SAY ON CLIMATE ASSESSMENT

vallourec

Country

France

Year

2026

Transparency rating
Alignment with FIR recommendations

48%

ACT ACCELERATE CLIMATE TRANSITION

PERFORMANCE SCORE	NARRATIVE SCORE	TREND SCORE
43%	A B **C** D E	=

Vallourec is embarking on a new phase of its transition plan with a key decision in 2025: **to align its targets for reducing CO2e emissions linked to the production of all steels used with the Paris Agreement**, in accordance with the Global Steel Climate Council (GSCC) standard.
Accordingly, three targets have been set across three different scopes with a 2030–2035 timeframe in line with this approach. **The first two targets for the first two scopes have practically already been met,** and we urge Vallourec to strengthen them shortly in order to continue raising their ambition.
It is also regrettable that **Vallourec has not set a long-term reduction target** (beyond 2035). **Furthermore, the budgets allocated to its transition plan lack transparency, which makes it impossible to ensure that the company's investments are aligned with its plan**. Nevertheless, we would like to commend the "Value over volume" strategy deployed by Vallourec, which seeks to reduce steel volumes and demonstrates the implementation of a resource-efficiency approach. Finally, we encourage the company to repeat the *Say on Climate* exercise in the coming years.

SUMMARY

- Assessment based on the FIR's analysis framework
- Assessment according to ACT
- FIR Recommendations Grid
- ACT assessment methodology
- ACT assessment methodology for the generic sector

As early as 2021, the **Forum for Responsible Investment (FIR)** called for the widespread adoption of rigorous Say on Climate (SOC) initiatives. Following an initial edition in 2022, it co-signed an open letter with 48 French and European signatories in March 2023 and again in 2025, to encourage the development of SOCs. At the same time, in 2022, the FIR began analysing the climate plans of French companies that submit them to a shareholder vote. Having joined forces in 2023, the **FIR and ADEME** expanded their partnership in 2024 by working with **Ethos and the World Benchmarking Alliance** to analyse the transparency and performance of companies' climate plans, based on the ACT methodology. Once again this year, these organisations will work together to examine the climate plans of **European companies** submitted to a consultative vote by shareholders at their general meetings in 2026.

The analyses will be published progressively in the run-up to their AGMs. As in previous years, the FIR wishes **to commend the efforts of companies that contribute to improving shareholder dialogue and encourages companies to repeat the *Say on Climate* exercise annually.**

FORUM POUR L'INVESTISSEMENT RESPONSABLE

SAY ON CLIMATE ASSESSMENT

vallourec

Alignment with FIR recommendations 48% ↑

Net Zero 2050 Ambition

Vallourec states that "by adopting the GSCC standard, the Group is aligning its transition plan with the Paris Agreement"

▷ However, Vallourec has not explicitly set a carbon neutrality target for 2050, although it spoke of "contributing to carbon neutrality" in 2022 (*analysis of the 2022 DEU for SOC 2023*)

▷ The inclusion of CO_2 capture by Vallourec Florestal in the carbon footprint lacks precision.

Reference scenario(s) used

For its 2025 targets, Vallourec had them certified as "well-below 2°C aligned" by the SBTi in 2020

For its 2030–2035 targets, Vallourec has defined a decarbonisation pathway compliant with the Global Steel Climate Council (GSCC) standard, aligned with the Paris Agreement (2030 Scope 1 target aligned with 1.5°C and all scopes aligned with an Announced Pledges (APS) scenario)

▷ Vallourec has not used a scenario to establish a trajectory to 2050

▷ It does not clearly explain why it has changed its framework (from SBTi to GSCC) and no longer refers to the IEA SDS scenario

Current GHG emissions (2025 vs 2024)

SCOPE 1	SCOPE 2 (Market-based)*	SCOPE 3
783,461 tCO2eq (vs 900,000) 10.5%	15,963 tCO2eq (vs 63,000) 0.2%	6,632,823 tCO2eq (vs 6,540,000) 89.3%

Additional capture of 1,291,055 tCO2eq

A 1% reduction in total emissions compared to 2024 and a 44% reduction compared to 2017.

Short-term GHG emissions reduction target (before 2030)

In 2020, Vallourec set the following targets for 2025:

- Scopes 1 and 2 (market-based): -20% in absolute terms
- Upstream Scope 3: -45% in intensity (purchases of raw materials and steel); downstream Scope 3: -25% in absolute terms (including transport, use and end-of-life of products)
- Scopes 1, 2 (market-based) and 3: -25% in absolute terms across its entire value chain

The Group has met all its commitments as of 2022, three years ahead of the 2025 deadline; it has also published its 2026 targets in relation to its new medium-term objectives *(see next criterion)*

▷ No specific interim targets disclosed for the period between 2026 and 2030

Medium-term GHG emissions reduction target (between 2030 and 2040)

Vallourec aims to take action across three different areas, with a specific target for each:

- Objective and Scope 1 (*achieved at 109%*): to reduce the carbon footprint of **hot-rolled steel** by 30% by 2030 compared to 2021 (i.e. 1.2 tCO2e/t of steel). This includes upstream Scope 1, 2 and 3 emissions (calculated without excluding energy or material inputs)
- Objective and Scope 2 (*95% achieved*): to reduce the full carbon footprint of its **finished products** on a *cradle-to-gate* basis using a life cycle assessment:
  - - 30% by 2030 compared to 2021 (i.e. 1.31 tCO2e/t of finished tubes in 2030).
  - - 35% by 2035 compared to 2021 (i.e. 1.22 tCO2e/t of finished tubes in 2035).
- Objective and Scope 3 (68% *achieved*): to reduce **the** Group's **total carbon footprint** in absolute terms by 25% by 2030 compared to 2021 (across Scopes 1, 2 and 3 combined).

○ The Scope 1 and 2 targets, which have almost been achieved, could be reviewed with a view to being strengthened

○ Lack of transparency regarding Scope 3 coverage relating to the use of products sold

Long-term GHG emissions reduction target (2050 or earlier)

▷ No long-term targets (beyond 2035)

Measures in the action plan

The measures in Vallourec's action plan can be summarised under the following categories:

A. Industrial footprint (contribution of a 0.26 tCO2e/tonne reduction towards achieving Objective 1)

The most significant driver is the transfer of operations from Germany to Brazil: the German sites relied on blast furnaces fuelled by fossil coal, whereas Brazil utilises a forest to supply a blast furnace with charcoal, as well as electric arc furnaces that also enable the recycling of scrap metal.

Key:
○ All criteria for achieving full marks have been met, but suggestions for improvement regarding transparency
▷ Shortcomings preventing the award of full marks

** Location-based: 283,000 tCO2eq (vs 324,000)*

Next slide →

Change in rating compared to the FIR Say on Climate 2023 analysis: ↑ Increase | → Stagnation | ↓ Decrease

SAY ON CLIMATE ASSESSMENT

vallourec

Alignment with FIR recommendations 48% ↑

B. Technological gains (contribution of a reduction of 0.08 tCO2e/tonne towards achieving Objective 1)
In the short term: improving the energy efficiency of processes (reducing natural gas consumption), rolling out Carboval technology in Brazil with continuous charcoal production, without methane or smoke emissions, and with co-products (vegetable tar, fertilisers)
In the medium term (disruptive technologies, under exploration since 2024): carbon capture and storage (CCUS), combustion of dihydrogen in furnaces to replace natural gas

C. Steel procurement (contribution of a reduction of 0.16 tCO2e/tonne towards achieving Objective 1)
68% of the steel used by the Group will come from recycled scrap by 2025, compared with a global average of ~30%
Decarbonisation of transport: biofuels, shift to rail and river transport, engagement with maritime carriers

D. Electricity procurement (contribution of a reduction of 0.04 tCO_2e/tonne towards achieving Objective 1)
Installation of photovoltaic panels: in China, 257,000 m^2 of covered surface area → savings of over 9,000 tCO_2e/year (and ~44,000 tCO_2e including guarantees of origin); financing of new renewable capacity operated by third parties; use of PPAs (Power Purchase Agreements) and certificates of origin; In North America: 98.7% of steel produced from scrap via electric arc furnaces powered by nuclear electricity + zero-emission certificates (EFEC)

E. New markets
Creation of the Vallourec New Energies division (September 2022) covering: hydrogen transport and storage, CCS, geothermal energy, solar. The aim is to reduce downstream Scope 3 emissions linked to the use of products sold

F. 'Value over volume' strategy
Reduction in volumes of steel used → mechanical reduction in all emission categories (raw materials, energy, transport, product use): between 2024 and 2025, the total tonnes rolled by the Group fell by 9%

○ The contribution of these actions to emissions reductions by scope could be clearer, particularly for downstream Scope 3

→ **Alignment of CAPEX and OPEX investments**
CapEx eligible for or aligned with the European taxonomy accounts for 1.8% and 0.2% of the total, respectively.
OpEx eligible for or aligned with the European taxonomy stands at 0%.
Since 2017, capital expenditure (CapEx) projects exceeding €1 million that contribute substantially to reducing CO2 emissions have incorporated a price per tonne of emissions avoided (set at €80 per tonne of CO2e in 2021, revised on 1 January 2023 to €100)
▷ Lack of transparency regarding the budgets allocated to their decarbonisation measures

→ **Remuneration**
Remuneration of the Chairman and Chief Executive Officer:
6.66% of long-term remuneration is linked to a CO2e emissions reduction target for tube production by 2028:
CO2 Em ≥ 1.39 tCO2/t of tubes => 0% payout;
CO2 Em = 1.37 tCO2/t of tubes => 75% payout;
CO2 Em ≤ 1.34 tCO2/t of tubes => 100% payout

▷ The annual variable remuneration does not include a CO2 emissions reduction criterion, whereas it did include one last year.
▷ The CO_2 emissions reduction target used in the long-term remuneration scheme is not expressed as an absolute figure, covers only part of the scopes, and a payment appears possible even if the target is not met

→ **Annual advisory vote on implementation**
No information.

→ **Consultative vote every three years on the strategy**
No commitment to hold a vote on the strategy every three years (though a SOC was held in 2023).

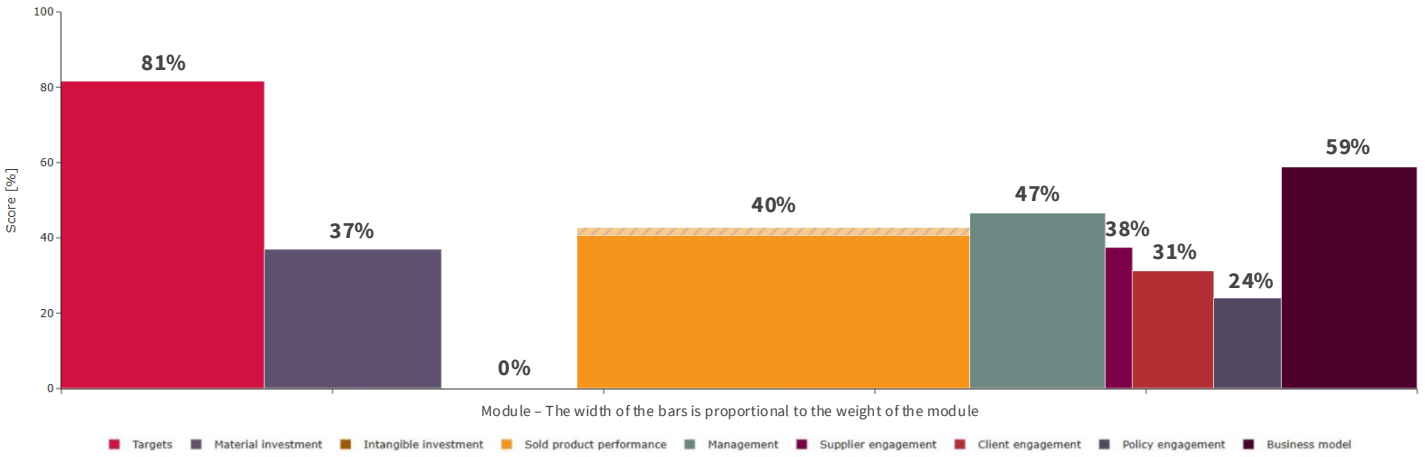
Key:
❍ All criteria for achieving full marks have been met, but suggestions for improvement regarding transparency
▷ Shortcomings preventing the award of full marks

Change in rating compared to the FIR Say on Climate 2023 analysis: ↑ Increase | → Stagnation | ↓ Decrease

ACT ACCELERATE ® CLIMATE TRANSITION

PERFORMANCE SCORE	NARRATIVE SCORE	TREND SCORE
43%	A B **C** D E	=

ACT Iron & Steel Methodology



Elements for evaluating the transition plan

Performance score

1. Targets: Vallourec has short- and medium-term climate targets (2030 and 2035), covering all three scopes and expressed in terms of carbon intensity. The decarbonisation pathway is stated to be aligned with the Global Steel Climate Council (GSCC) standard. However, Vallourec has no targets beyond 2035.

2. Material investment: Vallourec has embarked on a carbon intensity reduction trajectory across areas covering a large proportion of Scopes 1 and 2. However, the company does not break down emissions by production type (blast furnace, electric arc furnace), which severely limits the assessment of its performance. The rate of waste recovery is high, with 98.5% of waste recovered (excluding exceptional waste from the mine and storage yards). Blast furnace gas and waste heat are also recovered.

3. Intangible investment: Only 10% of Vallourec's R&D budget is linked to the development of its New Energies offering (geothermal, hydrogen, CCS, biomass). The proportion of CapEx eligible and aligned with the European Taxonomy remains low in 2025, at around 2%, compared with 3% in 2024.

4. Performance of products sold: Vallourec's Scope 3 emissions have fallen by 17% since 2021. Data collection from suppliers has clarified the carbon footprint of the steel purchased by Vallourec. 88% of emissions linked to steel and tube purchases are now calculated using supplier data. However, Vallourec does not provide detailed information on the origin of its raw material purchases or the steel and tubes it buys, which makes it impossible to properly assess the decarbonisation of its upstream Scope 3 emissions.

5. Management: Since 2021, the Group has strengthened its governance by establishing a multidisciplinary Climate Committee which meets quarterly under the supervision of the Executive Committee. Its purpose is to steer the implementation of planned actions, launch new projects, and monitor their impacts by region. Despite this, very little information is publicly available on expenditure related to decarbonisation levers, as well as the associated emission reductions and a projected timeline. Furthermore, the transition plan is not structured beyond 2035.

6/7. Value chain engagement: Vallourec's supplier strategy focuses primarily on measurement and assessment, rather than on explicit contractual commitments to reduce emissions (e.g. emission thresholds, product carbon content, SBTi trajectory, etc.). In terms of its customer strategy, emission reduction challenges are primarily integrated through the development of offerings and services for energy transition markets, as well as through the provision of Environmental Product Declarations (EPDs) based on life cycle analysis. However, public documents do not reveal a highly formalised programme of client climate engagement or joint emissions management with clients.

8. Policy engagement: Vallourec has not taken any direct stance detrimental to public climate policies. The company has a code of conduct covering a wide range of stakeholders; however, it does not appear to review the associations with which it partners.

9. Business model: Vallourec aims to increase the use of recycled steel in its rolling and tube manufacturing operations, prioritising the electrical sector and increasing the proportion of recycled scrap in its supply chain. Vallourec is developing solutions with industries compatible with a low-carbon economy (geothermal, hydrogen storage and transport, CCUS). However, although this diversification is a sign of a business model aligned with a low-carbon world, the majority of the business model remains heavily dependent on the oil and gas sector.

Climate coherence (narrative score): Vallourec is partially aligned with the transition to a low-carbon economy. Although the company is making credible efforts towards this transition, it remains structurally exposed to fossil fuel value chains. Furthermore, the information published remains too limited to enable robust monitoring of the various production sectors.

Trend score: Whilst the group's announced targets and identified decarbonization measures appear, on the whole, capable of steering its emissions trajectory in a positive direction, significant areas of uncertainty remain, due in particular to the group's continuing exposure to the oil and gas sector.

Areas for improvement identified:

- Clarify the strategy for moving away from dependence on high-carbon industrial activities, particularly regarding raw material supply.
- Integrate low-carbon economic transition scenarios and pathways more closely into its transition plan.
- Develop a long-term decarbonisation strategy (post-2035) and make the objectives clearer.

FORUM POUR L'INVESTISSEMENT RESPONSABLE

SAY ON CLIMATE 2026 EVALUATION GRID

Based on monitoring of FIR recommendations

	🟢	🟠	🔴
Net Zero 2050 **Ambition**	Whether the stated ambition to contribute to carbon neutrality by 2050 is present, along with clear explanations of how this neutrality will be achieved The level of negative emissions is limited	The ambition to contribute to carbon neutrality by 2050 is stated and the explanations on how to achieve this neutrality are clear. The level of negative emissions is high or unclear.	Ambition stated but very unclear on how the company intends to achieve carbon neutrality (no long-term targets, the targets set are not credible, heavy reliance on offsetting, etc.) or no stated ambition for carbon neutrality by 2050
Reference scenarios used	The company aligns its climate strategy with a 1.5°C warming scenario across all scopes and in the medium and long term	The company uses a reference scenario limiting warming to between 2°C and 1.5°C or 1.5°C for only part of its scope or only in the medium or long term	No reference scenario is explicitly mentioned, or the scenario(s) is/are not used to define the strategy
Current **GHG emissions**	Disclosure of greenhouse gas emissions in absolute terms; breakdown by scope; reduction in absolute emissions over the last three years	Insufficiently detailed disclosure of greenhouse gas emissions in absolute terms, or no justification provided for the increase in absolute emissions over the last three years	Lack of public data, or if the upward trend in emissions intensity and absolute emissions is poorly justified or not justified at all
Short-term **GHG emissions reduction target**	Whether the quantified emission reduction targets for before 2030, expressed at a minimum in absolute terms, cover all three scopes and are set in relation to the company's 1.5°C alignment pathway. This pathway has been scientifically validated.	If the quantified emission reduction targets for before 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory between 2°C and 1.5°C	Lack of a quantified short-term emissions reduction target or unambitious short-term targets (reference year too distant, no absolute reduction, not scientifically validated, etc.)
Medium-term GHG emissions reduction target	If the quantified emission reduction targets for 2030, expressed at least in absolute terms, cover all three scopes and are aligned with a 1.5°C scenario. This trajectory has been scientifically validated	If the quantified emission reduction targets for 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory between 2°C and 1.5°C	Absence of a quantified medium-term emissions reduction target or unambitious medium-term targets (reference year too distant, no absolute reduction, not scientifically validated, etc.)
Long-term GHG emissions reduction target	If the quantified emission reduction targets for 2050 or earlier, expressed at a minimum in absolute terms, cover all three scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated	If the quantified emission reduction targets for 2050 or earlier do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory between 2°C and 1.5°C	Lack of quantified long-term emission reduction targets or unambitious long-term targets (base year set too far in the past, no absolute reduction, not scientifically validated, etc.)
Measures in the action **plan**	Detailed measures for each scope of the company with sufficient detail, including short- and medium-term figures, enabling an assessment of the plan's alignment with the set targets	Detailed measures for each scope of the company, but the level of detail is insufficient to assess the degree of alignment with the set objectives (in particular, a lack of quantified measures)	Measures with little or no detail
Alignment of investments (OPEX / CAPEX)	Details the proportion of investments (OPEX and CAPEX) that contribute to meeting the set short- and medium-term objectives and explains how these investments enable the set objectives to be achieved	The information provided regarding the contribution of investments to meeting the set objectives does not make it possible to understand how the company achieves the set objectives	No investments contributing to the achievement of the stated objectives are specified
Remuneration	All variable components of executive directors' remuneration include at least one criterion that assesses the achievement of greenhouse gas emission reduction targets. The percentage of remuneration determined by this criterion is published; it represents a significant proportion (10% or more)	At least part of the variable component of executive directors' remuneration is subject to an undiluted criterion for reducing greenhouse gas emissions in line with the reduction trajectory defined by the company	The criterion incorporated into the remuneration of corporate officers relating to the reduction of greenhouse gas emissions is diluted, or does not follow the reduction trajectory defined by the company. Or there is no criterion linked to the reduction of greenhouse gas emissions in executive remuneration
Annual consultation on implementation	The company undertakes to consult shareholders annually on the implementation of the climate strategy	The company undertakes to consult shareholders on the implementation of the climate strategy in the coming years or is consulting for the second consecutive year or more	The company does not commit to consulting shareholders on the implementation of its climate strategy
Consultation every three years on the strategy	The company commits to consulting shareholders on its climate strategy at least every three years	The company commits to consulting shareholders on its climate strategy in the coming years or has done so for the second consecutive year or more	The company does not commit to consulting shareholders on its climate strategy

ACT METHODOLOGY

IT'S TIME TO ACT

WHAT IS ACT ?

A joint voluntary initiative of the UNFCCC secretariat Global Climate Agenda.

WHY ACT ?

Drive climate action by companies and align their strategies with low-carbon pathways.

HOW DOES ACT WORK ?

ACT provides sectoral methodologies as an accountability framework to assess how companies' strategies and actions contribute to the Paris mitigation goals.

FRAMEWORK

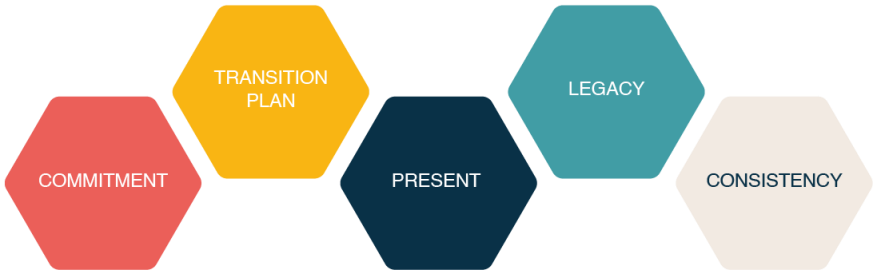
1 What is the company planning to do?

2 How is the company planning to get there?

3 What is the company doing at present?

4 What has the company done in the recent past?

5 How do all of these plans and actions fit together?



INNOVATIVE: ACT is an integrated, long-term approach

QUANTITATIVE: it measures past, current, and future performance

TARGETED: at the main sources of emissions in the value chain

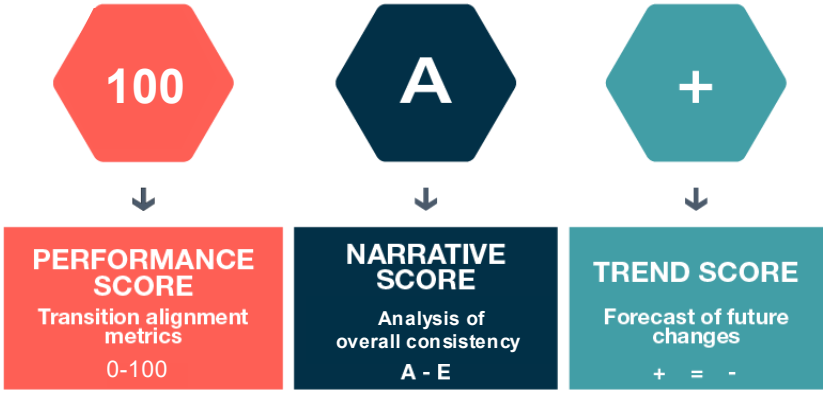
SECTOR-SPECIFIC: it addresses issues specific to the transition of each sector

TRANSPARENT: thanks to third-party assessment

ACT ASSESSMENT

For what purpose?
Credibly measure the contribution to the net-zero objective in relation to sectoral low-carbon trajectories.

For whom?
Companies with science-based objectives and/or a transition plan ready for assessment



ACT METHODOLOGY

Iron & Steel Sector

All the components of the ACT methodology for the Iron & Steel sector can be found on its website. The detailed assessment is summarised by a score based on three criteria: performance, overall consistency and trend. It takes the following form:

- **Performance**: a score between 1 and 100
- **Assessment (consistency)**: letter grade between A and E
- **Trend**: + (improvement), - (deterioration), = (stable)

Module	Indicator
1. Targets	1.1 Alignment of Scope 1 and 2 emission reduction targets
	1.2 Time horizon of targets
	1.3 Company's historical target and performance
2. Capital expenditure	2.1 Trajectory of past emissions from crude steel production
	2.2 Trajectory of past emissions by steelmaking process
	2.3 Locked-in emissions from crude steel production facilities
	2.4 Trajectory of future emissions from crude steel production
	2.5 Future emissions trajectory by steelmaking process
	2.6 Strategy for reducing scrap metal waste
	2.7 Activities to reduce, reuse and recycle co-products and waste
3. Intangible investment	3.1 R&D investment in technologies to mitigate climate change
	3.2 Patenting activity relating to transition initiatives
4. Performance of products sold	4.1 Changes in past emissions intensity linked to the purchase of crude steel
	4.2 Product and service improvements
5. Management	5.1 Oversight of climate change issues
	5.2 Capacity to monitor climate change
	5.3 Status of the transition plan
	5.4 Incentives for climate change management
	5.5 Climate change scenario testing
6. Suppliers	6.1 Strategy to encourage suppliers to reduce their greenhouse gas emissions
	6.2 Activities designed to encourage suppliers to reduce their GHG emissions
7. Customers	7.1 Strategy to influence customer behaviour to reduce their greenhouse gas emissions
	7.2 Activities aimed at encouraging customers to reduce their GHG emissions
8. Engagement policy	8.1 Company policy on engagement with trade associations
	8.2 Position of supported trade associations on climate issues
	8.3 Position on key climate policies
9. Business model	9.1 Activities promoting the use of low-carbon energy
	9.2 Activities related to the circularity of steel
	9.3 Activities related to synergies with other industrial sectors

Assessment score

1. Business model and strategy
2. Consistency and credibility
3. Data quality
4. Reputation
5. Risks

Trend score

1. Probability of emissions change
2. Changes to the business model and strategy

Disclaimer:

The information and assessments presented here do not in any way constitute investment or voting advice. Each organisation determines individually the most appropriate way to use this information.
Furthermore, the information and assessments contained in this document reflect a judgement at the time these assessments were made and do not guarantee that the company's most recent information has been taken into account, as such information may have been published between the time of the assessment and the publication or consultation of this document.