoing preservation initiatives (recuperation, conservation and sustainable management).

Main value chains impacted by partners' initiatives*:



*Figures refer to number of businesses that say they are working in the listed chains.

In 2021, our partner organizations supported businesses through **mentorship** (seven initiatives), **networking** (seven initiative) and **consulting support** (five initiatives). Four partner organizations provided **technical assistance**, three **accelerated selected businesses**, two made **direct financial investments** and one provided **training for managers**.

Most of these activities were focused on businesses in the acceleration phase, followed by actions aimed at businesses in the traction and growth phase. In 2021, no services were provided to enterprises in the activation and creation stage.

The initiatives supported via dynamizing organizations received resources via co-financing.

Support for entrepreneurs

Considering the complexity of the social and environmental problems experienced by impact businesses and the challenges faced by entrepreneurs in Brazil, it is extremely important for enterprises to be supported on their journey. Likewise, it is essential for these businesses to be connected to other organizations that can help them solve the social and environmental problems they

wish to address, as well as business-related challenges.

Accordingly, the initiatives supported by Fundo Vale are run by dynamizing organizations, their resources are provided via co-financing and various partners are involved in implementing them.

Supporting the impact business journey is even more important due to the complexity of the social and environmental problems they are helping solve and the challenges faced by entrepreneurs. Thus, it is essential for these ventures to be connected to other organizations that can contribute to overcoming these challenges.



We understand the need to support the initial stages of the entrepreneurial journey (activation and creation phases) and we are structuring ourselves to provide this support. Especially in the Amazon, if we don't see more businesses being set up, there won't be an investment pipeline in the traction and growth phases.

Márcia Soares,
partnerships leader,
Fundo Vale

It is important to point out that supporting initiatives that aim to generate positive social and environmental impacts, especially those that work with family farmers and extractive producers, promotes the countryside and encourages the development of a new type of economy, which generates income while preserving nature.

The **Partners for the Amazon Platform's Acceleration Program**, implemented by Idesam, matured and in 2021 it gave rise to the Amazon Impact Accelerator (AMAZ). In addition to supporting and accelerating business, AMAZ offers opportunities for investment, cooperation and networking, and it promotes the creation of an interconnected sustainable business community. The initiative stands out for the number of businesses that have remained active and growing, despite the difficulties imposed by the pandemic. In all, the initiative has accelerated 30 social and environmental impact businesses, of which 12 have received direct investment.



The advances made within the scope of **Vale's 2030 Forest Goal** are also directly related to this result, as our actions in 2021 strengthened five supported businesses. These advances will be presented in Result 5, related to 2025 (R5/25).

6.2. Driving organizations in the social and environmental impact ecosystem with organizational capacity to support entrepreneurs at all stages of business development

PARTNERS IN FV'S PORTFOLIO THAT ARE CONNECTED TO R2/25

1. Climate Ventures
2. CERTI Foundation
3. Idesam
4. ICE
5. Conexsus Institute
6. Latimpacto

Redes:

1. Partners for the Amazon (PPA)
2. Cooperation for the Amazon
3. Brazilian Climate, Forest and Agriculture Coalition
4. Aspen Network of Development Entrepreneurs (ANDE)

Dynamizing organizations are intermediary organizations, a link between impact businesses and investors, with cross-cutting operations. They offer infrastructure, training and connection platforms and information to empower, engage and coordinate entrepreneurs and investors. They also lay the groundwork for the replication of best practices. In 2021, Fundo Vale supported **six dynamizing organizations** in the social and environmental impact ecosystem and participated in **four networks**. Of the total resources allocated by Fundo Vale to the social and environmental impact ecosystem, **R\$3,696,942** was transferred to dynamizing organizations for the development of initiatives, institutional strengthening and rural strengthening initiatives.

Some of the supported dynamizing organizations implemented internal processes for institutional strengthening related to strategic planning and annual planning for fundraising, institutional communication, financial modeling and governance enhancement. This support from Fundo Vale is in line with Recommendation 1 of the **Alliance for Impact Investments and Businesses**, which advocates support for impact drivers.

Boosting impacts

Based on a study called “Evaluation of the Effectiveness of Impact Accelerators,” carried out in 2020 with the support of Fundo Vale by Move Social, a company that helps to expand and enhance the positive social impacts of organizations, ecosystems, networks and alliances, the need to strengthen dynamizing organizations became apparent. Currently, more than 50% of Brazilian impact businesses have at some point sought assistance from a support program, according to information from the Alliance for Impact Investments and Businesses. However, the selection processes are competitive and opportunities are concentrated in Brazil’s South and Southeast regions. Therefore, the need to have dynamizing organizations with the organizational capacity to meet this demand from entrepreneurs is evident.

In 2021, in order to change this situation, Fundo Vale, together with the [Institute for Business Citizenship \(ICE\)](#) and

the [National Association of Entities That Promote Innovative Enterprises \(Anprotec\)](#) started to construct a program to accelerate and strengthen incubators and accelerators.

Fundo Vale is focusing its support on dynamizing organizations that mainly support businesses in the Amazon, given its special commitment to this region. This support is expressed in partnerships with Climate Ventures, Idesam, the CERTI Foundation and the Conexsus Institute.

Amazon Impact Accelerator (AMAZ)

After AMAZ was structured, it was able to create its first investment fund, which raised R\$25 million via blended finance (half philanthropic capital and half repayable investment).

AMAZ’s first investment fund has a planned lifespan of 10 years, based on the premise that it is only possible to think about big goals and develop

It has been fundamental to be able to count on Fundo Vale’s commitment to pay for AMAZ’s structuring and to contribute actively to its intellectual capital and knowledge network.

Mariano Cenamo,
Amazon Impact
Accelerator (AMAZ)

businesses at scale if we think about the long term. This initiative is already the largest impact business accelerator in northern Brazil, in terms of both the volume of financial resources and the number of businesses in a portfolio exclusively dedicated to the Amazon.

Going forward, it will be important for AMAZ to adopt technologies to make the management and monitoring of businesses more efficient.

AMAZ’s goals for the resources in its investment fund



Invest in 30 startups in the next five years



Leverage another R\$50 million in direct investments in startups



Conserve 5 million hectares of the Amazon Rainforest



Generate income for around 10,000 families through sustainable activities

CONEXUS INSTITUTE

The Conexus Institute is another example of the evolution of a dynamizing organization in the social and environmental impact business ecosystem. The institute seeks to expand the capacity of its investment arm, the [Conexsus Social and Environmental Fund – CX](#). The aim is to gain scale in terms of both resources and activities. Focused on this goal, the organization has achieved the following results:

- ▀ Strengthening of its structure to support its growth in operations
- ▀ Structuring of credit analysis and risk management processes, as well as billing and renegotiation policy
- ▀ Formation of an interdisciplinary team, combining credit analysts with technical advisors
- ▀ Selection of a manager at independent fund manager JPG to launch the mechanism on the capital markets
- ▀ Creation of four committees to improve governance processes.



Revision and consolidation of model for scaling up Conexsus Social and environmental Fund (FSCX)

In December 2021, the organization revised its model for scaling up the FSCX fund, establishing a target for raising R\$10 million in concessional and philanthropic resources in 2022.

Guaranteed resources for necessary managerial development and strengthening for FSCX fund

In all, **R\$1.7 million** was assured to provide technical assistance offered by Conexsus in the emergency credit line. This money was provided by Fundo Vale, Good Energies, B3 Social, CLUA and USAID. The intention is to use these resources to implement the governance of the Conexsus Institute and FSCX Fund, to structure the organizational model and internal policies, to improve the efficiency of management systems and to set up a monitoring and evaluation system.



Our main motivation comes when we look at the forest floor and different biomes and see possibilities for valuing local products and communities, as well as connecting them with fairer markets, based on more appropriate conditions. Partnerships such as the ones we have with Fundo Vale are fundamental to this process.

Carina Pimenta
Executive Director,
Sustainable Connections
Institute (Conexus)

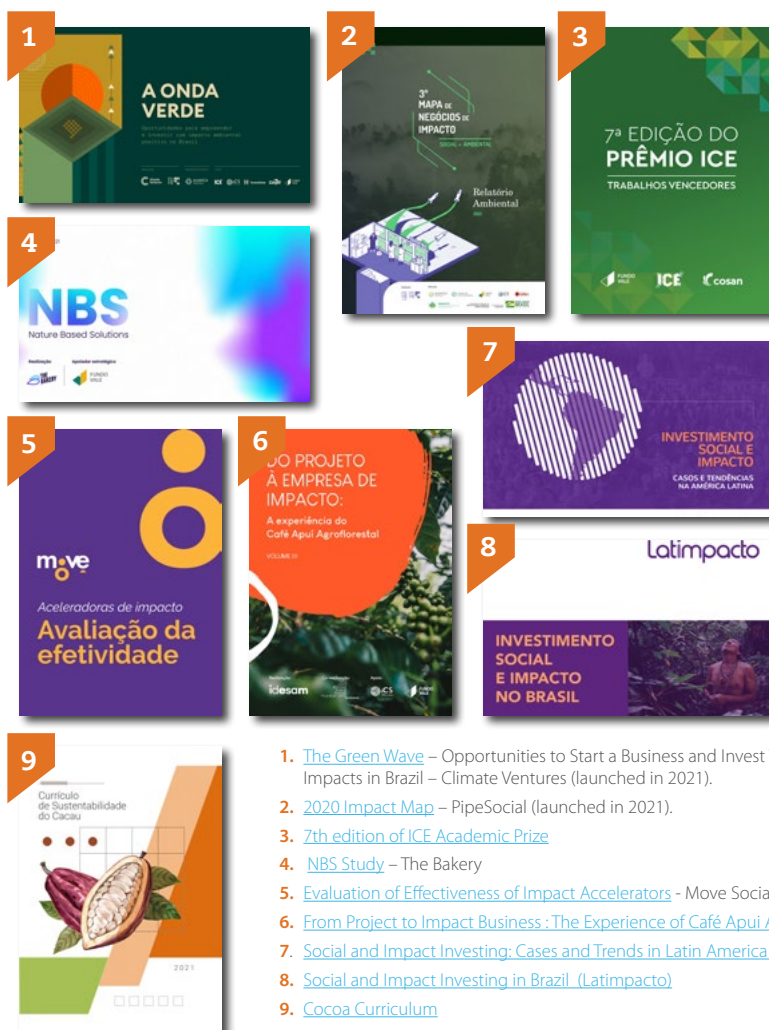
6.3. Vale employees, organizations and partner companies engaged in the positive social and environmental impact agenda, focusing on a sustainable, fair and inclusive economy

INITIATIVES IN FV'S PORTFOLIO THAT ARE CONNECTED TO R3/25

1. Support for Strengthening of Impact Ecosystem
2. Latimpecto
3. PrevisIA
4. Forest and Climate Innovation Day
5. Carbon Hub
6. REDD+
7. Mine 2.0
8. Vale Sustainability Academy
9. BNDES project – Living Forests

We carried out many different initiatives in collaboration with partner companies and organizations, including events, courses, workshops, learning cycles and publications:

- 9 studies supported or produced by Fundo Vale and its partners



1. [The Green Wave](#) – Opportunities to Start a Business and Invest While Generating Positive Environmental Impacts in Brazil – Climate Ventures (launched in 2021).
2. [2020 Impact Map](#) – PipeSocial (launched in 2021).
3. [7th edition of ICE Academic Prize](#)
4. [NBS Study](#) – The Bakery
5. [Evaluation of Effectiveness of Impact Accelerators](#) - Move Social (launched in 2021).
6. [From Project to Impact Business :The Experience of Café Apui Agroflorestal](#)
7. [Social and Impact Investing: Cases and Trends in Latin America](#) (Latimpecto)
8. [Social and Impact Investing in Brazil](#) (Latimpecto)
9. [Cocoa Curriculum](#)

- 1 guide produced by Fundo Vale: GIMPACT Guide;

- 60 events held by partner organizations with the support of Fundo Vale, including courses, webinars and conferences;

- Fundo Vale participated in 20 events.

In the area of media coverage and communication, Fundo Vale obtained the following results:



78 Vale employees took part in the Sustainability Academy



17 news articles



5 newsletters



7 institutional videos

VALE SUSTAINABILITY ACADEMY

Given the need to construct a new economy, new businesses need to be thought of to produce value for society. Accordingly, **Fundo Vale, in partnership with CoCrriar and Professor Grazielle Comini of University of São Paulo, ran a course for the Vale Sustainability Academy called “Positive Social and Environmental Impact Businesses.”** The aim was to offer conceptual and practical references to understand this type of organization.

The course was structured into two independent modules. The first module offered an overview of the social and environmental impact business ecosystem and looked at the conditions and characteristics of these enterprises. The second module explored investments and financial mechanisms needed to structure, support and consolidate social and environmental businesses.

RESULTS

Three groups took the course. There were

78 participants

(Vale employees)

and a waiting list of more than

170 employees.



Production and dissemination of knowledge through

4 video classes

featuring

26 interviewees

from the impact ecosystem.



Collaboration

Fundo Vale’s relationship with other areas of Vale, such as the Open Innovation Area, Vale Natural Reserve (RNV) and Vale Institute of Technology (ITV), especially in carrying out studies and research, is also reflected in the engagement of Vale employees in the positive social and environmental impact agenda.

In addition to organizations that are already part of the impact business ecosystem, Fundo Vale is mobilizing other players and funds to share its vision, in order to expand its network of partners, enabling a large portfolio of businesses to be managed.

Network initiatives

As previously mentioned, cooperation in networks is essential for the construction of initiatives within Fundo Vale. Some of the networks we are participating in are described below:

Partners for the Amazon Platform (PPA)

In 2021, Fundo Vale contributed to the construction of PPA’s Acceleration Thesis. It also took part in its Transitional Working Group to create a new governance system and draw up future guidelines, including a Theory of Change.

Cooperation for the Amazon, led by the Arapyaú Institute

Fundo Vale participated in the Bioeconomy Working Group in 2021. The group

contributed to the planning work for the Bioeconomy Innovation and Investment Forum, held in Manaus. At this event, Fundo Vale took part in a panel discussion on “Social and Environmental Impact Investing”⁵.

Brazilian Climate, Forest and Agriculture Coalition

Fundo Vale has been participating actively in the bioeconomy area at this organization. Seeing synergies with the agenda of its working group on this topic, Fundo Vale supported an integration process, developed with strategy and social innovation consulting firm Sense Lab, to think about joint programs that could be run collaboratively.

Latimpacto

Fundo Vale supports Latin American network Latimpacto, which has sister networks in Europe (EVPA), Asia (AVPN) and Africa (AVPA). In 2021, Latimpacto launched a climate action platform and began a study on how venture philanthropy (which aims to support and catalyze innovative solutions to social and environmental problems, taking risks that no other actor is willing to take) can stimulate and contribute to the climate agenda. Fundo Vale has been an influencer on this topic in the network.

⁵ For more information, go to: <https://www.bioeconomiaamazonica.com.br/>

6.4. Financial instruments leveraging resources for the social and environmental impact sector

INITIATIVES IN FV'S PORTFOLIO THAT ARE CONNECTED TO R4/25

1. Forest and Climate Fund
2. REDD+
3. Amazon Impact Accelerator (AMAZ)
4. Conexsus Social and Environmental Fund

Forest and Climate Fund

When investing in new impact businesses for Vale's 2030 Forest Goal, Fundo Vale realized that one of the great challenges in achieving large scales is to unlock structural bottlenecks that hinder chains as a whole. The structuring of the Forest and Climate Fund meets this demand. It is based on the belief that investing in technological solutions that provide ways to reduce costs and increase efficiency in forestry activities and in the mitigation of climate change will generate value for the ecosystem as a whole.

The ecosystem will increasingly demand solutions based on nature and, as a result, the number of forest projects will tend to increase. Therefore, the organization saw an opportunity to also invest in companies that are developing technologies that can be used in other projects.

In 2021, Fundo Vale carried out studies and analysis, and listened to more than 20 managers from other venture capital funds, which allowed it to understand the best format for its product. Based on this work, Fundo Vale selected a partner to launch the fund, initiating a process that more investors could later join. KPTL was selected due to its experience in innovation for the environment in investments in AgTech, biotechnology, the internet of things and digital companies.

Fundo Vale's role in the partnership is that of co-structuring the Forest and Climate Fund, supporting the impact measurement and assessment framework, analyzing some of the identified companies and making connections with actors in the impact ecosystem.

Amazon Impact Accelerator (AMAZ)

As previously presented in R2/25, Fundo Vale contributed to the structuring of AMAZ. The initiative leverages significant resources for social and environmental impact businesses, combining business promotion and investment resources via blended finance. The accelerator has philanthropic funders, AMAZ's founders and investors, who expect a financial return.

Fundo Vale is the only organization that has contributed in terms of both business promotion and investment. Over the next 10 years, the fund will invest **R\$5 million, of which R\$2 million has already been earmarked for donations and R\$3 million will be invested directly in selected businesses.**

Conexsus Social and Environmental Fund (FSCX)

The Conexsus Social and Environmental Fund (FSCX) is the investment arm of the Conexsus Institute. They work in a coordinated manner. The FSCX Fund is responsible for financial vehicles and their management, while the Conexsus Institute is working to strengthen the businesses and measure their impacts.

The fund was created by the Conexsus Institute to manage its emergency credit line portfolio. There are now plans to scale up the operation, ensuring a financial vehicle for community businesses for the next 10 years. This new vehicle is in the financial modeling phase.

The financial products offered by the Conexsus Social and Environmental Fund are aimed at the development of community businesses, according to their level of maturity. The interest rates are below traditional market rates and the loans initially prioritize meeting the working capital demands of producers. The



terms are linked to production and commercialization cycles. Organizations that repay their loans on time gain facilitated access to new funding rounds with reduced risk.

Conexus offers a credit model that promotes financial education and loan repayment through strategies to strengthen the management and sales of businesses. After a maturation cycle to learn about credit on the platform, the organizations in the portfolio are better placed to be included in the formal rural credit system.

As part of this initiative's scope, in 2021 a public notice was launched for an opportunity

fund focusing on improving the commercial activities and financial results of community businesses. The fund made small investments of up to R\$10,000 each, in actions that add value and enhance the commercial results of cooperatives and associations, such as branding, e-commerce and acquisition of machinery. After the selection process, 24 businesses were loaned R\$237,000 in all. Almost half of the beneficiaries have so far reported on how they used these resources.

Conexus has developed an innovative arrangement for activating social and environmental credit, called CrediAmbiental, based on

establishing an economically viable network of local agents and implemented through partnerships with financial agents. This project has made it possible to hire 28 credit activators in the Amazon, who have unlocked more than R\$1.35 million for 43 projects approved by the National Program to Strengthen Family Farming (Pronaf). This is a major achievement, in line with the Conexus Social and Environmental Fund's goal of unlocking Pronaf credit for small family farmers and extractive producers.

In addition, the network carried out more than 200 diagnoses of family production units, providing a solid basis for

unlocking future loans. As part of this initiative, the following advances occurred:

- ▀ As of June 2020, the Conexsus Social and Environmental Fund had executed just 10 financial operations, worth R\$1.3 million in all. Then, between June 2020 and December 2021, it provided emergency funding to 82 community businesses, taking its loan book to R\$10.1 million. The other investors in the Conexsus Fund were USAID, the Good Energies Foundation, B3 Social and the GPA Institute. Together, they invested R\$4.85 million.
- ▀ Design and creation of financial instruments

for operations. In preparation for a credit rights investment fund, the process of converting credit agreements into bank credit notes was completed.

Lessons learned from initiatives

Due to the immaturity of the ecosystem and the fragility of its businesses – which require a greater appetite for risk on the part of investors and new models and arrangements that do not yet exist in the market (more customized and adapted to these circumstances) – the field of impact businesses needs to promote the structuring of processes involving all actors.

Although the focus is on reimbursable investments, aspects related to philanthropy (business promotion) also need to be considered so that we can meet the needs of a system that is still at an early stage. This point connects with one of the premises of Fundo Vale: “Our capital is patient, catalytic and flexible.”

It is necessary to take risks and be flexible in developing the ecosystem from the perspective of impact investing in the Amazon. It is also essential to have consistent strategies for project prospecting.



CROWDLENDING

In 2021, Fundo Vale formed a partnership with SITAWI Finanças do Bem – an organization that develops financial solutions with social impacts – with the objective of supporting its crowdlending platform, focused on Amazon businesses. The initiative already existed and it now has other funding partners in addition to Fundo Vale, such as the Partners for the Amazon Platform (PPA)/USAID, the Humanize Institute and the Sabin Institute. The idea is for philanthropic resources to mobilize investments by individuals, aiding the social and environmental impact business agenda and reducing costs for borrowers. Through this initiative, the partner organizations want to test the extent to which they can collaborate with the field of crowdlending, alongside other financial solutions, together with the social and environmental impact sector.

6.5. Innovative social and environmental impact solutions contributing to Vale's sustainability commitments regarding the forest and climate change agendas

INITIATIVES IN FV'S PORTFOLIO THAT ARE CONNECTED TO R5/25

1. Vale's 2030 Forest Goal
2. Forest and Climate Innovation Day
3. Carbon Hub
4. Forest and Climate Fund
5. REDD+
6. Mine 2.0

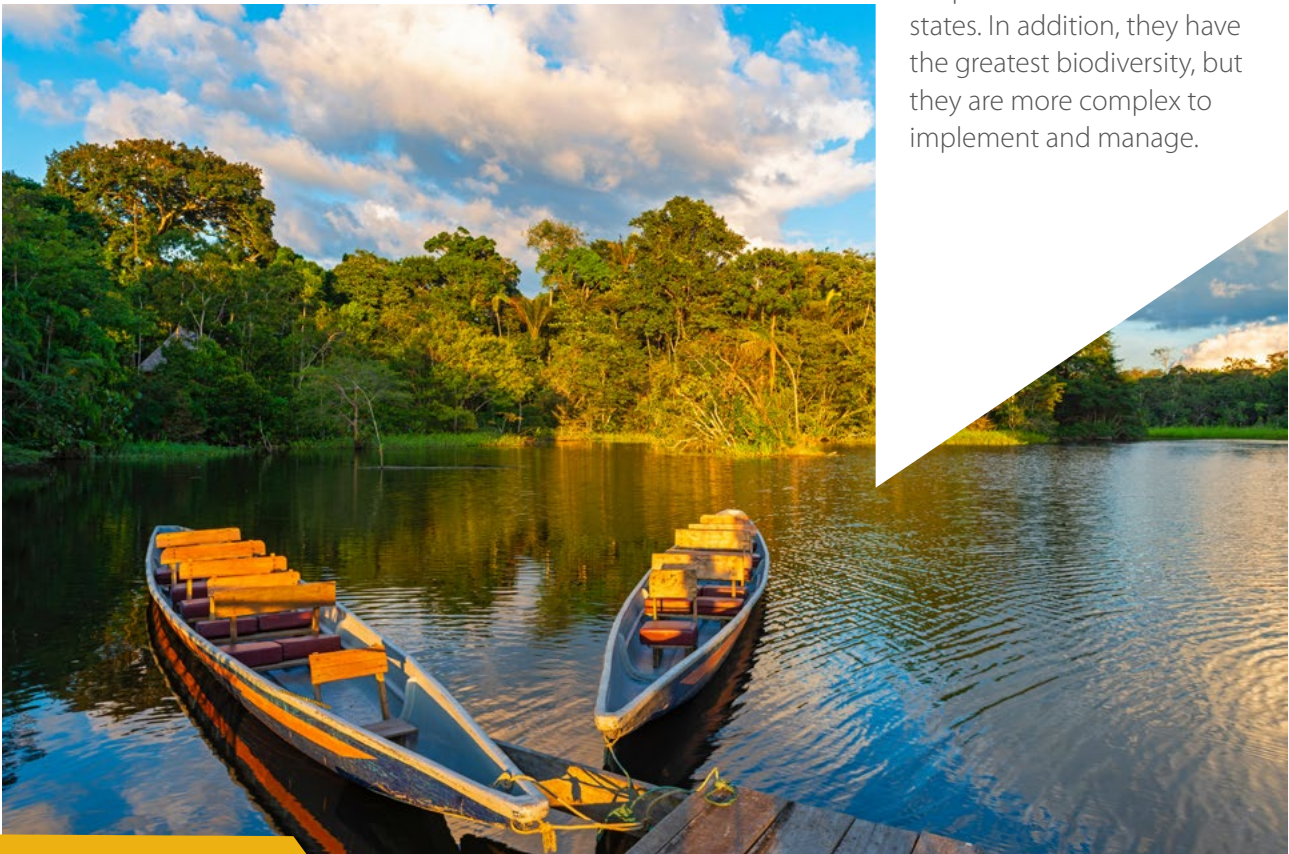
In 2021, Fundo Vale invested R\$46,534,159.28 in Vale's 2030 Forest Goal: R\$39,794,732.40 in direct investment in impact businesses and R\$6,739,426.88 in indirect investment in institutional partners to structure programs and accelerate enterprises (non-financial support). It should be noted that as part of the delivery of 5,125 hectares, a residual disbursement of R\$19,597,751 in January 2022 must also be considered.

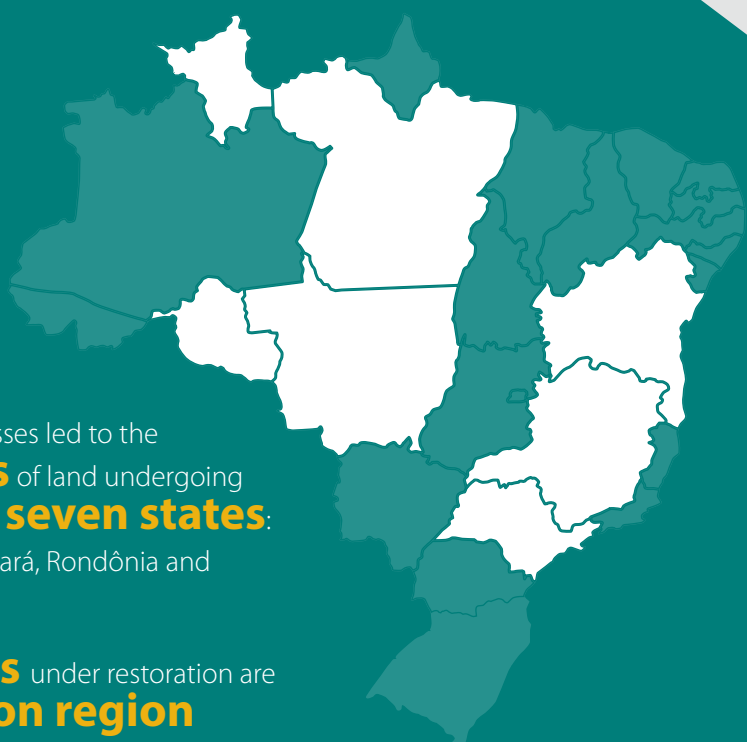
Vale's 2030 Forest Goal moves forward in balance between areas and species

Vale's 2030 Forest Goal is focused on increasing vegetation coverage, thereby sequestering carbon.

Out of the total restored area, 44% involves miscellaneous silvopastoral systems, largely in Bahia, Mato Grosso and Minas Gerais. In all, approximately 40 different plant species have been planted, 92% of which are native to Brazil.

Agroforestry systems account for 25% of the total restored area. It is important to note that agroforestry systems are the systems with the greatest geographic diversity out of all the arrangements and they are present in four Brazilian states. In addition, they have the greatest biodiversity, but they are more complex to implement and manage.





RESULTS

In 2021, our partnerships with impact businesses led to the implementation of **5,125 hectares** of land undergoing restoration via sustainable farming systems in **seven states**: São Paulo, Mato Grosso, Minas Gerais, Bahia, Pará, Rondônia and Roraima



32% of the hectares under restoration are in the **Brazilian Amazon region**



In all, **91 rural sites** were involved in the initiative in 2021, spread across **3 municipalities**



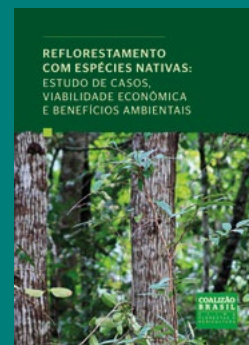
More than 560 workers (full time and temporary) are working on productive activities at the supported businesses.



Arrangements implemented with more than **40 different plant species, 92% of which are native to Brazil**

Some goods produced in areas undergoing restoration: açaí, cocoa, beef, milk and other dairy products (NoCarbon Milk), lime, wood, banana, mandioc, orange, passion fruit, pineapple.

Development of **technologies** related to design of **agroforestry systems**, aimed at **scaling up** businesses through mechanization and **increased productivity**.



Different species by type of arrangement



“CONNECTING BUSINESSES

Valmir Ortega uses his work to defend the forest and generate income for community organizations and cooperatives”

Knowledge

Fundo Vale seeks to encourage research as a way of improving the ecosystem. In 2021, it participated in the construction of a curriculum for cocoa sustainability, developed by more than 50 institutions. Today, this document about sustainable practices in this sector can be used throughout the cocoa chain.

We also worked with other organizations in the Vale ecosystem to carry out research. In partnership with Vale Natural Reserve (RNV), a model area was implemented for testing seedlings and production technologies.

Challenges

The experience built up in different areas in implementing Vale's 2030 Forest Goal points to two challenges that may arise along the way:

Social and environmental risks

In order to avoid or mitigate the possible negative impacts of the activities of its investees, Fundo Vale, in partnership with the Institute for Forest and Agricultural Management and Certification (Imaflora), is investing in the implementation of a process for managing social and environmental safeguards. The main pillars of this process are as follows:

- ▶ Evaluate the social and environmental practices of investees and their areas undergoing restoration;
- ▶ Mitigate risks to Fundo Vale related to social and environmental compliance of investees;
- ▶ Offer businesses the opportunity to make improvements related to their management systems and production areas.

The initiative's scalability

To reach the target of 100,000 hectares, it will be necessary to achieve an unprecedented scale of implementation of viable agroforestry systems. In these first few

Fundo Vale and its partners presented the track record of Vale's 2030 Forest Goal at the following events:

- Ecological Restoration Society World Conference: Participation in session called "The role of finance in protecting and restoring natural infrastructure," based on the theme of "Is it possible to recover lands through impact investment?" presented by Palladium.
- 3rd Brazilian Ecological Restoration Conference: Participation in symposium called "Making forests a good business: restoration initiatives with financial returns."
- 12th Brazilian Agroforestry System Congress: Participation in seminar on "Private Policies," based on theme of "Fundo Vale: business promotion and investing in sustainable businesses with positive social, environment and economic impacts in Brazilian biomes."



years of experimentation, it has been possible to observe, together with investees, several challenges, **opportunities** and lessons:

The biggest consequences of the COVID-19 pandemic for the agricultural sector were logistical problems, market shortages of inputs and equipment, and higher prices of inputs and services.

Extreme weather phenomena in several parts of the country hampered project implementation by businesses.

Difficulties in the process of selecting suitable and viable areas for implementing projects.

Difficulties in attracting qualified suppliers and workers.

Lack of appropriate equipment and machinery for agroforestry systems.

Low supply of organic inputs.

Upward revision of operating costs due to increase in input prices in recent years.

The hiring of refugees and members of traditional communities, as well as partnerships with rural settlements and quilombos (settlements composed of descendants of runaway slaves), carried out in 2021, are in line with Fundo Vale's investment and impact thesis for Vale's 2030 Forest Goal.

The better structuring of teams and equipment in the field enabled better performance

in the locations chosen for project implementation.

It is necessary to deepen knowledge of regions and local rural relations, and to strengthen existing nuclei as an alternative to expanding into new areas.

Improve dialogue and partnerships with other local institutions.

Importance of standardized information on climate, species, management and diseases, among other relevant data for the management of locations where projects are implemented.



Impact Management

Fundo Vale's Impact Management and Measurement – GIMPACT

Transparency, governance and efficiency, driven by an impact measurement and management system, are Fundo Vale's operating principles.

Developed over the course of 2021, GIMPACT is a model designed to allow the organization to understand to what extent impact contributions have been achieved. It makes it possible to monitor the strategy adopted and the attainment of expected and unexpected results.

This managerial approach supplies evidence for Fundo Vale to solidly demonstrate its effective contribution to high-level changes in the short, medium and long term, mapping the 2025 and 2030 goals that have been achieved.

“

Measuring, assessing and reporting impacts is fundamental. Impact management and measurement is a broad initiative, cutting across all Fundo Vale's work and guiding all our investment decisions.

Gustavo Luz,
Fundo Vale and equity stakes manager, Vale



PROCESS OF CONSTRUCTING GIMPACT

2020

Construction of Fundo Vale's 2030 Theory of Change

- Listening to Vale ecosystem
- Listening to and involving Fundo Vale partners
- Webinars with field references

2021

Development of GIMPACT

- Benchmarking with partners and key organizations in the field
- Definition of GIMPACT's objectives
- Design of GIMPACT's flow, roles and responsibilities
- Refining of indicators
- Design of data collection instruments
- Publication of 2020 Impact Report

2022

Implementation of GIMPACT

- First data collection round
- Use of data for 2021 Impact Report
- Enhancements to instruments
- Implementation of GIMPACT in strategic projects
- Construction of GIMPACT system

2030



Objectives that underpin Fundo Vale's impact management and measurement

- ▣ Make decisions based on evidence.
- ▣ Monitor your impact performance.
- ▣ Maintain transparent relationships with stakeholders.
- ▣ Guarantee impact intentionality when you scale up solutions.
- ▣ Learn lessons and contribute to practices in the field.



GIMPACT's Principles

- ▣ **Presence** in all stages of the partnership with impact ecosystem organizations, from initial negotiations to departure.
- ▣ **Continuous**, longitudinal, disciplined and long-term monitoring of initiatives.
- ▣ **Adaptation** to the needs and development phases of the initiatives, from the initial stage to scaling up, using specific techniques, adapted to each stage.
- ▣ **Diversity** in the use of approaches.
- ▣ **Rigorous** criteria for recording, organizing and visualizing data.

The construction of GIMPACT was inspired by approaches developed by other organizations and movements in the field, which provided valuable resources for ensuring alignment with trends in the impact ecosystem. The model is based on international references in [venture philanthropy](#) and [impact investing](#), positioning Fundo Vale as an investment fund that intends to align itself with the global market.

GIMPACT is also aligned with technically rigorous impact management perspectives, based on the following:

- ▶ Impact Evaluation in Practice, second edition. Inter-American Development Bank and World Bank (Gertler, Paul J., Sebastián Martínez, Patrick Premand, Laura B. Rawlings and Christel M. J. Vermeersch. 2018);
- ▶ The Abdul Latif Jameel Poverty Action Lab (J-PAL), focusing on impact assessments that make it possible to understand causality through scientific evidence.

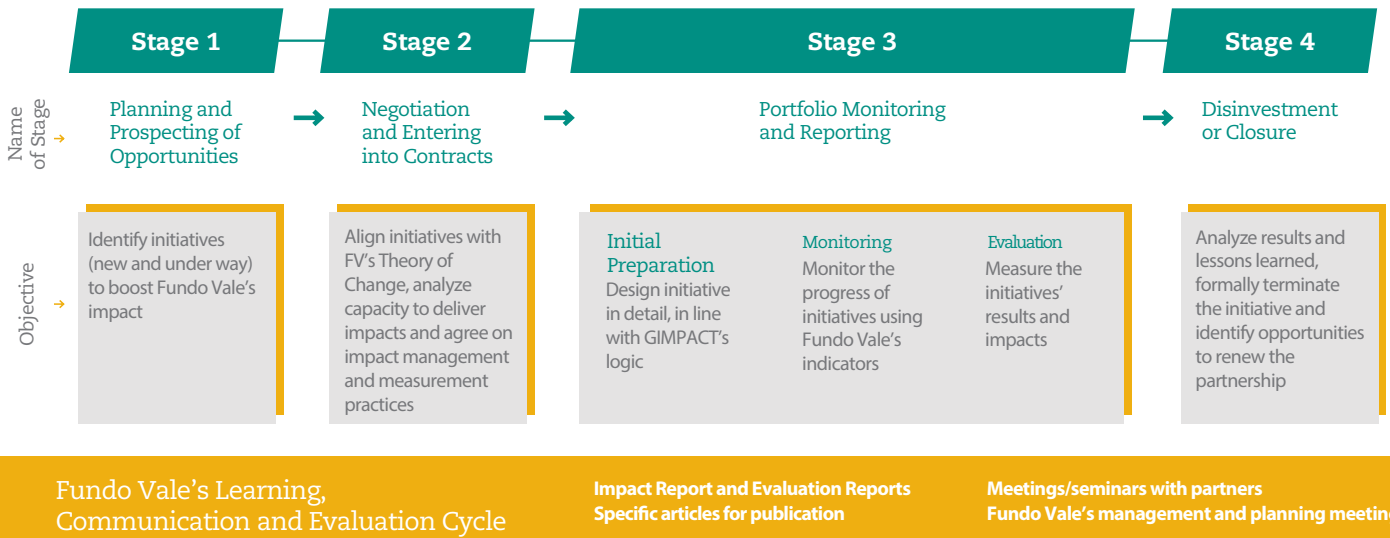
GIMPACT's references

- [Global Impact Investing Network \(GIIN\)](#)
- [IRIS+](#)
- [Impact Management Project \(IMP\)](#)
- [UN Sustainable Development Goals](#)
- [International Finance Corporation's Operating Principles for Impact Management](#)

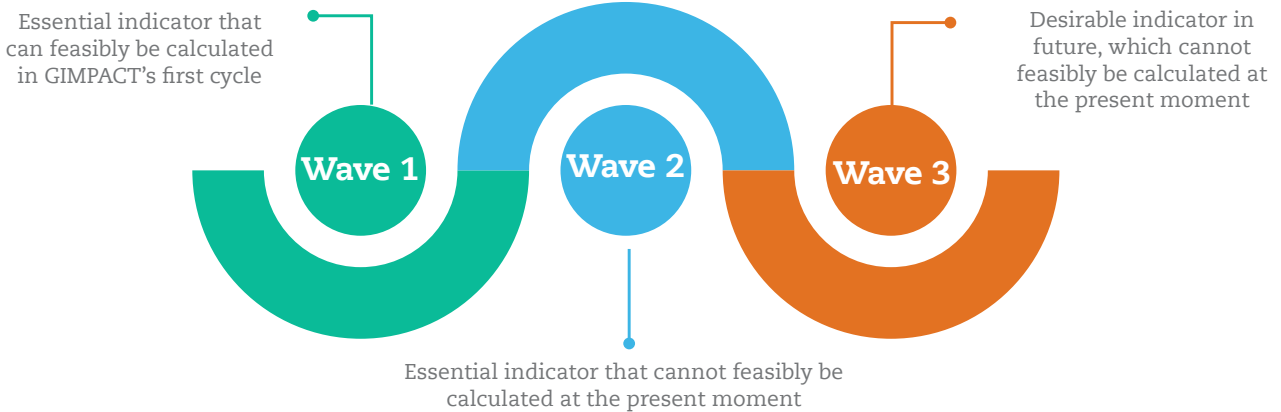


GIMPACT'S STRUCTURE

1 GIMPACT's flow: expected process for application of impact management and measurement model.



2 Indicator Matrix: composed of 62 indicators, divided into three implementation phases (waves 1, 2 and 3).



3 Data collection protocols

Forms designed to obtain data and information about the evolution of the indicators to be reported by the dynamizing organizations, fund managers, impact enterprises and Fundo Vale's own team.



4 Evaluation approaches

They present suggested methodological options for assessing Fundo Vale's initiatives and portfolio based on specific criteria for each one.



See the GIMPACT Partners' Guide

For the recovery component of Vale's 2030 Forest Goal – which aims to restore 100,000 hectares through solutions that generate environmental and social impacts, and/or financial returns – an impact management and measurement strategy was customized and instruments were specially created, based on the Theory of Change for Vale's 2030 Forest Goal and its set of indicators, in line with Fundo Vale's 2030 Theory of Change.



Objectives of impact management system for Vale's 2030 Forest Goal:

Track the performance of investees

Demonstrate the impacts achieved

Generate lessons and inputs for decision making

Challenges and next steps in impact management and measurement

In general, the field of social and environmental impact businesses continues to develop, and in particular regarding impact management and measurement practices. Dynamizing organizations

and impact businesses themselves are in the process of structuring their models and systems for data collection, analysis, management and interpretation, which reveals the need to expand their installed capacity.

The main challenges experienced in GIMPACT's first cycle, in 2021, include difficulties in collecting and

reporting data according to geographic scope and type of business; low installed capacity focused on impact management; a lack of adequate tools for data collection, analysis and visualization; unconnected information; a lack of suitable methodologies for specific indicators; and the use of self-reported data. Fundo Vale will concentrate on improving these

aspects in the next steps of GIMPACT's implementation.

Lessons from the journey

Throughout these processes, it was understood that defining indicators is fundamental for the management, measurement and reporting of results. However, there is the challenge of creating common understanding about these indicators and how the data linked to them is reported, in order to make the information obtained more consistent.

Data collection forms are important in terms of supporting the generation of central information about initiatives in a standardized way. However, it is also important to schedule consultations and interviews with some partners to collect detailed information and check the reported numbers.

It is important to make agreements on impact management and measurement from the very beginning. It is necessary to agree on the data to be reported, so that the monitoring

process reflects the needs of Fundo Vale and each partner's circumstances. Given that data collection takes place in parallel with other processes at partner organizations, jointly setting deadlines and coordinating early on can help organizations prepare for the information reporting stage.

GIMPACT's second cycle

Aware of the challenges involved in measuring social and environmental impacts, Fundo Vale intends to do the following in GIMPACT's second cycle:

- ▀ Establish an impact monitoring and evaluation plan, featuring indicators already used by Fundo Vale and its partners.
- ▀ Look for tools and new technologies to facilitate data collection and reporting.
- ▀ Support dynamizing organizations in enhancing their impact management and measurement models/systems and strengthening systematic monitoring,

evaluation and learning practices.

- ▀ Improve the data visualization tool to achieve the objectives defined for GIMPACT.

Specifically in the recovery component of the 2030 Forest Goal, Fundo Vale plans to do the following:

- ▀ Strengthen business' impact culture in the acceleration process.
- ▀ Understand the evaluation-related demands and questions of businesses and their main stakeholders.
- ▀ Deepen the impact data management plan of each business, considering learning and communication demands.
- ▀ Develop protocols for collecting information, a unified database and a data visualization tool.
- ▀ Collect the defined indicators, based on coordinated information collection efforts involving all the initiative's strategic partners.



Institutional Profile





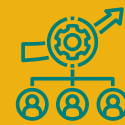
8.1. Overview and Governance

For 12 years, Fundo Vale has been working to establish connections to promote the sustainable development of Brazilian biomes and environmental conservation and recovery. By mobilizing financial resources, the organization supports innovative projects, enabling impact businesses that seek solutions to social and environmental challenges and driving the evolution of a network of partners focused on the regenerative economy and bioeconomy.

During this period, more than R\$212 million has been allocated to 90 initiatives run by civil society organizations, associations, startups, projects and impact businesses, strengthening communities, traditional peoples, farmers and entrepreneurs.

These numbers indicate the volume of initiatives carried out by Fundo Vale to create a large sustainable ecosystem. However, they fail to reflect the extent of knowledge, experiences, collaborative processes and transformations achieved over the years, which are the organization's true legacy.

Interactions with different actors are essential to the way Fundo Vale works. In addition to generating knowledge and innovation, they enable the



OUR MISSION

Promote positive social and environmental impact solutions that strengthen a sustainable, fair and inclusive economy.

construction of initiatives that are truly committed to positive impacts on people and the environment.

8.2. Investment Strategy

The organization's positioning is to allocate resources to leverage impact businesses via business promotion, with a view to enabling business models that can be scaled up, and via investments that generate financial returns. There are five strategies that structure this process: Build Capacities, Catalyze Social and Environmental Impact Businesses, Transfer and Unlock Financial Capital, Contribute to Vale's Sustainability Commitments, and Work in Coalitions. Fundo Vale also contributes resources to projects and initiatives that focus on strengthening the impact ecosystem.

The investment strategy can be implemented with blended finance instruments, involving both philanthropic action and investment. This model

allows the risk-return impact ratio to be adjusted in line with the characteristics of the sustainable businesses that are invested in.

The measurement and management of impacts are fundamental criteria that must be respected by the initiatives that receive funding from Fundo Vale. An intention to solve social and/or environmental problems must also lie at the heart of their business.

8.3. Fundo Vale and Vale

Vale, the world's second largest mining company, chose sustainability to be one of the strategic pillars of its activities, based on the construction of economic, social and environmental legacies and mitigation of the impacts of its operations.

The company is committed to being a sustainable operator, a local development catalyst and a global sustainability agent.

In 2020, Vale set clear targets for action in the areas of climate change, energy, water, forests and socioeconomic contributions, to be achieved by 2030 and 2050.

The sustainability trajectory that the company has been building was marked in 2010 by the launch of its Sustainable Development Policy and the creation of Fundo Vale as a mechanism for private social investment aimed at the social and environmental agenda.

The synergies between Fundo Vale and its sponsor have strengthened over time, especially in the area of habitat restoration and conservation and in the formulation of solutions with positive impacts based on innovation. Some of the goals established by



Vale rely on the collaboration of Fundo Vale through the activation of the positive social and environmental impact business ecosystem.

8.4. The Amazon

The Amazon is the largest biome in Brazil, covering approximately 60% of the country. It is home to the world's largest tropical forest and largest water basin. This set of ecosystems is extremely important to maintain the environmental balance of the planet, so it is a natural asset that needs to be preserved.

The future depends on the forest. As the challenges for protecting the region grow at an alarming rate, as illegal deforestation advances, there are many opportunities to foster the bioeconomy and create a favorable business environment for the conservation and enhancement of native forest.

For 12 years, Fundo Vale has been working in this biome with environmental protection and recovery initiatives that value intact forest, fostering sustainable development in the region and building a network of collaboration in business, research and innovation.

Fundo Vale has focused on the Amazon since it was created, but its Theory of Change, developed in 2020, expanded its areas of operation. Efforts are under way to formulate joint action with different stakeholders, promoting more sustainable production

chains, generating value for traditional communities and creating solutions with social and environmental impacts that reflect the complexity of the region's challenges.

8.5. Governance

Fundo Vale is a nonprofit public interest civil society organization controlled by its sponsor, Vale. Its governance structure includes an Advisory Board, which provides guidance on institutional strategies, and an Audit Board, which monitors and approves its financial execution.

The Board of Directors is a body that has decision-making power. Every year, it undergoes an external audit to verify its investments and spending.

To meet new institutional challenges and reinforce our impact investing strategies, we drafted new Articles of Incorporation, which were officially registered in 2022. This has contributed to better governance of Fundo Vale and the enhancement of institutional management and compliance processes.

To direct Fundo Vale's actions related to the bioeconomy, a specific strategy was built in 2021 with the purpose of strengthening bioeconomy businesses so that they can access investments and produce competitive forest products, generating value for local people. The top-priority region is the Brazilian Amazon.



8.6. Management

To keep up with the growth rate of Fundo Vale in recent years and its new operating model, its operations had to be restructured. Going through rapid growth requires adapting to changing circumstances, and that implies new management arrangements. Today, all Fundo Vale's processes are mapped out with guides and manuals. The communication area was also redefined from an institutional perspective. It was a year of internal reorganization.

The increased volume of managed resources and projects led to the need to review processes for administrative and financial management, contracts, partnerships, investment, communication and innovation. In addition, new tools and workflows were implemented. These changes were significant and they yielded gains in operational efficiency and transparency, as well as improvements in communication, both internally and with different areas of Vale.

All this work could not have been carried out without the commitment and dedication of the Fundo Vale team. The organization's evolution also led to the maturing of the team as a whole, accompanying the new challenges.

8.7. Technical Support for the Team

Due to all the transformations and growth at Fundo Vale, the team now has the technical support of a team of specialists in solutions based on its fundamental needs. This partner team includes Impacto Plus, which works to support the work carried out by Fundo Vale in all its dimensions, from governance to social and environmental innovation.

Vale Natural Reserve has also played an extremely important role in Fundo Vale's initiatives, mainly focused on operations related to Vale's 2030 Forest Goal. It provides specialized technical support in areas including forest management, restoration techniques and geoprocessing.

8.8. Institutional Challenges and Lessons Learned

The year 2021 was marked by the great institutional challenge of implementing the 2030 Forest Goal. Enabling the direct restoration of 5,125 hectares was challenging, for both Fundo Vale and the businesses supported, as the work has an intricate scope and involved mobilizing large volumes of financial resources.

The fact that there were no previous experiences on this scale that could serve as references contributed to the size of the challenge. Learning took place in day-to-day practice.

Fundo Vale's intense work to fulfill the commitments established in Vale's 2030 Forest Goal and to understand how to advance this agenda resulted in a lot of growth and learning. The experience of 2021 showed that in order to achieve the goals set, it is necessary to mobilize a broad network of partners.

The importance of Fundo Vale's causes has expanded exponentially as companies, the markets and society have gained a new understanding of sustainability. The organization is today a catalyst for nature-based solutions and it has taken on a strategic role vis-à-vis its sponsor.

In 2021, Fundo Vale was tested by difficult circumstances and it rose to the challenge, benefiting from the capacity and experience of its team, which for 12 years has been working with this mindset that is now being implemented. Work has been done to make the ecosystem flourish. This moment has arrived and 2022 will be a year of many important decisions, affecting the role that Fundo Vale will continue to play going forward.



Financial Statements

8.1. Independent auditor's opinion on financial statements

"We examined the financial statements of the Vale Association for Sustainable Development, encompassing its balance sheet as of December 31, 2021 and the respective income statements, changes in owners' equity and cash flow in the year ended on that date,

as well as the corresponding explanatory notes, including a summary of main accounting policies. In our opinion, these financial statements adequately present, in all relevant aspects, the organization's asset and financial position as of December 31, 2021, the

performance of its operations and its cash flows in the year ended on the date in question, in accordance with the accounting practices used in Brazil."

Audisa Auditoria e Consultoria

CASH FLOW STATEMENT

In thousands of reais

Year ended on December 31, 2021

	NOTES	2021	2020 (presented again)	2020
Surplus/deficit in period		2.203	-601	-361
Adjustments to previous years:		-240	–	–
ADJUSTMENTS BASED ON:				
CHANGES IN ASSETS AND LIABILITIES:				
Other credits		-8	-1.758	1.988
Suppliers		44.391	1.770	1.760
Other assets and liabilities, net		596	30	30
Net cash consumed in / generated by operating activities		46.942	-559	-559
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS IN THE YEAR				
Cash and cash equivalents at start of year		17.265	17.824	17.824
Cash and cash equivalents at end of year		64.207	17.265	17.265
Change in period		46.942	-559	-559

INCOME STATEMENT IN PERIOD

In thousands of reais, except when indicated otherwise

Year ended on December 31, 2021

	NOTES	2021	2020 (Presented again)	2020
REVENUES WITHOUT RESTRICTIONS				
Revenues from donations and agreements (for projects)	3	2.743	2.420	2.420
Financial income		2.710	632	614
Financial expenses		-140	-3	3
Revenues from donations and agreements (Native R&D)		46.976	17.133	17.133
Revenues from donations and agreements (for administrative costs)		2.594	553	553
Gross income		54.883	20.735	20.717
OPERATING EXPENSES				
Administrative	4(a)	-3.095	-1.357	1.357
Funds raised	4(b)	-2.743	-2.430	2.420
Other operating revenues	4(c)	134	-168	168
Native R&D	4(b)	-46.976	-17.381	-17.133
		-52.680	-21.336	21.078
Surplus/deficit in period		2.203	-601	-361



10 Credits





Board of Directors

Chief Executive Officer
Hugo Guimarães Barreto Filho

Executive Directors
Rodrigo Lauria de Castro
Loureiro
Patricia Fagundes Daros

Management Board

Bruno de Souza Manso
Marcos Lewin
Rodrigo Dutra Amaral
Rodrigo Lauria de Castro
Loureiro
Vitor Monteiro Cabral

Audit Board

Ana Alice Demillecamps
Benjamim Élio Moro
Dioni Barbosa Brasil
Tiago Chaves de Paula

Fundo Vale & Equity Stakes Area

Gustavo Luz

Fundo Vale Team

Helio Laubenheimer
Juliana Vilhena
Márcia Soares
Mirtes Cavalcanti
Simone Reys Reinaldo

Technical Support

RNV
Bia Marchiori
Mariana Senna
Tiago Godinho

Impacto Plus

Fernando Pinheiro
Gardênia Vargas
Nathalia Cipoleta
Nataniel Simon
Thais Ribeiro

REPORT PRODUCTION

General Coordination

Fundo Vale
Juliana Vilhena
Márcia Soares

Technical Support

Impacto Plus
Gardênia Vargas
Nathalia Cipoleta

Content Production

Move Social
Camila Cirillo
Elis Alquezar
Paloma Martins

Narrative Production

Ógui
Estela Kurth
Velma Gregório

Graphic Design and Layout

IG+ Comunicação Integrada
Ana Cosenza
Priscilla Tavares
Mariana Guimarães

Revision

Fundo Vale
RNV
Impacto Plus

Translation into English

Batata Comunicações

Photos Credits

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Appendix

Fundo Vale's 2021 Portfolio

FUNDO VALE'S 2021 PORTFOLIO

BUSINESS PROMOTION INITIATIVES – no expectation of financial returns from structuring impact businesses and strengthening dynamizing organizations and entities in the social and environmental impact field

INITIATIVE	PARTNER	OBJECTIVE	DELIVERIES AND ADVANCES IN 2021
1. Café Apuí	Amazônia Agroflorestal	Initiative began in 2020. Find out more at: Café Apuí Agroflorestal 2020 Impact Report	<ul style="list-style-type: none"> • 60% increase in sales • Marketing Plan for Café Apuí brand • New points of sale • Promotional campaigns • Sale of 100 sacks to Eurocaps 2021, earning more than R\$100,000 • Structuring of business model, feasibility study and analysis of potential for emissions reduction, considering expansion of coffee production (generation of carbon credits via REDD+) • Redesign of website and platform • Production of new communication plan and materials • Production of new product packaging • 2026 strategic map
2. Strengthening of Social and Environmental Impact Investment and Business Ecosystem	ICE	Initiative began in 2020. Find out more at: Impacta Mais Alliance for Impact ICE Academic Prize Chains of Impact 2020 Impact Report	<ul style="list-style-type: none"> • 4th Impact Investments and Businesses Forum, attracting more than 1,200 participants • Cycle of learning about Entrepreneur's Journey in partnership with Artemísia • ICE Academic Prize campaign, attracting 58 entries from all Brazilian regions, with 12 winners • New website on air, 7th edition of campaign and media kit sent to 120 teachers and 15 partners • E-book presenting winning entries to 6th edition of ICE Academic Prize and presentation of compilation of all complete editions (1st to 7th) • Revision of online course "How to support social and environmental impact businesses" and production of 19 materials, incorporated into 5 course modules, 10 distance classes and 5 workshops. In all, 69 people completed the course. • Campaign launched for 8th edition of ICE Academic Prize • Publication of 7th edition of ICE Academic Prize and payment to finalist • Research proposals for Research Day
3. PrevisIA	Imazon	Initiative began in 2020. Find out more at: PrevisIA Imazon 2020 Impact Report	<ul style="list-style-type: none"> • Launch of Previsia platform • Production of work plan • Identification of users of data, maps and statistics on deforestation risk in Amazon • Implementation of AI system for detecting roads • Implementation of deforestation risk model • Running of road detection and deforestation risk models on Azure platform • Analysis of deforestation risk related to slaughterhouses (partially completed) • Engagement of State Public Prosecutors' Office CAOMA network and municipal governments

BUSINESS PROMOTION INITIATIVES – no expectation of financial returns from structuring impact businesses and strengthening dynamizing organizations and entities in the social and environmental impact field

INITIATIVE	PARTNER	OBJECTIVE	DELIVERIES AND ADVANCES IN 2021
4. Jornada Amazônia	CERTI Foundation	Expand business opportunities based on bio-diversity in a forest that remains intact, alive, rich and preserved, fostering impact entrepreneurship in the region and stimulating innovative proposals that generate economic, social and environmental value. Find out more at: AmazonDay	<ul style="list-style-type: none"> • Incubator strengthening process defined and validated with 7 incubators • Selection process designed and ready for operation • Application, evaluation and selection process for 30 startups for first stage • Analysis of competitiveness of 30 startups • Selection process for 15 startups for stage 2
5. Logistics and Sales Lab	Climate Ventures and Idesam/PPA	Initiative began in 2020. Find out more at: Amazon Lab — Climate Ventures 2020 Impact Report	<ul style="list-style-type: none"> • Expansion of network of partnerships to 177 organizations, 11 partners implemented, 15 production chains represented, 17 Amazon entrepreneurs, including 9 who participated actively in pilot project, using the services offered • 5 solutions created in phase 2 and 3 created in the incubation process in phase 3 (implementation) • 60% increase in sales • Construction of membership plan • Communication and marketing campaigns • Digital and print commercial catalogue • B2B landing page • More than 60,000 people reached on social networks • 1,842 leads impacted by emails • Media campaigns seen more than 100,000 times by more than 90,000 people • 10 digital and print media channels • 2 webinars (third and fourth) held in 2021
6. Latimpacto	PHI Institute	Initiative began in 2020. Find out more at: Latimpacto PHI Institute 2020 Impact Report	<ul style="list-style-type: none"> • Opening up of network to members • Strengthening of communication strategy through storytelling process • Diagnosis and mapping of projects, networks, coalitions, investors and other organizations operating on the climate change agenda in Brazil and Latin America • Structuring work for Portuguese and Spanish content production

BUSINESS PROMOTION INITIATIVES – no expectation of financial returns from structuring impact businesses and strengthening dynamizing organizations and entities in the social and environmental impact field

INITIATIVE	PARTNER	OBJECTIVE	DELIVERIES AND ADVANCES IN 2021
7. Bridge Project	Idesam and Partners for the Amazon (PPA)	Initiative began in 2020. Find out more at: Partners for the Amazon Platform 2020 Impact Report	<ul style="list-style-type: none"> • Management and monitoring of portfolio of PPA investees in 2019 and 2020 (12 businesses), featuring dashboard of financial results and impacts • Report about on-site visits to 12 businesses in portfolio • Reporting of results to partners, investors and GT1 members, including final report on acceleration program and investments in 2020 • PPA acceleration program's brand and visual identity updated • Newsletter about program and businesses • Program website updated and Instagram page created following rebranding and creation of visual identity • Production and divulgation of 2020 Acceleration Program Impact Bulletin • Final version of fundraising pitch
8. COVID-19 Response Plan	Conexusus Institute	Initiative began in 2020. Find out more at: COVID-19 Response Plan: Conexusus 2020 Impact Report	<ul style="list-style-type: none"> • Training and mentoring for credit activators (in-person and online): 86 technicians in Amazon region trained and 28 credit activators hired for 18 months • Periodic advice on the adoption of management best practices and development of an online learning platform • Publication of 2020 Conexusus Annual Report • Production and promotion of Conexusus' institutional video and other videos presenting the activities performed • Implementation of communication strategy oriented to continued engagement of community businesses in Conexusus network • Businesses for the Earth Platform facilitates connections between community businesses and their purchasers, especially individual customers • Implementation of Opportunity Fund to provide strategic business development support • Deliberative Council composed of 5 members established as the institution's administrative body

INVESTMENT INITIATIVES – expectation of financial returns from direct investment in businesses or indirect investment via dynamizing organizations, with the potential for blended finance

INITIATIVE	PARTNER	OBJECTIVE	DELIVERIES AND ADVANCES IN 2021
1. Vale's 2030 Forest Goal	<p>Investees: Belterra, Caaporã, Bioenergia, Inocas and Regenera</p> <p>Institutional partners: Palladium, Move Social, Imaflo, CERTI Foundation and IETS</p>	<p>Restore 100,000 hectares of habitat by 2030, through solutions that generate environmental and social impacts, as well as financial returns. Fundo Vale took on the challenge of proposing a new approach to restoring degraded areas, through innovative initiatives that combine production chain arrangements and impact investing, contributing to a low-carbon economy. Fundo Vale proposed a new investment paradigm involving business models based on restoring habitat to ensure lasting, high-impact solutions. The idea is to act on a large scale, providing income opportunities to communities.</p> <p>Initiative under way in 2020. Find out more at: 2020 Impact Report</p>	<ul style="list-style-type: none"> • Restoration of 5,125 hectares of habitat via sustainable farming systems • 7 states: São Paulo, Mato Grosso, Minas Gerais, Bahia, Pará, Rondônia and Roraima • 31% of hectares undergoing restoration are in Amazon region • 91 rural areas split across 33 municipalities • More than 560 workers involved (full time and temporary) in productive activities at supported businesses • Arrangements implemented with more than 40 different plant species, 92% of which are native to Brazil • Some goods produced in areas undergoing restoration: beef, açai, milk and other dairy products (NoCarbon Milk), cocoa, lime, wood, banana, mandioc, orange, passion fruit, pineapple • Development of technologies related to design of agroforestry systems, aimed at scaling up businesses through mechanization and increased productivity
2. Conexsus Social and Environmental Fund	Conexsus Institute	<p>Initiative began in 2020. Find out more at: Conexsus Social and Environmental Fund Emergency Credit Line Public Notice & Presentation 2020 Impact Report</p>	<ul style="list-style-type: none"> • Structuring of fund's governance • Structuring of more efficient organizational model, internal policies and management systems • Implementation of monitoring and evaluation system • Implementation of strategy for raising funds from investors to implement Conexsus Social and Environmental Fund • Implementation of Opportunity Fund to provide strategic businesses development support • Analysis of credit proposals presented to fund's emergency credit line (December 2020) • Development of fund's brand and website • Structuring of Conexsus' role in internationally strengthened business ecosystem

INVESTMENT INITIATIVES – expectation of financial returns from direct investment in businesses or indirect investment via dynamizing organizations, with the potential for blended finance

INITIATIVE	PARTNER	OBJECTIVE	DELIVERIES AND ADVANCES IN 2021
3. Amazon Impact Accelerator (AMAZ)	Idesam	<p>AMAZ's goal is to invest, accelerate and boost disruptive impact businesses that seek long-term solutions to reduce deforestation and promote forest conservation in the Amazon, with the involvement of local populations.</p> <p>Created by Idesam, the accelerator arose out of the Partners for Amazon Platform Acceleration and Investment Program, after it accelerated 30 startups and was recognized as the best acceleration program in northern Brazil.</p>	<p>Ideation, structuring and formal creation of AMAZ</p> <p>AMAZ's 2021 public notice attracted 156 applications, of which 30 went through to the interview stage and 12 were selected for due diligence. In December, AMAZ announced the 6 finalists, to be accelerated in 2022. Each will receive an initial capital injection of R\$200,000.</p> <p>Find out more at: AMAZ</p>

BROAD INITIATIVES – contribute to structuring, aligning and enhancing Fundo Vale's activities to achieve the results expected in 2030 Theory of Change

INITIATIVE	PARTNER	OBJECTIVE	DELIVERIES AND ADVANCES IN 2021
1. REDD+		Structure strategies that combine nature-based solutions with the generation of carbon credits, social and environmental impacts and measures to fight deforestation in the Amazon, as a lever to deliver this commitment.	<ul style="list-style-type: none"> • REDD+ Business Plan • 2022 REDD+ Operational Plan
2. Bioeconomy Strategy	Various	Strengthen bioeconomy businesses so that they can access investments and produce competitive forest products, generating value for local people. Contribute to the Amazon and promote an economy that values social and environmental assets and adds value to them.	<p>Structuring of Bioeconomy Strategy:</p> <ul style="list-style-type: none"> • Development of Bioeconomy Strategy's Theory of Change • Mapping of more than 70 initiatives, focused on the Amazon • Design of a work plan, starting with initiatives already under way and then incorporating new ones.

BROAD INITIATIVES – contribute to structuring, aligning and enhancing Fundo Vale’s activities to achieve the results expected in 2030 Theory of Change

INITIATIVE	PARTNER	OBJECTIVE	DELIVERIES AND ADVANCES IN 2021
3. NBS Study	The Bakery	Identify best practices that could help Vale meet its sustainability commitments.	Study to map what is being done around the world in terms of nature-based solutions
4. Forest and Climate VC Fund	Fundo Vale and KPTL	Develop, strengthen and increase the competitiveness of markets linked to the forest and climate agenda, in order to contribute to the regeneration and conservation of forests, as well as growth in carbon stocks, by promoting an entrepreneurial and impact investing culture.	Structuring and modeling of fund, discussion about measurement and impact thesis, start of fundraising roadshow
5. Forest and Climate Innovation Day	CERTI Foundation and Fundo Vale	Seek an integrated view of all activities, analyzing synergistic initiatives supported by Fundo Vale, assessing gaps and proposing additional dynamic mechanisms to boost the initiative by identifying potential partners.	
6. Mine 2.0	ITV and RNV	Initiative began in 2020. Find out more at: 2020 Impact Report	Identification of new technologies to help measure carbon sequestration in agroforestry systems, contributing to carbon sequestration measurement in areas restored as part of Vale’s 2030 Forest Goal
7. Forest and Climate Radar	CERTI Foundation	Mechanism for identifying and attracting innovative ventures, through continuous mapping. Filters by startup, municipality, state, sector of activity and maturity stage.	Mapping of 489 startups and development of tool to permit filtering by sector, business phase and location

BROAD INITIATIVES – contribute to structuring, aligning and enhancing Fundo Vale’s activities to achieve the results expected in 2030 Theory of Change

INITIATIVE	PARTNER	OBJECTIVE	DELIVERIES AND ADVANCES IN 2021
8. Sustainability Academy	Various	<p>The “Positive Social and Environmental Impact Businesses” course has the overall goal of offering conceptual and practice references for understanding this type of organization, focusing on their purpose of generating positive social and environmental impacts and economic value.</p> <p>To achieve this objective, the following was done:</p> <ol style="list-style-type: none"> 1. Module 1: What Are Positive Social and Environmental Impact Businesses? 2. Module 2: Impact Investing (course created) 	3 groups attended the Sustainability Academy, with 78 participants in all



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