

2017/2018

Vallourec Companies in Brazil



Sustainability Report

TABLE OF CONTENTS

PRESENTATION	03	OCCUPATIONAL HEALTH AND SAFETY	42
Materiality	05	Safety - our greatest asset	44
ABOUT VALLOUREC	08	Health and welfare	46
Vallourec in the World	08	ATTRACTING AND RETAINING TALENTS	48
Vallourec in Brazil	10	Professional Development	50
Commitment to sustainable development	14	Training	52
GOVERNANCE AND TRANSPARENCY	18	Compensation and benefits	53
Shareholding Composition	19	LOCAL DEVELOPMENT OF THE COMMUNITIES WHERE IT WORKS	54
Decision-making process	20	Local presence	56
Ethics & Integrity	22	Social development	58
Stakeholder Relationship	23	Supplier relations	61
ECONOMIC PERFORMANCE	24	ANNEXES	
Economic Scenario	26	Annex 1 - Main impacts by sector	62
Performance in the period	27	Annex 2 - Projects of Fundação Sidertube	
INNOVATION, QUALITY, PROCESSES AND CUSTOMER SERVICE	28	Annex 3 - Indicator Center	
Innovative Solutions	30	Annex 4 - GRI Content Index	
Market	32		
Customer Focus	32		
Certifications and compliance	33		
ENVIRONMENTAL COMMITMENTS	34		
Environmental Management	36		
For cleaner air	37		
Water Resources	39		
Effluents	40		
Environmental education	40		



Presentation



This Sustainability Report presents the economic, social and environmental results of Vallourec companies in Brazil during the 2017-2018 period. In its 16th edition, this is the first time that the document gathers the performance of all sites in Brazil, including Jeceaba unit, which, until then, was included in the report only with data from local cultural investments. The breakthrough is the result of the process of transformation and integration of assets that the organization has been going through in recent years and which led to a new and unique company, Vallourec Soluções Tubular do Brasil (VSB). The Report presents the main highlights of the 2-year period and the details of the indicators can be consulted in the Indicator Center (*Annex 3*). The document follows the current Global Reporting Initiative standards (GRI-Standards). This reporting pattern allows comparing the evolution of indicators in the same organization from one year to the next and also among companies in the sector. The information published here has been validated by the respective managers of the companies, who are therefore responsible for its authenticity. Internal and external audits to which Vallourec companies are submitted annually also attest that this data and initiatives are regularly verified and tracked.



Further information about Vallourec Group can be obtained from the Company's website: www.vallourec.com/br

2017/2018 Sustainability Report

Period: January 1, 2017 to December 31, 2018.

Scope:

- >> Vallourec Soluções Tubulares do Brasil – Barreiro Unit, Jeceaba Unit and Espírito Santo Unit
- >> Vallourec Mineração
- >> Vallourec Florestal
- >> Vallourec Transportes e Serviços
- >> Tubos Soldados Atlântico

Latest Report: 2015-2016

Report Profile: in accordance with the Global Reporting Initiative Standards (GRI-Standards)

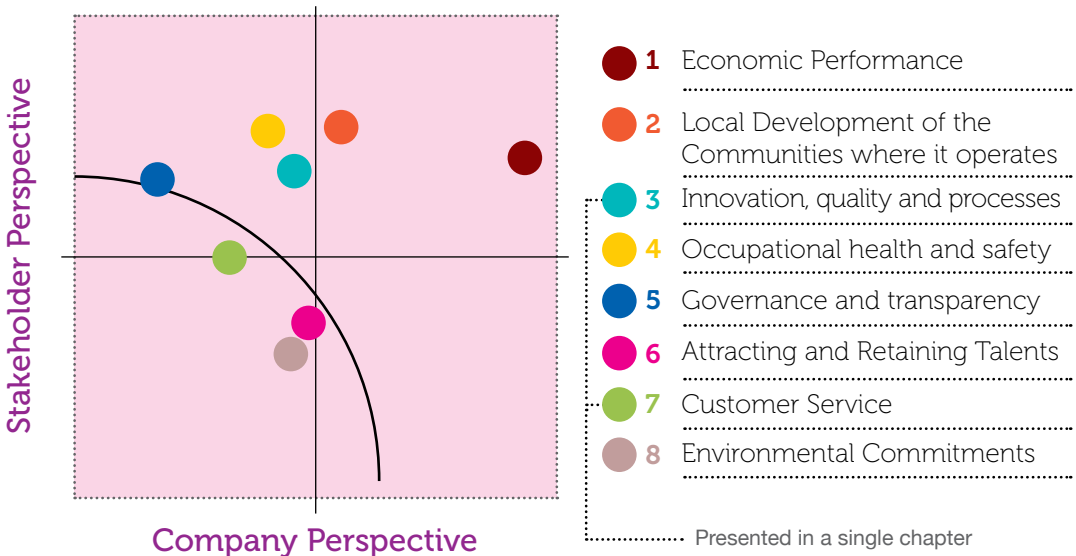


Materiality

Focus on what matters most

The following pages show the disclosures and performance indicators related to the topics considered most relevant by the company and its main stakeholders, according to the last consultation held in 2016, which gave rise to the materiality matrix. In 2018, the matrix was revisited and some themes were grouped, reflecting, more precisely, the momentum of the companies. Thus, the eight themes are explained in seven chapters, which lead to the reading of this report. Throughout the text, there are links to the Indicator Center (*Annex 3*), where it is possible to access the detailed GRI indicators.

With the guidance of an outside consultant, senior management, employees from various areas and units, customers, partners, communities and suppliers collaborated, through interviews and/or online consultations, in defining the most relevant issues, from the perspective of both the company and its stakeholders. The relevance of the themes that make up the matrix is constantly monitored, through research and during the various relationship opportunities, and reevaluated, considering the social, economic and environmental contexts of the company's operations.

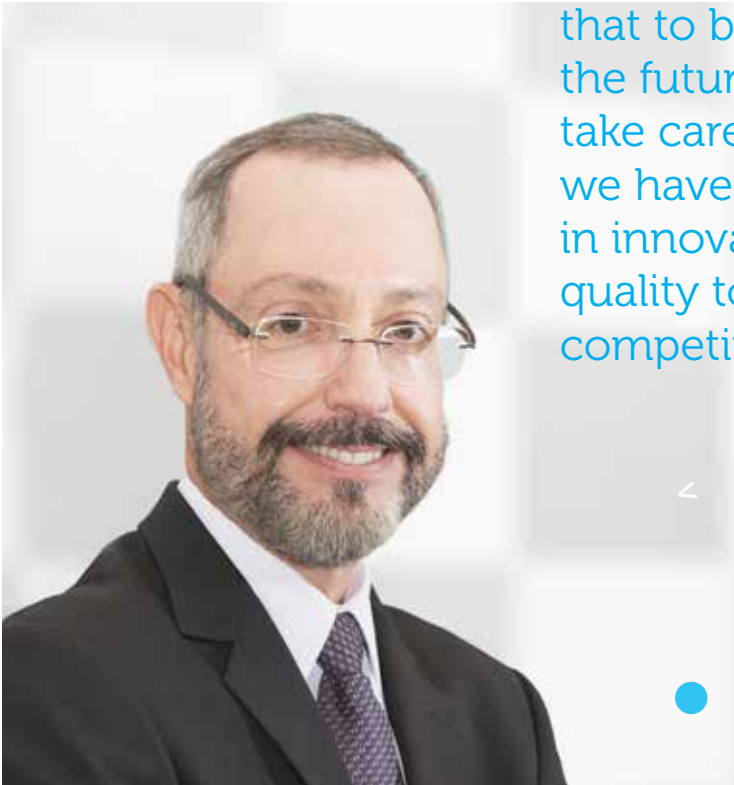


Message of the Executive Board

Alexandre de Campos Lyra,

Senior Vice President of Vallourec Group in South America
and Managing Director of Vallourec Companies in Brazil

"We are 100% focused on being our customer's partner of choice. Aware that to be a Company of the future is essential to take care of the present, we have invested heavily in innovation and quality to increase our competitiveness."



The 2017-2018 period, the period covered by this Sustainability Report, proved to be challenging for our companies. We faced a complex economic scenario, marked by a series of obstacles, among which we highlight the timid recovery and below expectations of Gross Domestic Product (1.0% in 2017 and 1.1% in 2018), the devaluation of Brazilian Real compared to the U.S. Dollar, the restrictions imposed by the United States on Brazilian steel and even the truckers' strike, which imposed the new freight table for foreign transport.

On the other hand, as part of Vallourec Group's activities in Brazil, we have entered into important contracts with clients in the Oil and Gas market. We renewed our long-term contract with Petrobras, which announced a gradual recovery of its offshore investments, including pre-salt. We are among the Best Petrobras Suppliers ("Pipes and Fittings, Installation and Maintenance" category) and we are pleased to see the quality of our products attested by customers and certifying agencies. In addition, we have consolidated our organizational structure, part of the transformation process of the organization, by unifying assets, seeking synergies and focusing on business competitiveness.

We are 100% focused on being our customer's partner of choice. Aware that to be a company of the future is essential to take care of the present, we have invested heavily in innovation and quality to increase our competitiveness." In the 2017-2018 period, we launched Vallourec.smart, a suite of physical services, combined with digital services and technologies, to help customers improve operational performance at each stage of the value chain. We also began our journey of innovation and welcomed startups to help us think and deal with the challenges of our business through the Vallourec Open Brasil Program.

With regard to operating performance, in 2018 we increased our steel production by 15%, increased by 9.2% in seamless steel pipe production and 7.7% in pipe sales, factors that allowed us to end the year with a balanced balance sheet. Consolidated net income reached BRL 223 million, obtained on net sales of BRL 4.3 billion. These are important numbers and, above all, built on sound bases of occupational safety and health. We are considered a world reference in safety, an achievement that testifies to our commitment to people's lives - always in the first place.

This assumption guides our sustainability actions, as well as investments and environmental controls. In search of an increasingly safe and sustainable operation, in 2018, we completed three years of the implementation of the tailings disposal system by the drained (dry) stacking at the Pau Branco Mine, replacing the disposal of tailings dams. Positioned side by side with society, we continue with the programs and projects for the development and strengthening of communities near our operations, now with the guidance of the Group's new Social Responsibility Policy, always ethically, responsibly and focused on generating shared value.

In the 2017-2018 period, we continued to consolidate the process of integrating Barreiro and Jeceaba plants, a crucial factor to increase our competitiveness in the globalized market. For 2019, we will continue to be dedicated to the execution of our Transformation Program, focusing on simplifying and optimizing production and administrative processes, reducing costs and increasing the productivity of operations. And all this in an integrated manner and aligned with our core values: safety, respect for people and the environment, operational discipline, quality and innovation in products and services.

Vallourec in the World

New highly competitive routes

By supplying the local oil and gas market,

Vallourec is increasing its finishing capacity to fully meet local demands.

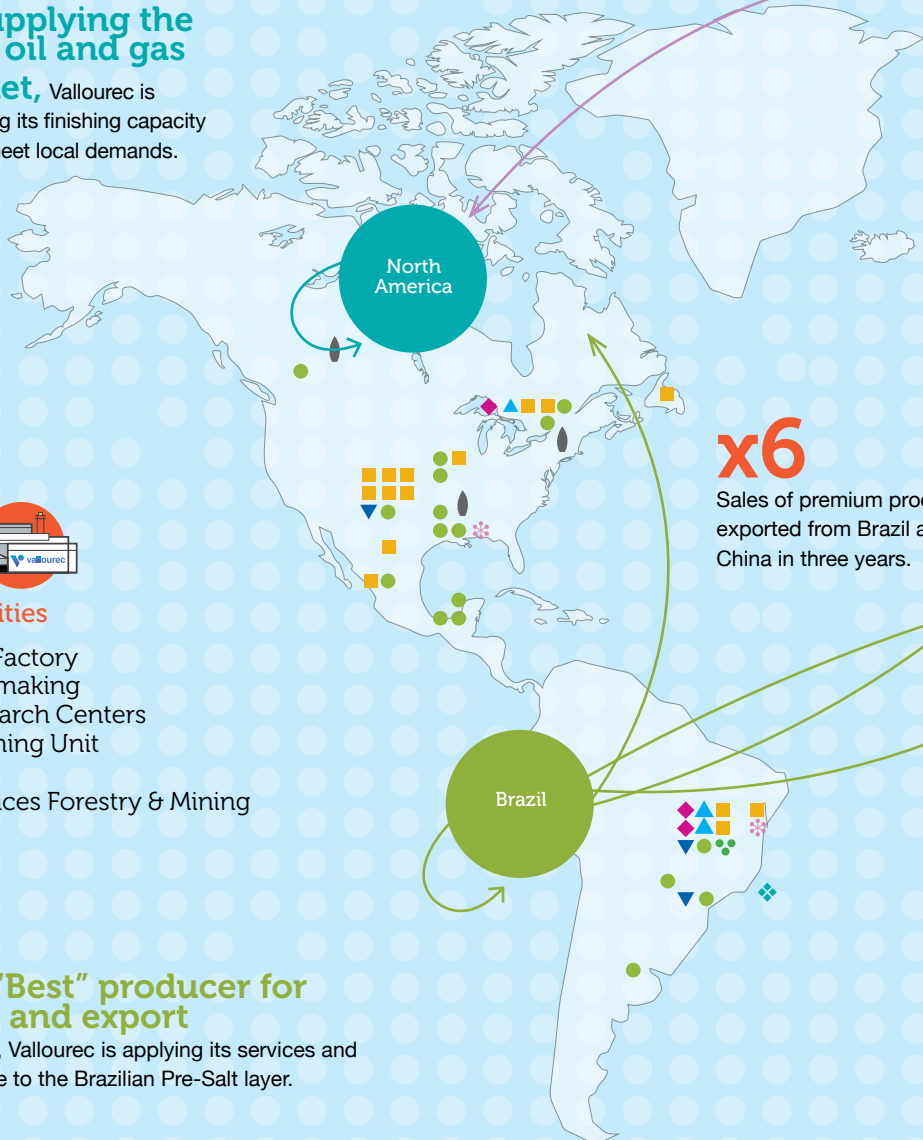


Facilities

- ▲ Pipe Factory
- ◆ Steelmaking
- ▼ Research Centers
- Finishing Unit
- Sales
- ⊞ Services Forestry & Mining

The "Best" producer for local and export

markets, Vallourec is applying its services and expertise to the Brazilian Pre-Salt layer.



x6

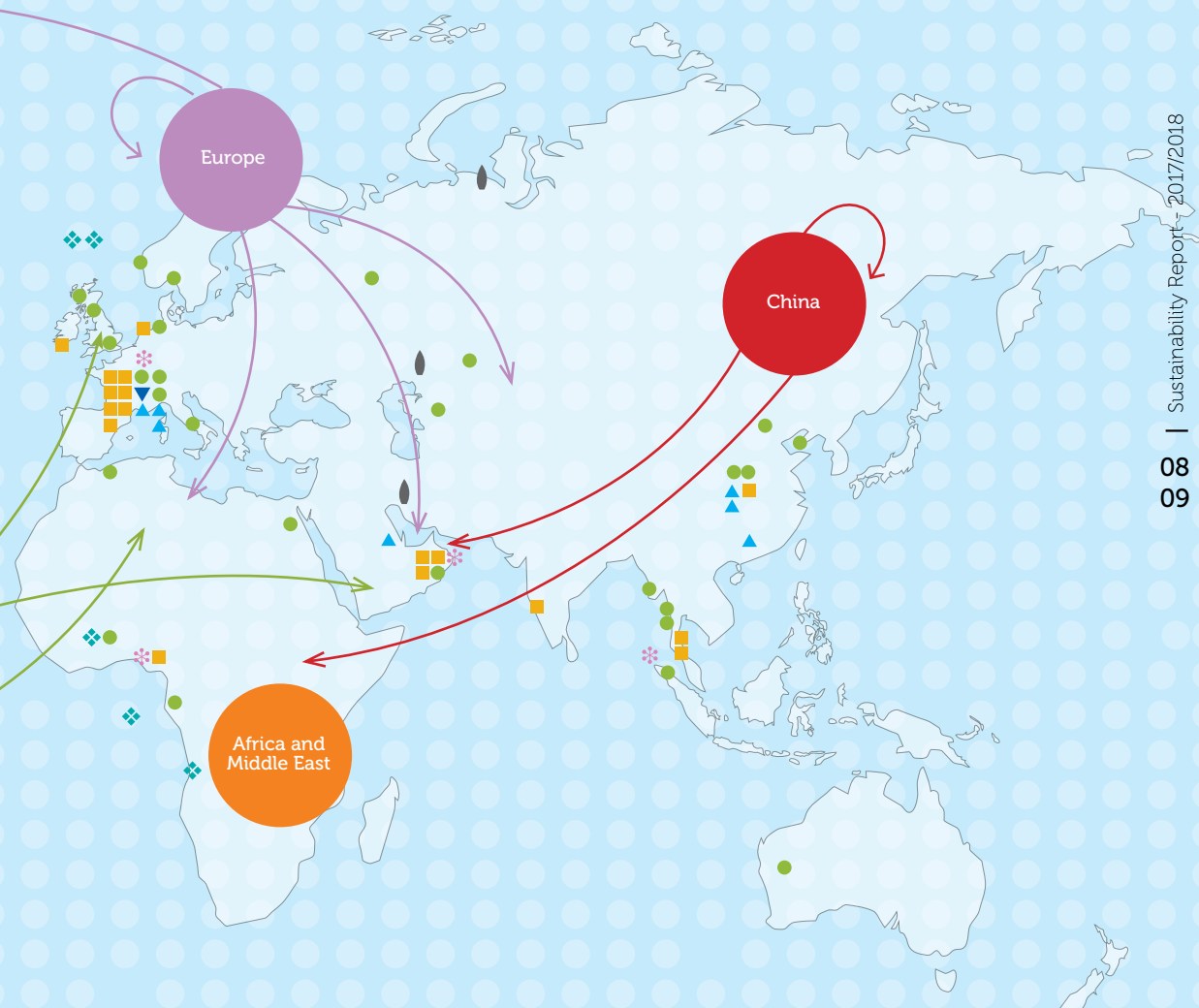
Sales of premium products exported from Brazil and China in three years.

The Group's Center of Technological Excellence

and 25% of the total industrial footprint.

A highly competitive production route

for access to attractive local and export markets.



Ready for big projects

in these strategic oil and gas markets.

Increased presence with oil and gas customers with service routes very close to their wells.

Vallourec in Brazil

Smart Tubular Solutions



www.vallourec.com/br



- Vallourec Soluções Tubulares do Brasil is the result of the union of Barreiro and Jeceaba plants.

- Member of the French group Vallourec, present in more than 20 countries.

- In Brazil, it is a leader in premium tubular solutions, with about seven thousand employees.

- Seamless steel pipes manufactured from raw material and energy supplied by its subsidiaries: Vallourec Mineração (VMN) and Vallourec Florestal (VFL).

- Green pipe 100% produced from charcoal.





Vallourec in Brazil in numbers

Production data

1.135

in 2017

1.358

in 2018

Pellet (tons)

666.958

in 2017

769.064

in 2018

Steel (tons)

549.940

in 2017

677.669

in 2018

Tube (tons)

282.950

in 2017

288.494

in 2018

Coal (tons)

4.394.245

in 2017

4.693.317

in 2018

Ore (tons)

143.762

in 2017

185.997

in 2018

Details

Internal public

Employees



6.781

in 2017

7.522

in 2018

By gender

6.085

men

696

women

6.596

men

928

women

Economic Performance

In 2017 (in Brazilian Reais)

301

million net profit

3,7

billions of revenues

In 2018 (in Brazilian Reais)

223

million net profit

4,3

billions of revenues

THE COMMITMENT TO SUSTAINABILITY IS CONSTANT AND GUIDES ALL VALLOUREC COMPANIES' BUSINESS AND PRACTICES IN BRAZIL. THE COMPANY IS PROUD TO OFFER TO THE MARKET, **GREEN PIPE**, MADE 100% FROM CHARCOAL FROM PLANTED FORESTS AND IRON ORE, PROCESSED FROM THE TAILINGS DISPOSAL SYSTEM THROUGH DRY STACKING THAT DOES NOT REQUIRE THE USE OF TAILINGS DAM.

Commitment to DEVELOPMENT

An illustration featuring a blue globe with a yellow sun and rays above it. Below the globe are grey solar panels on a stand. A grey pipe is positioned horizontally below the solar panels.

The commitment to sustainable development is in line with the assumptions of the **Sustainable Development Charter**, whereby the Company seeks to ensure the sustainability of its business with competitive and innovative products, maintaining sustainable relationships with its stakeholders, protecting the environment and using the natural resources rationally.

Consistent with this commitment, Vallourec companies support, follow and endorse global principles, agreements and targets for sustainability, the preservation of the environment, the protection of human rights expressed in the **United Nations Global Compact**, and the **Charcoal Sustainability Protocol**, led by Instituto Aço Brasil, with the participation of companies in the sector.

 www.vallourec.com/br

 <http://pactoglobal.org.br/>

 <http://acobrasil.org.br/site2015/protocolo.asp>



Green Pipe

An important ally in the sustainability journey and commitment to control the impacts of climate change, charcoal effectively contributes to making the Company's processes increasingly efficient and sustainable by reducing greenhouse gas (GHG) emissions. .

17 Sustainable Development Goals:
https://www.youtube.com/watch?time_continue=27&v=j8L1CcanjT8



MENT



SUSTAINABLE

Charcoal: Energy Alternative for Pelletizing

In the 2017-2018 period, after extensive study and testing, **Jeceaba Pelletizing process** now relies on charcoal as the main energy source in the composition of the pellet burning fuel mix. Prior to project implementation, only natural gas (75%) and petroleum coke (25%) were used. Today, charcoal represents 54% of the fuel mix that also includes natural gas (23%) and petroleum coke (23%).

The project, considered unprecedented in Brazil and abroad, brings environmental and economic gains, contributing to the improvement of the Company's competitiveness.

The pelletizing process generates about 4,200 tons of pellets daily - small iron ore spheres consumed in the blast furnace for the production of pig iron.



Cultural transformation



Be recognized as a provider of world-class premium tubular solutions through industrial excellence, **quality, cutting-edge technology**, sustainable management, **motivated employees** and cultural diversity, thus guaranteeing a highly competitive position in the Brazilian and international markets.



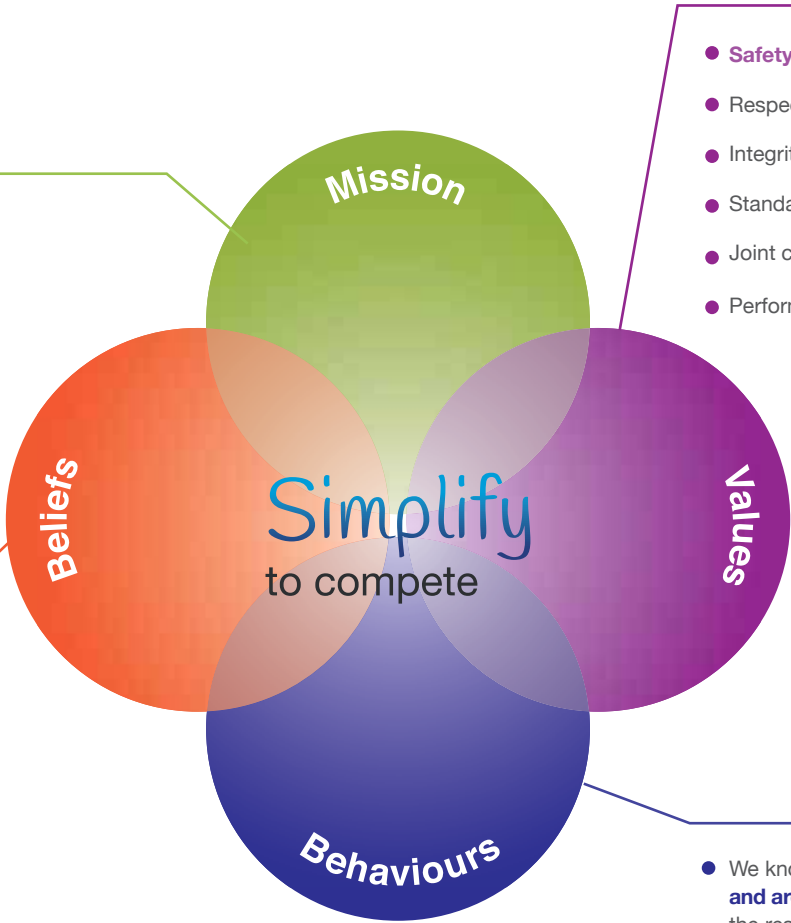
The 2017-2018 period marked the consolidation of the creation of Vallourec Soluções Tubular do Brasil (VSB), one of the main actions of Vallourec Group's worldwide industrial and financial restructuring plan. Two years after the merger of Barreiro and Jeceaba steel plants, several other practical initiatives were implemented. These include the unification of industrial processes, the integration of management systems, the alignment of procedures, the cooperation between teams and the implementation of a new culture capable of sustaining the momentum and driving the consolidation of VSB as a **competitive center for premium tubular solutions in the country**.

And the transformation goes on. Prior to the close of this report, the new Cultural Map (see it in the right side) was released, which now clearly and precisely guides what is expected of employees at this new momentum in the organization. The map brings updated mission, expected behaviors, beliefs and values, which translate the essence and guide the performance of Vallourec Group companies in Brazil.

- I am **protagonist** in identifying problems and solutions to simplify work.
- I value **continuous improvement** and celebrate small victories in routine management.
- **Operational discipline** involves everyone and **begins with leadership**.
- I align the goal and level of urgency, so I can **trust colleagues** to deliver the **best result** for all.



www.vallourec.com/br



- **Safety** - our major value.
- Respect for people.
- Integrity and transparency.
- Standards and professionalism.
- Joint commitment.
- Performance and responsiveness.



Synergies

The unification of assets and processes was preceded by extensive synergy mapping, which led to a movement to integrate teams, processes, systems and operations. Such initiatives have been fundamental to the success of the transformation, providing significant cost reduction, uniformity gains and quick decision making.

- We know what is expected of **us** and **are responsible for achieving** the result.
- **We inspire**, challenge and recognize superior performance and desired behaviors through meritocracy.
- **We perform our tasks with discipline** at all levels, always with **customer focus**.
- We trust each other and **collaborate** between areas as only as **one team**.



Governance and transparency



**Consolidation of Vallourec
Soluções Tubular do Brasil
S.A.**



**Ethics and integrity:
launch of Vallourec's
integrity channel and the
compliance manual for
corruption prevention.**



**Risk Management:
monitoring and
prevention culture**



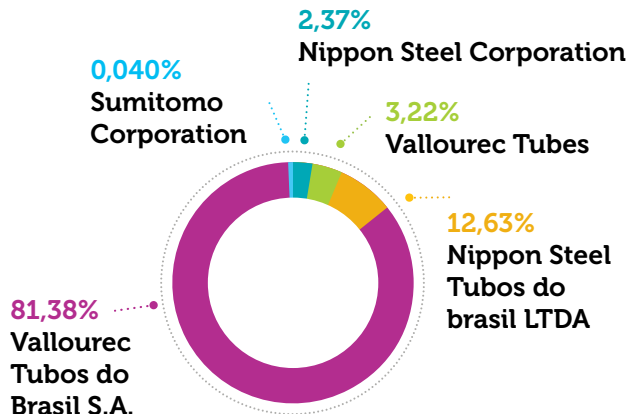
**Relationship with
stakeholders: proximity
and transparency.**

Decision-making process



Vallourec in Brazil has two governance bodies: the Board of Directors and the Board of Executive Officers, which have specific duties. Both are supported by the Technical Committees and the Risk Committee. In addition to these instances, the decision-making process of Vallourec companies in Brazil follows the pillars of the process monitoring plan and performance indicators. The close management of the Continuous Improvement Groups (GMCs, Grupos de Melhoria Contínua) and the Steering Committee also allows management to track and guide the achievement of goals.

Shareholder structure:



SENIOR MANAGEMENT

Board of Directors



Philippe Crouzet
CEO of Vallourec Group



Olivier Mallet
Chief Financial Officer of Vallourec Group

Group Executive Committee

In addition to the two members of the Board of Directors, the Executive Committee is composed of:



Philippe Carlier
Senior Vice President
Technology & Industry



Nicolas de Coignac
Senior Vice President
North America



François Curie
Vice President
Human Resources



Édouard Guinotte
Senior Vice President
Middle East/Asia



Alexandre Lyra
Senior Vice President
South America



Didier Hornet
Senior Vice President
Development & Innovation



Hubert Paris
Senior Vice President
Europe / Africa



Rémi Dujon
General Counsel and Group
General Secretary

Board of Executive Officers

Vallourec Brasil



Alexandre Lyra
Managing Director



João Perez
Chief Downstream
Commercial & Operations
Officer



Lothar Birkhäuser
Chief Upstream and
Industrial and Technology
Officer



Manfred Leyerer
Chief Financial Officer*

* Until December 2018



Ethics & Integrity

Ethics and integrity are non-negotiable. Vallourec Group does not tolerate unethical behavior of any kind on the part of its employees (Company's and outsourced) and partners. It also repudiates corruption, anti-trust, unfair competition, and any action that violates applicable laws and regulations.

To avoid such practices, the Group has a Code of Ethics, of which all employees are aware of and have access to.



www.vallourec.com/br

In 2018, in reinforcement of this commitment, the Group structured Vallourec's Integrity Channel. The tool allows employees, neighboring communities, partners, customers, suppliers, service providers and other audiences of the Company to point out attitudes and behaviors contrary to the values and the Code of Ethics of the Group companies. Vallourec Integrity Channel is available 24 hours a day, seven days a week, and can be accessed from anywhere worldwide. It is hosted on a secure and protected platform, run by an independent company, Business Keeper AG. Reports may be made anonymously, but Vallourec encourages the whistleblower to disclose their identity, which facilitates the processing of recorded information.

The system guarantees the confidentiality of conversations.



If you note a behavior that is contrary to the values and principles of the Code of Ethics, you can report it using [Vallourec Integrity Channel](#).



<https://www.bkms-system.com/Vallourec-Integrityline>



The Company also maintains other forms of contact, such as the Employee Representation Committee (CRE, Comissão de Representação dos Empregados), Human Resources consultants, Fundação Sidertube social workers and regular contact with external stakeholders. There is also the Ethics Committee, which is responsible for providing interpretation parameters and advice for critical issues.

Anti-corruption

Given the importance of the theme, in 2018, the [Company launched the Compliance Manual for Corruption Prevention](#). The goal is to spread business ethics and provide a set of guidelines and rules aimed at identifying and combating improper or illegal acts and behavior. The guidelines and rules of the Manual apply to Vallourec employees, customers and suppliers in Brazil.



http://www.vallourec.com/COUNTRIES/BRAZIL/PT/AboutUs/Documents/Manual_Compliance_Vallourec.pdf



Risk Management

Continuously monitoring business-related risks is part of the routine of Vallourec companies in Brazil. Under the responsibility of different committees (officers and directors), **Risk Management** allows the identification, anticipation and action against risks and adverse events, in order to ensure adequate control, mitigation and alignment with business unit strategies.

Vallourec's Risk Management was structured following the good practices established by the US nonprofit Committee of Sponsoring Organizations of the Treadway Commission (COSO), designed to avoid and prevent fraud in internal company procedures and processes.

Best Practice



Read more at:
<http://www.vallourec.com/COUNTRIES/BRAZIL/PT/Media/News/Paginas/Filtro-Prensa.aspx>



Mining without tailings dam

Vallourec Mineração, which supplies the iron ore used in the Vallourec Soluções Tubular do Brasil steel plant, innovated in its processes and in 2015 stopped directing its tailings to dams. Since then, Cachoeirinha dam has stopped receiving tailings and has been replaced by the drained stacking method as a way to

mitigate one of the main business risks. Through the use of equipment called Filter Press, the waste generated in the process is filtered, drained and pressed into blocks (or "bolachões"), which with low humidity (between 15 and 18%) are disposed in sterile piles and subsequently revegetated. In addition, some of this material can be used in new co-products such as interlocking blocks used in paving. (p.XX).



Stakeholder Relationship

Aware that dialogue is the most effective way to maintain close, solid and lasting relationships with their stakeholders, Vallourec companies use specific tools and channels to facilitate dialogue with these stakeholders - see Indicator Center (Annex 3).

Thus, it receives opinions, criticisms, requests and suggestions, among other manifestations, which it manages and refers to with attention and responsibility. In the 2017-2018 period, 84 manifestations related to social and environmental issues were received. All of them were referred for resolution.



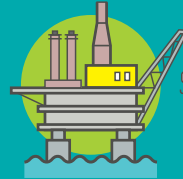
The manifestations follow the flow described in the Integrated Management System, which includes: registration, analysis/ investigation, referral/ corrective action plan, response and closure of the manifestation.



Economic Performance

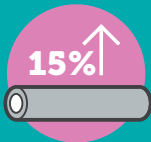


Economic scenario:
recovery of GDP, supply
crisis, and the US
protectionist measures
affecting the Brazilian
steel exports.

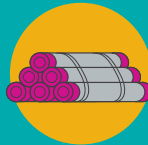


Industry performance:
Slight increase in crude
steel production.

Our results:



**15% in steel
production.**



**9.2% in the
production of
seamless steel
pipes.**



7.7% in pipe sales.

Economic Scenario



The Brazilian economic scenario remained challenging in the 2017-2018 period. The country witnessed the recovery of Gross Domestic Product, which went from -3.4% in 2016 to +1.1 in 2018, just above 2017 (1.0). The economy was recovering in 2017, but the results achieved in 2018 contradicted the most optimistic projections, which predicted a more significant increase. This is mainly due to the truckers' strike, which triggered an unexpected supply crisis, causing a ripple effect on the economy's indicators, and the unpredictability of the presidential dispute. This scenario caused instability in most of the country's productive sectors, including the steel industry. In addition, the steelmaking market had to deal with the US government protectionist measures, which, through Section 232, imposed quotas and surcharges on [Brazilian steel imports](#).

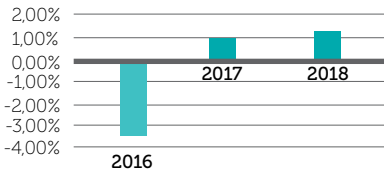
Prospects for the coming years, however, they are more encouraging. According to Instituto Aço Brasil, for 2019, there is a forecast of increase in domestic steel sales by 2.5%, totaling 19.4 million tons. Steel production is expected to remain stable, with a slight increase of 0.4%. Exports are expected to fall 73% and apparent steel consumption is expected to rise 2.1% in 2019.

Learn more about
industry prospects

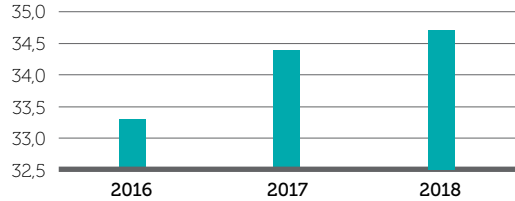


<http://www.acobrasil.org.br/site2015/estatisticas.asp>

Gross Domestic Product

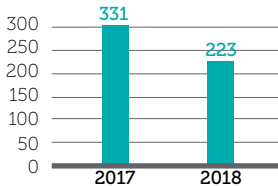


Crude steel product in Brazil (million tons)

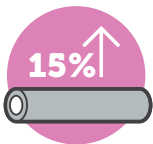
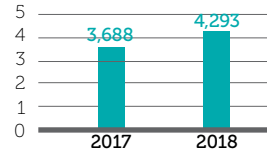


Our performance in the period Economic performance (BRL)

Net Income (in million of Brazilian Reals)



Revenue (in billion of Brazilian)



15% in steel production.



9.2% in the production of seamless steel pipes.



7.7% in pipe sales.



Innovation, Quality,
Process and Customer
Service



Innovative solutions:
Vallourec.smart
Vallourec.smart / <http://www.vallourec.com/EN/Pages/Vallourec.smart.aspx>



Research and development: investments in research and development > Vallourec Competence Center and Vallourec Research Center Connections Brazil (VRCCB).



Partnerships to innovate: Vallourec Open Brasil.



Our market: partner of choice in the three major markets in which it operates, Recognition Award - Petrobras best suppliers.



Customer focus: Improvement in customer satisfaction, Golden Rules of Quality.



Compliance and certifications up-to-date.



Innovative Solutions



Focused on improving its competitiveness and attentive to the needs of its customers, who are increasingly seeking differentiated, digital and tailored solutions, Vallourec Soluções Tubular do Brasil launched, in 2018, Vallourec.smart, a suite of physical services combined with digital services and technologies to help customers improve operational performance at each stage of the value chain, making decisions more assertive.

With **Vallourec.smart**, the Group gets even closer to its customers and consolidates itself as a global and efficient partner focused on providing digital solutions. Results include increased pipe traceability and reliability, improved repair facilities, improved customer inventory control, and pipe data/DNA control (production conditions). Taken together, these attributes enhance and accelerate customer's decision-making, improving asset management and delivering lower Total Cost of Ownership (TCO).

Research and Development

In order to add more value to its products, Vallourec invests heavily in research and development. In the 2-year period covered by this report, it continued the activities of Vallourec Competence Center Rio (VCC-Rio), with lectures and technical seminars, increasing the integration between the Company and the academy, facilitated by its privileged location. Installed in the technology park of the Federal University of Rio de Janeiro and close to



Vallourec.smart platform - hosted in the cloud and built on production data generated at the Group's service centers and production facilities - marks Vallourec's definitive presence in the digital world as it connects premium pipe data, physical services and solutions with in-depth analysis and data visualization. Pipes, for example, are now 100% traceable to digital IDs (IPPN, RFID, QR Code), increasing product and service reliability. The entire process follows the strictest virtual security protocols, providing reliability, accessibility and data security.





PUC-RJ, UFF and IME, the Center fosters innovation and technological advancement applied to its products and solutions for the oil and gas, industrial and automotive markets. In 2018, eight cycles of technical lectures were promoted, in which professors and researchers were invited and presented their lines of research and innovation studies to the Company's technical staff, paying attention to future partnership opportunities.

In Jeceaba, the Centro de Referência em Revegetação da Mata Atlântica (Atlantic Forest Revegetation Reference Center) was inaugurated, occupying an area of approximately 660 hectares in the Jeceaba Industrial District. Created in partnership with the State Forest Institute (IEF, Instituto Estadual de Florestas) and the Federal University of Lavras (UFPA, Universidade Federal de Lavras), the Center brings together over 400 species of Atlantic Forest plants found in the region.

The work is focused on the registration and monitoring of medium to large size mammal biodiversity.

In addition, the Company intensified its activities at the VAM® Connection Testing Center in Brazil: Vallourec Research Center Connections Brazil (VRCCB), located at Barreiro unit. The goal is to qualify new tubular products and ensure the performance of VAM® fittings, making their application in the oil and gas industry increasingly safe and reliable. Vallourec Group also has other international research centers, engineers and technicians dedicated to R&D and technological exploration activities.

Partnerships to innovate: startups in action

In 2017, Vallourec Soluções Tubulares do Brasil launched the program Vallourec Open Brasil to promote the culture of innovation in the Company. In the 2017-2018 period, two editions of the program were held and four startups were selected to contribute to solving challenges related to the application of "Data Science" in the development of new digital solutions for the market, improving process efficiency and modernizing operations at the company's units.

In the first edition, the program selected two projects focused on digital solutions capable of adding value to the company's products. In the second edition, the focus was on the identification of sensing and computer vision technologies applied to the company's forest production.

<https://www.youtube.com/watch?v=Ysut-kRnh28&feature=youtu.be>



More detail:

<http://www.vallourec.com/COUNTRIES/BRAZIL/PT/Innovation/Paginas/default.aspx>



Our market

With its products, premium solutions and, since 2018, with Vallourec.smart, Vallourec Soluções Tubulares do Brasil aims to consolidate its position of partner of choice in the three major markets in which it operates - Oil & Gas; Energy and Industry and Projects - providing cost savings, quality gains (durability, strength and lightness) and increased productivity for its customers. The results are already beginning to appear.

In 2018, for the second consecutive time, Vallourec received the Recognition Award - Petrobras Best Suppliers, in the "Pipes and Fittings, Installation and Maintenance" category. Quality, timing, management, HSE (Recordable Accident Rate), compliance and integrity were some of the criteria for recognition, which marks the excellence of operations and celebrates the strengthening of the partnership with Petrobras.

In addition, Barreiro and Jeceaba units have been globally certified by TechnipFMC, a global leader in offshore, onshore, subsea and surface technologies. Recognition simplifies negotiations between VSB and Technip-FMC, while still giving credibility to other major players in the market.



Tubular Solutions

Used in the construction of gas oil wells; in the assembly of motorcycles, light and heavy vehicles, trucks, buses and road implements; in industry; on agricultural machines; in railway wagons; in subsea pipelines; in gas and oil pipelines and in general construction, our pipes are essential to the development of society.



Find out more:
<http://www.vallourec.com/COUNTRIES/BRAZIL/PT/Products-and-services/Paginas/default.aspx>

Customer Focus

More than producing very high quality pipes, Vallourec Soluções Tubulares do Brasil is focused on providing the best service to its clients. Reflecting this commitment, the initiatives, now aligned with Vallourec.smart, have been recognized as shown by the latest satisfaction surveys.

In 2018, the result, 4.31, surpassed the previous year's index of 4.16, showing an increase in the perception of customer satisfaction.

The points of attention generated an action plan, already underway, focusing on continuous process improvement.

All-round quality

In 2018, Vallourec broadened its focus on quality and established seven **Golden Rules of Quality**, shared with internal teams, which were trained through Vallourec University.



#1: Client Requirements and Non-Quality Risks for Clients



#2: Standardized Work



#3: Qualification of Staff and Work Position



#4: Capability



#5: Product Integrity



#6: Traceability



#7: Routine Execution Management and Continuous Improvement

Certifications and Compliance

Vallourec companies in Brazil have national and international certifications, and the highlight in the 2017-2018 period refers to Jeceaba Unit **certifications in standards related to environmental management**, energy, occupational health and safety, attesting the Company's commitment to best practices. Another achievement came from Vallourec Transportes e Serviços (VTS), which has obtained API Q1 and API Q2 certificates (unheard of in the Group), granted by the American Petroleum Institute (API) - a specialized association of the oil and natural gas industry, which attests to quality of products and services provided by VTS.

ISO 14001:2015 (Environmental Management System); ISO 50001:2011 (Energy Management System); OHSAS 18001:2007 (Occupational Health and Safety Management System).

TOPIC	STANDARDS/CERTIFICATION	UNIT	VALIDITY
Energy efficiency	ISO 5001:2011	Barreiro	Nov/19
		Jeceaba	Aug/21
	ISO 9001:2015	Barreiro	May/22
		Jeceaba	Sept/20
		TSA e Vallourec ES	April/22/22
		Jeceaba	Sept/20
API Spec. Q1	Jeceaba	Sept/20	
ISO/TS 16949:2016	Barreiro	Aug/21	
Quality Management	API 5L	Vallourec ES (linha de tubos)	May/21
	ISO 9001	VTS	May/21
	API Q1 - Specification for Quality Management System Requirements for Oil & Natural Gas Manufacturing Organizations	VTS	Nov/21
	API Q2 - Specification for Quality Management System Requirements for Service Provision Organizations for the Oil and Natural Gas Industries	VTS	Nov/21
Environment	ISO 14001:2015	Barreiro	Oct/19
		Jeceaba	Jul/21
		Florestal	Abril/21
		TSA e Vallourec ES	April/22
	Mineração	Feb/22	
	ISO 14001 - Environmental Management System	VTS	May/22
	Cerflor (NBR 14789:2012)	Florestal	Nov/21
Health and Safety	OHSAS 18001: 2007	Florestal	Sept/19
		Barreiro	Oct/19
	Jeceaba	Mar/21	
	ISO 45001 - Occupational Health and Safety Management System	VTS	May/22
	ISO 45001:2018	Mineração	April/22
Test Laboratory Management	ISO IEC 17025:2005	Florestal	Sept/22
		Jeceaba	*
Calibration Laboratory Management	ISO IEC 17025:2005	Barreiro	May/19*
		Barreiro*	*
Casing and Tubing	API 5CT	VTS	Nov/21
Social Liability	SA 8000**	**	N/A

* From 04/25/2016, the General Accreditation Coordination no longer establishes an expiration date for its accreditations and the valid certifications are in force.

** Vallourec Group companies in Brazil are guided by the standard, but do not have certification.



Environmental Commitments



Environmental management: Reduce the environmental footprint of its activities, whether in the steel, forest or mining processes.



Atmospheric emissions: positive carbon footprint.



Water resources: high water recirculation rate in the processes.



Effluents: dry-stacked dams >> more safety and commitment.



Environmental Education: More than 200 training for employees and communities.



Environmental management

Vallourec companies in Brazil are committed to the rational use of natural resources, in all their processes, as provided for in the [Sustainable Development Charter](#). They closely track, control and monitor indicators related to the management of atmospheric emissions, water resources, effluents, waste and co-products, and biodiversity. They invest in actions aimed at energy efficiency, environmental education practices, aimed at the internal public and the communities near the

operating units, as well as the continuous improvement of their processes.



Find out more:
<http://www.vallourec.com/EN/GROUP/COMMITMENTS/Pages/default.aspx>.

Environmental prevention and management:

IN 2017 (MILLION BRL)

BRL 3.87

IN 2018 (MILLION BRL)

BRL 5.36

Disposal, treatment and mitigation of environmental impacts:

IN 2017 (THOUSAND BRL)

BRL 78.37

IN 2018 (THOUSAND BRL)

BRL 85.99



[Read more at Indicator Center](#)



For cleaner air

Due to the nature of their activities and processes, Barreiro, Jeceaba and Florestal units are the ones that generate the most atmospheric emissions, due to the steel and carbonization processes. Companies closely monitor their emissions and make permanent efforts to reduce them. As a result, it is proud to provide the market with the so-called “green pipe,” whose production process hijacks more carbon than it emits into the atmosphere.

In addition to planted forests (productive, decommissioned or under forest management), the Forest unit maintains an extensive legal reserve area, permanent preservation areas or spontaneous reserves. Both tree cultivation activity and the maintenance of native vegetation contribute to the absorption of carbon dioxide from the atmosphere and oxygen emission, contributing positively to air quality. The data was confirmed by the Company’s carbon balance, published in 2016, after studies that collected data from more than 20 years of forest production.

In line with the Group’s guidelines, the Company implements actions of ISO 50001 energy management and energy efficiency program, which aims to improve the energy performance of its processes, thereby reducing CO₂ emissions.

100%
of the coal produced by the Forest is from renewable origin.



**GHG EMISSIONS (SCOPE1): TOTALS, SPECIFICATIONS
AND CONTRIBUTION OF EACH COMPANY**

	TOTAL IN 2017: 673.784		TOTAL IN 2018: 747,732	
COMPANY / UNIT	(%)	SPECIFIC EMISSIONS (TCO ₂ /UN. PRODUCED OR SERVICE)	(%)	SPECIFIC EMISSIONS (TCO ₂ /UN. PRODUCED OR SERVICE)
Unit Barreiro	8.4%	0.10*	12***	0.22*
Unit Jeceaba	41.7%	0.16**	30.1****	0.09**
VMN	2.5%	0.004	2.5	0.004
VFL	47.4%	1.13	55.3*****	0.01
VTS	0.02	0.01	0.02	0.01
TSA	0.01	0.001	0.01	0.001

* Considers steel + pipe

** Considers steel + pipe + pellet

*** Due to increased use of natural gas to replace blast furnace gas

**** Reduction due to energy efficiency initiatives, mainly the project to use charcoal fines in place of natural gas

***** Accompanying increased production

TOTAL, SPECIFIC GHG EMISSIONS (SCOPE 2) AND CONTRIBUTION OF EACH COMPANY

	TOTAL IN 2017: 62,501		TOTAL IN 2018: 57,809	
COMPANY / UNIT	(%)	SPECIFIC EMISSIONS (TCO ₂ /UN. PRODUCED OR SERVICE)	(%)	SPECIFIC EMISSIONS (TCO ₂ /UN. PRODUCED OR SERVICE)
Unit Barreiro	32.8	0.04	23.6	0.03
Unit Jeceaba	61.4	0.02	71	0.02
VMN	4.9	0.001	4.6	0.0006
VFL	0.2	0.0004	0.2	0.0004
VTS	0.2	0.01	0.2	0.01
TSA	0.5	0.37	0.5	0.428

 [Read more at Indicator Center](#)

Monitoring stations



Vallourec has two automatic air quality monitoring stations installed in the cities of Contagem and Belo Horizonte. The information collected is sent in real time to the State Environmental Foundation (FEAM, Fundação Estadual do Meio Ambiente) and serves as a basis for studies and projects to improve air quality in these regions.

Water resources

Increasing water recirculation in operations, reducing consumption and also new water abstraction are targets of the environmental management of Vallourec companies in Brazil. These commitments are ratified in the Strategic Environmental Plan. In the 2017-2018 period, water reuse rates were within the best practices.

Water quality monitoring at 16 watercourse points in Vallourec Forest region proves that the unit's activities have little impact on the region's waterbeds



TOTAL WATER CONSUMPTION (M) AND COMPANY RECIRCULATION INDEX

	TOTAL IN 2017: 5,844,311		TOTAL IN 2018: 6,630,118	
COMPANY / UNIT	(%)	% RECIRCULATION	(%)	% RECIRCULATION
Unit Barreiro	21%	99%	17.2%	98.5%
Unit Jeceaba	26%	98.5%	33.4%	98.3%
VMN	50.8%	0	46.7%	0
VFL	2.0%	0	2.5%	0
VTS	0.1%	11%*	0.1%	24%*
TSA	0.1%	0**	0.1%	0**

* VTS does not have meters installed to measure recirculation rate. The Company has two industrial effluent treatment plants and the sanitary effluent is sent for external treatment of the Special Business Zone.

** At TSA, there are four activities in production processes that make use of water. Three of them have a closed system and no meters are installed to measure the recirculation rate. The fourth activity was not used in the 2-year period in case.

[➤ Read more at Indicator Center. All units of the Company have water catchment sources duly granted by the responsible environmental agency.](#)

Effluents

Vallourec Mineração inaugurated in the Group, the Zero Tailings Dam concept. As a result of this decision, 100% of the mining waste, which until then was directed to Cachoeirinha Dam, began to be dry-stacked in November 2015. The dam was decommissioned and emptied in the same year. The decision brought more security to operations, to nearby communities, to the environment, as well as being a determining factor in the venture's risk management, as provided by Vallourec's Waste and By-products Strategic Planning.

Without tailings dams, the unit has a dam to contain and clarify the rainwater collected by the drainage systems of the Pau Branco Mine, avoiding siltation of the watercourses.



Vallourec companies in Brazil do rigorous effluent management, offering proper treatment to each one before disposal.

How "Zero Tailings" Dam works

With the project, the waste that would be released in conventional dam goes through the filtration process, which removes much of the water. The final material, which is less than 18% moisture, can be stacked without the risk of instability and collapse. Part of the final tailing of this reprocessing is used as raw material for construction products: small blocks, blocks, bricks, tiles, which can be applied to houses, paving, etc. The other is arranged in piles of sterile and revegetated.



Awarded project

In 2018, the project about **Pecari tajacu**, a species of native pig from the Americas, popularly known as "cateto," was honored by the State Council for Environmental Policy (COPAM, Conselho Estadual de Política Ambiental) under the "General Nature" Award, established through COPAM Normative Resolution No. 224, of July 25, 2018. The Project met the requirements of the category "Best environmental action or project promoted by civil society, including private educational institutions, non-governmental organizations and professional associations."



Held in partnership with the State Forest Institute (IEF, Instituto Estadual de Florestas), the Reference Center for Environmental Education and Development (CREAD, Centro de Referência em Educação Ambiental e Desenvolvimento), the Federal University of Minas Gerais (UFMG, Universidade Federal de Minas Gerais), the Federal University of Ouro Preto (UFOP, Universidade Federal de Ouro Preto) and the Federal University of Viçosa (UFV, Universidade Federal de Viçosa) and University of Salford-Manchester (United Kingdom). Its main objective is to provide subsidies for a possible reintroduction of these groups in nature.



Find out more:
<http://www.vallourec.com/COUNTRIES/BRAZIL/PT/Media/News/Paginas/Projeto-Cateto-.aspx>

Environmental Education

Aware of their role with employees, service providers and relationship communities, Vallourec companies in Brazil have internal practices focused on environmental education. Barreiro and Jeceaba units, in addition to VMN and VFL, have Environmental Education Programs (PEA, Programas de Educação Ambiental). As a whole, during the period covered by this report,

562 trainings were conducted, also involving neighboring schools. In addition, Barreiro unit is responsible for maintaining Centro de Educação Ambiental do Barreiro (Barreiro Environmental Education Center), a property of the City Hall located next to the plant in Belo Horizonte. The area of 20 hectares conserves typical cerrado vegetation, Atlantic Forest, transitional forest, and species introduced to enrich biodiversity.



vallourec

MaxiFlex[®] ULTIMATE
MADE IN
GLOVES
CE EN ISO

Ultra Prensa 01

vallourec



Occupational Health and Safety



Safety - our highest asset:
Considered by DuPont
to be a 'world security
reference' (LTIR < 1).



Safety Performance:
Frequency rate below
industry best practices (2017:
0.59 / 2018: 0.58).



**Health and well-
being: occupational
health care.**

Safety - our greatest asset



Security is the greatest asset for Vallourec Group in the world and drives all its initiatives. Through structured practices and programs, the Company is permanently dedicated to strengthening the safety culture and protecting the health of its employees. Investments were maintained at approximately BRL 5 million per year, intended for training, legal/regulatory training and actions related to safe behavior.

In the period covered by this report, DuPont, the world reference in this area, audited Brazilian units. As a result, Vallourec's safety system has been rated at the **Independent Stage**, the level at which people take responsibility for their own safety and believe they can make a difference with their actions.

Even with a slight increase in 2018, the frequency rate of accidents with leave of absence has remained at levels below 0.7 in recent years, better than the world reference value for the rate (<1).



The health and safety programs are in line with the assumptions contained in the Group's Sustainable Development Charter:

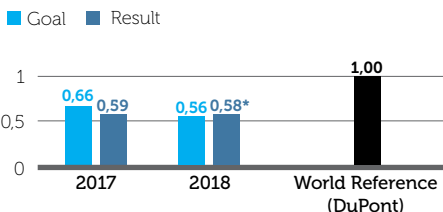
<http://www.vallourec.com/EN/GROUP/COMMITMENTS/Pages/default.aspx>

It is the stage prior to Safety Excellence, according to the Bradley Curve, which identifies four stages of safety culture maturity: reactive, dependent, independent, and interdependent.

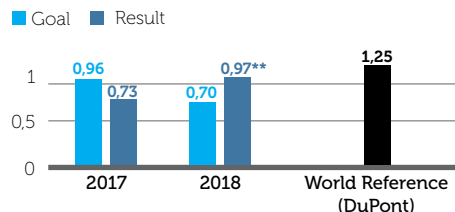


Safety Performance (Consolidated)

Frequency Rate of Casualties with Leave of Absence



Frequency Rate of Casualties with Leave of Absence + without Leave of Absence



* Result influenced by the reduction in 2018.



[Read more at Indicator Center](#)



In response to DuPont's diagnosis, the Company reviewed and implemented important measures and tools, including: restructuring the Continuous Feedback Improvement Groups; improved investigation of occurrences (training in new methodology and verification of application by areas); Proprioceptive implantation; extension of the SafeStart Program; improved quality of deviations with the implementation of the Integrated Management System (IMS).

Other highlights of the period were the widespread dissemination of Process Risk Analysis and the start of implementation of Mechanical Integrity, Project Quality and Change Management controls. To this end, the Company restructured the Operational Risk Committee, with the participation of the Board of Executive Officers.

Other programs and campaigns continued, such as the Daily Safety Dialogues (DSDs, Diálogos Diários de Segurança), the Opa walks, and the expansion of the [Immediate Attention Test \(TAI, Teste de Atenção Imediata\)](#) in operations. Jeceaba unit, for example, started using the TAI in 2017, with more than 40,000 tests performed during the year.

The practice consists of a one and a half minute daily test to assess a range of factors that can negatively influence safety, such as inattention level, impulsiveness, devolution and reaction time. Common problems include poor sleep quality, alcohol consumption, mobile phone misuse, and financial problems.

Health and wellness

In addition to promoting a safe work environment, Vallourec is committed to the occupational health and well-being of its employees. Thus, the companies continue to show continuous improvements in their indicators, including a reduction in absenteeism and rates of leave of absence.

MAIN HEALTH INDICATORS

Year	SERIOUSNESS		OCCUPATIONAL DISEASES		LOST DAYS		ABSENTEEISM (MONTHLY AVERAGE)		FATALITIES	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Barreiro Unit	51	-	0	112	11,089	10,795	1.04%	1.14%	0	0
Jeceaba Unit	11	59	0	2	4,251	4,321	0.62%	0.79%	0	0
VMN	0	0	0	0	1,033	1,008	1.41	1.36	0	0
VFL	0	0	0	0	0	0	0.6%	1	0	0
TSA	0	0	0	0	0	0	0	0	0	0
VTS	0	0	0	0	0	399	0.64%	0.69	0	0

In accordance with the legislation, all units have ergonomic programs and periodic examinations to verify the health condition of the professionals. In the 2-year period covered by this report, the Company conducted training, lectures, engagement actions, [vaccination](#) and awareness campaigns (Carnival Campaign, Fighting Dengue, Fighting Smoking, Healthy Eating, First Aid, Pink October, Blue November).

Influenza, Tetanus, Hepatitis B, Yellow Fever, Triple Viral. As a whole, 6,888 people were immunized at VSB.



Eligible employees have access to Smoking Cessation, Food Reeducation, Asthmatic Child, Pregnant Woman, Hypertension programs.

Quality of life

Fundação Sidertube was created to provide better quality of life for the employees, their families and retirees of the sponsoring companies, totaling about 25,874 thousand beneficiaries (previous number: 26 thousand). As a whole, in 2017 and 2018, leisure, arts, volunteering, sports, health promotion and professional training covered 138,656 people. The number exceeds that registered in the previous 2-year period (126 thousand beneficiaries). Projects include support for educational, cultural, health and quality of life, sporting and vocational initiatives (see the full Foundation balance sheet in Annex 2).





Attracting and
Retaining Talents.



Professional development:
Simplification of the internal recruitment process, strengthening of the performance evaluation process, dialogue between managers and teams > learning and improvements.



Training: grid focused on the technical and behavioral needs of the positions, with themes related to Cultural Transformation, Security, leadership development and operational training.



Compensation and benefits: market compatible practices.

Professional development



The internal recruitment process - the Company's priority form of contracting - had its criteria simplified. Since 2017, professionals from all units can apply for internal recruitment vacancies. The measure expands the possibilities for professional growth. In addition, the performance appraisal process has become one of the prerequisites for competing for vacancies. In addition, the assessment was expanded to include 100% of employees. By 2019, the practice will be extended to other companies and all employees will be evaluated for their performance.

Another highlight of the 2-year period was the increase in dialogue between managers and their teams, which is fundamental for sharing the Company's strategic information in a clear and objective manner. Leaders from all companies in Brazil were trained to make this practice more effective and frequent in the units. As a whole, there were 99 trainings.



Turnover rate (%) 2017: 0.62

Turnover rate (%) 2018: 0.89

Defined by the equation: total number of employees laid off in the period times one hundred, divided by the average number of permanent employees of the Company, divided by 12.



In 2018 began the implementation of People Analytics, a methodology for data collection, crosschecking and analysis that will help the Company to further develop its teams by combining information from professionals. The tool will also help to make decision making for promotions, salary increases and even in times of market oscillation more agile.

Vallourec's salary practices in Brazil are in line with those of the market. 100% of employees receive more than local minimum wage.

Climate surveys indicate favorability

Climate surveys conducted in the period covered by this report indicate that the organizational climate is favorable for Vallourec companies in Brazil.

Favorability Index:
2017: 78%
2018: 79%





Training

The training of Vallourec companies is based on the technical and behavioral requirements of the position of each employee, aiming at developing their skills to meet business needs and for their growth and professional development.

The focus of training in the 2017-2018 period was on schedule, with much of the grid focused on transformation and cultural change, operational training, security issues and specific leadership skills.





MAIN INDICATORS

TOTAL HOURS OF TRAINING		
Year	2017	2018
VSB (Barreiro and Jeceaba units)	129,443	122,587
VMN	7,340.00	8,087
VFL	2,284	7,871*
TSA	1,844.32	1,824.47
VTS	6,455	20,871

AVERAGE HOURS OF TRAINING BY EMPLOYEE		
Year	2017	2018
VSB (Barreiro and Jeceaba units)	20	22
VMN	26.03	27.41
VFL	2.8	9.5
TSA	**	**
VTS	28	92

* The increase is due to the implementation of new safety training and capacity building of Hourly Performance Evaluation.

** Data not available

Compensation and benefits

Vallourec companies in Brazil offer salaries and a benefit package in line with those practiced by the market and business segment in which it operates, including medical and dental care, private pension, life insurance, Profit Sharing / Bonuses. The Company conducts annual salary surveys with companies of the same size and business segment to identify any deviations and align their practices, thus taking care of the retention and attractiveness of its employees.





Local Development
of the Communities
where it operates



Territory management: proximity and trust. Alignment with UN Sustainable Development Goals.



Social development: launch of the Group's Corporate Social Responsibility policy, strengthening of the pillars: education, volunteering and environment.



Relationship with suppliers: opening for mutual gain partnership.

Local Presence



Vallourec companies in Brazil maintain a strong presence in the territories where it has operations, establishing close and trusting relationships with the communities.

All initiatives aim at creating shared value and generating a positive legacy for society, according to the guidelines of the Code of Ethics and the Group Sustainability Charter. Thus, the Company hopes to contribute to the United Nations Sustainable Development Goals, reinforcing its commitment and presence in the communities where it operates.

Vallourec
Soluções
Tubulares do
Brasil

Units:

- Barreiro
- Jeceaba

Municipalities Profile

Belo Horizonte/MG (Barreiro region)

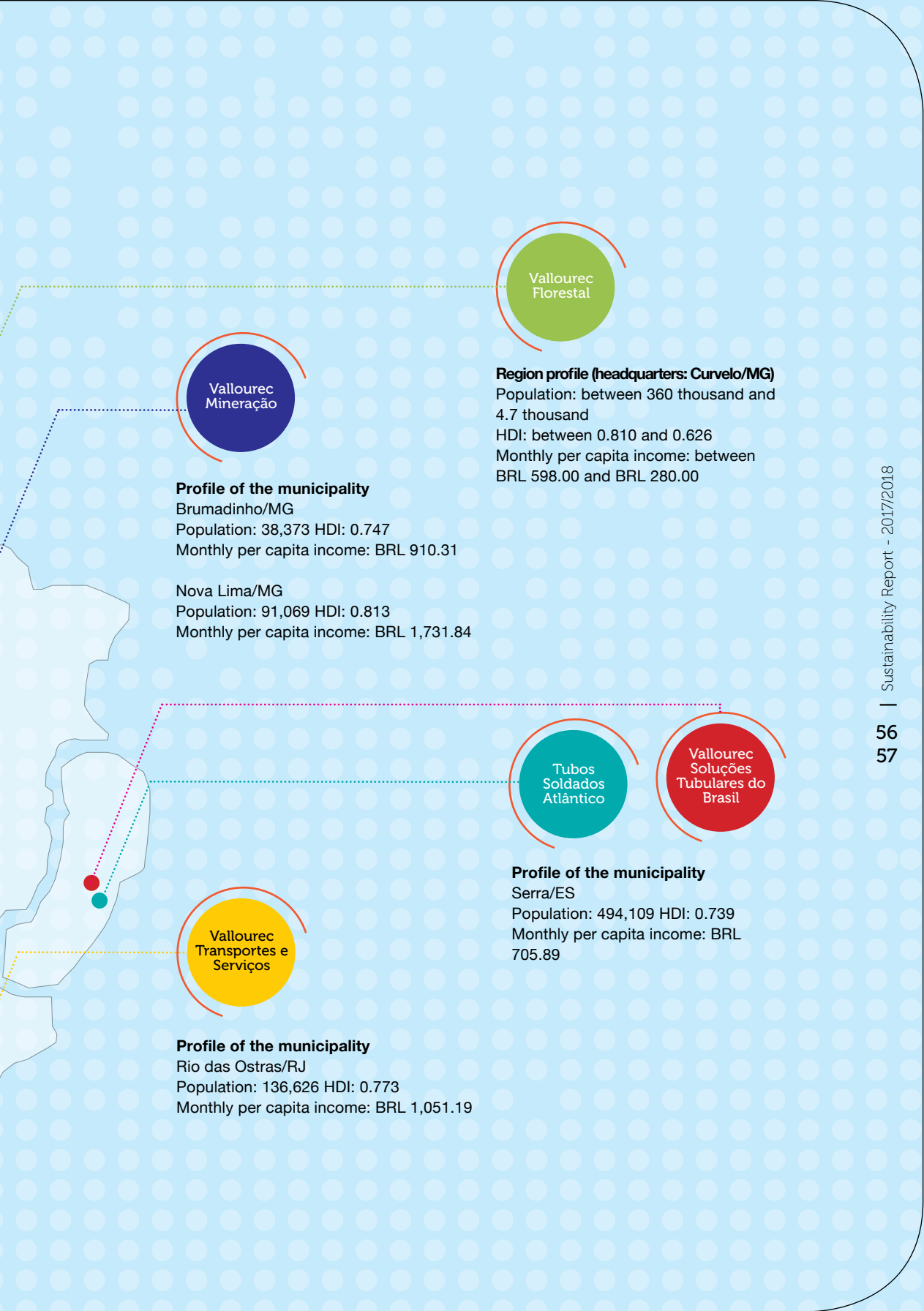
Population:

- Belo Horizonte: 2,513,451
 - Barreiro: 282,552 HDI: 0.810
- Monthly per capita income: BRL 1,497.29

Jeceaba:

Population: 5,395 HDI: 0.661
Monthly per capita income: BRL 616.40





Profile of the municipality

Brumadinho/MG
Population: 38,373 HDI: 0.747
Monthly per capita income: BRL 910.31

Nova Lima/MG
Population: 91,069 HDI: 0.813
Monthly per capita income: BRL 1,731.84



Region profile (headquarters: Curvelo/MG)

Population: between 360 thousand and 4.7 thousand
HDI: between 0.810 and 0.626
Monthly per capita income: between BRL 598.00 and BRL 280.00



Profile of the municipality

Serra/ES
Population: 494,109 HDI: 0.739
Monthly per capita income: BRL 705.89



Profile of the municipality

Rio das Ostras/RJ
Population: 136,626 HDI: 0.773
Monthly per capita income: BRL 1,051.19



Social development

In 2018, the highlight is the implementation of a Group Corporate Social Responsibility Policy, which reaffirms social development in the territories where they operate and establishes three focuses: Education, Volunteering and Environment.

Maintaining alignment with these focuses, in 2017 and 2018, the Company invested BRL 6.2 million and BRL 6.6 million, respectively, in various initiatives and projects, using its own and **encouraged** resources.

Incentive mechanisms and laws

Federal Culture Incentive Law (former Rouanet Law); Tax on Circulation of Goods and Provision of Services (ICMS); Childhood and Adolescence Fund (AIF); Federal and State Sports Incentive Laws; National Program to Support Oncology Care (Pronon); National Program for Supporting the Health Care of Persons with Disabilities (Pronas); and the Elderly Fund.



More than 280 thousand people benefited from projects supported by Vallourec.

INVESTMENTS IN BRL THOUSAND

INCENTIVE LAWS	2017	2018
Federal Law of Incentive to Culture	1.9	1.8
State Culture Incentive Law * (ICMS MG and RJ)	0	50.0
Childhood and Adolescence Fund (FIA, Fundo da Infância e Adolescência)	405.5	437.0
Sport Incentive Law	405.5	437.0
National Program for Cancer Care Support (PRONON, Programa Nacional de Apoio à Atenção Oncológica)	405.5	437.0
National Program for Supporting the Health Care of Persons with Disabilities (PRONAS, Programa Nacional de Apoio à Atenção da Saúde da Pessoa com Deficiência)	0	437.0
Elderly Incentive Law	405.4	437.0
Own resources VSB for donations and sponsorships	2.7	2.4
TOTAL	6.2	6.6



Comunidade Viva

One of the main community relations programs, Comunidade Viva, was continued in the 2017-2018 period, at Barreiro unit and Vallourec Mineração, with actions focused on improving Education and strengthening communities. Given its relevance, in 2019 it will be expanded to the Jeceaba unit, with the formation of a Local Development Committee and volunteer actions to improve education.



	2017	2018
Indirect Beneficiaries	21,400	18,000
Direct beneficiaries	1,000	2,407
Associated Institutions	173	162
Relationship Group Members (Forum, Institutions Committee, Engagement Committee and G+)	118	78
Events	5	9
Courses / Workshops	23	39

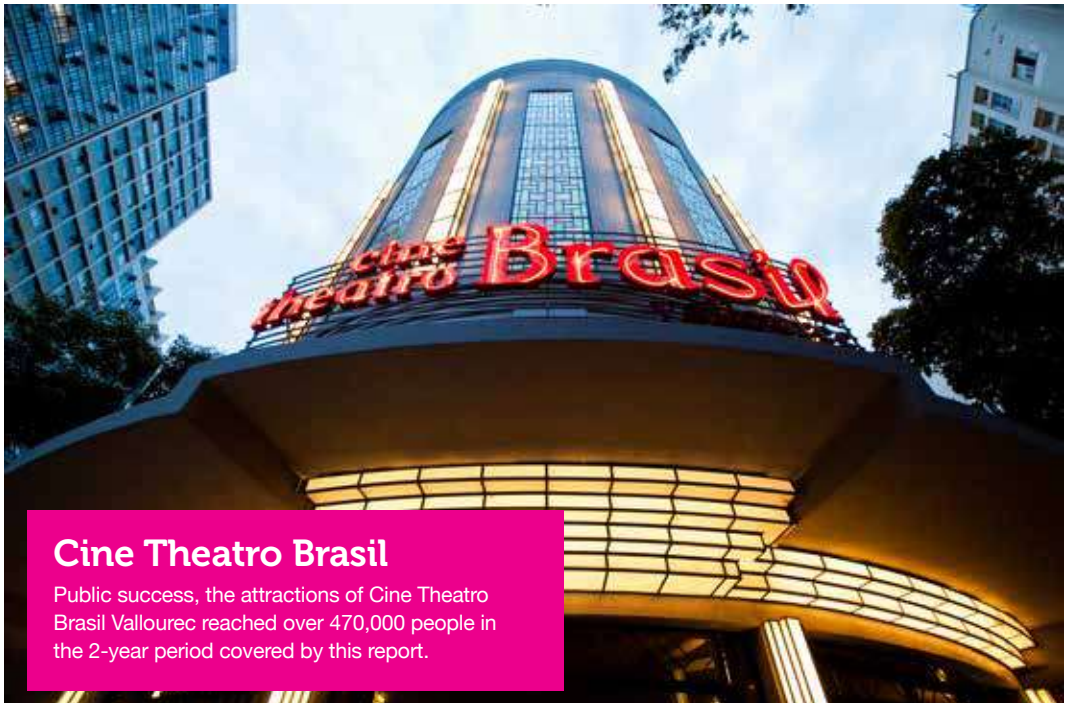


Voluntários do Saber

In 2017-2018, volunteering gained strength, occupying one of the axes of the Group's Social Responsibility Policy. In this context, the Voluntários do Saber (Volunteers of Knowledge) project stands out, which considers specific skills and knowledge of its employees and interns. The initiative is aimed at meeting the demands of educational institutions in Vallourec's regions of influence with significant results in improving the learning of beneficiaries and school management. During the period, the initiative involved 164 volunteer employees and interns, in over 3,500 volunteer hours, benefiting 1,175 people, including young people and adults. Among the activities, the volunteers were dedicated to conducting playful workshops, including robotics, training, advising and preparation for their first job, such as the Entrepreneurial Tutor activity.



	2017	2018
Number of volunteers	84	79
Hours/volunteering	2.019	1.560
Benefited	591	584



Cine Theatro Brasil

Public success, the attractions of Cine Theatro Brasil Vallourec reached over 470,000 people in the 2-year period covered by this report.



Supplier relations

Following the assumptions of the Code of Ethics, the relationship with suppliers is based on trust and on building a win-win partnership. The Company prioritizes contracting local suppliers, reaffirming its commitment to the development of the territory. In the 2-year period covered by this report, the Company had relationships with 3,596 partners, of which 56% came from the regions where it operates.

Much of the purchase of raw materials from steel production is directed to the Group's own companies, VMN and VFL, which supply iron ore and charcoal, essential to the steelmaking process.

All contracts, in addition to technical and operational infrastructure requirements, include clauses that require compliance with

current legal requirements and respect for human rights. Practices analogous to slave and child labor, as well as disrespect for labor and collective association rights, are not tolerated.

Nonconformities generate occurrences and requests for immediate adaptation to the companies involved. No critical situation was recorded in the 2-year period.

Internal service providers must follow rules and policies, practicing values and sharing Vallourec commitments. In 2017, 4,094 third parties worked at the Company's facilities. In 2018, this number showed a slight reduction, reaching 3,941.

LOCAL PROCUREMENT

COMPANY	% OF LOCAL SUPPLIERS		% OF PROCUREMENT BUDGET FOR LOCAL SUPPLIERS		PLACE
	2017	2018	2017	2018	
VSB Barreiro Unit	55.43%	55.95%	45.35%	54.57%	Metropolitan Region of Belo Horizonte
VSB Unit Jeceaba	34.97%	34.75%	26.36%	25.45%	Cities located within 70 km of VSB operations - Jeceaba Unit
VFL	69.46%	93.11%	80.17%	94.02%	Cities located within 70 km of Florestal operations (headquarters and forests)
VMN	35.61%	81.73%	27.41%	92.73%	Metropolitan Region of Belo Horizonte
TSA	26.33%	58.59%	13.55%	18.34%	Metropolitan Region of Grande Vitória
VTS	45.45%	41.02%	43.28%	30.54%	Special Business Zone (ZEN); Rio das Ostras and Region



Annexes [>](#)

Click on the annex to learn more about the impacts by sector, the detailed GRI indicators and the Projects of Fundação Sidertube.



Main impacts by sector.



Projects of Fundação Sidertube 2017-2018.



Indicator Center.



GRI Content Index.



VALLOUREC

VALLOUREC SOLUÇÕES TUBULARES DO BRASIL S.A.

Jeceaba Unit:

Distrito Industrial, s/no
35498-000 - Jeceaba - MG

Barreiro Unit

Av. Olinto Meireles, 65 - Barreiro de Baixo
30640-010 - Belo Horizonte - MG

Vallourec Florestal Ltda.

Rua Honduras, 78 - Bairro Léo Batista
35790-000 - Curvelo - MG

Vallourec Mineração Ltda.

Mina Pau Branco. Rodovia BR 040 - km 562,5
35460-000 - Brumadinho - MG

Vallourec Trans portes e Serviços Ltda.

Rua do Plataformista, s/nº - Zona Especial de Negócios
28899-014 - Rio das Ostras - RJ

Vallourec Espírito Santo / Tubos Soldados Atlântico S.A.

Rodovia do Contorno, BR 101, km 274 - Carapina
29161-064 - Serra - ES

WWW.VALLOUREC.COM/BR