

AGREEMENT ON THE PRINCIPLES OF RESPONSIBILITY

APPLICABLE WITHIN THE VALLOUREC GROUP

The General Management of the Vallourec Group has agreed with the international social partners of V&M Tubes on the elaboration of the "Declaration of the CEO on the Principles of Responsibility Applicable in the Vallourec Group".

This declaration, attached as Annex 1, supplemented by the jointly worded detailed specifications in Annex 2, was approved by the European Works Council at its plenary meeting on 9 April 2008.

For the members of the
European Works Council

C. DELEHAMBRE
A. KASSEN
P. Donnelly
P. Donnelly
Ging-Andersson

For the IMF

Grigori Petros

For the Management



ANNEX 1

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PRINCIPLES OF RESPONSIBILITY

APPLICABLE WITHIN THE VALLOUREC GROUP

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PRINCIPLES OF RESPONSIBILITY APPLICABLE WITHIN THE VALLOUREC GROUP

The Vallourec Group pursues a policy of sustainable development, the principles of which were the subject of a general declaration published in February 2004, along the axes: Financial, human and environmental.

During the course of the dialogue with the international social partners, further discussions have been held aimed at consolidating the topics related to the company's social responsibility.

Following these discussions Vallourec, world market leader in the field of seamless tubes, has detailed the principles of social responsibility outlined below and considers that their observance is a long-term success factor for the company and the people within it.

- 1. Wherever the Group is located, Vallourec applies the international conventions and national laws and respects the national cultures and local customs.**
- 2. In its position as a company of international standing, Vallourec aims in particular to respect human rights and the universal fundamental principles that protect the dignity, respect and liberty of the employees.**

In particular Vallourec strictly condemns:

- All forms of forced or compulsory labour
- Employment of children younger than the age at which compulsory school attendance ceases in the country in question, with a minimum of 15 years
- 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

Vallourec naturally undertakes to prevent any occurrence of these practices in all its works. Furthermore, Vallourec demands the observance of these fundamental rights from its suppliers and sub-contractors, and integrates these criteria into its evaluations.

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3. Vallourec bases its development on:

- A qualified permanent staff adjusted in number to the sustainable level of activity of the company. Through the use of appropriate short-time working management tools (use of time accounts, hiring of personnel from other Group units, short-term contracts), the Group aims to avoid large-scale staff lay-offs due to market fluctuations.

This approach allows recourse to large-scale staff lay-offs to be limited to cases of structural changes.

- The encouragement of staff development by giving them access to further training and qualification.
- 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 working hours are organised within the limits established by law and the local regulations.

Where such limits do not exist, the working hours and the number of overtime hours shall form the subject of an internal company agreement with the aim of safeguarding the health of the employees.

- The active participation of the staff in a system of continuous improvement in all sectors and all departments of the company.
- A policy of fair and motivating remuneration that allows the employees to share in the company's profits.

4. Vallourec explicitly recognises the right of all its employees to be or become members of a trade union and to participate in collective negotiations.

5. Vallourec establishes a trusting and positive relationship based on long-term reciprocal agreements with its employees at all hierarchical levels, and looks to organise an open and constructive debate and encourage the voicing of different opinions and the development of new solutions within a framework of listening and mutual respect.

These principles of responsibility are applicable at all enterprises in which Vallourec has a majority shareholding.

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DETAILED SPECIFICATIONS ON

THE PRINCIPLES OF RESPONSIBILITY

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COMMENTS ON THE PRINCIPLES OF RESPONSIBILITY

International Conventions

The signatories hereby specify that the international agreements mentioned in § 1 naturally also include the texts of the ILO ratified by France and Germany, namely the following conventions:

- C29 Forced Labour Convention, 1930
- C87 Freedom of Association and Protection of the Right to Organise Convention, 1948
- C98 Right to Organise and Collective Bargaining Convention, 1949
- C100 Equal Remuneration Convention, 1951
- C105 Abolition of Forced Labour Convention, 1957
- C111 Discrimination (Employment and Occupation) Convention, 1958
- C138 Minimum Age Convention, 1973
- C182 Worst Forms of Child Labour Convention, 1999

Discrimination Criteria

The undersigned specify with respect to § 2 that prohibited discrimination criteria are understood to be in particular: Race, colour, political opinion, religion, gender, sexual orientation.

Right of Complaint

Every employee shall have the right to report shortcomings in the application of these principles by which he may feel affected to the local employee representation or, alternatively, to the local Human Resources department.

In all cases, received complaints shall be brought to the notice of the local management and of the central Human Resources department of the Group.

Monitoring of the Application

The General Management shall report annually to the European Works Council on complaints received during the year and the corresponding measures taken, and on any irregularities discovered by auditors on these subjects.

Publication

This declaration shall be brought to the notice of the staff at all plants of the Group in the most appropriate manner and in the respective local language.

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FIOM
c/o Jürgen Peters
54 bis route des Acacias
Case Postale 1516
CH-1227 GENEVA
Switzerland

Boulogne, 11 September 2007

Agreement of the Principles of Responsibility Applicable within the Vallourec Group

Dear Sirs,

Following your letter dated 2 April which we received rather late, we reviewed your remarks in the letter with the members of the Executive Committee of our European Works Council during our last meeting and wish to give you our comments.

As far as point 1 is concerned, the text of our agreement states that "Vallourec applies the international conventions (Annex 2 specifies the texts of the ILO concerned) and national laws and respects the national cultures and local customs" and that "Vallourec aims in particular to respect human rights". The "and" that we have underlined indicates that we are covering the broadest possible field. If anything different had been intended here, we would have written "or". We are therefore of the opinion that our text does indeed correspond with your wish that the agreement should not be limited solely to the local customs that may be more restrictive.

As far as point 2 is concerned, the information provided in Annex 2 for the European Works Council obviously applies to the IMF, as the EMF is represented on the European Works Council, and the representative furthermore participated in all the negotiations on the text to which your letter refers.

With respect to the correction of the syntax in the German text, our German partners suspect that your comment probably referred to an intermediate version of the text. I have therefore taken the liberty of enclosing the final texts signed by the members of the European Works Council which they feel confident no longer contain any errors.

We deeply hope – together with the members of the European Works Council – that the text of this letter meets your expectations and will enable you sign the final text as we have submitted it to you.

Yours sincerely,

Pierre VERLUCA

DC AK P.D.
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M. Pierre Verluca
CEO of Vallourec S.A.
130, rue de Silly
F-92103 Boulogne

6 March 2008

International Framework Agreement at Vallourec

Dear Mr Verluca,

We refer to our correspondence last year and our request for clarification of two points in conjunction with the responsibilities provided for in the agreement with Vallourec.

You adopted the stance that text amendments requested by us, in particular the addition of side letters, were not necessary, in particular since Vallourec recognises the international labour standards, and that there could therefore be no misunderstandings.

In order to bring this process – which also requires the signature of the IMF – to a positive conclusion, we would propose that our correspondence be attached as an annex to the agreement.

We hope that this proposal represents an acceptable solution for all parties, and wish to thank you for your efforts in this matter.

Looking forward to your positive response we remain,

Yours sincerely,

Jürgen Peters
President of the IMF

Marcello Malentacchi
General Secretary of the IMF

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