



# Code of Ethics

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# A WORD FROM THE CHAIRMAN

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Vallourec is a leading supplier of premium tubular solutions, mainly for the energy markets as well as for other industrial applications.

We are proud of our position which mirrors our partners' confidence in our ability to supply quality products and services, while complying with our values of integrity and transparency, standards and professionalism, respect for people, a joint commitment, performance and responsiveness.

These values, along with the principles of action and ensuing rules of conduct, are proof of our commitment to running our business in an ethical manner, in compliance with the applicable laws and regulations.

Since the adoption of our Code of Ethics in 2009, we have endeavored to reinforce our internal rules of conduct, especially when it comes to preventing corruption and maintaining fair competition, with the constant aim of operational excellence at every level. Each personnel member is therefore required to strictly comply with these rules, violations of which shall not be accepted by Vallourec under any circumstances.

The purpose of our Code of Ethics is to reaffirm our values, our principles of action and our rules of conduct.

I am counting on you, whatever the country you work in, to uphold and act, under all circumstances, in accordance with the values, principles and rules set out in our Code of Ethics.

A handwritten signature in black ink, appearing to read 'P. Crouzet', with a vertical line underneath the name.

Philippe CROUZET  
Chairman of the Management Board of Vallourec

# THE CODE OF ETHICS

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## Content of the code

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The Code of Ethics defines the main principles of action of Vallourec, with regard to its personnel, customers, suppliers and all its stakeholders.

It also sets out the most fundamental rules of conduct to be followed by all personnel.

The Code of Ethics is a real reference point for Vallourec and provides the basis of all internal procedures and internal training on ethics and compliance. In particular, it covers human rights, labor rights, corruption, competition, sustainable development, insider trading and the confidentiality required from each personnel member.

Finally, the Code of Ethics specifies Vallourec's organization with regard to ethics and compliance.

## Scope of the code

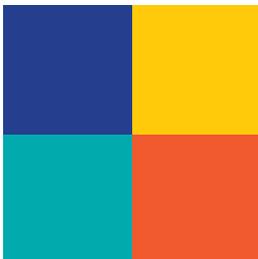
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The Vallourec Code of Ethics applies to Vallourec SA and all companies where the capital and/or voting right are directly or indirectly majority owned by Vallourec SA (all those companies are hereafter referred to as "Vallourec").

All Vallourec employees are personally bound to implement these values and principles and to comply with the rules set out.

Managers play a very specific role with regard to their personnel when it comes to implementing the Code of Ethics, the values of which they must embody, promote and comply with.

Most of the principles of action set out in this Code are based on legal provisions and failure to comply with such provisions may result in sanctions. Sanctions are determined according to local laws and local customs.



# OUR VALUES

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Vallourec is built on strong values. Vallourec's Code of Ethics is not an application document for those values, but instead it defines the principles that guide Vallourec's activity in compliance with those values.

There are five values:

## **Integrity and transparency**

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**Integrity** should be the foundation of all decisions and practices in Vallourec.

In internal relations, **transparency**, a source of **confidence** between all Vallourec personnel, requires a rapid flow of clear and objective information.

## **Standards and professionalism**

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High **standards** and **professionalism** are at the root of Vallourec's success in a global market that daily demands better performance. These values are the bases of our **ambition** for sustainable growth.

## **Performance and responsiveness**

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**Satisfying internal and external customers** is the key to Vallourec's long-term success.

It is based on continuing **innovation** as well as the **quality** and **performance** of Vallourec's products and services.

It requires **responsiveness** to address changes in markets. Vallourec's ability to adapt is one of our strengths and the basis of our competitiveness and **longstanding** relations with customers.

## **Respect for people**

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**Respect** for women and men, their dignity, **diversity** and the variety of their cultures is at the heart of the **commitment** from Vallourec personnel.

It enriches each and every one. It contributes to the performance of all Vallourec personnel.

Respect begins with **safety**, which is Vallourec's highest priority.

## **Joint commitment**

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All Vallourec personnel jointly contribute to Vallourec's development.

This common aim is based on **unity**, **fairness**, **attentiveness**, a sense of **responsibility** and **teamwork**.

# OUR PRINCIPLES OF ACTION

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Vallourec undertakes to run its activities everywhere in the world, **in compliance with the applicable local, national and international laws and regulations.**

Vallourec also pledged to honor the United Nations Global Compact in 2010.

## **Fight against corruption**

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Vallourec fights corruption in any form, whether it is active or passive, direct or indirect, or of any private or public person.

All personnel are forbidden from promising, offering, requesting or accepting, directly or indirectly, any kind of advantage (money, commission, services, goods in kind, etc.) which would contravene the laws and regulations in force in order to obtain, retain, award or renew a contract or a business advantage, or obtain a personal advantage.

To this end, Vallourec has drawn up a set of instructions to be applied by our personnel, where the main principles are:

### **Gifts and invitations**

The occasional acceptance or offering of gifts and invitations of a modest value represents a legitimate practice within the frame of business relations.

However, all personnel are forbidden from offering or accepting a gift or invitation of any kind which:

- Could have an influence on decision-making or be seen as such by the givers or beneficiaries.
- Would contravene the laws, regulations or instructions in force within Vallourec.

### **Funding political parties**

Legislation on funding political parties varies from one country to another.

Therefore and to avoid any ambiguity, the payment of funds and/or the provision of services in the name of Vallourec to a party or a political organization and politicians are forbidden.

### **Donations to charitable organizations and sponsoring**

Donations to charitable organizations and sponsoring in the name of Vallourec shall comply with the laws, regulations and instructions in force within Vallourec and are subject to internal approval.

### **Lobbying**

Vallourec takes part, in a transparent manner, in debates on the drafting of public policy or legal processes concerning its area of business.

Under no circumstances should these actions lead to an offer or a promise of an advantage in kind or in cash to a third party.

All lobbying is subject to internal authorization.

## Protecting Vallourec's assets

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### Managing conflicts of interest

Vallourec avoids any situation where personal interests of Vallourec personnel or of persons or entities to which they are linked may be in conflict with Vallourec's interests.

To determine whether there is a conflict of interest, Vallourec personnel must ensure that they act in the best interests of Vallourec, excluding any other consideration, especially personal.

The following situations can be considered as likely to result in conflicts of interest:

- Any direct or indirect interest taken in a competitor, supplier, service provider or customer (existing or potential), other than the purchase of quoted shares in accordance with the rules on inside information;
- Any professional or personal commitment outside Vallourec that might affect commitment to the duty to Vallourec, unless previously authorized by management.

All situations where there is a potential conflict of interest must be brought to the attention of management and to Vallourec's Chief Ethics and Compliance Officer.

### Respect of confidentiality

Vallourec strives to protect our confidential information and that of third parties.

All personnel are therefore forbidden from disclosing the confidential information that they become aware of when performing their duties.

They also endeavor to protect the intellectual and industrial property rights of Vallourec and not to infringe third parties' rights.

### Preventing insider trading

Vallourec is listed on the stock market in France and is thus subject to the regulations on the use and disclosure of non-public information.

Personnel fulfilling their duties for Vallourec may have access to information likely to affect the value of shares, options and other securities in Vallourec.

For as long as it has not been disclosed to the public, any information likely to affect the value of shares, options and other securities in Vallourec is deemed to be «inside» information and must remain confidential.

The personal use of this information or its disclosure to any third party before it has been made public may contravene the regulations on securities and Vallourec's internal rules, and is subject to penalties including fines and imprisonment.

When an employee considers a transaction involving Vallourec security, Vallourec's General Counsel may, at the request of the employee, issue an advisory opinion prior to the transaction.

### Accuracy of management documents

The books and accounts of all Vallourec entities faithfully reflect all operations carried out by those entities (assets, liabilities, expenditures, etc.).

All personnel ensure that the information and reports issued at every level in Vallourec record all operations accurately and in a timely manner.

### Protection of assets

All Vallourec personnel ensure that the Company's assets (material or immaterial) are protected from damage, theft or misuse and undertake not to use them for personal purposes.

## Promoting trust with purchasers and suppliers

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### Fair competition

Rules regarding competition law are intended to ensure fair competition between companies on the market.

Vallourec undertakes to comply strictly with the rules on competition applicable in the countries where it operates.

Therefore, personnel shall not enter into agreements with competitors or sales partners where the aim or outcome is to:

- Fix prices and commercial terms;
- Limit or control production, industrial or commercial prospects;
- Divide markets or customers, especially within the framework of a call for tenders;
- Boycott certain suppliers or certain customers;
- Share confidential or strategic information.

Furthermore, all personnel undertake not to abuse a dominant position, should Vallourec find itself in such a situation.

### Balance and monitoring of the relationships with business partners

#### *Relations with suppliers and sub-contractors*

Vallourec endeavors to develop a relationship of confidence and partnership with its suppliers, in order to best satisfy its customers' requirements.

Taking the interests of all into consideration and complying with fair contractual terms are the bases of relations between Vallourec and its suppliers.

Vallourec encourages its suppliers and sub-contractors to adopt ethical principles that are equivalent to its own such principles. It reserves the right to audit or have their practices audited and take the results of those audits into consideration in its decision-making processes.

#### *Relations with customers*

Vallourec pays attention to meeting the needs of its customers by being available for them, listening to them and showing initiative.

Vallourec is committed to supplying quality products and services to its customers and constantly improving its technologies and methods with a high standard of innovation and safety.

#### *Relations with commercial agents and intermediaries*

Vallourec may require the contribution of commercial agents or intermediaries, especially as part of Vallourec's sales activities.

These relationships are governed by a contract.

The selection, remuneration and services expected from these commercial agents and intermediaries shall be subject to thorough checks by Vallourec's personnel.

### Export control

All personnel involved in sales operations abroad comply with the laws and regulations governing restrictions on the export of products and services. Where necessary, personnel may request support from the Legal department.

## Respecting collaborators

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### Relations with employees

Vallourec reaffirms its commitment to the principles of social responsibility<sup>1</sup>, in particular:

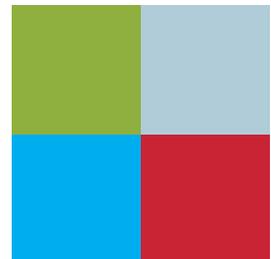
- The application of national laws and applicable international agreements;
- Respect for human rights and the universal fundamental principles that protect the dignity, respect and liberty of the employees;
- A safe and healthy working environment ensuring the physical and mental well-being in which the health and safety of the personnel are given the absolute highest priority at all times;
- The right for employees to associate and take part in collective negotiations;
- The employment of permanent personnel in numbers appropriate to the ongoing level of business, vocational training, compliance with regulations on working hours, personnel participation in a process of continuing progress, and a fair, motivating pay policy.

<sup>1</sup> "Agreement on the Principles of Responsibility applicable in the Vallourec Group," approved by the European Committee on April 9, 2008.

### Protection of personal data and proper use of IT tools

Vallourec undertakes to comply with the laws applicable to the protection of personal data concerning employees.

All personnel are required to comply with the applicable rules on the proper use of IT tools and telecommunications systems.



## Living within the society

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### Respecting human rights

In its capacity as an international business, Vallourec endeavors to respect human rights and the universal fundamental principles that protect employees' dignity, respect and freedom<sup>1</sup>.

In particular, Vallourec firmly condemns:

- All forms of forced or compulsory labor;
- The use of child labor;
- Any distinction in the treatment of individuals based on criteria other than their competencies and aptitudes;
- Any act of physical or mental violence, or the threat of such acts.

### Protecting the environment

Vallourec is committed to respecting and protecting the environment and biodiversity by preventing all pollution, reducing water consumption and recovering waste.

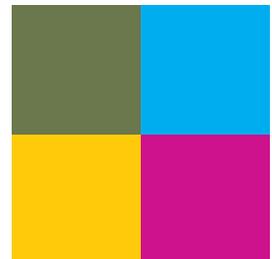
Vallourec endeavors to limit the use of natural resources and introduce clean and safe technology.

Vallourec strives to improve the energy efficiency of its equipment and reduce the carbon emissions of its production processes.

### Respecting local communities

Vallourec is committed to communicating with local communities in the vicinity of its operational sites in order to identify impacts and shared expectations.

Vallourec endeavors to create value for those communities, while respecting local cultures and customs, particularly in the fields of local economic and cultural development, education and health.



# ETHICS AND COMPLIANCE ORGANIZATION

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Vallourec's Chief Ethics and Compliance Officer is responsible for coordinating the promotion, roll-out and proper application of the rules arising from the Code of Ethics.

He/She reports to the Management Board.

He/She is assisted by a network of local ethics correspondents who are the point of contact in the different geographic regions.

Vallourec's Chief Ethics and Compliance Officer also chairs the Ethics Committee whose members represent several corporate functions (human resources, internal auditing, legal, purchasing, etc.)

and operational divisions. The Ethics Committee defines the Vallourec's policies in terms of ethics as well as the related resources, and handles any cases of breach of the Code of Ethics which could not be settled by the local ethics correspondents.

The Ethics Committee and its Chairman work closely with internal control, internal auditing and the risk function to ensure the appropriate control processes are in place.

Internal auditing carries out checks to enable managers to adopt the necessary measures in situations where there is a breach of the rules arising from the Code of Ethics.

## CONTACTS

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Vallourec encourages discussion on ethical matters and invites its personnel to contact one of the following people where necessary:

- Their line manager;
- Their human resources manager;
- Their local ethics correspondent or Vallourec's Chief Ethics and Compliance Officer if the responses cannot be obtained locally.

Personnel are invited to use the internal portal, Vallourec Inside and visit the section dedicated to Ethics and Compliance, to find out how to get in touch with their local ethics correspondent.

## FIND OUT MORE

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Vallourec's rules and procedures are available for Vallourec personnel via the internal portal, Vallourec Inside, in the "Procedures" section.



[www.vallourec.com](http://www.vallourec.com)