



# 2022 UNIVERSAL REGISTRATION DOCUMENT

Including the Annual Financial Report



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# 2022 UNIVERSAL REGISTRATION DOCUMENT

—  
INCLUDING THE ANNUAL  
FINANCIAL REPORT



The Universal Registration Document was filed on 17 April 2023 with the French securities regulator (*Autorité des Marchés Financiers*) as the competent regulator under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 therein. The Universal Registration Document may be used for the purposes of a public offer of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a securities note and, where applicable, a summary and any amendments made to the Universal Registration Document. The resulting package is approved by the French securities regulator in accordance with Regulation (EU) 2017/1129.

This is a copy of the official version of the 2022 Universal Registration Document, including the annual financial report 2022, which has been prepared under the ESEF format (European Single Electronic Format) and filed with the AMF, available on the Company's website and on the AMF's website.

*This is a translation into English of the (universal) registration document of the Company issued in French and it is available on the website of the Issuer.*

Copies of this Universal Registration Document are available free of charge from Vallourec, at 12, rue de la Verrerie, 92190, Boulogne-Billancourt, Cedex – France, Vallourec's website (<http://www.vallourec.com>) and on the website of the French securities regulator (*Autorité des Marchés Financiers*) (<http://www.amf-france.org>).

This Universal Registration Document includes all the elements of the annual financial report mentioned in Section 1 of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and Article 222-3 of the General Regulations of the French securities regulator (*Autorité des Marchés Financiers*). A concordance table showing the documents referred to in Article 222-3 of the General Regulations of the French securities regulator and the corresponding sections of this Universal Registration Document is included on page 361.



**Philippe Guillemot**  
Chairman and Chief  
Executive Officer

# A year of transformation

2022 was a year of profound changes for Vallourec. Our New Vallourec plan, announced in May 2022, is driving that transformation, with ambitious objectives to grow the profitability of our tubes business.

The new pace we have set for ourselves accelerates the Group's transformation and the cultural change spurred by the New Vallourec plan is tangible. The Group is now clearly performance-oriented and focused on value rather than volume to ensure a cycle-proof business.

An ambitious transformation plan demands first-class leadership. One of my first actions on joining the Group was to seek the talented women and men Vallourec needs to put its plan into action. As a result, we welcomed six new members to our Executive Committee this year.

## PROGRESS TOWARD A NEW VALLOUREC

The New Vallourec plan aims at securing the Group's future. We took difficult but necessary steps to restructure our industrial footprint and lower our manufacturing costs. We laid the foundations for the Group's long-term future by investing in new solutions and services to meet our customers' needs.

Our other area of focus is services. Vallourec's expertise goes far beyond tubes. Our strong engineering culture means we can support our customers – both traditional and new energy – with field and digital services that help them operate more efficiently.

The New Vallourec plan is now being implemented worldwide and we have made significant progress in its execution.

Today, Vallourec is a clear leader in high-performance, seamless tubular solutions for the oil and gas industry. In 2022, we benefited from high demand as our traditional customers took advantage of strong market dynamics. We also introduced new, company-wide pricing strategies for our products, from which we began to see the first benefits in the final part of the year.

I strongly believe that demand for fossil fuels is not going away any time soon. But the world is changing. Longer-term, the future is low carbon. That is what we are working toward today.

## SUPPORTING THE NEEDS OF THE ENERGY TRANSITION

Vallourec has a proven business in solutions to support the energy transition, from tubes to support solar installations to high-performance solutions for geothermal, carbon capture and storage, and hydrogen applications. With the launch of Vallourec New Energies, our dedicated low-carbon offer, we have identified these three areas of expertise as our priority areas for development. Our commitment and know-how are enhanced by our own commitment to CSR, which we have recently strengthened. We have made firm commitments to cut carbon, reduce energy and water consumption and recycle waste.

2023 is a key year in our transformation towards the New Vallourec. We will stop producing tubes in Germany, and end all rolling activities in Europe, with a corresponding reduction in total overheads. Meanwhile, we will ramp up production in Brazil for the oil and gas market volumes thus far produced in Germany. This will not only increase profitability, but significantly support Vallourec in becoming cycle-proof. This focus on value creation will not be at the expense of future growth. Instead with our service offering and the ramp-up of Vallourec New Energies we will ensure that we stay front of mind for both our existing and new customers.

I strongly believe that demand for fossil fuels is not going away any time soon. But the world is changing. Longer-term, the future is low carbon. That is what we are working toward today.

# Vallourec,

our customers' innovative  
and agile partner of choice  
for smart and sustainable  
tubular solutions



## THE GROUP

Approx  
**€4.9bn**  
in revenue

**16,000**  
employees

More than **40**  
production units

Present in more than **20**  
countries



## RESEARCH & DEVELOPMENT

**€45m**  
spent on R&D

**380**  
technicians and engineers

**4**  
research and test centers

## A world leader serving 4 markets



### OIL & GAS

Tubes, connections and connected services for exploration and operation of oil and gas fields, from the simplest to the most complex.



### INDUSTRY (MECHANICALS, AUTOMOTIVE, AND CONSTRUCTION)

Lightweight and resistant tubes for a wide range of applications.



### IRON ORE

Operation of an iron mine in Brazil, with a portion of its production supplying the Jeceaba site and the remainder sold on the local market.



### ENERGY TRANSITION

Tubes and connections specifically tested and validated for the aggressive environment of contaminated CO<sub>2</sub>, high temperature geothermal and leak prone systems for hydrogen.



**130**

VAM licensees worldwide

# A player involved in and committed to social and environmental responsibility

## SOCIAL & SOCIETAL



**24%**  
female executives

**77%**  
of employees satisfied\*

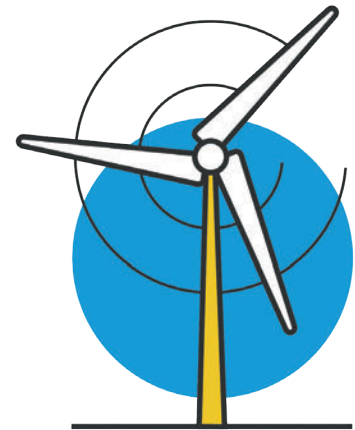
**€1.3m**  
allocated to actions benefiting local communities

## HEALTH & SAFETY

**50%**  
reduction in accidents with and without (TRI) stoppages between 2015 and 2022



**59.1%**  
of hazardous substances (CMRs\*\*) eradicated



## ENERGY

**40%**  
of energy consumed from renewable sources

**36%**  
of production from ISO 50001 certified sites

## ENVIRONMENT

**9%**  
of our water requirements supplied by rainwater



## RESOURCES EMPLOYED

**79%**  
of resources used come from renewable sources



**97.3%**  
of waste recovered

**53%**  
of steel used from recycled scrap

## PURCHASING

**71%**  
of purchases from suppliers subject to formal CSR assessment



\* Source: 2021 Social Barometer.

\*\* Carcinogenic Mutagenic Reprotoxic substances.

# Toward a New Vallourec

Throughout our history as an industry innovator, we have provided cutting-edge tubular solutions to Oil & Gas and Industry customers across the globe. Today, we are building on our deep customer relationships, global reach and strong engineering culture to deliver new solutions and expertise beyond our historical business exploring the new energies business.

Through our New Vallourec transformation plan, we are prioritizing value over volume in the products we sell, while developing the competitiveness of our production base, through the deployment of competitive industrial routes, and innovating for our customers.

## Industry-leading products and services

### HIGH-PERFORMANCE TUBULAR SOLUTIONS

Vallourec is a world leader in **high-performance tubular solutions predominantly for the Oil & Gas industry**. We offer the most extensive range of premium seamless tubes, specialty tubes, connections and innovative solutions to meet our customers' strictest requirements. Our VAM® connection line, CLEANWELL® dope-free solution, and X80 steel grade are industry references in terms of design and performance.

To meet the evolving needs of our customers and society, we are extending our business in two ways.

### VALLOUREC® NEW ENERGIES

First, we are enhancing our traditional tubular solutions business to meet the challenges of the energy transition. **Vallourec® New Energies** is our portfolio of solutions for low-carbon energy markets. We are targeting three growth areas: tubular solutions and services for the geothermal, CCS and hydrogen markets; vertical hydrogen storage and high-pressure cylinder storage of hydrogen. We have already achieved important milestones in each segment, supporting Vallourec's position as an integral industry player in the energy transition.

### INNOVATIVE SERVICES

Second, we are leveraging our expertise to offer **innovative services** to support the customer throughout their use of our products.

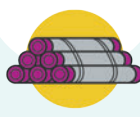
Our VAM® Field Service technicians around the world help customers with onsite inspection and running supervision of their connections, improving customers' operational efficiency. These field services are increasingly supported by digital solutions that reduce time and costs for our customers (see box below).

## 3 innovative solutions to improve efficiency for customers



### PRIME MAPPING

Vallourec collects pipe data in the field to simplify and improve operators' downhole operations, enabling them to drill faster and more reliably.



### PRE-INSTALLED CABLE PROTECTOR

Attached to the pipe before transport to a job site, this helps our customers save time and improve onsite safety.



### BEHUB-E

Our global online marketplace enables suppliers to sell surplus products to industry buyers. It reduces procurement costs and environmental impact.



# Exercising leadership

Going beyond our premium solutions offer, Vallourec aims to be seen as an industry leader in terms of innovation, optimized global footprint and its approach to CSR.

## ONE R&D



As part of the New Vallourec transformation, we are now coordinating the research and development efforts of our research centers around the world under our new organization model **ONE R&D**. This organization model helps ensure that our experts have the supportive network they need to create the next generation of premium solutions.

In addition to our different partnerships, we collaborate with a network of university and start-up partners, emphasizing the sharing of knowledge and best practices to contribute to our innovations for tomorrow.



## ADDITIVE MANUFACTURING

Vallourec's Additive Manufacturing solutions ensure on-demand production capabilities with short lead times:

- Wire Arc Additive Manufacturing (WAAM) prints large metallic parts on demand and as close as possible to customers' operations, reducing logistics costs and associated carbon emissions

## Rationalizing our industrial footprint

As part of our strategy to favor value over volume and improve our margins, we are closing unprofitable rolling capacity in Europe to focus on lower-cost production regions with a significantly reduced carbon footprint. Namely, we are closing our German assets and transferring Oil & Gas activities to Brazil. The result is a more efficient and competitive industrial footprint.



## Committed to CSR

The Group is recognized for Corporate Social Responsibility. Through **Vallourec® New Energies** we are adapting and developing solutions that support our clients' transition to a low-carbon future.

As part of our own CSR commitments, we are transitioning our energy usage to renewables and recycling waste, while reducing energy and water consumption.

The SBTi has approved our carbon trajectory until 2025. In 2022, we maintained our leadership with an A- rating from [#CDPClimate](#), were awarded A- by [#CDPWater](#) and we improved our rating from [#CDPForests](#) to B-. We are the only seamless tube manufacturer completing all 3 CDP questionnaires, putting us at the forefront of our [#industry!](#)

## Key financial and business performance indicators

Consolidated data	Unit	2021	2022	Change
Sales volume	kt	1,640	1,804	+10%
Revenue	€m	3,442	4,883	+41.9%
Industrial margin	€m	837	1,076	+28.6%
<i>Industrial margin (as a % of revenue)</i>		24.3%	22.0%	-2.3 pts
EBITDA	€m	492	715	+€223m
<i>EBITDA margin (as a % of revenue)</i>		14.3%	14.6%	+0.3 pts
Operating income (loss)	€m	374	(122)	-€496m
Net income (loss), Group Share	€m	40	(366)	-€406m
Earnings (loss) per share	€	0.3	(1.6)	N/A
Capital expenditure	€m	(138)	(191)	-€53m
Free cash flow*	€m	(284)	(216)	+€68m
Net debt	€m	956	1,130	+€174m
Equity	€m	1,808	1,685	-€123m
Net financial leverage		1.9x	1.6x	N/A

\* Free cash flow is defined as EBITDA adjusted for changes in provisions, less interest and tax paid, change in working capital, capital expenditure and restructuring costs/other cash outflows.

## Ownership structure as at December 31, 2022

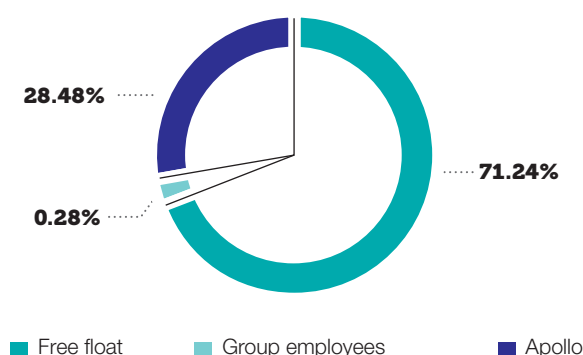
Shareholders	Number of shares			Number of theoretical voting rights			% of exercisable voting rights at Shareholders' Meetings
	Ordinary shares	Preferred shares	% of share capital	Ordinary shares	Preferred shares	% of theoretical voting rights	
Public <sup>(a)</sup>	163,201,291		70.41%	163,201,291		71.20%	71.24%
Apollo	65,243,206		28.15%	65,243,206		28.46%	28.48%
Group employees <sup>(b)</sup>	635,619	2,548,628	1.37%	635,619	0	0.28%	0.28%
Treasury shares <sup>(c)</sup>	148,883		0.06%	148,883		0.06%	-
<b>TOTAL</b>	<b>229,228,999</b>	<b>2,548,628</b>	<b>100.00%</b>	<b>229,228,999 <sup>(d)</sup></b>	<b>0</b>	<b>100.00%</b>	<b>100.00%</b>

(a) A summary of the thresholds crossed in 2022 is provided in the table below.

(b) Group statutory employee profit-sharing as at December 31, 2022 includes all of the shares subscribed via company mutual funds under the international employee share ownership plans that have been implemented by the Group since 2007, including shares loaned at that date. Under the leveraged formula of these plans, the performance multiple on the Vallourec shares is obtained by transferring the discount, dividends and other financial rights related to ownership of the shares to the bank structuring the transaction through a swap contract. As at December 31, 2022, 616,619 non-loaned shares were recorded as assets in the accounts of the company mutual funds, representing an employee stake of 0.27% in the share capital and of 0.27% in the voting rights at that date.

(c) Treasury shares include the shares held in treasury by the Company to cover free share and performance share plans. As a result, the number of treasury shares is subject to change at any time.

(d) This total does not include the 2,548,628 preferred shares without voting rights.





# 1

**PERSONS RESPONSIBLE  
FOR THE UNIVERSAL  
REGISTRATION DOCUMENT  
AND THE AUDIT OF THE  
FINANCIAL STATEMENTS**



## **PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS**

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## **1.1 Person responsible for the Universal Registration Document**

Philippe Guillemot

Chairman and Chief Executive Officer of Vallourec (hereinafter “Vallourec”, “the Company”, or “the Group”)

## **1.2 Statement by the person responsible for the Universal Registration Document**

I certify that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and that the Universal Registration Document makes no omission likely to affect its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all consolidated companies, and that the management report, the various headings of which are provided in the cross-reference table on page 353 of this Universal Registration Document (section 8.3.3), presents a true and fair view of the business trends, results and financial position of the Company and all consolidated companies, and that it describes the main risks and uncertainties to which they are exposed.

Meudon, April 17, 2023

Chairman and Chief Executive Officer

Philippe Guillemot

## 1.3 Persons responsible for the audit of the financial statements

### 1.3.1 Statutory Auditors

#### **KPMG SA**

*Represented by:*

Alexandra Saastamoinen

Tour Eqho – 2, avenue Gambetta  
92066 Paris-La Défense Cedex – France

Date of first appointment: June 1, 2006

Date reappointed: May 25, 2018

The Ordinary and Extraordinary Shareholders' Meeting of May 25, 2018 reappointed KPMG SA as Statutory Auditor for a term of six (6) fiscal years expiring at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2023.

#### **Deloitte & Associés**

*Represented by:*

Véronique Laurent

Tour Majunga – 6, place de la Pyramide  
92908 Paris-La Défense Cedex – France

Date of first appointment: June 1, 2006

Date reappointed: May 25, 2018

The Ordinary and Extraordinary Shareholders' Meeting of May 25, 2018 reappointed Deloitte & Associés as Statutory Auditor for a term of six (6) fiscal years expiring at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2023.

## 1.4 Person responsible for the Group's legal affairs

Sarah Dib

**Group General Counsel**

**Vallourec**

12, rue de la Verrerie  
92190 Meudon – France

E-mail: sarah.dib@vallourec.com

Vallourec website: www.vallourec.com

## 1.5 Person responsible for financial communications

Connor Lynagh

**Investor Relations Director**

**Vallourec**

12, rue de la Verrerie  
92190 Meudon – France

E-mail: connor.lynagh@vallourec.com

Vallourec website: www.vallourec.com

A photograph of an industrial setting, likely a steel mill, showing a large, glowing orange-red stream of molten metal being processed by machinery. The scene is filled with steam and industrial components.

# 2

**GENERAL INFORMATION  
ON VALLOUREC AND  
ITS CAPITAL**





## GENERAL INFORMATION ON VALLOUREC AND ITS CAPITAL

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## 2.1 General information on Vallourec

### 2.1.1 Company name and registered office

Vallourec  
12, rue de la Verrerie  
92190 Meudon - France  
Tel.: +33 (0)1 49 09 35 00  
Website: www.vallourec.com

### 2.1.2 Legal form – Legislation – Trade and Companies Register

Vallourec is a French joint-stock corporation (*société anonyme*) with a Board of Directors. The Company is registered in the Nanterre (Hauts-de-Seine) Trade and Companies Register under no. 552 142 200 and recorded under APE Code (Principal Activity Code) 7010Z. Vallourec's Legal Entity Identifier (LEI) is 969500P2Q1B47H4MCJ34.

### 2.1.3 Date of incorporation and term (Article 5 of the Articles of Association)

Vallourec was formed in 1899.

It will be wound up on June 17, 2067, unless its life is extended or it is wound up earlier.

### 2.1.4 Object (Article 3 of the Articles of Association)

The Company has the following object in all countries, either on its own behalf or on behalf of third parties, or in direct or indirect joint ventures with third parties:

- all industrial and commercial operations relating to all methods of preparing and manufacturing metals and all materials that may replace them in all their uses, by all known processes and any that may subsequently be discovered; and
- generally, all commercial, industrial and financial transactions, in real or personal property, directly or indirectly related to the above-mentioned company object.

### 2.1.5 Consultation of legal documents

The Company's Articles of Association, minutes of Shareholders' Meetings and other Company documents may be consulted at the registered office.

### 2.1.6 Fiscal year (Article 20 of the Articles of Association)

The Company's fiscal year is twelve (12) months, starting on January 1 and ending on December 31.

### 2.1.7 Distribution of profits (Article 20 of the Articles of Association)

The distributable profit, as defined by law, is available to General Meetings of the shareholders.

Unless there is an exception due to statutory provisions, General Meetings of the shareholders decide on the appropriation of this profit at their discretion.

General Meetings of the shareholders may also decide to grant each shareholder, for all or some of the dividends to be distributed, a choice between payment of the dividend in cash or in shares, in accordance with statutory and regulatory provisions in force.

## 2.1.8 Shareholders' Meetings (Article 16 of the Articles of Association)

### 2.1.8.1 General Meetings of the Shareholders (Article 16 of the Articles of Association)

General Meetings of the shareholders are convened under the conditions laid down by law.

Shareholders' Meetings are open to all shareholders, regardless of the number of shares they hold.

By decision of the Board of Directors, shareholders may vote by all means of telecommunication and data transmission, including the internet, as provided by the regulations applicable at the time of use. If applicable, this decision is communicated in the Notice of Meeting (*Avis de réunion*) published in the *Bulletin des Annonces Légales Obligatoires* (French legal gazette).

Each member of a Shareholders' Meeting has as many votes as ordinary shares they own or represent, in the absence of legal provisions to the contrary.

As an exception to the provisions of Article L.22-10-46 of the French Commercial Code, no double voting rights are attached to the Company's shares.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in their absence, by the Vice-Chairman or, failing this, by the oldest member of the Board of Directors.

In principle, the agenda is drawn up by the person who issues the convening notice.

The duties of scrutineers is performed by the two members of the Shareholders' Meeting who are present and who accept these duties who have the largest number of votes.

The officers of the meeting appoint the secretary, who may but need not be a shareholder. An attendance register is drawn up under the conditions provided for by law.

Deliberations are recorded in minutes drawn up in a special register, on numbered and initialed pages held at the registered office, or on loose sheets which must be numbered and initialed without any discontinuity.

These minutes are signed by the officers of the meeting. Copies or excerpts therefrom may be validly certified by the Chairman of the Board of Directors, the Vice-Chairman, the Chief Executive Officer if they are also a director, or by the secretary of the Shareholders' Meeting.

### 2.1.8.2 Special Meetings of the Shareholders (Article 19 of the Articles of Association)

Holders of Preferred Shares of each class are consulted in accordance with the conditions provided by the applicable statutory provisions, regulations and bylaws in force, on matters within their competence. Holders of Preferred Shares of each class are convened to a special meeting to decide on any modification of their rights.

A special meeting of holders of each class of Preferred Shares can only validly deliberate if the shareholders present or represented own at least one third of the Preferred Shares of the class concerned upon the first convening, and one fifth upon the second convening. If not, the second meeting may be postponed to a date not more than two months after the date on which it was convened.

## 2.1.9 Disclosure of thresholds crossed and identification of shareholders (Article 8 of the Articles of Association)

Article 8 of the Articles of Association establishes an additional disclosure obligation in the case of thresholds crossed other than those provided for in applicable legal provisions. Consequently:

*"In addition to the thresholds provided for by the applicable legal and regulatory provisions, any individual or legal entity, acting alone or in concert, that comes to hold, directly or indirectly, a fraction equal to or greater than three (3), four (4), six (6), seven (7), eight (8), nine (9) and twelve and a half (12.5) percent of the Company's share capital or voting rights, must inform the Company of the total number of shares and voting rights that it owns as well as the securities giving access to the capital and voting rights potentially attached thereto, by means of a registered letter, with acknowledgment of receipt, sent to the registered office (place of general management) no later than the close of the fourth trading day following the day on which the threshold is crossed.*

*The information referred to in the previous paragraph is also given within the same deadlines and under the same conditions, when the shareholding falls below the thresholds mentioned in that paragraph.*

*In determining the thresholds referred to in the preceding paragraphs, account is also taken of shares or voting rights held indirectly and shares or voting rights assimilated to shares or voting rights owned as defined by the provisions of Articles L.233-7 et seq. of the French Commercial Code.*

*In the event of failure to comply with the provisions set out above, the penalties provided for by law in the event of failure to comply with the requirement to declare the crossing of legal thresholds will apply to the thresholds provided for in the Articles of Association only at the request, recorded in the minutes of the General Meeting, of one or more shareholders holding at least five percent (5%) of the Company's capital or voting rights.*

*The Company reserves the right to inform the public and shareholders either of the information notified to it or of any failure by the shareholder concerned to comply with the aforementioned obligation."*

In addition, the Company is entitled to request the identification of holders of securities conferring immediate or future voting rights at its Shareholders' Meetings, as well as the quantities held, in accordance with applicable regulations.

## 2.2 General information on share capital

### 2.2.1 Conditions set out in the Articles of Association for changes in share capital or rights in the Company

The share capital may be increased or reduced pursuant to a decision of an Extraordinary General Meeting of the shareholders under the conditions laid down by law.

The Shareholders' Meeting may delegate to the Board of Directors the powers necessary for the purpose of increasing or reducing the capital.

Whenever it is necessary to hold a certain number of shares in order to exercise a right, especially in the case of a capital reduction, for any reason and in any manner whatsoever, the shareholders will be personally responsible for grouping, and, if applicable, buying or selling the number of shares or rights required.

### 2.2.2 Share capital

As at the start of the 2022 fiscal year on January 1, 2022, the subscribed, fully paid-up share capital amounted to €4,578,568.56, divided into 228,928,428 shares with a par value of €0.02 each.

On October 13, 2022, under the rules governing the free share plan awarding ordinary shares and preferred shares convertible into new or existing ordinary shares (the "MEP"), as adopted on October 13, 2021 and amended on March 26, 2022 by the Board of Directors in accordance with the resolutions adopted by the Shareholders' Meeting on September 7, 2021, the Chairman and Chief Executive Officer placed on record the vesting of 300,571 ordinary shares, 1,160,164 Tranche 2 preferred shares (T2 Shares), 1,160,165 Tranche 3 preferred shares (T3 Shares) and 228,299 Tranche 4 preferred shares (T4 Shares). Consequently, on October 13, 2022, the Chairman and Chief Executive Officer decided that the following capital increases should be carried out:

- a capital increase of a nominal amount of six thousand eleven euros and forty-two cents (€6,011.42) through the issue of 300,571 new ordinary shares;
- a capital increase of a nominal amount of twenty-three thousand two hundred and three euros and twenty-eight cents (€23,203.28) through the issue of 1,160,164 new T2 Shares;

- a capital increase of a nominal amount of twenty-three thousand two hundred and three euros and thirty cents (€23,203.30) through the issue of 1,160,165 new T3 Shares;
- a capital increase of a nominal amount of four thousand five hundred and sixty-five euros and ninety-eight cents (€4,565.98) through the issue of 228,299 new T4 Shares.

As a result, the share capital was increased to €4,635,552.54, divided into two hundred and twenty-nine million two hundred and twenty-eight thousand nine hundred and ninety-nine (229,228,999) shares with a par value of €0.02 each (Ordinary Shares) and two million five hundred and forty-eight thousand six hundred and twenty-eight (2,548,628) preferred shares with a par value of €0.02 each (Preferred Shares) convertible into Ordinary Shares and comprising:

- 1,160,164 T2 Shares;
- 1,160,165 T3 Shares;
- 228,299 T4 Shares.

Following these corporate actions, as at December 31, 2022, Vallourec's share capital amounted to €4,635,552.54, divided into 229,228,999 ordinary shares with a par value of €0.02 each, and 2,548,628 preferred shares with a par value of €0.02 each.

## 2.2.3 Authorized capital not issued

### 2.2.3.1 Financial authorizations to issue shares and securities carrying rights to the Company's shares as at December 31, 2022

Authorizations to issue shares and securities carrying rights to the Company's shares were as follows as at December 31, 2022:

	Maximum caps on capital increases <i>(in € or as a percentage of the share capital)</i>	Maximum nominal amounts of debt securities <i>(in €)</i>	Date of Shareholders' Meeting	Term of authorization	Expiration date
<b>CAPITAL INCREASES WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS (PSR)</b>					
Capital increase by issuing shares and/or securities with immediate or deferred rights to shares, with PSR (18 <sup>th</sup> resolution of the 2022 Shareholders' Meeting*)	€1,831,427 <sup>(a)</sup>	€1.5 billion <sup>(a)</sup>	May 24, 2022	26 months	July 24, 2024
Capital increase paid up by capitalizing additional paid-in capital, reserves, profits, or any other amounts (26 <sup>th</sup> resolution of the 2022 Shareholders' Meeting)	€1,373,570 <sup>(b)</sup>	N/A	May 24, 2022	26 months	July 24, 2024
<b>CAPITAL INCREASES WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS (PSR)</b>					
Capital increase by issuing shares and/or securities with immediate or deferred rights to shares, without PSR, placed through a public offer other than an offer to the public governed by Article L.411-2-1 <sup>o</sup> of the French Monetary and Financial Code (19 <sup>th</sup> resolution of the 2022 Shareholders' Meeting)	€457,857 <sup>(a)(b)</sup>	€1.5 billion <sup>(a)</sup>	May 24, 2022	26 months	July 24, 2024
Capital increase by issuing shares and/or securities with immediate or deferred rights to shares, without PSR, placed through an offer to the public governed by Article L.411-2-1 <sup>o</sup> of the French Monetary and Financial Code (20 <sup>th</sup> resolution of the 2022 Shareholders' Meeting)	€457,857 <sup>(b)(c)</sup>	€1.5 billion <sup>(a)</sup>	May 24, 2022	26 months	July 24, 2024
Capital increase by issuing shares and/or securities with immediate or deferred rights to shares, without PSR, in payment for contributions of equity securities or securities with rights to shares, except for securities tendered to a public exchange offer initiated by the Company (23 <sup>rd</sup> resolution of the 2022 Shareholders' Meeting)	10% of the Company's share capital €457,857 <sup>(b)(c)</sup>	€1.5 billion <sup>(a)</sup>	May 24, 2022	26 months	July 24, 2024
Capital increase without PSR as consideration for shares tendered to a public exchange offer initiated by the Company (24 <sup>th</sup> resolution of the 2022 Shareholders' Meeting)	€457,857 <sup>(b)(c)</sup>	€1.5 billion <sup>(a)</sup>	May 24, 2022	26 months	July 24, 2024
Capital increase, without PSR, as a result of the issue by the Company's subsidiaries of securities with rights to the Company's shares (25 <sup>th</sup> resolution of the 2022 Shareholders' Meeting)	€457,857 <sup>(b)(c)</sup>	N/A	May 24, 2022	26 months	July 24, 2024
<b>EMPLOYEE STOCK OWNERSHIP PLANS</b>					
Capital increase reserved for members of employee stock ownership plans (27 <sup>th</sup> resolution of the 2022 Shareholders' Meeting)	2% of the Company's share capital <sup>(b)</sup>	N/A	May 24, 2022	26 months	July 24, 2024
<b>STOCK OPTIONS AND PERFORMANCE SHARES</b>					
Stock options awarded to Vallourec Group employees and corporate officers (26 <sup>th</sup> resolution of the April 6, 2020 Shareholders' Meeting)	3% of the Company's share capital <sup>(a)(b)(c)(e)</sup>	N/A	April 6, 2020	38 months	June 6, 2023
Performance shares awarded to Vallourec Group employees and corporate officers (27 <sup>th</sup> resolution of the April 6, 2020 Shareholders' Meeting)	3% of the Company's share capital <sup>(a)(b)(c)(f)</sup>	N/A	April 6, 2020	38 months	June 6, 2023
Ordinary and preferred shares awarded to Vallourec Group employees and corporate officers (10 <sup>th</sup> resolution of the September 2021 Shareholders' Meeting**)	5% of the Company's share capital <sup>(b)(c)(g)</sup>	N/A	Sept. 7, 2021	38 months	Nov. 7, 2024

## 2 GENERAL INFORMATION ON VALLOUREC AND ITS CAPITAL

### General information on share capital

	Maximum caps on capital increases (in € or as a percentage of the share capital)	Maximum nominal amounts of debt securities (in €)	Date of Shareholders' Meeting	Term of authorization	Expiration date
<b>OTHER</b>					
Determination of the issue price in the event of a capital increase without PSR through an offer to the public pursuant to the 19 <sup>th</sup> or 20 <sup>th</sup> resolutions of the 2022 Shareholders' Meeting (21 <sup>st</sup> resolution of the 2022 Shareholders' Meeting)	10% of the Company's share capital per 12-month period <sup>(b) (d)</sup>	N/A	May 24, 2022	26 months	July 24, 2024
Greenshoe option for issues of ordinary shares or securities with rights to shares, with or without PSR (22 <sup>nd</sup> resolution of the 2022 Shareholders' Meeting)	For each issue, legal limit of 15% of the initial issue <sup>(b) (d)</sup>	N/A	May 24, 2022	26 months	July 24, 2024
<b>SHARE BUYBACK PROGRAM</b>					
Share buybacks (17 <sup>th</sup> resolution of the 2022 Shareholders' Meeting) <sup>(h)</sup>	10% of the total number of shares comprising the Company's share capital at the date of buyback <sup>(i)</sup>	N/A	May 24, 2022	18 months	October 24, 2023
Cancellation of treasury shares (28 <sup>th</sup> resolution of the 2022 Shareholders' Meeting)	10% of the Company's share capital per 24-month period	N/A	May 24, 2022	26 months	July 24, 2024

\* Shareholders' Meeting of May 24, 2022 ("2022 Shareholders' Meeting").

\*\* Shareholders' Meeting of September 7, 2021 ("September 2021 Shareholders' Meeting").

\*\*\* Shareholders' Meeting of April 20, 2021 ("April 2021 Shareholders' Meeting").

\*\*\*\* Shareholders' Meeting of April 6, 2020 ("2020 Shareholders' Meeting").

(a) Aggregate ceiling covering all capital increases carried out pursuant to resolutions 18 to 27 of the 2022 Shareholders' Meeting, the 10<sup>th</sup> resolution of the September 2021 Shareholders' Meeting and the 26<sup>th</sup> and 27<sup>th</sup> resolutions of the 2020 Shareholders' Meeting.

(a') Ceiling covering all debt securities issued pursuant to resolutions 18 to 24 of the 2022 Shareholders' Meeting.

(a'') Ceiling covering all capital increases carried out pursuant to the 10<sup>th</sup> resolution of the September 2021 Shareholders' Meeting, the 26<sup>th</sup> and 27<sup>th</sup> resolutions of the 2020 Shareholders' Meeting and the 19<sup>th</sup> resolution of the 2022 Shareholders' Meeting.

(a''') This 3% ceiling applies to all stock options and performance shares awarded pursuant to the 26<sup>th</sup> and 27<sup>th</sup> resolutions of the April 6, 2020 Shareholders' Meeting.

(b) This amount is included in the aggregate ceiling of €1,831,427 provided for under point 2. of the 18<sup>th</sup> resolution of the 2022 Shareholders' Meeting.

(c) This amount is included in the aggregate ceiling of €457,857 provided for under point 2. of the 19<sup>th</sup> resolution of the 2022 Shareholders' Meeting.

(d) Subject to the €457,857 ceiling on capital increases provided for in the 19<sup>th</sup> resolution or, as appropriate, the 20<sup>th</sup> resolution of the 2022 Shareholders' Meeting.

(e) As at December 31, 2022, the cumulative amount used under this authorization represented 0.12% of the share capital (see section 7.3.1.1 of this Universal Registration Document).

(f) As at December 31, 2022, the cumulative amount used under this authorization represented 0.25% of the share capital (see section 7.3.1.2 of this Universal Registration Document).

(g) As at December 31, 2022, the cumulative amount used under this authorization represented 3.97% of the share capital (see section 7.3.1.2 of this Universal Registration Document).

(h) The objectives of the share buyback program are as follows: (i) to implement any stock option plan; (ii) to allocate or transfer shares to employees by way of profit-sharing and/or to implement any Company or Group savings plan (or similar plan); (iii) to award free shares or performance shares; (iv) to allocate Company shares to employees and/or corporate officers of the Group, particularly in connection with international employee stock ownership plans or long-term incentive plans; (v) to make a market in the Company's shares through an investment services provider under a liquidity agreement that complies with market practices approved by the French financial markets authority (Autorité des marchés financiers – AMF); (vi) to hold shares for subsequent delivery (in payment, exchange or otherwise) in connection with any future acquisitions, mergers, demergers or asset contributions; (vii) to deliver shares upon the exercise of rights attached to securities convertible, redeemable, exchangeable or otherwise exercisable for shares, including through the exercise of a warrant or by any other means; (viii) to cancel all or some of the acquired shares; (ix) to carry out any other practice that may be authorized by the applicable law or regulations in the future, including any market practices that may be authorized by the AMF.

(i) It is specified that (i) the number of shares acquired for the purpose of being held for subsequent delivery (in payment, exchange, or otherwise) in connection with any future acquisitions, mergers, demergers or asset contributions may not exceed 5% of the Company's capital, (ii) for shares bought back to increase the liquidity of Vallourec shares under the conditions defined by the AMF's General Regulations, the number of shares taken into account to calculate the 10% ceiling will correspond to the number of shares purchased less the number of shares resold during the validity period of the authorization, and (iii) the number of shares that the Company may hold, at any given time, may not exceed 10% of the shares making up the Company's capital at the date in question.

### 2.2.3.2 Use of financial authorizations to issue shares and securities carrying rights to the Company's shares as at December 31, 2022

#### PERFORMANCE SHARES (LTIP) (twenty-seventh resolution of the April 6, 2020 Shareholders' Meeting)

Under the twenty-seventh resolution, relating to performance shares, which was adopted by the April 6, 2020 Ordinary and Extraordinary Shareholders' Meeting, on June 4, 2022, the Board of Directors decided to award, subject to continuous service conditions and, for management above grade 20, performance conditions, a target number of 231,410 performance shares, or 0.10% of the share capital as at December 31, 2022, to 389 managers.

As at December 31, 2022, the performance shares not yet vested under the LTIP amounted to 578,087.

The terms and conditions of the plans concerned are set out in section 7.3.1.2, "Performance share and free share plans" of this Universal Registration Document.

#### STOCK OPTIONS (twenty-sixth resolution of the April 6, 2020 Shareholders' Meeting)

Under the twenty-sixth resolution, relating to stock options, which was adopted by the April 6, 2020 Shareholders' Meeting, on June 4, 2022, the Board of Directors set up a share subscription option plan, subject to continuous service and performance conditions, which provides for the award of a target number of 58,425 options, or 0.025% of the share capital as at December 31, 2022, to 29 managers.

As at December 31, 2022, there were 295,174 options outstanding.

The terms and conditions of this plan are set out in section 7.3.1.1, "Stock options" of this Universal Registration Document.

#### AWARDS OF ORDINARY SHARES AND PREFERRED SHARES CONVERTIBLE INTO ORDINARY SHARES ("MEP") (tenth resolution of the September 7, 2021 Shareholders' Meeting)

Under the tenth resolution, relating to performance and preferred shares, which was adopted by the September 7, 2021 Ordinary and Extraordinary Shareholders' Meeting, on October 13, 2021, the Board of Directors decided to award, free of consideration and subject to continuous service and performance conditions, a target number of 1,618,690 ordinary shares and 3,621,598 preferred shares, or 2.29% of the share capital as at December 31, 2021, to 73 managers.

In 2022, the Board of Directors decided to award, free of consideration and subject to continuous service and/or performance conditions, the following shares to employees and executive corporate officers:

- on June 4, 2022, 57,359 ordinary shares and 3,743,088 preferred shares;
- on July 4, 2022, 276,458 preferred shares;
- on July 14, 2022, 810,416 preferred shares;
- on July 26, 2022, 429,166 preferred shares;
- on September 12, 2022, 16,168 preferred shares;
- on December 14, 2022, 95,502 preferred shares.

On October 13, 2022, using an authorization delegated by the Board of Directors, the Chairman and Chief Executive Officer placed on record the vesting of 300,571 ordinary shares, 1,160,164 Tranche 2 preferred shares (T2 Shares), 1,160,165 Tranche 3 preferred shares (T3 Shares) and 228,299 Tranche 4 preferred shares (T4 Shares) awarded on October 13, 2021.

Consequently, on October 13, 2022, the Chairman and Chief Executive Officer decided that the following capital increases should be carried out:

- a capital increase through the issue of 300,571 new ordinary shares;
- a capital increase of a nominal amount of twenty-three thousand two hundred and three euros and twenty-eight cents (€23,203.28) through the issue of 1,160,164 new T2 Shares;
- a capital increase of a nominal amount of twenty-three thousand two hundred and three euros and thirty cents (€23,203.30) through the issue of 1,160,165 new T3 Shares;
- a capital increase of a nominal amount of four thousand five hundred and sixty-five euros and ninety-eight cents (€4,565.98) through the issue of 228,299 new T4 Shares.

As at December 31, 2022, 5,370,798 preferred shares and 985,488 ordinary shares had not yet vested under the MEPS.

In a decision dated December 14, 2022, the Board of Directors proposed changes to the method used for measuring whether the performance conditions underlying the performance shares have been met. These changes will require an addendum to the terms and conditions of the performance share plans concerned as appended to the Company's Articles of Association, and will be submitted for approval by (i) the holders of each category of performance shares at a special shareholders' meeting, and (ii) the shareholders at the Annual Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2022.

The terms and conditions of the plans concerned are set out in section 7.3.1.2, "Performance share and free share plans" of this Universal Registration Document.

### 2.2.3.3 Potential dilution as at December 31, 2022

On June 30, 2021, as part of its financial restructuring, Vallourec issued 30,342,337 share subscription warrants (the "Warrants"), without pre-emptive subscription rights for existing shareholders, to BNP Paribas, Natixis, Banque Fédérative du Crédit Mutuel and CIC. Each Warrant entitles its holder to subscribe to one (1) new share in the Company, at an exercise price of €10.11 per Warrant. The exercise ratio may be adjusted following transactions implemented by the Company after the issue date, in order to maintain the rights

of the holders of Warrants, in accordance with the terms and conditions of the Warrants. The Warrants may be exercised during a period of five years as from their issuance. The potential dilution related to the Warrants amounted to 13.09% of the share capital and 13.24% of the theoretical voting rights as at December 31, 2022.

The ordinary and preferred free shares awarded until 2020 (see section 7.3.1.2 below) are covered by existing shares, so they have no dilutive impact.

With regard to the ordinary and preferred free share plans set up in 2021 and 2022, on July 26, 2022 the Board of Directors decided that upon vesting they would be delivered to the beneficiaries concerned in the form of newly-issued shares. These plans are therefore likely to result in shareholder dilution. Based on the number of shares not yet vested, as at December 31, 2022, this potential dilution amounted to 0.22% of the Company's capital and 0.22% of the voting rights.

The award of share subscription options (see section 7.3.1.2 below) could, if the options are exercised, entail a dilution of shareholders. Based on the number of options currently outstanding, net of those canceled or that have lapsed, potential dilution to shareholders as at December 31, 2022 was 0.08% of the capital and 0.08% of the voting rights.

## 2.2.4 Share buybacks

### 2.2.4.1 Information on transactions under the share buyback program during 2022

#### SHARE BUYBACKS

As at January 1, 2022, the Company held 187,665 Vallourec shares representing 0.08198% of the share capital at that date, all earmarked to cover free share or performance share plans.

Between January 1 and December 31, 2022, Vallourec did not buy back any shares and transferred 38,740 shares under its free share and performance share plans.

Total gross cash flows relating to purchases and disposals/transfers of shares (excluding the liquidity agreement) between January 1 and December 31, 2022 were as follows:

	Purchases	Transfers/sales
Number of shares	0	38,740
Average unit price (in €)	0	8.0665
<b>AGGREGATE AMOUNT (in €)</b>	<b>0</b>	<b>312,496.21</b>

#### TREASURY SHARES AS AT DECEMBER 31, 2022

As at December 31, 2022, the Company held 148,883 Vallourec shares, representing 0.06505% of the share capital at that date, all earmarked to cover free share or performance share plans. The carrying amount of the treasury share portfolio as at December 31, 2022 was €1,201,303.51, including a par value of €2,978.50 and a market value on the same date of €1,198,325.01.

#### VALLOUREC SHARES HELD INDIRECTLY

None.

#### OPEN DERIVATIVE POSITIONS AS AT DECEMBER 31, 2022

None.

### 2.2.4.2 Description of the 2022-2023 share buyback program, to be submitted to the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2023 (12<sup>th</sup> resolution)

The purpose of this description, pursuant to Articles 241-1 *et seq.* of the General Regulations of the French financial markets authority (Autorité des marchés financiers – AMF), is to explain the objectives and the terms and conditions of Vallourec's share buyback program that will be submitted to the Ordinary and Extraordinary Shareholders' Meeting on May 25, 2023.

#### OBJECTIVES OF THE SHARE BUYBACK PROGRAM TO BE SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 25, 2023

In accordance with the provisions of European Regulation 596/2014 of April 16, 2014 and the market practices accepted by the AMF, the objectives of the share buyback program subject to approval at the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2023 are as follows:

#### ALLOCATION OF VALLOUREC SHARES HELD BY THE COMPANY AS AT MARCH 31, 2023

As at March 31, 2023, the Company held 148,883 Vallourec shares, representing 0.06% of the share capital at that date, all earmarked to cover free share or performance share plans.

1. to implement any Company stock option or similar plan, in accordance with the provisions of Articles L.225-177 *et seq.* and L.22-10-56 to L.22-10-58 of the French Commercial Code (*Code de commerce*);
2. to allocate or transfer shares to employees as profit-sharing and/or to implement any Company or Group savings plan (or similar plan) as provided for by law, in particular Articles L.3332-1 *et seq.* of the French Labor Code (*Code du travail*);



3. to award free shares or performance shares under the provisions of Articles L.225-197-1 *et seq.* and L.22-10-59 *et seq.* of the French Commercial Code;
4. to allocate shares to employees and/or corporate officers of the Group, particularly in the context of international employee share ownership plans or long-term incentive plans;
5. to make a market in the Company's shares on the secondary market or to increase the liquidity of Vallourec's shares through an investment services provider, under the terms of a liquidity agreement that complies with the Code of Conduct (*Charte de déontologie*) issued by the French financial markets association (*Association Française des Marchés Financiers – AMAFI*), approved by and in accordance with the market practices accepted by the AMF;
6. to be held for subsequent delivery (in payment, exchange, or otherwise) in connection with any future acquisitions, mergers, demergers or asset contributions;
7. to deliver shares upon the exercise of rights attached to securities convertible, redeemable, exchangeable or otherwise exercisable for shares, including through the exercise of a warrant or by any other means; or
8. to cancel some or all of the acquired shares, provided that the Board of Directors has a valid authorization from the Extraordinary Shareholders' Meeting allowing it to reduce the share capital by canceling shares acquired under a buyback program.

#### TERMS AND CONDITIONS OF THE SHARE BUYBACK PROGRAM TO BE SUBMITTED TO THE SHAREHOLDERS' MEETING OF MAY 25, 2023

The table below shows the maximum percentage of capital and the maximum number, and the characteristics, of the shares that the Company may acquire under the share buyback program to be submitted to the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2023, as well as the maximum unit purchase price:

Share characteristics	Maximum percentage of capital	Maximum number of shares <sup>(a)</sup>	Maximum unit purchase price (per share)
Ordinary shares	10%	23,028,879	€25

(a) This number corresponds to the theoretical number of ordinary shares that the Company could acquire, calculated based on the share capital as at March 31, 2023, i.e., €4,635,552.54, divided into 229,228,999 ordinary shares with a par value of €0.02 each and 2,548,628 preferred shares with a par value of €0.02 each. Based on the number of ordinary shares held by Vallourec at that date (i.e., 148,883 shares), Vallourec could acquire 23,028,879 of its own shares.

#### TERM OF THE SHARE BUYBACK PROGRAM TO BE SUBMITTED TO THE SHAREHOLDERS' MEETING OF MAY 25, 2023

The authorization given to the Board of Directors to implement the share buyback program will be granted for a term of 18 months from the date of the Shareholders' Meeting of May 25, 2023, i.e., until November 25, 2024, subject to the program's approval by the Ordinary Shareholders' Meeting.

## 2.2.5 Changes in share capital over the past five years

Transaction date	Exercise of stock options	Number of shares subscribed in cash	Class	Total number of shares after transaction	Nominal amount of capital increase (in €)	Additional paid-in capital (in €)	Total share capital after transaction (in €)
05/03/2016	–	217,101,488	–	352,789,920	434,202,976	45,591,312	705,579,840
05/03/2016	–	30,282,564	–	383,072,484	60,565,128	108,737,646	766,144,968
06/20/2016	–	61,565,565	–	444,638,049	123,131,130	221,067,653	889,276,098
12/14/2016	–	6,599,956	–	451,238,005	13,199,912	13,118,608	902,476,010
12/14/2017	–	6,749,755	–	457,987,760	13,499,510	13,486,494	915,975,520
05/26/2020	–	–	–	11,449,694	–	–	228,993.88
06/30/2021	–	52,954,807	–	64,404,501	1,059,096.14	298,665,111.48	1,288,090.02
06/30/2021	–	164,523,927	–	228,928,428	3,290,478.54	1,327,708,090.89	4,578,568.56
10/13/2022	–	300,571	Ordinary shares	229,228,999	6,011.42	–	4,584,579.98
10/13/2022	–	1,160,164	T2 Shares	230,389,163	23,203.28	–	4,607,783.26
10/13/2022	–	1,160,165	T3 Shares	231,549,328	23,203.30	–	4,630,986.56
10/13/2022	–	228,299	T4 Shares	231,777,627	4,565.98	–	4,635,552.54

## 2.2.6 Non-equity instruments

No securities exist that would be considered non-equity instruments.

### Securities carrying rights to the allocation of debt securities

As at December 31, 2022, the Board of Directors had not decided to issue any securities entitling their holders to the allocation of debt securities.

### Commercial paper program

On October 12, 2011, Vallourec set up a commercial paper program to meet its short-term financing requirements. The program was updated on June 30, 2022, and has the following main characteristics:

Maximum ceiling on the program	€1 billion
Duration	> 1 day < 365 days
Minimum unit value	€150,000
Currency of issue	Euros (€), US dollars (\$)
Paying agent	Crédit Industriel et Commercial
Underwriters	Aurel BGC, BNP Paribas, BRED Banque Populaire, CM – CIC, Crédit du Nord, GFI Securities Limited, HPC, ING Bank NV, Kepler Capital Markets, Natixis, Newedge Group, Société Générale, TSAF OTC
Short-term rating (Standard & Poor's)	B

The financial prospectus for the commercial paper issue program and the outstanding amounts of the issues are available on the websites of the Company ([www.vallourec.com](http://www.vallourec.com)) and the Banque de France ([www.banque-france.fr/en](http://www.banque-france.fr/en)).

## Bond issuances

On the completion of the financial restructuring carried out in the first half of 2021, the former bonds were canceled and delisted from their respective markets.

In the context of the financial restructuring, Vallourec carried out on June 30, 2021, a €1,023 million fixed-rate bond issue maturing on June 30, 2026 (the "June 2026 Bonds"). The June 2026 Bonds have a unit face value of €1,000 and are admitted to trading on the Euro MTF stock market of the Luxembourg Stock Exchange. They bear interest at an annual fixed rate of 8.5%, payable semi-annually in arrears on April 15 and October 15 of each year. They were initially rated B+ by Standard & Poor's and have been rated BB- since November 23, 2022.

The nominal value and interest on the June 2026 Bonds represent direct, unconditional, unsubordinated liabilities, not backed by Vallourec assets, ranked *pari passu*, without preference, with all other present or future unsecured and unsubordinated Vallourec bonds. Throughout the bonds' maturity period, Vallourec has undertaken not to grant any security or guarantee (mortgage, lien, pledge, security right, etc.) on its assets, income or rights, present or

future, to holders of bonds, warrants or marketable securities listed or traded (or that may be listed or traded) on a regulated market, multilateral trading system, over-the-counter market or any other market, unless the same ranking or same surety or guarantee is granted to the June 2026 Bonds.

The bond indenture specifically includes a change-of-control clause that could trigger the mandatory early redemption of the June 2026 Bonds at the request of each bondholder in the event of a change of control of the Company (in favor of a person or a group of people acting in concert) leading to a downgrade of Vallourec's financial rating.

In addition, early redemption of the June 2026 Bonds may be requested by the bondholder or the Company, as appropriate, should any of the common default scenarios for this type of transaction arise or in the event of a change in the Company's position or in tax regulations.

The main characteristics of the June 2026 Bonds are described in the Offering Memorandum, which is available on the Company's website ([www.vallourec.com](http://www.vallourec.com)).

## Rating

As at January 1, 2022, the opening date of the 2022 fiscal year, Vallourec's debt was rated B/stable/B by Standard & Poor's and the June 2026 Bonds were rated B+.

On November 23, 2022, Standard & Poor's revised its ratings of Vallourec's debt to B+/B and the June 2026 Bonds to BB-.

As at December 31, 2022, these ratings remained unchanged.

On March 6, 2023, S&P Global upgraded Vallourec's long-term issuer credit rating to 'BB-' from 'B+' with a positive outlook. S&P Global affirmed the 'BB-' issue rating on its senior unsecured notes as well as the 'B' rating on its commercial paper program.

## 2.3 Distribution of share capital and voting rights

### 2.3.1 Changes in the distribution of the share capital in the last three fiscal years

2020 (as at December 31)

Shareholders	Number of shares	% of share capital	Number of theoretical voting rights	% of theoretical voting rights	% of exercisable voting rights at Shareholders' Meetings
Public <sup>(a)</sup>	7,616,474	66.52%	7,762,991	65.73%	65.74%
Group employees <sup>(b)</sup>	346,589	3.03%	389,165	3.30%	3.30%
Bpifrance Participations SA <sup>(c)</sup>	1,667,392	14.56%	1,750,269	14.82%	14.82%
CDC Savings Funds	150,766	1.32%	150,766	1.28%	1.28%
<b>Sub-total – CDC group <sup>(d)</sup></b>	<b>1,818,158</b>	<b>15.88%</b>	<b>1,901,035</b>	<b>16.10%</b>	<b>16.10%</b>
Nippon Steel Corporation <sup>(c)</sup>	1,667,392	14.56%	1,756,184	14.87%	14.87%
Treasury shares <sup>(e)</sup>	1,081	0.01%	1,081	0.01%	0.00%
<b>TOTAL</b>	<b>11,449,694</b>	<b>100.00%</b>	<b>11,810,456</b>	<b>100.00%</b>	<b>100.00%</b>

(a) A summary of the thresholds crossed in 2020 is provided in the table below.

(b) Group statutory employee profit-sharing as at December 31, 2020 includes all of the shares subscribed via company mutual funds under the international employee share ownership plans that have been implemented by the Group since 2007, including shares loaned at that date. Under the leveraged formula of these plans, the performance multiple on the Vallourec shares is obtained by transferring the discount, dividends and other financial rights related to ownership of the shares to the bank structuring the transaction through a swap contract. As at December 31, 2020, 123,589 non-loaned shares were recorded as assets in the accounts of the company mutual funds, representing an employee stake of 1.08% in the share capital and of 1.41% in the voting rights at that date.

(c) As from February 1, 2016, both Bpifrance Participations and Nippon Steel Corporation (NSC, formerly NSSMC) must respect a 15% cap on their voting rights for a 15-year period, subject to certain reservations.

(d) In a letter received by the AMF on April 30, 2014, Caisse des Dépôts et Consignations (CDC) and Bpifrance Participations SA clarified that they were each acting alone, and CDC declared that there was no concert with Bpifrance Participations SA.

(e) Treasury shares include the shares held in treasury by the Company to cover free share and performance share plans. As a result, the number of treasury shares is subject to change at any time.

## Legal thresholds crossed in 2020

AMF Notice no.	Date threshold crossed	Group	Number of securities after threshold crossed	% capital after threshold crossed	% voting rights after threshold crossed	Comments	Number of shares comprising the capital	Number of voting rights
220C1184	03/26/2020	Bpifrance Participations SA	66,695,708	14.56	14.99	Below the 15% voting rights threshold	457,987,760	470,286,184
220C1185	03/26/2020	Caisse des Dépôts et Consignations (CDC)	6,030,658	1.32	1.29	-	457,987,760	470,286,184
<b>220C1185</b>	<b>03/26/2020</b>	<b>CDC group</b>	<b>72,726,366</b>	<b>15.88</b>	<b>16.29</b>	<b>No threshold crossed</b>	<b>457,987,760</b>	<b>470,286,184</b>
220C1541	05/09/2020	Bpifrance Participations SA	66,695,708	14.56	22.01	Above the 15% and 20% voting rights thresholds	457,987,760	470,286,184
220C1535	05/09/2020	Caisse des Dépôts et Consignations (CDC)	6,030,658	1.32	1.18	-	457,987,760	470,286,184
<b>220C1535</b>	<b>05/09/2020</b>	<b>CDC group</b>	<b>72,726,366</b>	<b>15.882</b>	<b>23.19</b>	<b>Above the 20% voting rights threshold</b>	<b>457,987,760</b>	<b>470,286,184</b>
220C1541	05/13/2020	Bpifrance Participations SA	66,695,708	14.56	14.98	Below the 20% and 15% voting rights thresholds	457,987,760	470,286,184
220C1535	05/13/2020	Caisse des Dépôts et Consignations (CDC)	6,030,658	1.32	1.29	-	457,987,760	470,286,184
<b>220C1535</b>	<b>05/13/2020</b>	<b>CDC group</b>	<b>72,726,366</b>	<b>15.88</b>	<b>16.28</b>	<b>Below the 20% voting rights threshold</b>	<b>457,987,760</b>	<b>470,286,184</b>

As at December 31, 2020, Vallourec's free float amounted to 66.52%.

## 2021 (as at December 31)

Shareholders	Number of shares	% of share capital	Number of theoretical voting rights	% of theoretical voting rights	% of exercisable voting rights at Shareholders' Meetings
Public <sup>(a)</sup>	134,734,650	58.85%	134,734,650	58.85%	58.90%
Group employees <sup>(b)</sup>	603,561	0.26%	603,561	0.26%	0.26%
Apollo	65,243,206	28.50%	65,243,206	28.50%	28.52%
SVPGlobal	28,159,346	12.30%	28,159,346	12.30%	12.31%
Treasury shares <sup>(c)</sup>	187,665	0.08%	187,665	0.08%	0.00%
<b>TOTAL</b>	<b>228,928,428</b>	<b>100.00%</b>	<b>228,928,428</b>	<b>100.00%</b>	<b>100.00%</b>

(a) A summary of the thresholds crossed in 2021 is provided in the table below.

(b) Group statutory employee profit-sharing as at December 31, 2021 includes all of the shares subscribed via company mutual funds under the international employee share ownership plans that have been implemented by the Group since 2007, including shares loaned at that date. Under the leveraged formula of these plans, the performance multiple on the Vallourec shares is obtained by transferring the discount, dividends and other financial rights related to ownership of the shares to the bank structuring the transaction through a swap contract. As at December 31, 2021, 603,561 non-loaned shares were recorded as assets in the accounts of the company mutual funds, representing an employee stake of 0.26% in the share capital and of 0.26% in the voting rights at that date.

(c) Treasury shares include the shares held in treasury by the Company to cover free share and performance share plans. As a result, the number of treasury shares is subject to change at any time.

### Legal thresholds crossed in 2021

AMF Notice no.	Date threshold crossed	Group	Number of securities after threshold crossed	% capital after threshold crossed	% voting rights after threshold crossed	Comments	Number of shares comprising the capital	Number of voting rights
221C0348	02/08/2021	Caisse des Dépôts et Consignations (CDC)	0	0	0	-	11,449,964	11,809,652
221C0348	02/08/2021	Bpifrance Participations SA	1,667,392	14.56	14.82	-	11,449,964	11,809,652
221C0348	02/08/2021	CNP Assurances	2,881	0.03	0.02	-	11,449,964	11,809,652
<b>221C0348</b>	<b>02/08/2021</b>	<b>CDC group</b>	<b>1,670,273</b>	<b>14.59</b>	<b>14.85</b>	<b>Below the 15% capital and voting rights thresholds</b>	<b>11,449,964</b>	<b>11,809,652</b>
221C1616	06/25/2021	Encompass Capital Advisors LLC	572,900	5.004	4.85	Above the 5% capital threshold	11,449,694	11,811,810
221C1689	06/30/2021	Encompass Capital Advisors LLC	964,473	0.42	0.42	Below the 5% capital threshold	228,928,428	228,928,428
221C1710	06/30/2021	Bpifrance Participations SA	5,200,966	2.27	2.27	Below the 10% and 5% capital and voting rights thresholds	228,928,428	228,928,428
221C1711	06/30/2021	Nippon Steel & Sumitomo Metal Corporation	7,851,128	3.43	3.43	Below the 10% and 5% capital and voting rights thresholds	228,928,428	228,928,428
221C1714	06/30/2021	Caisse des Dépôts et Consignations (CDC)	0	0	0	-	228,928,428	228,928,428
221C1714	06/30/2021	Bpifrance Participations SA	5,200,966	2.27	2.27	-	228,928,428	228,928,428
<b>221C1714</b>	<b>06/30/2021</b>	<b>CDC group</b>	<b>5,200,966</b>	<b>2.27</b>	<b>2.27</b>	<b>Below the 10% and 5% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
221C1715	06/30/2021	North Star Partners SCSp	45,161,407	19.73	19.73	Above the 5%, 10% and 15% capital and voting rights thresholds	228,928,428	228,928,428
221C1715	06/30/2021	Junonia Partners SCSp	8,007,198	3.50	3.50	-	228,928,428	228,928,428
<b>221C1715</b>	<b>06/30/2021</b>	<b>Total Apollo Management Inc.</b>	<b>53,168,605</b>	<b>23.22</b>	<b>23.22</b>	<b>Above the 5%, 10%, 15% and 20% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
221C1716	06/30/2021	Kings Forest S.à r.l	1,555,612	0.68	0.68	-	228,928,428	228,928,428
221C1716	06/30/2021	Rathgar S.à r.l	12,397,459	5.42	5.42	Above the 5% capital and voting rights thresholds	228,928,428	228,928,428
221C1716	06/30/2021	Queens Gate S.à r.l	6,794,543	2.97	2.97	-	228,928,428	228,928,428
221C1716	06/30/2021	Red Maple S.à r.l	7,411,732	3.24	3.24	-	228,928,428	228,928,428
<b>221C1716</b>	<b>06/30/2021</b>	<b>Total Strategic Value Partners, LLC</b>	<b>28,159,346</b>	<b>12.3</b>	<b>12.3</b>	<b>Above the 5% and 10% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
221C1793	07/12/2021	Monarch Master Funding 2	11,568,926	5.05	5.05	Above the 5% capital and voting rights thresholds	228,928,428	228,928,428
221C1977	07/28/2021	Goldman Sachs International	11,697,932	5.11	5.11	Above the 5% capital and voting rights thresholds	228,928,428	228,928,428
221C1977	07/28/2021	Goldman, Sachs & Co. LLC	20,295	0.01	0.01	-	228,928,428	228,928,428

AMF Notice no.	Date threshold crossed	Group	Number of securities after threshold crossed	% capital after threshold crossed	% voting rights after threshold crossed	Comments	Number of shares comprising the capital	Number of voting rights
<b>221C1977</b>	<b>07/28/2021</b>	<b>Total The Goldman Sachs Group, Inc.</b>	<b>11,718,227</b>	<b>5.12</b>	<b>5.12</b>	<b>Above the 5% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
221C1978	07/29/2021	Goldman Sachs International	336,326	0.15	0.15	Below the 5% capital and voting rights thresholds	228,928,428	228,928,428
221C1978	07/29/2021	Goldman, Sachs & Co. LLC	153,791	0.07	0.07	-	228,928,428	228,928,428
<b>221C1978</b>	<b>07/29/2021</b>	<b>Total The Goldman Sachs Group, Inc.</b>	<b>490,117</b>	<b>0.21</b>	<b>0.21</b>	<b>Below the 5% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
221C1992	07/29/2021	Luxor Capital Group LP	11,748,762	5.13	5.13	Above the 5% capital and voting rights thresholds	228,928,428	228,928,428
221C2007	08/02/2021	Goldman Sachs International	12,263,430	5.36	5.36	Above the 5% capital and voting rights thresholds	228,928,428	228,928,428
221C2007	08/02/2021	Goldman, Sachs & Co. LLC	73,257	0.03	0.03	-	228,928,428	228,928,428
<b>221C2007</b>	<b>08/02/2021</b>	<b>Total The Goldman Sachs Group, Inc.</b>	<b>12,336,687</b>	<b>5.39</b>	<b>5.39</b>	<b>Above the 5% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
221C2283	09/01/2021	Goldman Sachs International	4,488,538	1.96	1.96	Below the 5% capital and voting rights thresholds	228,928,428	228,928,428
221C2283	09/01/2021	Goldman, Sachs & Co. LLC	7,863,320	3.43	3.43	-	228,928,428	228,928,428
<b>221C2283</b>	<b>09/01/2021</b>	<b>Total The Goldman Sachs Group, Inc.</b>	<b>12,351,858</b>	<b>5.40</b>	<b>5.40</b>	<b>No threshold crossed</b>	<b>228,928,428</b>	<b>228,928,428</b>
221C2303	09/02/2021	Goldman Sachs International	11,883,499	5.19	5.19	Above the 5% capital and voting rights thresholds	228,928,428	228,928,428
221C2303	09/02/2021	Goldman, Sachs & Co. LLC	188,416	0.08	0.08	-	228,928,428	228,928,428
<b>221C2303</b>	<b>09/02/2021</b>	<b>Total The Goldman Sachs Group, Inc.</b>	<b>12,071,915</b>	<b>5.27</b>	<b>5.27</b>	<b>No threshold crossed</b>	<b>228,928,428</b>	<b>228,928,428</b>
221C2395	09/10/2021	Goldman Sachs International	0	0	0	Below the 5% capital and voting rights thresholds	228,928,428	228,928,428
221C2395	09/10/2021	Goldman, Sachs & Co. LLC	129,110	0.06	0.06	-	228,928,428	228,928,428
<b>221C2395</b>	<b>09/10/2021</b>	<b>Total The Goldman Sachs Group, Inc.</b>	<b>129,110</b>	<b>0.06</b>	<b>0.06</b>	<b>Below the 5% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
221C3241	11/16/2021	Luxor Capital Group LP	11,084,063	4.84	4.84	Below the 5% capital and voting rights thresholds	228,928,428	228,928,428
221C3298	11/22/2021	North Star Partners SCSp	52,277,210	22.84	22.84	Above the 20% capital and voting rights thresholds	228,928,428	228,928,428
221C3298	11/22/2021	Junonia Partners SCSp	9,262,928	4.05	4.05	-	228,928,428	228,928,428
<b>221C3298</b>	<b>11/22/2021</b>	<b>Total Apollo Management Inc</b>	<b>61,540,138</b>	<b>26.88</b>	<b>26.88</b>	<b>Above the 25% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>

As at December 31, 2021, Vallourec's free float amounted to 58.85%.

2022 (as at December 31)

Shareholders	Number of shares		% of share capital	Number of theoretical voting rights			% of exercisable voting rights at Shareholders' Meetings
	Ordinary shares	Preferred shares		Ordinary shares	Preferred shares	% of theoretical voting rights	
Public <sup>(a)</sup>	163,201,291		70.41%	163,201,291		71.20%	71.24%
Apollo	65,243,206		28.15%	65,243,206		28.46%	28.48%
Group employees <sup>(b)</sup>	635,619	2,548,628	1.37%	635,619	0	0.28%	0.28%
Treasury shares <sup>(c)</sup>	148,883		0.06%	148,883		0.06%	-
<b>TOTAL</b>	<b>229,228,999</b>	<b>2,548,628</b>	<b>100.00%</b>	<b>229,228,999 <sup>(d)</sup></b>	<b>0</b>	<b>100.00%</b>	<b>100.00%</b>

(a) A summary of the thresholds crossed in 2022 is provided in the table below.

(b) Group statutory employee profit-sharing as at December 31, 2022 includes all of the shares subscribed via company mutual funds under the international employee share ownership plans that have been implemented by the Group since 2007, including shares loaned at that date. Under the leveraged formula of these plans, the performance multiple on the Vallourec shares is obtained by transferring the discount, dividends and other financial rights related to ownership of the shares to the bank structuring the transaction through a swap contract. As at December 31, 2022, 616,619 non-loaned shares were recorded as assets in the accounts of the company mutual funds, representing an employee stake of 0.27% in the share capital and of 0.27% in the voting rights at that date.

(c) Treasury shares include the shares held in treasury by the Company to cover free share and performance share plans. As a result, the number of treasury shares is subject to change at any time.

(d) This total does not include the 2,548,628 preferred shares without voting rights.



## Legal thresholds crossed in 2022

AMF Notice no.	Date threshold crossed	Group	Number of securities after threshold crossed	% capital after threshold crossed	% voting rights after threshold crossed	Comments	Number of shares comprising the capital	Number of voting rights
222C0696	03/23/2022	Caisse des Dépôts et Consignations (CDC)	0	0	0	-	228,928,428	228,928,428
222C0696	03/23/2022	Bpifrance Participations SA	5,200,966	2.27	2.27	-	228,928,428	228,928,428
222C0696	03/23/2022	CNP Assurances	6,474,554	2.83	2.83	-	228,928,428	228,928,428
<b>222C0696</b>	<b>03/23/2022</b>	<b>CDC group</b>	<b>11,675,520</b>	<b>5.10</b>	<b>5.10</b>	<b>Above the 5% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
222C0696	03/24/2022	Caisse des Dépôts et Consignations (CDC)	0	0	0	-	228,928,428	228,928,428
222C0696	03/24/2022	Bpifrance Participations SA	5,200,966	2.27	2.27	-	228,928,428	228,928,428
222C0696	03/24/2022	CNP Assurances	318,167	0.14	0.14	-	228,928,428	228,928,428
<b>222C0696</b>	<b>03/24/2022</b>	<b>CDC group</b>	<b>5,519,133</b>	<b>2.41</b>	<b>2.41</b>	<b>Below the 5% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
222C0860	04/13/2022	Monarch Master Funding 2	11,386,598	4.97	4.97	Below the 5% capital and voting rights thresholds	228,928,428	228,928,428
222C1283	05/26/2022	Kings Forest S.à r.l	842,000	0.37	0.37		228,928,428	228,928,428
222C1283	05/26/2022	Rathgar S.à r.l	6,329,104	2.76	2.76		228,928,428	228,928,428
222C1283	05/26/2022	Queens Gate S.à r.l	3,468,725	1.52	1.52		228,928,428	228,928,428
222C1283	05/26/2022	Red Maple S.à r.l	3,783,811	1.65	1.65		228,928,428	228,928,428
<b>222C1283</b>	<b>05/26/2022</b>	<b>Total Strategic Value Partners, LLC</b>	<b>14,423,640</b>	<b>6.30</b>	<b>6.30</b>	<b>Below the 10% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
222C1648	06/21/2022	Caisse des Dépôts et Consignations (CDC)	0	0	0	-	228,928,428	228,928,428
222C1648	06/21/2022	Bpifrance Participations SA	5,200,966	2.27	2.27	-	228,928,428	228,928,428
222C1648	06/21/2022	CNP Assurances	8,715,114	3.81	3.81	-	228,928,428	228,928,428
<b>222C1648</b>	<b>06/21/2022</b>	<b>CDC group</b>	<b>13,916,080</b>	<b>6.08</b>	<b>6.08</b>	<b>Above the 5% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
222C1753	06/30/2022	Caisse des Dépôts et Consignations (CDC)	0	0	0	-	228,928,428	228,928,428
222C1753	06/30/2022	Bpifrance Participations SA	5,200,966	2.27	2.27	-	228,928,428	228,928,428
222C1753	06/30/2022	CNP Assurances	5,744,244	2.51	2.51	-	228,928,428	228,928,428
<b>222C1753</b>	<b>06/30/2022</b>	<b>CDC group</b>	<b>10,945,210</b>	<b>4.78</b>	<b>4.78</b>	<b>Below the 5% capital and voting rights thresholds</b>	<b>228,928,428</b>	<b>228,928,428</b>
222C2312	10/05/2022	Strategic Value Partners, LLC	0	0	0	Below the 5% capital and voting rights thresholds	228,928,428	228,928,428

As at December 31, 2022, Vallourec's free float amounted to 70.41%.

### 2.3.2 Absence of control over the Company

No persons or entities exercise control over Vallourec.

### 2.3.3 Shareholders' agreements

As part of the Company's financial restructuring completed on June 30, 2021, two separate governance agreements – neither of which constituted an action in concert – were entered into by the Company for terms of 15 years (unless terminated early, in the event that the shareholder concerned no longer holds any shares in the Company), with Apollo (the “**Apollo Agreement**”) and SVPGlobal (the “**SVP Agreement**”). The SVP Agreement ended on October 6, 2022, when SVPGlobal sold its holding in the Group.

The Apollo Agreement set certain rights and obligations in terms of governance and of sales of shares in the Company by Apollo.

#### Governance agreements

The membership of the Board of Directors is decided in compliance with the recommendations of the AFEP-MEDEF Code as well as with the following rules:

- Apollo may propose the appointment of two directors for as long as it holds more than 15% of the Company's share capital, and the appointment of one director for as long as it holds 5% of the share capital; one of the two directors put forward by Apollo will be the Vice-Chairman of the Board of Directors (and Lead Independent Director [*administrateur référent*] if they meet the AFEP-MEDEF Code criteria for this position); if Apollo holds less than 15% of the share capital, it will be required to cause one of the directors appointed on its proposal to resign; if Apollo holds less than 5% of the share capital, it will be required to cause the other director appointed on its proposal to resign;
- in accordance with the law, the proportion of directors of each gender must be at least 40%, excluding the employee director.

The Board of Directors also includes an Observer put forward by Apollo (acting in an advisory capacity only).

#### Transfer restrictions

- Restrictions on the sale of shares: Apollo undertakes not to sell, in a single trading session, a number of the Company's shares exceeding 25% of the average daily number of the Company's shares traded during the 30 days preceding the date of the contemplated sale (this restriction is not applicable (i) in the event of an off-market transfer by Apollo of one or more block(s) of shares to a third party other than a competitor, and (ii) if Apollo holds less than 5% of the Company's capital).
- Right of first offer: Apollo undertakes to inform the Company in the event of a proposed sale of shares to a competitor of the Company. The Company then has the right to make an offer to purchase the shares offered for sale at a price set by the Company. If the Company exercises its right of first offer, Apollo may not sell the shares concerned to the third-party competitor unless the price paid by said third party is higher than the price set by the Company in its offer and the sale is completed within six months.
- Apollo undertakes not to solicit or facilitate the launch by a competitor of a tender offer on the Company.

#### Concert

Apollo has declared that it does not intend to act in concert and will not act in concert with the Company.

A description of the main provisions of these shareholders' agreements appears in the declarations submitted to the AMF regarding the communication of agreements between shareholders, pursuant to Article L.233-11 of the French Commercial Code. These declarations are available on the AMF website: <http://www.amf-france.org/en>.

## 2.4 Market for Vallourec's shares

### 2.4.1 Stock market

The Company's shares are listed on Compartment A of the Euronext Paris regulated market (ISIN: FR0013506730-VK). They are a qualifying investment under French laws on equity savings plans (*Plan d'Épargne en Actions* – PEA) and are eligible for the deferred settlement service (SRD).

The Vallourec share is one of the shares traded on the CAC Mid 60, SBF 120 and Next 150 indexes.

The June 2026 Bonds are admitted to trading on the Euro MTF stock market of the Luxembourg Stock Exchange under the Regulation codes S ISIN XS2352739184, Rule 144 A ISIN XS2352739770 and IAI ISIN XS2352740604 (see section 2.2.6, "Non-equity instruments" above).

### 2.4.2 Other markets

In October 2010, Vallourec set up a sponsored Level 1 American Depositary Receipt (ADR) program in the United States.

An ADR is a US-dollar-denominated marketable security representing shares in a non-US company, which allows US investors to hold shares indirectly and to trade them on securities markets in the United States. Vallourec's ADRs may be traded on the US over-the-counter (OTC) market.

JPMorgan is the custodian bank responsible for administering the ADR program. Technical information about the ADR program is available on the Group's website in the "Shares and Dividends" section. For further information, ADR holders may contact JPMorgan services, as follows:

- by phone: (800) 990-1135 (general) or (651) 453-2128 (if calling from outside the United States);
- online at [www.shareowneronline.com](http://www.shareowneronline.com);
- or by mail at the following address:  
EQ Shareowner Services P.O. Box 64504 St. Paul,  
MN 55164 – 0504 USA

### 2.4.3 Movements in the share price and market capitalization in the last five years

#### VALLOUREC SHARE PRICE PERFORMANCE OVER THE LAST FIVE YEARS COMPARED TO THE SBF 120 INDEX AND THE STOXX EUROPE 600 OIL & GAS



Source: Capital IQ – base 100 as at January 1, 2017.

Note: 1-for-40 reverse stock split of May 25, 2020.

## MOVEMENTS IN THE SHARE PRICE AND MARKET CAPITALIZATION IN THE LAST FIVE YEARS

In euros	2018	2019	2020*	2021**	2022
Number of ordinary shares outstanding (as at December 31)	457,987,760	457,987,760	11,449,694	228,928,428	229,228,999***
High	6.08	3.19	114.68	14.53	14.28
Low	1.56	1.37	11.19	6.01	6.59
Average (closing) price for the year	4.60	2.31	41.35	8.79	10.43
Year-end price	1.63	2.81	26.75	8.80	12.27
Market capitalization (year-end price)	744,459,104	1,286,945,606	306,279,314	2,014,570,166	2,812,639,818

Source: Euronext.

\* 1-for-40 reverse stock split effective on May 25, 2020.

\*\* Financial restructuring finalized on June 30, 2021.

\*\*\* The 6,548,628 preferred shares are not admitted to trading on a regulated market.

## 2.5 Dividend policy

### 2.5.1 Dividend policy

At the Shareholders' Meeting of May 25, 2023 (third resolution), the shareholders will be asked not to pay a dividend in respect of 2022.

The dividends per share paid for the last five fiscal years are as follows:

In euros per share	Gross dividend	Tax credit	Net dividend	Payout ratio
2018	0	None	0	-
2019	0	None	0	-
2020	0	None	0	-
2021	0	None	0	-
2022 <sup>(a)</sup>	0	None	0	-

(a) Subject to approval at the Shareholders' Meeting of May 25, 2023.

Vallourec's dividend payment policy for fiscal years ending after December 31, 2022 will take into account its results, its financial position and the restrictions applicable to the payment of dividends which the Company is subject to.

### 2.5.2 Restrictions on the distribution of dividends

The restrictions applicable to the distribution of dividends correspond to those provided for under the Group's various debt instruments, i.e., (i) a revolving credit facility with a principal amount of €462 million (the "RCF"), (ii) a State-guaranteed loan with a principal amount of €262 million (the "State-guaranteed loan") and (iii) high-yield bonds with a principal amount of €1,023 million (the "Bonds", together with the RCF and state-guaranteed loan, the "Debt Instruments").

Under the terms of the RCF and the State-guaranteed loan, the Company could not distribute dividends, reserves or premiums during 2021. In addition, regarding distributions for subsequent years, the documentation relating to the Debt Instruments only permits Vallourec to distribute dividends in certain cases, including those described below.

#### 1. Distribution authorized on the basis of total consolidated net income

In this case, the distribution of dividends is authorized if (i) no default or event of default has occurred or is likely to occur following such a distribution; (ii) Vallourec is able to contract at least €1 in additional debt with regard to the hedging ratio of consolidated fixed financial expenses (as defined in the terms of the Bonds), which must be greater than 2:1 on a *pro forma* basis and (iii) the proposed total amount of the dividend (combined with the amounts of other payments subject to restrictions) plus the amount distributed since the issue date of these Bonds does not exceed 50% of consolidated

net income for the period (treated as an accounting year) from the first quarter following the issue date until the end of the most recent financial quarter completed before the date of payment, and for which financial statements are available (or, for example, if consolidated net income is negative, after deducting 100% of this deficit), increased by certain amounts corresponding to capital contributions or conversion of securities into capital.

#### 2. Distribution authorized specifically in respect of dividends

In this case, the distribution of dividends is authorized on the conditions that (i) no default occurs and persists or is likely to occur as a result of the distribution, (ii) Vallourec securities are still admitted for trading on Euronext Paris, (iii) the annual amount does not exceed 5% of Vallourec's market capitalization, and (iv) the consolidated net leverage ratio is less than or equal to 2.25:1 on a *pro forma* basis.

#### 3. Distribution authorized in view of the leverage ratio

In this case, the distribution of dividends is authorized on the conditions that (i) no default or event of default occurs and persists or is likely to occur as a result of the distribution and (ii) the consolidated net leverage ratio is less than or equal to 2:1 on a *pro forma* basis (after taking into account the proposed distribution).

## 2.6 Financial communication policy

The Group's priority is to maintain lasting, trust-based relations with all its shareholders, both individual and institutional, French and international. The role of the Investor Relations team is to facilitate shareholders' access to accurate and precise information that faithfully reflects the Group's activities, results, outlook and strategic developments.

Accordingly, and with ongoing concern for clarity and transparency, a wide variety of dedicated communications media are made available, and regular meetings are arranged throughout the year.

### 2.6.1 Information available to all shareholders

Financial information and communications media are available in electronic format to all shareholders on the Group's website ([www.vallourec.com](http://www.vallourec.com)) in the "Investors" section, the Group's authoritative financial communications database. These include:

- all financial and strategic information issued to the financial markets, including quarterly results, press releases, financing, presentations and audio broadcasts of the annual results, and video broadcasts of the Shareholders' Meeting;
- all the regulatory information disclosed pursuant to the European Transparency Directive of December 15, 2004 as amended, and specifically:
  - the Universal Registration Document, including the annual financial report, the half-year report and the management report of the Board of Directors, filed with the French financial markets authority, the AMF,
  - documents relating to the Shareholders' Meeting (notice of meeting, proposed resolutions, voting forms, meeting brochure, etc.).

All Group press releases, presentations and publications are also available in the "Media" section.

This information may be sent by mail following a request made on the Group website or addressed to the Investor Relations Department by e-mail, telephone or letter.

### Shareholders' Meetings

The May 24, 2022 Annual Shareholders' Meeting was held with shareholders attending in person. The Investor Relations team is available to assist shareholders with the applicable procedures for voting and participating in Shareholders' Meetings.

### Newsfeed

Vallourec offers shareholders and stakeholders the option to subscribe to a Group newsfeed via the Internet at [www.vallourec.com](http://www.vallourec.com) ("Investors" section), through a simple online registration process. Subscribers to the newsfeed receive electronic notifications of the Group's financial publications and activities.

### 2.6.2 Relations with institutional investors and financial analysts

On a regular basis and in line with best business practices, the Investor Relations Department organizes meetings between various members of the Group's executive management and institutional investors and financial analysts, including SRI (socially responsible investment) specialists, in France and abroad:

- **each quarter, a conference call is organized** when the financial results are released. The Company's executive management presents the results and answers questions from analysts. The conference call is broadcast live and rebroadcast on the Group's website;
- **Vallourec regularly participates in events on socially responsible investment (SRI)**. These meetings with investment funds and SRI analysts contribute to the Group's progress in the field of sustainable development;

- **periodic "Investor Days" are organized**, including presentations to the financial community of the Group's strategy, products and operations. Accessible to all in the form of a webcast available on the Group's website, Investor Days enable investors and analysts to hold detailed discussions on a wide range of topics, outside of the results reporting periods.

In addition, **many events are organized throughout the year between the Group's executive management and the financial community**. In 2022, Vallourec's executive management and Investor Relations team took part in 134 meetings and conference calls, and dedicated around 14 days to roadshows and conferences.

### 2.6.3 Relations with individual shareholders

The Group seeks to promote sustained dialogue with its individual shareholders and strengthen the trust-based relationships it has built with them. This dialogue also gives Vallourec greater insight into the concerns of its individual shareholders so that it can better address their expectations.

Specific communications media have been developed to further this goal:

- an individual shareholders' sub-section in the "Investors" section of the Group's website ([www.vallourec.com](http://www.vallourec.com));
- the posting of financial notices in compliance with the applicable regulations (results releases, notices of Shareholders' Meetings, etc.);
- a dedicated toll-free number for individual shareholders (0800 505 110, free from any landline in mainland France), allowing them to access information such as the financial calendar, or to get in touch with the Investor Relations team (or Uptevia if the shareholder has registered shares or is interested in acquiring such shares);
- a newsfeed which sends subscribers notifications of press releases and of financial publications to be received electronically, simply by registering online at [www.vallourec.com](http://www.vallourec.com) ("Investors" section);
- in certain years, participating in the Actionaria trade show, where the Investor Relations team, along with the business line experts, present or reintroduce the Group's business lines, know-how and solutions, and speak with the individual shareholders;
- a Shareholders' Club allowing members to participate in meetings dedicated to presenting financial results and to having more regular exchanges with Vallourec in order to gain a better understanding of its activities. The Shareholders' Club and the conditions for joining and registering are accessible online at [www.vallourec.com](http://www.vallourec.com) ("Investors/Shareholder space" section);
- lastly, the Investor Relations team is always available to answer shareholders' questions.

### Directly registered shares

Vallourec offers shareholders direct registration of their shares, which includes the following benefits:

- **free management:** exemption from custody fees as well as other fees associated with the routine management of their shares such as:
    - conversion to bearer shares and share transfers,
    - changes to legal status (transfers, gifts, inheritance, etc.),
    - securities transactions (capital increases, share allocations, etc.),
    - dividend payments;
  - **brokerage fees** of 0.25% of the amount of the transaction up to €200,000 and 0.15% above €200,000 (with a minimum of €4.10);
  - **guaranteed receipt of personalized information on:**
    - invitations to Shareholders' Meetings, with automatic receipt of notices of meetings, individual postal voting and proxy forms, and, upon request, admission cards and legal documentation,
    - securities management (purchase and sale orders, etc.), securities transactions organized by Vallourec, etc. A team of dedicated operators is continuously available to answer shareholders' queries on these and other issues from 8:45 a.m. to 6:00 p.m. (Paris time), Monday to Friday, at +33 (0)1 40 14 80 17;
  - **easy access to Shareholders' Meetings:** automatic invitation to Shareholders' Meetings, and an exemption from having to first request a certificate of shareholding to vote;
  - **the dedicated Planetshares website:** <https://planetshares.uptevia.pro.fr>. This site allows shareholders to:
    - manage assets,
    - issue orders,
    - participate in Shareholders' Meetings,
    - directly download all communications relating to assets (portfolio trading, transaction notices, etc.).
- Further information about direct registration and registration forms may be obtained from Uptevia:
- by mail at the following address:
 

**UPTEVIA**  
CTO  
Relations Actionnaires Vallourec  
Grands Moulins de Pantin  
9 Rue du Débarcadère – 93761 PANTIN CEDEX.
  - by telephone: +33 (0)1 40 14 80 17
  - by fax: +33 (0)1 55 77 34 17

## 2.6.4 Contact for Investor Relations and Financial Communications

### Investor Relations Department

- Address: 12 rue de la Verrerie – 92190 Meudon – France
- Telephone: +33 (0) 800 505 110
- E-mail: [investor.relations@vallourec.com](mailto:investor.relations@vallourec.com) or [actionnaires@vallourec.com](mailto:actionnaires@vallourec.com)

## 2.6.5 2023 financial calendar (dates subject to change)

May 17, 2023	Publication of first-quarter 2023 results
May 25, 2023	Ordinary and Extraordinary Shareholders' Meeting
July 28, 2023	Publication of second-quarter and first-half 2023 results
November 16, 2023	Publication of third-quarter and nine-month 2023 results



**3**

**PRESENTATION  
OF THE VALLOUREC GROUP  
AND ITS BUSINESSES**





## PRESENTATION OF THE VALLOUREC GROUP AND ITS BUSINESSES

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### 3.1 History and development of Vallourec and the Vallourec Group

The Vallourec Group is over 100 years old, with some of the original Group companies having been created in the last decade of the 19<sup>th</sup> century. Vallourec originated in two regions of France, both with long manufacturing traditions, and where the Group still has a significant presence: the Hauts-de-France region around Valenciennes and the Burgundy region around Montbard, in Côte-d'Or. Since the end of the 1990s and the creation of the joint venture between Vallourec and Mannesmann, the Group has also been based in the Düsseldorf region in North Rhine-Westphalia (Germany) and in the region of Belo Horizonte in the state of Minas Gerais, Brazil. In the first decade of the new millennium it greatly strengthened its positioning in North America and established itself in Asia. Also present in Africa and the Middle East, Vallourec is now an international group, with operations located close to its customers.

#### 1886-1930: INVENTION OF THE SEAMLESS STEEL TUBE ROLLING PROCESS

In 1886, the Mannesmann brothers filed a patent that revolutionized the tube industry: using a rolling mill with an oblique cylinder piercer, they were able to produce seamless steel tubes.

In the late 19<sup>th</sup> century in France, tube manufacturers began to adopt the seamless tube manufacturing process that had been perfected by the Mannesmann brothers in Germany. Société Métallurgique de Montbard was created in 1899 to take over Société Française de Fabrication des Corps Creux, which had operated a plant in Montbard since 1895. Listed on the Paris Stock Exchange since its founding in 1899, in 1907 it was renamed Société Métallurgique de Montbard-Aulnoye, which changed to Louvroil-Montbard-Aulnoye in 1937 after the takeover of Société Louvroil et Recquignies, itself a company resulting from a merger between Société Française pour la Fabrication des Tubes de Louvroil, founded in 1890, and Société des Forges de Recquignies, established in 1907.

#### 1930: BIRTH OF VALLOUREC

The economic crisis of the 1930s prompted French tube manufacturers to join forces. The name Vallourec appeared for the first time as the name of a management company for tube plants in Valenciennes, Denain, Louvroil and Recquignies.

#### 1957: LISTING OF VALLOUREC ON THE PARIS STOCK EXCHANGE

Société des Tubes de Valenciennes and Société Louvroil-Montbard-Aulnoye merged. This Group became the second biggest manufacturer of steel tubes in France, and was listed on the Paris Stock Exchange under the name Vallourec.

#### 1965: LAUNCH OF THE VAM® CONNECTION

A major innovation, the VAM® premium connection (a combination of the names Vallourec and Alexandre Madrelle, the engineer who developed the connection) revolutionized the oil industry.

Thanks to its unique mechanical features, the VAM® connection ensures flawless sealing of the strings inside wells.

#### 1976: INDUSTRIAL PARTNERSHIP WITH SUMITOMO

The development of the oil market prompted Vallourec to build industrial partnerships in order to meet its customers' demand worldwide. In 1976, Vallourec signed a licensing and research & development agreement with the Japanese group Sumitomo (the third largest producer of steel tubes worldwide), creating a joint venture with the company in 1984 to produce and market VAM® connections in America. These agreements were the starting point for a long-standing partnership.

#### 1997: CREATION OF THE JOINT VENTURE VALLOUREC & MANNESMANN TUBES

Created in 1890, shortly after the Mannesmann brothers' revolutionary discovery of the seamless steel tube rolling process, Mannesmannröhren-Werke AG quickly became a world benchmark. The formation of Vallourec & Mannesmann Tubes, a joint subsidiary of Vallourec (55%) and Germany's Mannesmannröhren-Werke (45%), enabled the two companies to offer their customers the widest range of tube sizes in the world.

#### 2000: DEVELOPMENT IN BRAZIL

Vallourec & Mannesmann Tubes acquired Mannesmannröhren-Werke's Brazilian subsidiary, since renamed Vallourec Soluções Tubulares do Brasil.

#### 2002: STRENGTHENING OF THE GROUP'S PRESENCE IN THE UNITED STATES

Established since 1984 in the United States, the reference market for tubes designed for oil and gas wells (Oil Country Tubular Goods - OCTG), Vallourec significantly strengthened its presence in the United States through the acquisition of the seamless steel tube activity of North Star Steel Company (North Star Tubes), which includes an electric steel mill and a tube mill in Youngstown (Ohio), along with a heat treatment and threading unit in Houston (Texas). Renamed Vallourec Star, this company is wholly owned by Vallourec Tubes.

#### 2005: ACQUISITION BY VALLOUREC OF COMPLETE CONTROL OF VALLOUREC & MANNESMANN TUBES

Vallourec gained full control of Vallourec & Mannesmann Tubes through the acquisition of the 45% stake held by Mannesmannröhren-Werke for €545 million. This major transaction gave Vallourec full control over the strategy of the joint venture.

#### 2006-2011: EXPANSION IN CHINA

In order to pursue its growth in the production of tubes for the power generation market, in 2006 Vallourec opened a subsidiary, Vallourec Changzhou Co., Ltd. <sup>(1)</sup> located in Changzhou, China, which specializes in the cold finishing of large-diameter seamless alloy steel tubes produced in Germany for power plants.

In the same year, VAM Changzhou Oil & Gas Premium Equipments was created to operate a mill in Changzhou for threading tubing to equip oil and gas wells. Production began in mid-2007.

In an effort to further strengthen its presence in the Chinese market, in 2011 the Group acquired 19.5% of Tianda Oil Pipe Company Limited (TOP), a Chinese manufacturer of seamless tubes listed on the Hong Kong Stock Exchange. Under the terms of a cooperation agreement with TOP, VAM Changzhou Oil & Gas Premium Equipments threads premium tubes manufactured locally by TOP for the Chinese premium OCTG market.

(1) On August 18, 2017, this company changed its name to Vallourec (China) Co., Ltd.

### 2008: ACQUISITIONS IN THE UNITED STATES

To strengthen its positions in products with high added value, Vallourec acquired Atlas Bradford® Premium Threading & Services, TCA® and Tube-Alloy from Grant Prideco. These companies respectively specialize in the production of premium connections, the heat treatment of high-grade alloy steel tubular products and the production and repair of accessories used inside oil and gas wells, and complex threading operations. In 2009, Atlas Bradford® Premium Threading & Services and TCA® were merged into VAM USA LLC and Vallourec Star respectively.

### 2010: CONSOLIDATION OF THE PREMIUM SOLUTIONS OFFER

Vallourec acquired Serimax, the world leader in welding solutions for offshore line pipes. This acquisition rounded out Vallourec's offshore line pipe activities, and enabled the Group to offer its customers integrated solutions.

### 2011: STRENGTHENING OF THE GROUP'S INDUSTRIAL FOOTPRINT IN BRAZIL AND THE MIDDLE EAST

In 2011, the new integrated joint industrial site for Vallourec & Sumitomo Tubos do Brasil was commissioned at Jeceaba, in the state of Minas Gerais, Brazil. This premium industrial site includes a steel mill, a tube mill, and a group of heat treatment, threading and finishing lines.

In the same year, Vallourec acquired Saudi Seamless Pipes Factory Company Ltd, the leading processing and finishing company for seamless OCTG tubes in Saudi Arabia. Vallourec thus became the leading player in the OCTG market to have local access to integrated heat treatment and threading facilities, to which it added a new threading line of VAM® connections.

### 2012: SUPPORT FOR THE DEVELOPMENT OF UNCONVENTIONAL HYDROCARBONS IN THE UNITED STATES

Vallourec began operating a new premium small-diameter tube mill in Youngstown (Ohio), thereby covering the full range of products and services necessary for the production of all hydrocarbons, especially those relating to shale oil and gas.

### 2013: VALLOUREC BECOMES THE SINGLE BRAND FOR ALL GROUP COMPANIES

Since the formation of the Vallourec & Mannesmann Tubes joint venture, numerous Group entities operated under the V&M name. In 2013, in order to help strengthen its world leadership and support its growth strategy, Vallourec decided that all of its entities would operate under the Vallourec banner from then on, underlining the successful integration of the numerous companies acquired by the Group worldwide.

### 2014: VALLOUREC BOOSTS ITS SALES IN AFRICA

Having operated in Angola since 2007 via a service center, Vallourec opened a sales office and a premium tube threading plant in Nigeria in 2009. This led to the signature in 2014 of three major contracts in Africa for the supply of subsea line pipes and premium tubular solutions for use in highly complex deepwater offshore projects in Ghana, Nigeria and Angola.

### 2016: VALLOUREC ANNOUNCES MAJOR STRATEGIC INITIATIVES

On February 1, 2016, Vallourec announced major strategic initiatives to streamline its industrial footprint in Europe and Brazil, acquiring control of Tianda Oil Pipe in China, and raising nearly €1 billion through a capital increase.

### 2017-2018: VALLOUREC CONTINUES ITS TRANSFORMATION WITH THE RAMP-UP OF NEW COMPETITIVE PRODUCTION ROUTES

Vallourec continued its transformation, notably through the establishment of a new organization based around four Regions and two Central Departments, and the ramp-up of new production routes from China and Brazil. In Brazil, the Group also renewed its long-term (three-year) contract with Petrobras for the supply of premium OCTG tubes and services (subsequently extended until mid-2026).

### 2019: LAUNCH OF SMARTENGO™ AND COMMERCIAL SUCCESS IN EA-MEA REGIONS

In March 2019, Vallourec launched Smartengo™, its new online sales platform for the Oil & Gas market. On September 9, 2019, it announced that it had won a five-year contract worth USD 900 million for the supply of OCTG tubes to Abu Dhabi National Oil Company (ADNOC), with a two-year extension clause. Under this contract, Vallourec also supplies a wide range of services, from plant to wells, developed as part of its new global service range, Vallourec.smart.

### 2020: PLANS TO STRENGTHEN THE BALANCE SHEET ARE SHELVED DUE TO THE COVID-19 CRISIS AND SHARP DECLINE IN OIL & GAS MARKETS; FINANCIAL RESTRUCTURING ANNOUNCED

In February 2020, Vallourec announced plans to strengthen its balance sheet to support its strategy, which notably included a rights issue of €800 million and a refinancing of its bank facilities. This project was abandoned due to the Covid-19 crisis, which led to a sharp decline in the global Oil & Gas markets. In September 2020, Vallourec announced that it was entering into discussions with its creditors with the aim of significantly reducing its debt.

### 2021: COMPLETION OF THE FINANCIAL RESTRUCTURING, CAPITAL INCREASES AND NEW SHAREHOLDER STRUCTURE, LAUNCH OF THE DISPOSAL PROCESS FOR GERMAN ASSETS

On June 24, 2021, Vallourec announced the success of its share capital increase with pre-emptive subscription rights, representing a gross amount (including issue premiums) of €299,724,207.62.

On June 30, 2021, Vallourec SA completed its financial restructuring and, in accordance with the resolutions adopted on April 20, 2021 by the Ordinary and Extraordinary Shareholders' Meeting, changed its two-tier governance and management structure with an Executive Board and Supervisory Board to a single-tier organization with a Board of Directors.

In November 2021, Vallourec announced the launch of a disposal process for its German assets and the progressive transfer of their Oil & Gas activities to Brazilian production sites.

### 2022: ANNOUNCEMENT OF THE "NEW VALLOUREC" TRANSFORMATION PLAN, EXECUTIVE COMMITTEE, STRENGTHENED, STRONG SALES MOMENTUM IN THE UNITED STATES AND OTHER REGIONS, AND LAUNCH OF VALLOUREC® NEW ENERGIES

In May 2022, the Group announced the New Vallourec plan. The plan aims to generate €230 million of recurring EBITDA uplift and around €20 million CAPEX reduction with the full impact starting in Q2 2024. It will contribute to making the Group cycle-proof and generating positive Free Cash Flow, before change in working capital, even at the bottom of the cycle.

Also during the year, Vallourec made six appointments to reinforce the Executive Committee tasked with executing the transformation strategy in the New Vallourec plan. The Group saw strong sales momentum in the United States and other regions, thanks to new and existing contracts with customers such as Saudi Aramco, ADNOC and Petrobras. And in September 2022, Vallourec decided to bring together its portfolio of energy transition offers under a single commercial name, Vallourec® New Energies.

## 3.2 Description of the Group's business model and activities

### 3.2.1 Vallourec's business model

#### 3.2.1.1 General presentation of the Group

Vallourec is a world leader in premium tubular solutions, primarily aimed at the Energy and Industry markets. With nearly 16,000 employees as of the end of 2022, integrated production sites, state-of-the-art Research and Development (R&D) and a presence in over 20 countries, the Group offers its customers innovative global solutions tailored to the energy challenges of the 21<sup>st</sup> century.

Originally based in France and Germany, Vallourec now has leading positions in the United States, Brazil, Europe, the Middle East and Asia. With more than 40 production units and finishing lines around the world, Vallourec has integrated sites combining steel mills and tube mills in the United States and Brazil.

The Group provides a wide range of premium tubular solutions – high-performance solutions requiring significant technological and industrial expertise – in addition to related specialized services that provide customers with a comprehensive offer of innovative solutions to meet their most demanding requirements.

The Group's offer includes:

- a range of seamless tubes that is among the most extensive in the world in terms of sizes and proportions (length, diameter, thickness), and with more than 250 grades of steel (high-grade and low-grade carbon steel alloys, stainless steels, nickel alloys, etc.);
- connections, including VAM® and accessories; and
- innovative and connected services.

The Group offers products and services for the following four markets:

- Oil & Gas: tubes, connections and connected services for exploration and operation of oil and gas fields, from the simplest to the most complex. Vallourec offers a full range of such products and services, which allows it to serve all oil extraction options: shale, onshore and offshore;
- Industry (mechanicals, automotive, and construction): lightweight and resistant tubes for a wide range of applications, hollow sections, tubes and hollow bars for the Automotive, Mechanicals and Construction markets;
- Iron ore: operation of an iron mine in Brazil, with a portion of its production supplying the Jeceaba site and the remainder sold on the local market; and

- Energy transition: tubes and connections specifically tested and validated for the aggressive environment of contaminated CO<sub>2</sub>, high temperature geothermal and leak prone systems for hydrogen.

#### AMBITION: TO BE THE INNOVATIVE AND AGILE PARTNER OF CHOICE FOR CUSTOMERS

Vallourec's ambition is to be the innovative and agile partner of choice for smart and sustainable tubular solutions for all of its customers.

**A partner of choice:** a global player with leading regional positions, the Group aims to satisfy each customer at the lowest cost, thanks to a differentiated offer of products and services that allows customers both to optimize operating costs and access high value-added products for extremely complex applications.

**Agile:** to respond to customers' needs increasingly rapidly, Vallourec has reviewed its innovation policy to become more responsive and quickly offer new solutions that meet market expectations. Furthermore, its regional presence allows it to offer its customers delivery and service time frames that meet their expectations.

**Innovative:** innovation is at the core of the Group's DNA, and results in the development of leading-edge products and connections. In order to continue to best respond to the expectations of its customers and markets, Vallourec has broadened its innovation strategy to encompass new products, services and business models, alongside the development of more conventional products. Incorporating digital aspects in commercial offerings is a key component of this strategy, which led to the launch of the Vallourec.smart service in 2018, an offer that brings together the Group's physical and digital services.

#### A DIVERSIFIED RANGE OF PRODUCTS AND SOLUTIONS AND A BROAD GEOGRAPHICAL FOOTPRINT TO SERVE CUSTOMERS

In May 2022, Vallourec announced a large-scale transformation plan for the Group. It has begun the process of closing its German tube plants and relocating the German rolling activities for Oil & Gas markets to Brazil. The process will take place over the next two years and will include the sale of land and buildings. Support functions will be located close to production sites and the Group will focus on value-creating projects.

As part of its “New Vallourec” plan, conceived and led by Philippe Guillemot, Chairman and Chief Executive Officer, the Group has developed a three-region organization (North America, South America, and Eastern Hemisphere) to simplify and optimize its operations. This new organization aims to make the Group more efficient and agile, and closer to its customers, as well as to enhance its industrial performance, through two export bases in Brazil, and Asia.

The Group has a diversified customer portfolio and a global presence allowing it to leverage growth opportunities in each of its markets. It also has a balanced distribution of revenue. Its top ten customers represented 26% of its total revenue in 2022 and the geographical distribution of revenue demonstrates the Group's strong positions on its strategic markets. The distribution of revenue by market is presented in section 3.2.2.1 of this Universal Registration Document.

### **INNOVATION IS PART OF THE GROUP'S DNA**

Vallourec has developed the VAM® connection, a patented technology that gives it a strong competitive advantage, ensuring flawless tube column sealing in installation areas and making the Group a leading manufacturer of seamless tubes.

Vallourec intends to maintain its technological edge, which allows it to anticipate its customers' needs, and innovation is at the heart of its growth strategy:

- Vallourec's customers seek assistance in optimizing and securing their facilities. Vallourec responds to their needs with comprehensive high-value-added offerings comprising tubes and connected services;
- the Group innovates in manufacturing processes, new product development and improving the performance of existing products, as well as in rolling out new customer services and solutions.

The digital revolution has created new possibilities for optimizing operational efficiency across the value chain, as well as increased demand from customers across all sectors for smart solutions. Vallourec already offers connected solutions and is continuing to develop this offer closely in line with its customers' needs.

It is also preparing for the energy transition by exploring how the Group's products can be used in this context. Some of its products have already been incorporated into practical applications, for example geothermal plants, which require tubes with strict specifications (able to withstand corrosion, extreme heat conditions, etc.), supercritical carbon dioxide storage (low temperatures), hydrogen storage.

### **A RESPONSIBLE PLAYER**

In terms of safety, quality, and social and environmental policy, Vallourec has always integrated the highest standards of responsibility and quality in its strategy: its corporate social responsibility goals and approach are set out in its Sustainable Development Charter and are described in the consolidated statement of non-financial performance, which is included in chapter 4 of this Universal Registration Document.

Vallourec is regularly assessed by the main non-financial rating agencies and specialized SRI funds such as Vigeo-Eiris, MSCI, Sustainalytics, Ecovadis and CDP.

### **A committed player with a clear roadmap**

In 2020, Vallourec announced its ambition to reduce its direct and indirect carbon emissions by 2025, taking 2017 as its baseline year. These objectives were approved by the Science-Based Targets initiative (SBTI), and Vallourec became the first company in the Oil & Gas sector to obtain this recognition. In concrete terms, the Group, which is already a low emitter of greenhouse gases, is committed to:

- reducing its direct emissions by 20% (Scopes 1 & 2);
- reducing both direct and indirect emissions by 25% (Scopes 1, 2 & 3).

The Group intends to play a part in the energy transition and support its customers in their transformation. Vallourec's products and services already feature in numerous applications in support of the energy transition, and the Group also participates in research projects focused on CO<sub>2</sub> and hydrogen transportation and storage – in addition to its current solutions in the areas of geothermal energy and CO<sub>2</sub> storage.

On May 2, 2022, Vallourec announced the appointment of Ulrika Wising as Senior Vice-President Energy Transition. Ulrika has a solid background in energy transition and business development. She will strengthen the Group's focus on and commitments to energy transition and will be responsible for accelerating and developing new profitable business opportunities.

### **Investment in GreenFire Energy**

In May 2022, Vallourec also announced that it had invested in GreenFire Energy Inc., an American start-up developing Advanced Geothermal Systems based on its innovative GreenLoop™ technology. This transaction was carried out alongside other major investors, Baker Hughes and Helmerich & Payne. Vallourec and GreenFire Energy have been working together since 2019 on several successful closed-loop geothermal demonstrators in various fields. Vallourec THERMOCASE® Vacuum Insulated Tubing (VIT) is a key enabler of closed-loop geothermal systems: these thermally insulated pipes allow underground heat to be harvested and brought to the surface (as hot water or steam) with minimal losses. Thanks to its leading edge in VIT with its THERMOCASE® product range, Vallourec will be able to support GreenFire Energy by designing and manufacturing bespoke solutions for its future projects. While conventional geothermal systems rely on the exploitation of geothermal resources in very specific areas, Advanced Geothermal Systems – such as the one developed by GreenFire Energy – could unlock the possibility of producing energy virtually anywhere.

### **New steps in Carbon Capture and Storage (CCS) and hydrogen**

For the injection of super critical CO<sub>2</sub> into CO<sub>2</sub> storage wells, VAM TOP® connections have been tested for specific conditions requiring low temperature (-80°C) and a very sudden temperature drop under severe loading conditions, with full-scale samples. This has been validated by customers, including Oil & Gas technology leaders.

Due to the small size and low viscosity of the molecule, hydrogen is known to be a difficult gas to contain. Vallourec is the first company to have tested and validated full leak-tightness of the VAM® 21 connection with 100% hydrogen content up to 560 bars – conditions that are even more stringent than those required for future storage wells.

### 3.2.1.2 Products and services for the Oil & Gas market

Vallourec has expanded its offer to provide customers with both standard and high-performing products that can be used in environments ranging from the least demanding to the most extreme and which meet the requirements of highly complex applications in terms of pressure, temperature and corrosion. The Group is developing an offer of associated services for these products to improve operators' costs, ease product implementation, and increase the useful lives of assets and facilities.

The Group's products and services for the Oil & Gas market cover the entire Oil & Gas value chain, from exploration, development and production to transportation and processing:

- **OCTG:** Vallourec's OCTG (Oil Country Tubular Goods) products are seamless tubes with a threaded connector that are found in a large number of oil and gas wells throughout the world (casing and tubing). The tubes are generally connected using premium threaded VAM® connections, which are trademarked by Vallourec;
- **Transportation and processing:** oil and gas are transported from wells to offshore or onshore processing units using Vallourec tubes and accessories.

#### PRODUCTS FOR THE OIL & GAS MARKET

Vallourec has developed a range of premium tubular solutions for the Oil & Gas industry that satisfies the strictest requirements and covers the entire value chain, from exploration to production and hydrocarbon transportation.

The standard product ranges meet international standards (API, DNV, IOGP, Shell DEP, etc.), and thanks to Vallourec's competitive offer, help reduce operators' costs.

The Group's premium product lines are adapted to extreme and increasingly complex environments, including:

- onshore applications that are relatively standard but require highly optimized operational efficiency;
- deep wells;
- corrosive environments;
- deviated and horizontal wells; and
- high pressure/high temperature (HP/HT) wells.

#### Tubes and accessories for the Oil & Gas market

For the exploration and production phases, the Group has developed OCTG products, which are threaded tubes designed for oil and gas wells. The OCTG products manufactured by the Group include casing, which consists of tubes that are assembled using sealed connections to form a column supporting the walls of an oil or gas well. The Group also offers tubing, consisting of small-diameter steel tubes assembled using leak-tight connections to form a production string used to lift the fluids produced from the bottom of the well towards the surface.

The sealed assembly of OCTG premium tubes is provided by the Group's VAM® connections (see the section on VAM® connections below). These connections have technical characteristics that enable them to withstand the stresses that OCTG products are subjected to under extreme conditions.

Vallourec's OCTG activities cover Europe, Africa, the Middle East and Asia, as well as North and South America. Each region integrates tube rolling, heat treatment and threading facilities.

The Group is also a major player in the accessories market, providing both finished and semi-finished products, as well as brackets for connecting complex equipment (wellheads, safety valves, etc.) to OCTG tubes.

#### VAM® connections

VAM® connections, used for Oil & Gas activities for more than 55 years, are premium threaded connections invented and patented by Vallourec. They provide tubes with connections that are resistant to all the mechanical constraints present in wells, such as pressure and compression, and ensure flawless sealing for tube columns.

The development of VAM® connections is a joint business operation between Vallourec and Nippon Steel Corporation (NSC). This joint business, which has allowed the VAM® brand to become the global benchmark in its markets, is still as dynamic as ever and helps develop solutions that are best adapted to the needs of operators in the energy segment.

Since the first VAM® patent, which Vallourec filed in 1965, more than 30 VAM® product lines have been put on the market, along with specific developments, meeting a broad range of requirements. The VAM® offering notably includes:

- VAM® 21: available in diameters from 3.5 to 16 inches, this innovative connection has become the new product of choice. As resistant as the tube itself, it was the first to deliver a performance meeting the CAL IV standard defined in the most recent changes to ISO 13679 and API RP 5C5, two standard technical specifications that document product performance and thereby promote responsible use. New versions of the VAM® 21 meeting the specific needs of operators (higher torque capacity, development in thick tubes, etc.) are added to the product line every year;
- VAM® SLIJ-3: thanks to better performance, this semi-flush connection is rapidly replacing the previous generation (VAM® SLIJ-II). For example, the new VAM® SLIJ-3 connection, with a diameter of 14 inches, offers an additional 21% of traction capacity, 38% more compression capacity, and nearly 50% additional torque capacity. Already tested to today's most stringent standard (API CAL IV:2017) on several sizes ranging from 7½ to 16¼ inches, this product line has received unanimously positive feedback from early adopters, paving the way for many future applications;
- CLEANWELL®: this dry coating applied to VAM® connections at the plant is the ideal way of getting the most out of the connections, providing anti-corrosion protection for the product during transport, storage and lubrication during assembly. Beyond the obvious environmental benefits of eliminating grease, CLEANWELL® improves safety and running performance. In light of the rapid adoption of the CLEANWELL® solution by players in the European energy market, Vallourec is increasing its production capacities;
- VAM® HTTC (High Torque Threaded and Coupled): designed for highly deviated wells with long horizontal sections, this premium connection for casing and tubing withstands extreme torque and compressive stress when the column is being installed and maintains a perfect seal during production. Available in various dimensions, VAM® HTTC is a high-added-value product that allows the most complex horizontal drilling to be carried out safely;

- VAM® BOLT-II: the mechanical integrity and sealability of this premium integral connection for large-diameter casing make it especially well-suited to high-pressure, high-temperature deepwater offshore wells, which are common in the Gulf of Mexico, off the Brazilian coast and in the Gulf of Guinea, as well as in North Africa and the Asia Pacific region;
- VAM® SPRINT: now composed of three complementary versions (VAM® SPRINT-SF, VAM® SPRINT-FJ and VAM® SPRINT-TC), this product line provides support to all non-conventional Oil & Gas producers in the United States by meeting the need for a range of high-torque and cost-efficient threaded products. By developing this product line, Vallourec has once again pushed the boundaries of connection design to offer the most appropriate solution for its customers' challenges.

More recently, Vallourec has developed new test protocols and methods adapted to the very specific challenges of New Energies. The life cycle of threaded products is much different than in traditional applications when they are being used in geothermal systems or for the underground storage of CO<sub>2</sub> and hydrogen.

The tests carried out under real-use conditions validated the operational performance of VAM® products (beginning with VAM® 21), paving the way for their future use in many New Energies projects.

In order to maintain the position of the VAM® range as market leader in threaded connections, Vallourec's Research and Development teams are coordinated from Vallourec Oil & Gas France, with R&D branches close to the major markets in the United States (VAM USA in Houston) and Brazil (VSB in Belo Horizonte). Support for the VAM® product lines worldwide is provided by a broad network of local licensees situated close to customers' operations.

### Development of high-performance steels for wells

For both tubes and threaded connections, operators in the energy market need cost-efficient solutions that can meet constantly growing technical constraints.

In recent years, Vallourec has finalized the development and industrialization of high yield strength carbon steels resistant to H<sub>2</sub>S (hydrogen sulfide) corrosion. For example, the recently launched VM110MS has been recognized by several major customers as a technically viable and economically attractive alternative to the common C110 grade. In the field of high-performance steel grades, VM110XS offers unrivaled resistance to the most corrosive well conditions. Products with sour service corrosion resistance and maximum mechanical resistance, such as VM130MS and VM140CY, have also been brought to market and been particularly taken up in the Gulf of Mexico.

Vallourec also offers products that can withstand high collapse and rupture pressures. The Group meets this technical challenge through the combined use of proprietary steel grades (such as the "High Collapse" and "Extreme Collapse" product lines), a scientific model for predicting mechanical performance, and individual product traceability from plant to end users. In order to meet the expectations of the Energy industry, orders can now be delivered in which products are segregated into two batches: a "High Collapse" batch and an "Extreme Collapse" batch, for the most challenging wells.

### Tubes and accessories for oil and gas transportation

The Group's product line for transportation includes:

- rigid subsea line pipes (production and injection lines known as flowlines, which are pipes that rest on the seabed for the transport of production or injection fluids, and risers, which bring fluids up from the wellhead to the surface and then connect them to processing units);
- onshore rigid line pipes.

Each of these products is developed in various grades of steel to meet customers' specific requirements in terms of mechanical properties, corrosion resistance and weldability. Among the latest premium-grade developments for Line Pipes, X80 is a steel grade designed to meet the technical challenges of ultra-deepwater offshore environments.

Various types of anticorrosion or thermal insulation coatings can be applied in our plants or with the help of our subcontractors.

### Tubes for the processing of industrial fluids and oil and gas

The Group offers a wide range of carbon steel and steel alloy tubes, as well as hollow bars (semi-finished tubes intended for processing into products that meet the needs of a specific market) and connections adapted to the needs of each project.

In particular, the Group manufactures seamless tubes for the refining, petrochemical and biofuel industries. The most technical products are used in refinery furnaces and in floating liquefied natural gas (FLNG) units and floating production, storage and offloading (FPSO) units.

### SERVICES FOR THE OIL & GAS MARKET

In order to meet the expectations of its customers (operators, engineering firms and distributors) in terms of efficiency, cost and integrity, Vallourec has developed a services offer that includes innovative solutions tailored to specific project needs.

For its Line Pipe customers Vallourec offers services related to on-site offshore and onshore welding, coating, bending, and management of complex projects.

For OCTG customers, Vallourec offers a range of services to assist and provide them with the benefit of the Group's know-how throughout the life cycle of their tubes, from shipping to installation.

These include:

- VAM® Field Service, which involves more than 170 technicians and engineers in 19 locations across the world, available around-the-clock at the well site to assist customers with lowering tubes, inspecting connections, and supervising assembly. The Group has also set up and manages a network of more than 150 licensees to repair Vallourec products and thread tubes with VAM® on all oil accessories;
- Tubulars inventory management, thanks to which Vallourec's logistics engineers can manage, at the customer's request, their tubular product inventory and coordinate the preparation and inspection of tubes to be sent to the platform;
- Engineering services, through which Vallourec provides advice and guidance to customers, including on well design. Vallourec experts recommend the most appropriate tubing and casing (in terms of sizing and steel grade) and the connections that best respond to the requirements of the well;
- training sessions, including courses on known and little-known "Tubular Essentials", provided by the Group's experts to teach operators best practices for optimal use of tubes and connections, and for handling and inventory management.

The Group also offers a range of bespoke services tailored to customers' needs, including tube inspection, maintenance and repair, on-site services, preparation for drilling operations, and well coordination and supply based on customers' drilling programs.

The Group offers specific integrated solutions for the subsea line pipe market, including welding, coating, insulation, logistics and specific service agreements that may be entered into depending on the customer's needs. In partnership with a thermal insulation specialist, the Group provides line pipes using pipe-in-pipe technology, in which the line pipe is covered with an insulating, high-performance material and then inserted into another tube. This technology keeps oil and gas at the proper temperature to ensure that it flows properly during transport from the wellhead to the production platform.

The Group also offers tube coating and welding services on site, primarily through Serimax, a global leader in integrated welding solutions for the construction of pipelines in the Oil & Gas and water transport sectors, as well as for the nuclear industry, with an international presence consisting of service units close to project sites. Serimax leverages its welding research centers to develop joint research programs with its customers and operators and to respond to projects' increasing technical requirements.

Lastly, the Group is continuing to develop its site services network, which provides worldwide coverage from service centers based in Scotland, the United States, Mexico, Singapore, China, Angola, Nigeria and the Middle East. Since 2008, Vallourec has also produced petroleum accessories related to the VAM® joint through its subsidiary Vallourec Tube-Alloy, LLC (USA). This expertise is deployed in Mexico, Brazil, France, Singapore and Indonesia to provide, in addition to the network of licensed partners, global coverage for accessory requirements to meet the needs of VAM® connection customers.

### 3.2.1.3 Products and services for other markets

The Group offers comprehensive solutions for the Industry market (Mechanicals, Automotive and Construction) as well as for the Energy transition market.

#### PRODUCTS AND SERVICES FOR THE INDUSTRY MARKET

Products offered to customers in the Industry market are designed for highly varied mechanicals, automotive and construction applications. The Group manufactures tubes, hollow bars (semi-finished tubes intended for subsequent processing into products meeting the needs of a specific market), and sections (circular, square, rectangular or octagonal sections for a vast array of applications), in all sizes and grades of steel. Its products meet the needs of the most varied and demanding industrial applications with special grades of steel.

Vallourec's premium tubular solutions are used in the construction of infrastructure such as bridges, stadiums, industrial and logistics buildings, airports and other ambitious architectural projects. The mechanical industry uses Vallourec's tubes and rings to manufacture cranes, construction machinery, agricultural machinery, and hydraulic cylinders. Automotive manufacturers equip their light and heavy vehicles with the tubes and axles produced by the Group.

#### IRON ORE PRODUCTION

In Brazil, the Group extracts iron ore at its Pau Branco mine in the state of Minas Gerais, 30 kilometers south of Belo Horizonte. The mine supplies the blast furnaces and the pellet plant of its affiliates located at Jeceaba in Minas Gerais, and also markets its production locally.

In the second quarter of 2019, Vallourec was granted a license from the Minas Gerais authorities to extend production capacity by building a new processing unit. This will enable it to reach a total production capacity of around 8.7 million metric tons per annum.

In January 2022, the Group's operations at the Pau Branco mine were temporarily suspended following exceptionally heavy rainfall that affected part of the Cachoeirinha waste pile. In May 2022, Vallourec partially restarted operations using an alternative waste pile, but at a production level below available capacity. Under these conditions, volumes extracted in 2022 amounted to 4 million metric tons.

#### PRODUCTS AND SERVICES FOR THE ENERGY TRANSITION MARKET

Vallourec is also involved in various innovation projects concerning the energy transition industry, such as geothermal and solar power, and the transportation and storage of carbon and hydrogen.

It has already identified numerous opportunities and is now looking to accelerate its expansion in these new markets. Our expertise allows us to offer tubular solutions that meet the challenges of putting in place the infrastructure associated with these different types of applications in the energy transition industry.

Through public and private partnerships and the acquisition of fresh expertise, Vallourec aims to cement its position as a true partner and expert within the global community of low-carbon-emitting companies.

We are also aiming to contribute to turnkey energy transition development projects throughout the world.



In the field of geothermal energy, Vallourec is involved in closed-loop projects that do not require a large quantity of water in the subsoil. Thermocase® VIT (Vacuum Insulation Tubing) products allow the circulation of cold and hot flows in the same well thanks to their excellent thermal insulation. This high-potential technology will considerably increase the number of sites where geothermal power systems can be installed.

During extensive laboratory tests in 2021, we reproduced the future conditions of use of the tubes and connections for hydrogen applications and CCS (Carbon Capture and Storage) injection wells. Vallourec products are qualified to meet future customer needs (VAM® 21 for 100% hydrogen content and VAM TOP® for CCS at a temperature of 250°C).

## 3.2.2 Markets and customers

### 3.2.2.1 Vallourec's markets

The Group's main markets are Oil & Gas and Petrochemicals, respectively representing 64.3% and 73.3% of its Tubes revenue in 2021 and 2022. The table below shows the breakdown of the Group's revenue by market in 2021 and 2022.

<i>In € millions</i>	2021	% of revenue	2022	% of revenue
<b>Total Oil &amp; Gas and Petrochemicals</b>	<b>1,950</b>	<b>64.3%</b>	<b>3,419</b>	<b>73.3%</b>
<b>Industry</b>	<b>908</b>	<b>30.0%</b>	<b>1,063</b>	<b>22.8%</b>
<b>Power Generation &amp; Other</b>	<b>172</b>	<b>5.7%</b>	<b>181</b>	<b>3.9%</b>
<b>TOTAL – TUBES</b>	<b>3,030</b>	<b>100.0%</b>	<b>4,663</b>	<b>100.0%</b>
Mine & Forest	469	–	245	–
Holding companies & Other	186	–	210	–
Inter-segment transactions	(243)	–	(234)	–
<b>TOTAL</b>	<b>3,442</b>	<b>–</b>	<b>4,883</b>	<b>–</b>

*Due to rounding, the numbers presented in the table above may not add up precisely to the totals provided and the percentages may not precisely reflect the absolute figures.*

For an analysis of changes in the Group's markets, see section 3.4 "Market environment" and for an analysis of changes in the Group's revenue by market, see section 3.7 "Results of operations" of this Universal Registration Document.

Section 3.7 of this Universal Registration Document also provides a breakdown of revenue by geographic region in 2022.

### 3.2.2.2 Main Group customers

The Group's largest customers include:

- in the Oil & Gas market: international oil companies (TotalEnergies, Shell, Exxon, Chevron, ENI...), national companies (Aramco, Adnoc, Petrobras, CNOOC), private independent companies, US distributors, oil service companies, as well as engineering and construction companies (Subsea 7, TechnipFMC);
- in the Industry market: European and international distributors and industrial equipment manufacturers.
- in the energy transition industry: international energy companies (including oil & gas companies), geothermal developers, green hydrogen developers, solar developers and carbon capture and storage specialist.

In certain regional markets, particularly in the United States and Germany, the Group's main customers are distributors. In the rest of the world, the Group's customers are end-users.

In 2022, the Group's ten largest customers represented 26% of consolidated revenue, and the five largest customers 22% of consolidated revenue.

### 3.2.3 Competitive position

The information below on the various markets in which Vallourec operates is based on the Group's internal analyses and estimates.

See the "Risks related to competition" paragraph in section 5.1.1 of this Universal Registration Document for more details.

#### 3.2.3.1 Oil & Gas

Vallourec operates in two markets: threaded seamless tubes installed in oil and gas wells used in exploration and production (OCTG), and offshore and onshore line pipes for oil and gas transportation:

- **in the OCTG market**, Vallourec is among the world's leading suppliers of premium products in terms of volumes delivered:
  - the VAM® range, produced in cooperation with Nippon Steel Corporation (NSC, formerly NSSMC), is the world leader in the market for premium connections that satisfy demanding technical performance criteria,
  - the Group's main competitors in the OCTG market are Tenaris, NSC, JFE, US Steel Tubulars, TMK, TPCO and Voest Alpine Tubulars;
- **in the offshore and onshore line pipe market for premium seamless tubes**, Vallourec is one of the three major players alongside Tenaris and NSC:
  - the Group is notably involved in deepwater projects (500+ meters), which require extremely technical products,
  - Vallourec is also present in the onshore line pipe segment,
  - through its subsidiary Serimax, Vallourec is also the world leader in welding solutions for both offshore and onshore line pipes.

#### 3.2.3.2 Petrochemicals

Vallourec's products and solutions target various applications:

- seamless tubes for refineries;
- petrochemical facilities;
- floating liquefied natural gas (FLNG) plants; and
- floating production, storage and offloading (FPSO) units.

Vallourec is a front-ranking market player and its main competitors are Tenaris, ArcelorMittal, NSC and various Chinese groups.

#### 3.2.3.3 Power Generation and Energy Transition Industry

Traditionally, Vallourec offered a large range of tubes, product sizes and steel grades (including patented grades) for the Power Generation market, mainly for conventional thermal power plants. However, at the beginning of 2020, the Group decided to close the Reisholz specialized site in Germany and only continue its repair and maintenance activity in Europe and North America, as well as activities related to biomass in Brazil. In 2021, Vallourec finalized the sale to Framatome of Valinox Nucléaire SAS, a company specializing in the manufacture of tubes for steam generators.

As well as serving the traditional electricity sector of the Power Generation market Vallourec is contributing to energy transition by providing tubes and connections for the storage and transportation of decarbonized hydrogen as well as applications for transporting and storing CO<sub>2</sub>, drawing heavily on its entire range of tubes and long-established experience in the Oil & Gas market. For these new applications whose use in infrastructure projects is increasing rapidly, Vallourec relies on its expertise in materials, corrosion and connections. The shift to industrial-scale use and the emergence of large-scale projects for these decarbonization drivers (decarbonized hydrogen, capture-storage of CO<sub>2</sub>) are very closely linked to the roadmaps and commitments undertaken by nations as well as by industrial players – including Vallourec's long-standing customers – in their emissions reduction pathways.

#### 3.2.3.4 Industry and Other

In 2021, Vallourec decided to launch a disposal process for its German production assets, with the aim of finding a new operator to profitably serve the European Industry markets.

During that year Vallourec also announced that it had formed a joint venture with the Açotubo group called Vallourec Tubos para Indústria. This new entity will offer tubular solutions and cold-rolled steel tubes for the entire industry, especially for automotive, energy, machinery and industrial equipment applications.

#### MECHANICALS

Vallourec is a long-standing European leader in seamless tubes for mechanical engineering applications.

This market is characterized by:

- a wide range of applications: tubes for hydraulic cylinders, construction and civil engineering cranes, agricultural machinery, mine construction and exploitation machinery, industrial building frames, public works, oil rigs, etc.;
- competition from numerous alternative techniques: welded tubes, drilled steel bars, cold-drawn tubes, forged and formed tubes, etc.

#### AUTOMOTIVE

Vallourec provides a wide range of products for the automotive industry, such as axle tubes and gearbox applications.

In Brazil, Vallourec Soluções Tubulares do Brasil is the market leader for seamless hot-rolled, cold-formed, forged or drawn tube manufacturing. The products from Vallourec Soluções Tubulares do Brasil have numerous industrial applications in various market segments such as light and heavy vehicles and two-wheeled vehicles, primarily for transmission and steering systems, as well as for construction and agricultural equipment and machinery.

In May 2022, the Group completed the sale of Vallourec Bearing Tubes (VBT) to Mutares SE & Co. KGaA.

## CONSTRUCTION

Vallourec is a major supplier of seamless and streamlined tubes for construction projects. It provides solutions for civil constructions such as concourses, stadiums, museums, and other infrastructure such as bridges, as well as solutions for offshore projects, in particular offshore oil and gas platforms.

In Brazil, Vallourec Soluções Tubulares do Brasil also offers standard or formed seamless tubes for the construction of bridges, stadiums, airports, power lines, foundations for walkways, and other infrastructure projects.

### 3.2.4 Group facilities

Vallourec places its teams and the production of its premium solutions as close as possible to its customers. The Group has nearly 40 production sites worldwide. As at December 31, 2022, its facilities included:

- 3 steel mills, including 1 in Germany, Hüttenwerke Krupp Mannesmann (HKM – 20%-owned by the Group), 1 in the United States and 1 in Brazil;
- 11 tube mills in Europe, the United States, Brazil and Asia;
- 5 Research and Development centers, described in section 3.3 below;
- 22 finishing units;
- numerous sales offices and service centers located near our customers; and
- a group of forestry assets and an iron ore mine in Brazil.

The Group has nearly 3.2 million metric tons of rolled tube production capacity, which is fairly evenly distributed across its four operating regions:

#### Rolled tube production capacity by region

Europe	~23%
North America	~24%
Brazil	~35%
China	~18%

### 3.2.5 Procurement

#### 3.2.5.1 Raw materials and purchases

The Group purchases the following items for its production activities:

- raw materials (ferroalloys, electrodes, refractories, scrap metal, etc.);
- consumables and supplies (mechanical and electrical supplies, cutting tools, lubricants, thread protectors, etc.);
- semi-finished products (roundbars, flat products, etc.);
- maintenance (services and spare parts);
- energy (electricity, natural gas, etc.).

Purchases consumed in production in 2021 and 2022 can be analyzed as follows:

<i>In € thousands</i>	2021	2022
Scrap metal and ferroalloys	562,854	831,401
Rounds/billets	714,385	751,832
Flat products	0	29,765
Tubes	125,209	101,482
Miscellaneous <sup>(a)</sup>	85,962	167,079
<b>TOTAL</b>	<b>1,488,410</b>	<b>1,881,559</b>

(a) Including change in inventories.

Rounds and billets represented 40% of purchases consumed in 2022, while tubes represented 5%.

Other purchases include:

- non-production:
  - external services (engineering, temporary labor, waste treatment, industrial cleaning, etc.),
  - IT (software, hardware, networks, IT support, etc.),
  - logistics (sea, air, road, rail, warehousing, etc.);
- solutions:
  - major infrastructure equipment and investments,
  - customer-specific solutions.

For a description of risks related to changes in the price of raw materials, see chapter 5 "Risk and risk management" of this Universal Registration Document.

# 3 PRESENTATION OF THE VALLOUREC GROUP AND ITS BUSINESSES

Description of the Group's business model and activities

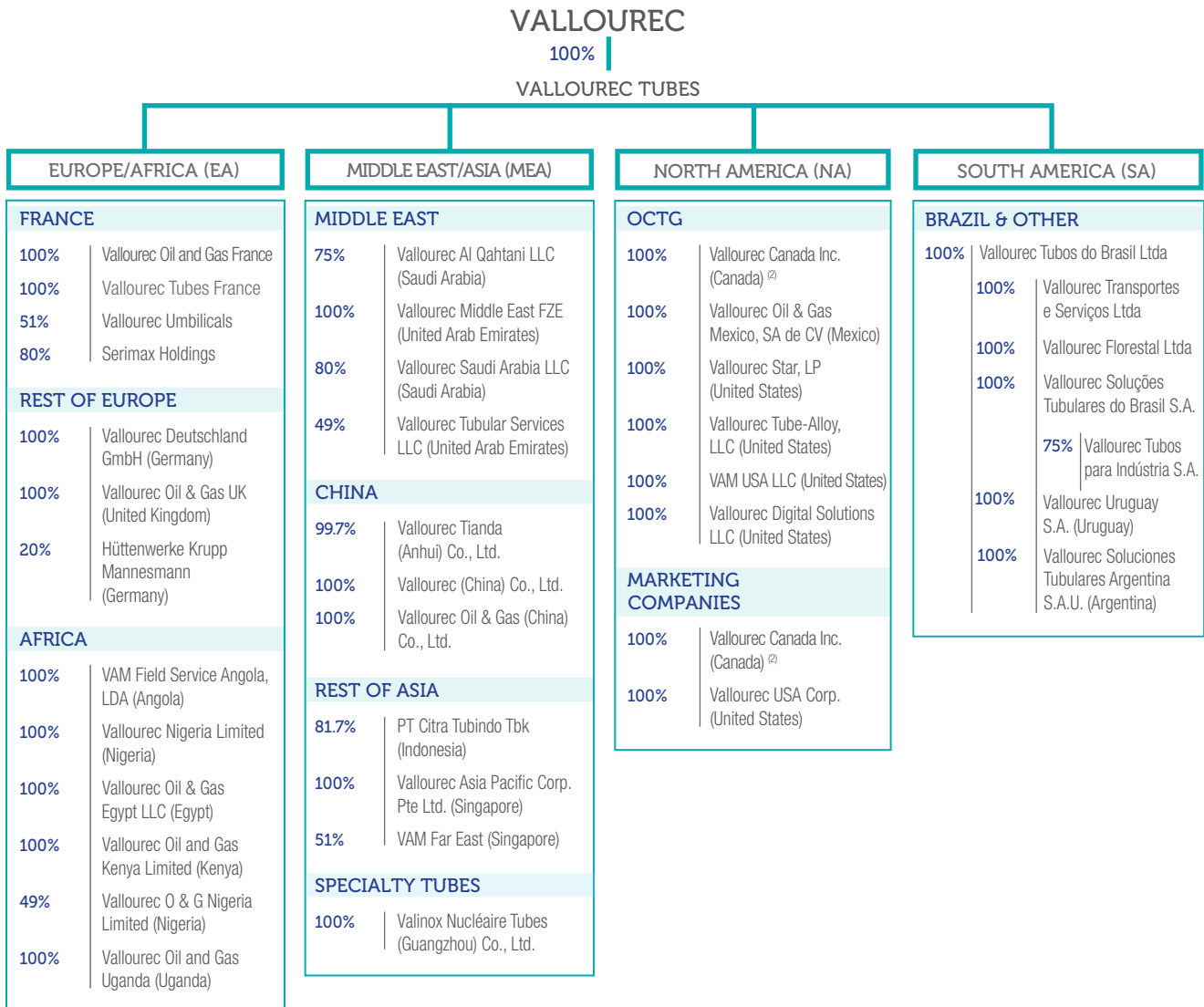
## 3.2.5.2 Sourcing policy

The Group has a structured sourcing policy in line with its objectives and balanced between central and local management. This policy is based on:

- supporting Vallourec's strategic plan by developing and managing a partner-supplier base to ensure the Group's cost-effectiveness and its customers' success;
- continuously improving purchasing processes to optimize the Group's performance in terms of quality, cost, lead times, and security;
- together with internal customers, selecting the best suppliers based on strategies by type of purchase, supplier risk assessments, and criteria regarding social and environmental responsibility;
- identifying and minimizing supplier risks and putting in place a plan to reduce the CO<sub>2</sub> emissions from our supplier base as part of the responsible purchasing policy;
- drawing up an annual training plan for the purchasing team to achieve operational excellence.

## 3.2.6 Group organization

### 3.2.6.1 Vallourec Group legal organization chart as at December 31, 2023 <sup>(1)</sup>



(1) Refers to the percentage of share capital and voting rights held directly or indirectly.

(2) Vallourec Canada Inc. performs both OCTG and marketing activities.

### 3.2.6.2 Organization of Group businesses

As part of its "New Vallourec" plan designed and led by Philippe Guillemot, Chairman and Chief Executive Officer, the Group has developed an organizational structure divided into three operating regions (North America, South America and the Eastern Hemisphere) in order to streamline and optimize its operations.

This new structure is designed to make the Group more effective and agile, bringing it in close proximity to its customers and enabling it to heighten its industrial performance, in particular via two export bases – Brazil and Asia.

The regions are responsible for all of the sales and industrial operations located within their geographic scope.

The Group's new regional organization has resulted in the creation of Central Functions and Product Lines that have been grouped together in order to centralize and optimize the implementation of the New Vallourec plan and ensure that the plan's objectives are taken into account Group-wide.

In addition to its operating entities, the Group has holding and marketing companies.

#### CENTRAL FUNCTIONS

The Central Functions include the Group Industry and Eastern Hemisphere Department, the Finance Department, the Human Resources Department, the Digital and Information Systems Department, the Strategy and Development Department, the Legal Department, the Marketing and Communications Department, the Research and Development Department ("One R&D") and the Sustainable Development Department.

Working in coordination with the Core Field Units, the Central Functions are tasked with ensuring that the New Vallourec plan is optimally deployed and that its objectives are taken into account throughout the Group. In particular:

- the **Group Industry and Eastern Hemisphere Department** comprises the various units of the Industrial Department in charge of the Group's strategy and performance with respect to safety, quality, customer service, expertise and performance in key technologies, production cost efficiency, procurement and logistics. This department is responsible for the Group's industrial strategy and determines changes in its industrial facilities in conjunction with the Regions. It manages the investment portfolio and makes sure investments are properly carried out from a technical standpoint, within the agreed time frames and economic parameters. It also covers the operational management of the plants based in Germany, France, Saudi Arabia, China and Indonesia.

The Group Industry and Eastern Hemisphere Department is structured around (i) six Core Field Units that work with one another and coordinate the Regions' operating activities defined in the industrial plan, (ii) two Industrial Units (Eastern Hemisphere and Vallourec Deutschland), and (iii) an integrated site in France (la Forge d'Aulnoye). Within this overall structure:

- the **Safety/Quality/Industrialization Department** defines the Group's policies, objectives and methodologies in terms of improving safety performance (accident frequency rate), quality as perceived by customers (number and processing of claims), accreditations/certifications, and regulatory requirements. It is also responsible for the tube industrialization plan and methodology,

- the **Industrial Excellence Department** coordinates the competitiveness improvement plans of the Regions through the Group's "CAP20" program, and prepares and deploys the Group's Operational Excellence guidelines based on lean management methodologies. It is also in charge of the Group's industrial equipment maintenance policy and the associated improvement processes, as well as knowledge management (KM) tools. Along with the Regions, it conducts strategic studies in connection with the Group's industrial plan, as well as studies looking at the transformation of industrial facilities. It is also in charge of defining and deploying "Industry 4.0" tools via the digital industrial plan,
- the **Managing CAPEX and Insurance Department** manages the investment portfolio within the scope of the strategic plan and annual budget process, and is in charge of the process of qualifying and approving investment projects. It is also responsible for project management methods. It manages the Group's insurance policy portfolio, liaising with the Regions and arranging global insurance coverage, and conducts annual negotiations with insurance companies,
- the **Sourcing Department** is in charge of the Group's entire sourcing activity. It defines and coordinates purchasing policies and the operational teams based in the Regions report directly to this department,
- the **Supply Chain Department** is an operational team in charge of preparing the medium-term production plan and deciding order allocations to optimize the use of production capacities at Group level (Sales & Operation planning). It defines the policies, objectives and methodologies for improving performance in terms of deliveries (on-time delivery, lead times) and logistics (service, costs),
- the **Technology & Performance & Engineering Department** is in charge of monitoring and improving the technical performance of production facilities, and of their technological development (R&D process) in the areas of steel production, rolling, heat treatment, non-destructive testing, tube finishing, threading and dope-free technologies (CLEANWELL<sup>®</sup>) applied to VAM<sup>®</sup> connections. It is responsible for the industrialization of VAM<sup>®</sup> products for all of the Group's threading sites, for the execution of engineering work resulting from major investments for the Group, and for the development of automation technology expertise,
- the **Eastern Hemisphere Industrial Department** manages the Vallourec Oil & Gas France (Aulnoye Aymeries), Vallourec Saudi Arabia, PT Citra Tubindo and Tianda (China) plants as well as the Vallourec China integrated site (VCHA),
- the **Vallourec Deutschland Industrial Department** manages the Düsseldorf Rath and Mülheim plants,
- **La Forge d'Aulnoye** is an integrated site that mainly serves the European Industry market;

# 3 PRESENTATION OF THE VALLOUREC GROUP AND ITS BUSINESSES

## Description of the Group's business model and activities

- the **Strategy and Development Department** is in charge of anticipating market developments in order to help the Group's Core Field Units adapt Vallourec's offers and assess diversification opportunities;
- the **Research and Development Department (One R&D)** includes all of the Group's resources and laboratories in France, Brazil and the United States. This department is in charge of developing the high-performing products and processes needed to expand the Group's customer offer within the appropriate time frames and budgets. It ensures that optimum use is made of the Group's Research and Development in terms of internal expertise. It also develops partnerships with companies or universities that are able to provide additional expertise, participates in numerous Joint Industry Programs (JIPs) to develop bespoke solutions alongside customers, and is responsible for accelerating the diversification of the Group's offer in order to expand its value proposal by evaluating new business models. Lastly, it is in charge of technical intelligence, patent filing, and protection of the Group's industrial property. In 2022, the Group filed 21 patents.

### PRODUCT LINES

Each Product Line is in charge of the development strategy for its business sector, and together with the Regions, defines the Group's objectives for (i) the development of new markets, (ii) optimization of the product and customer portfolios, particularly key accounts, (iii) Research and Development, and (iv) innovations for increasing Vallourec's competitive advantages and creating value in customer solutions (including digital).

The Product Lines bring together all of the Group's different businesses, i.e.:

#### I. OCTG and Accessories

- **OCTG** (Oil Country Tubular Goods) covers the casing and production tubes used in the construction of onshore or offshore oil and gas production wells. This segment comprises the VAM® range of joints, as well as the entire VAM® system, including the network of approximately 150 VAM® licensees, who are audited annually and provide maintenance and repair services for VAM® joints worldwide as close as possible to the operating regions, supported by VAM® Field Services International. It also includes customer supply chain optimization and well design services.
- **Accessories** cover all products – mainly Oil & Gas – that are designed and manufactured by Vallourec, integrated into the production strings and necessary for optimizing the production of oil or gas wells.

#### II. Line Pipe Project

- The **Line Pipe Project** linked to EPCI (Engineering, Procurement, Construction, and Installation) markets comprises the tubes, expertise and integrated solutions used to connect all of the offshore and onshore facilities of an oil field, from the wellhead to the platform or production vessel, as well as the tubes needed to connect these production facilities to the onshore refining and treatment facilities;
- The **Line Pipe Process** comprises the tubular products in which the hydrocarbons are transported or transformed, both in offshore operations (FPSO: Floating Production Storage and Offloading/ FLNG: Floating Liquefied Natural Gas), and onshore operations (hydrocarbon processing: LNG, refining, petrochemical).

#### III. Industry

- **Industry** comprises a wide variety of industrial applications: agricultural machinery, cylinders, cranes, offshore wind turbine installation equipment, construction (offshore, bridges, stadiums, etc.), and mechanical industries.

#### IV. Services

- The **Service Line** focuses on the Group's ambition to use services as a differentiating factor for its historical product lines and to diversify by developing new services supported by digital technology and the **Smartengo™** brand. It brings together the physical services offered to the Group's customers: teams of on-site engineers, customer supply chain optimization services, through to the execution of service contracts and the incubation and development of a complementary and stand-alone digital offering.
- The Service Line oversees a digital "booster" aimed at supporting and enriching the development of the Group's physical services.
- The Service Line manages the development of the Group's e-commerce platform and marketplace, designed to develop new sales opportunities for our commodity products and circular economy possibilities for our specialty products.
- The Service Line is also responsible for the development of the Wire Arc Additive Manufacturing (WAAM) activity.
- The tube welding activity, carried out by the Serimax® subsidiary, develops its own business while seeking to leverage synergies with all of the Group's skills, particularly concerning Services and the Line Pipe Project market.

#### VI. Energy Transition Industry

The New Energies Department, supported by R&D resources, was created in 2022 and placed under the responsibility of the Chairman and Chief Executive Officer. This new department is dedicated to identifying and developing growth opportunities in four Energy Transition sectors: geothermal energy, hydrogen, carbon capture, structures for solar trackers, biomass boiler tubes and hollows for biomethane.

## EASTERN HEMISPHERE REGION

The Eastern Hemisphere region comprises:

- **the former Europe/Africa region**, the Group's birthplace and home of its technological expertise, including manufacturing. Vallourec's long-term objective is to refocus its European operations on production serving the Oil & Gas market through Vallourec Tubes France (100%), which operates a forge in Aulnoye-Aymeries (Hauts-de-France), and through Vallourec Oil & Gas France, which operates an OCTG tube threading plant in Aulnoye-Aymeries (Hauts-de-France).

As part of this project to adjust the Group's industrial footprint in Europe, the Europe/Africa region, which comprised rolling mills, heat treatment plants, finishing and specialty units, has undergone major changes in recent years, with (i) the shutdown of the rolling mills at Déville-lès-Rouen in 2016 and Saint-Saulve in 2017, (ii) the closure of the Düsseldorf-Reisholz (North Rhine – Westphalia) plant in 2020, specializing in tubes for conventional power plants, (iii) the closure of the Déville-lès-Rouen (Normandy) plant in 2021, and the stoppage of heat treatment activities in 2022. Also, on May 31, 2022, the Group sold Vallourec Bearing Tubes (Montbard – Côte d'Or), a subsidiary specializing in the supply of tubes for the manufacture of bearings (Assel rolling mill), and in December 2022 it shut down the threading activities of Vallourec Oil & Gas UK in Bellshill (United Kingdom) and Vallourec Nigeria Ltd in Onne (Nigeria);

- **the former Middle East/Asia region.**

### Oil Country Tubular Goods (OCTG)

Industrial and commercial OCTG operations in the Eastern Hemisphere are carried out through the following subsidiaries:

- Vallourec Oil & Gas France (VOGFR) – France (100%), which produces standard threaded connections and the full range of premium VAM® products. VOGFR has a production unit in Aulnoye-Aymeries including several Oil & Gas tube threading lines that can manufacture all of the dimensions and connections of the VAM® product line, as well as a line to apply the multifunctional CLEANWELL® coating on certain products, which was especially designed for VAM® connections as a substitute for storage and assembly greases;
- Vallourec Oil & Gas UK Ltd. – United Kingdom (100%), which combines an entity specialized in threading for OCTG accessories in Bridge of Don (Scotland) with services bases in Scotland and Norway catering to the needs of the North Sea market;
- Vallourec Oil & Gas (China) Co., Ltd – China (100%), created in April 2010. This company sells premium Vallourec OCTG products on the Chinese domestic market, Vallourec Tianda (Anhui) Co., Ltd. (formerly Tianda Oil Pipe Company Limited (TOP)) API product exports, along with Line Pipe, Process and OCTG products from factories outside China. It also provides technical support and quality control services;
- Vallourec Asia Pacific Corp. Pte Ltd. – Singapore (100%), which produces accessories and markets OCTG tubes and accessories, Process and Line Pipe tubes, and services in the Asia-Pacific region;

- VAM Far East Pte Ltd – Singapore (51%), a privately owned company incorporated on February 10, 1992. The company's core business is the provision of technical and analytical services, including testing, inspection and certification of tubes and connections in the Asia-Pacific region;
- PT Citra Tubindo TBK – Indonesia (81.7% held directly and/or indirectly by the Group), which has carried out heat treatment on tubes and threading of API, NS® and VAM® joints since 1985;
- Vallourec Tianda (Anhui) Co., Ltd. (formerly Tianda Oil Pipe Company Limited (TOP)) – China (99.727%). This company notably operates a PQF® continuous rolling mill to produce seamless tubes for the Oil & Gas market. As from 2011, Vallourec owned 19.5% of Vallourec Tianda (Anhui) Co., Ltd. At the end of 2016, Vallourec acquired 70.07% of the domestic shares of this company, before purchasing shares from individual shareholders from 2017 onwards. This acquisition allows Vallourec to develop an expanded offer of highly competitive solutions that combine VAM® connections with Vallourec Tianda tubes. On January 1, 2020, VAM Changzhou Oil & Gas Premium Equipments Co., Ltd., created in September 2006 to operate a premium connection threading plant for oil and gas well equipment, became a Vallourec Tianda (Anhui) Co., Ltd. branch;
- Vallourec Middle East FZE. – United Arab Emirates (100%). Created in March 2011, this company sells OCTG, Line Pipe & Process tubes and accessories, and logistics services for the Middle Eastern market;
- Vallourec Saudi Arabia LLC – Saudi Arabia (80%). In November 2011, the Group acquired Saudi Seamless Pipes Factory Company Ltd., a processing and finishing company for seamless OCTG tubes located in Dammam, Saudi Arabia, from the Zamil group. This acquisition provided Vallourec with heat treatment and premium threading facilities. Abdel Hadi Abdullah Al-Qahtani & Sons Co. holds a 20% stake in this company;
- Vallourec Al Qahtani LLC. – Saudi Arabia (75% held directly and/or indirectly by the Group). Created in February 2010, this company sells OCTG tubes and accessories on the Saudi market. It is the result of a joint venture between Vallourec and Abdel Hadi Abdullah Al-Qahtani & Sons Co. (25%);
- Vallourec Tubular Services LLC. – United Arab Emirates (49%), in association with Abu Dhabi Oilfield Services LLC (ADOS) (51%). Since January 2020, this company has operated a logistics platform in Abu Dhabi for the local market.

### Line Pipe/Process

The Line Pipe business serves the Oil & Gas transportation market, with a dual strategic position in upstream oil production and downstream operations. The business includes all products and services used by engineering and oil companies, from the wellhead to the refineries, petrochemicals and gas treatment plants.

Line Pipe Project activities are carried out by Vallourec Tubes France and Vallourec Deutschland GmbH (until end-2023). Strong synergies have been unlocked with the Group's Services subsidiaries, such as Serimax Holdings – France (80%) for welding, and Serimax Field Joint Coating – UK (wholly owned by Serimax) for coating.

### Industry

Following the sale of Vallourec Bearing Tubes in May 2022 and the closure of Vallourec Deutschland GmbH planned by the end of 2023, the Group will continue to market tubes for the mechanicals (cranes, hydraulic cylinders, agricultural machinery, OCTG mechanical parts, etc.), automotive, and construction (bridges, stadiums, offshore lifting platforms, airport terminals, exhibition halls, etc.) markets, manufactured by the forge located in Aulnoye-Aymeries (Hauts-de-France) and sold by Vallourec Tubes France (100%).

### Energy Transition Industry

New energies products and services are since September 2022 commercialized under the label Vallourec® New Energies and contain both OCTG and PLP products. For the Eastern Hemisphere, these products are sold through the same legal entities as OCTG and PLP products.

### Specialty Activities

A conciliation process was initiated in December 2022 with the aim of selling or shutting down Vallourec Umbilicals – France (51%), which is located in Venarey-les-Laumes (Burgundy, Côte-d'Or, France) and manufactures welded stainless steel super duplex tubes for umbilicals for the offshore Oil & Gas market. In connection with this process, a proposal to stop operations and shut down the company, along with a collective redundancy program including an employment safeguard plan, were submitted to the employee representative committee (CSE). As no buyer had been found, at the end of the consultation process with the CSE, the competent authority (DREETS) approved the related collective agreement that had been reached, which includes employee support measures. The company's operations will be shut down in compliance with the applicable regulatory procedures.

## NORTH AMERICA REGION

### Oil & Gas

Oil & Gas operations in North America are carried out through the following subsidiaries:

- Vallourec Star, LP – United States (100% held directly and/or indirectly by the Group), an integrated manufacturer of seamless tubes for the Oil & Gas industry. Its facilities include an electric steel mill, two rolling mills equipped with cutting-edge technology, and heat treatment and threading units. The company's production units are located in Youngstown (Ohio), Houston (Texas) and Muskogee (Oklahoma);
- VAM USA LLC – United States (100% held directly and/or indirectly by the Group). This company specializes in the threading of VAM® premium joints and the provision of services. With the VAM® and Atlas Bradford® brands, it offers a range of complementary products, providing significant expertise in the field of flush connections for the industry's most demanding applications;
- Vallourec Oil & Gas Mexico SA de CV – Mexico (100%), which specializes in the threading of premium VAM® connections and provides the Mexican Oil & Gas industry with the complete range of VAM® products;
- Vallourec Canada Inc – Canada (100%), which has a sales office in Calgary, Alberta;
- Vallourec Tube-Alloy, LLC – United States (100% directly held by the Group), which produces and repairs accessories used inside oil and gas wells. The company specializes in complex threading operations and in machining bespoke parts for both oil operators and component manufacturers. Its production units are located in Houma (Louisiana) and Houston (Texas).

## SOUTH AMERICA REGION

### Brazil

In 2022, Brazil continued to roll out its Transformation Plan to improve competitiveness. A new organizational structure was put in place through the creation of 10 Autonomous Production Units, with the aim of reducing the number of management layers, enhancing agility, improving efficiency and earnings, and preparing the country's industrial facilities to accommodate the tube production operations currently carried out in Germany.

The majority of business activities continued to be driven by exports to foreign markets.

Business activities in South America are carried out through the companies listed below, wholly owned by Vallourec Tubos do Brasil SA (VBR), which has been the holding company for the Brazilian entities since October 1, 2016. As of March 2020, VBR also encompasses the Shared Services Center activities and both the mining and forestry business units:

- the Jeceaba industrial site is located 120 kilometers south of Belo Horizonte. It consists of a premium rolling mill and also includes a pellet unit that produces pellets used by the Jeceaba blast furnaces and the local Brazilian market; a steel mill (with a blast furnace and electrical furnace), which supplies steel bars for production at the Barreiro and Jeceaba plants; an innovative premium rolling mill; and finishing lines. The Jeceaba site performs all types of API and premium threading, in particular the VAM® product range;
- located in Belo Horizonte, the Barreiro site occupies a surface area of more than 300 hectares and marked 70 years of operation in 2022. This integrated unit combines production and hot rolling equipment for the tube finishing lines. In particular, the site provides tubular products for ultra-deep water projects, notably pre-salt reservoirs. Since 2015, it has housed the Vallourec Research Connections Center Brazil (VRCC Brazil), which tests all the new exclusive threaded connections for compliance with industry standards, and to ensure that they guarantee the level of performance needed for challenging pre-salt environments;
- VSB also acts as an industrial supplier to all Vallourec entities, primarily for the international Oil & Gas markets, exporting semi-finished products to Vallourec's finishing plants throughout the world;
- VSB's seamless steel tubes are used in the following applications:
  - the Oil & Gas market, delivering seamless steel tubes for oil production and exploration (casing, tubing, accessories, and premium VAM® connections) and the transport of oil and gas (line pipes, riser columns, flow lines, etc.). VSB tubes offer resistance not only to high pressures and high temperatures, but also to corrosion by carbon dioxide and sulfates,
  - the Industry market (petrochemicals, power generation, mechanicals, etc.), a market that is mainly served by authorized distributors working closely with VSB to guarantee quality and technical assistance,



- the Automotive Industry (light vehicles, trucks and agricultural equipment), with precision parts such as tubes for diesel injectors, bearing rings and forged parts such as transmission shafts and axles, and
- the Civil Engineering and Construction sector: tubes for infrastructure and industrial foundations, structural tubes for commercial assets, capital goods, ancillary machines and materials;
- VTI: VSB partnered with the Açotubo group (the country's leading distributor of tubes) to create the joint venture Vallourec Tubos para Indústria (VTI) on October 1, 2021, 75%-controlled by Vallourec Soluções Tubulares do Brasil SA (VSB). VTI manufactures and sells seamless and welded round tubes with square or rectangular cold-drawn profiles, as well as tubular components. In the new structure, VSB's former cold drawn facility in Barreiro and Açotubo's cold drawn facility in Guarulhos are part of the new company. Two new assets were also incorporated: the parts and components service facility (also located in Guarulhos) and a welded tube plant (located in Taubaté). In addition to VSB's customary Automotive & Industry target markets, VTI also targets applications typical of welded tubes, such as structural parts for buses, trailers, agricultural machinery, motorcycles, civil construction and structures for solar trackers. VTI therefore repositions Vallourec as a highly competitive provider of a wide range of tubular solutions for the Automotive & Industry markets;
- Vallourec Florestal Ltda. (100%) plants and manages eucalyptus forests for the production of charcoal from wood. Charcoal is one of the principal components in the production of liquid crude iron by blast furnaces. Vallourec Florestal Ltda. owns 165,000 hectares of agricultural land in the north of the State of Minas Gerais and currently has approximately 44,000 hectares of eucalyptus forest, which are managed and operated by VBR's forestry business unit, which is responsible for the whole charcoal production cycle. The production process breaks down into forest planting, forest harvesting, charcoal production, and delivery on a just-in-time basis for VSB's blast furnace;
- VBR's Mining Unit (formerly Vallourec Mineração Ltda.) has been extracting iron ore at its Pau Branco mine since the early 1980s. The mine is located in the city of Brumadinho in the State of Minas Gerais, 30 kilometers south of Belo Horizonte. In the second quarter of 2020, Vallourec started a new ore processing unit – ITM 2. Production volumes represented 4 million metric tons in 2022 (compared with 8.1 million metric tons in 2021). The mine's operations were temporarily suspended in January 2022 following flooding that damaged the Cachoeirinha waste pile. They partially restarted in May 2022 using other piles, but at lower-than-normal capacity levels. Following completion of large-scale repair works, which included reinforcing the drainage system and stabilizing the soft soil layers to achieve the required level of safety for the Cachoeirinha pile, in the fourth quarter of 2022, Vallourec filed an application with the State mining and environmental authorities for the pile to be fully released. The mine supplies VSB's blast furnace and pellet plant in Jeceaba, but it also sells its production on the local markets;

- also part of the Transformation Plan, Tubos Soldados Atlanticos Ltda (TSA), located in Serra, formed Vallourec Transportes e Serviços Ltda. (VTS), located in Rio das Ostras, on June 1, 2021. The objective of this merger was to create a specialized Oil & Gas services provider, with a comprehensive portfolio – OCTG, PLP, accessories and services – covering all product lines. In addition, a number of administrative and operational synergies also generated cost reductions.

### Uruguay

Vallourec Uruguay SA (100%) was formed on July 13, 2017, to market the tubes produced by the Group for OCTG and process applications in South America.

### Argentina

Vallourec Soluciones Tubulares Argentina SAU, formed on March 4, 2020, is a trade and services company wholly owned by Vallourec Tubos do Brasil (VBR). Its main objective is to render specialized tubular services and to support Vallourec's pipe import activity in the Argentinian market.

### ACTIVITIES OF THE HOLDING COMPANIES

Vallourec is a holding company that:

- manages its shareholdings. Its revenues are mainly financial (dividends, interest on long-term loans to subsidiaries and investment income from cash and cash equivalents), and it also bears the cost of its debt;
- owns its trademark and the Group's image, whose management was entrusted to Vallourec Tubes in 2014;
- has no industrial activity.

Vallourec Tubes is a sub-holding company, wholly owned by Vallourec, that manages its shareholdings and has no industrial activities. Its revenues are also mainly financial (dividends, interest on long-term loans to subsidiaries, provisions for subsidiaries and investment income from cash and cash equivalents).

### MARKETING COMPANIES

In the United States, Vallourec USA Corporation (100%-held US subsidiary) markets all of the tubes produced by Vallourec Tubes' various subsidiaries. It also carries a stock of tubes intended for US oil and gas distributors, which usually thread the tubes themselves according to the requirements of the end-customers. Its offices are located in Houston (Texas) and Pittsburgh (Pennsylvania).

In addition, there are sales and marketing companies reporting to Vallourec Tubes based in:

- Canada;
- Egypt;
- Uruguay;
- Dubai;
- Singapore;
- Italy;
- Sweden.

## 3.3 Innovation, Research and Development

Innovation, which is the key to competitiveness and growth, has always been at the heart of Vallourec's strategy and has been a major factor in its leadership in premium tubular solutions. In a very competitive global environment, the Group intends to continue addressing and anticipating the technological challenges faced by its

customers. It must respond to radical, fast-paced changes in its customers' needs by offering them tailored solutions that are safe, reliable, sustainable and value-creating, in line with its premium position and low-carbon strategy.

### 3.3.1 Organization of Innovation and Research and Development

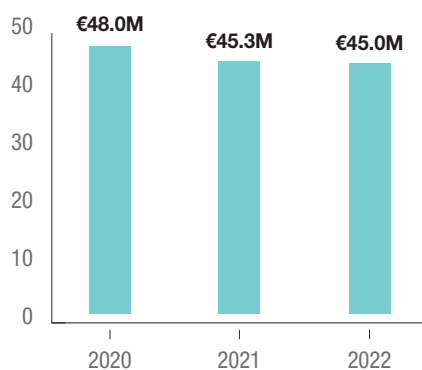
#### 3.3.1.1 Information and key figures

R&D and innovation are key to the Group's strategy for maintaining its technological leadership and anticipating its customers' needs.

The three cornerstones of the Group's research are:

- manufacturing processes;
- new products and the improved performance of existing products; and
- services and solutions.

In 2022, Research and Development (R&D) expenses totaled €45 million. The chart below shows gross R&D expenses over the past three years, excluding the French Research Tax Credit. The Group continues to make significant investments in R&D in order to develop innovative new products and solutions.



Thanks to the new structure of the Group's operations, the R&D and Innovation teams are situated in close proximity to Vallourec's markets. In all, some 380 researchers and technicians were involved in R&D in the Group in 2022.

The Group's key technological challenges include the following:

- for the Oil & Gas market, the Group has to address the growing complexity of oil and gas fields and transportation (onshore and offshore), and help operators and EPCI (Engineering, Procurement, Construction and Installation) customers find solutions to reduce their total cost of ownership (TCO). The Group is developing digital solutions across the entire life cycle of its products (from facility design, traceability and implementation to integrity monitoring during use) to support its customers in this regard;
- for the Energy Transition Industry market, the Group has to anticipate needs arising from future energies and drivers of the energy transition (solar and geothermal energy, hydrogen,

CO<sub>2</sub> capture and transportation, biomass and biomethane), in terms of both energy storage and mobility. All of these initiatives fall under the responsibility of a single product line called Vallourec New Energies;

- for Industry, one of the trends in the market is for mechanical features to be enhanced in order to make structures more lightweight. This applies, for example, to lateral connection tubes for jack-up rigs and the tubes used for crane jibs for which customer are increasingly seeking specific steel grades, such as X100.

#### 3.3.1.2 Centers of research and expertise with a global reach

In 2022, Vallourec announced its intention to combine all of its French R&D activities ("One R&D"), excluding Serimax, within a single entity based in Aulnoye-Aymeries, with the aim of streamlining the organization and achieving efficiency gains. This new organization has been in place since February 1, 2023.

Vallourec has four research centers throughout the world specializing in specific products, processes and technologies.

One R&D Aulnoye, France:

- the Group's historic research hub, specializing in metallurgy, welding, non-destructive testing, corrosion resistance, surface treatments, data science, and digital simulations of manufacturing processes and products, particularly for Oil & Gas applications, mechanical infrastructure, and New Energies. This center also provides technical assistance to the Group's plants and departments. New expertise has recently been developed to support the Group's new areas of growth, such as in additive manufacturing using metal deposition, and the transportation and storage of CO<sub>2</sub> and hydrogen. In addition, this research center develops and tests the range of VAM® threaded connections. For more than 50 years, its teams of experts have developed the range of threaded connections and assisted with their commercial production throughout the worldwide licensee network. Whatever the needs of energy operators, the performance of the solution developed is verified through tests on real-sized samples. These tests, which are conducted at one of Vallourec's three test laboratories worldwide, are designed to subject products to all operating constraints (make-and-break operations initially, followed by combined load simulations at various temperatures). The expertise of the Vallourec Research Center Connections has for several years included the CLEANWELL® solution (dry coating for VAM® connections), digital solutions coordinated by the VAM Data Department (which uses data to provide better support to customers during on-site product implementation), and solutions dedicated to New Energies (geothermal energy and transport and storage of CO<sub>2</sub> and hydrogen).

One R&D Belo Horizonte and Jeceaba, Brazil:

- the Vallourec Research Center Brazil brings together teams of experts who adapt the Group's solutions to specific local needs (customers and plants) and develop new solutions meeting the Group's needs across the globe. These teams, based at the Belo Horizonte and Jeceaba industrial sites, were combined under the same management structure in 2022;
- Vallourec Florestal, the subsidiary that operates the Group's eucalyptus forest in Brazil, conducts research into forestry, charcoal and environmental protection. This work helps to ensure the optimal operation of forests for charcoal used in steel production by reducing consumption and emissions in compliance with environmental standards.

One R&D Houston, Texas (US):

- the VAM USA Connection Technology Center works in coordination with the Vallourec Research Center Connections in Aulnoye-Aymeries, France, on specific developments for VAM® connections for the US market. Its design and testing capacities have enabled it to market connections for the extraction of shale deposits (VAM® SG, VAM® EDGE SF +, VAM® SPRINT-SF, VAM® SPRINT-FJ, VAM® SPRINT-TC) and for deep offshore wells (VAM® BOLT-II, VAM® HP, VAM® SLIJ-3, CLEANWELL®);
- the VAM USA Connection Technology Center is an integral part of the North American business. Engineers at this research center are supported by a local marketing and technical support team and work closely with customers, mainly based in Houston, to optimize, qualify and develop premium threaded products that meet their direct needs, for both onshore and offshore projects. The close proximity to the threading plant, pipe mill, accessory manufacturers, sales teams and end-users creates a unique environment that enables the R&D center to offer the best technical services and support for the development of Vallourec's local market;
- lastly, the VAM® Threading Competence Center (VAM® TCC) designs, develops and industrializes all production methods for VAM® connections and the various surface treatments such as CLEANWELL®. In addition, VAM® TCC supports operations in the Group's plants through training, benchmarking and on-site technical support. It provides plants with standards for investing in equipment and machinery, as well as operating methods and critical maintenance. This Competence Center has a dedicated production line designed to optimize threading operations and industrially test solutions before the R&D phase. VAM® TCC is in charge of innovating and developing processes related to tube threading (contactless dimensional inspection, cutting tool breakage detection system, reduction of phosphate waste and CLEANWELL® surface treatment, etc.).

Riesa, Germany:

- the Rolling Process Performance & Technology Department is in charge of research into hot-forming for the production of seamless steel tubes, drawing on the skills of various partners including universities and Vallourec's teams of experts. It operates alongside the Vallourec Competence Center Riesa, a cutting-edge laboratory allowing Vallourec to accelerate innovation in terms of manufacturing process methodologies and equipment. Its versatile piercing, rolling and forging facilities will push back the current limits of steel and alloy hot-forming within the Group. Its facilities are also used as training tools and pilot units for Industry 4.0 developments.

### 3.3.1.3 A collaborative approach to innovation with customers and markets

Innovation is behind many advances that allow Vallourec's customers to push the boundaries of technology, tap into previously unused resources, and improve the performance of their facilities. As innovation is a process of ongoing dialog with customers, the Group works in close collaboration with some of these customers to develop solutions that meet their operating needs.

The Group has a long-standing working relationship with Petrobras, and more broadly with all Energy market players present in Brazil (ExxonMobil, Total, Equinor), in relation to complex and highly corrosive pre-salt fields (deep offshore), offering innovative tubular solutions for exploration and extraction of deposits, but also for the transport of fluids with the help of specifically dedicated risers and Line Pipe product ranges.

In the Middle East, Vallourec is continuing to innovate with the region's major players, including by delivering tubes with VAM® HTTC CLEANWELL® threading, and by leading a research project dedicated to regional corrosive environments and aimed at bringing the specifications of tubular products more in line with customers' actual needs.

In North America, the Group continued to support all of its customers in 2022, helping them to effectively and responsibly operate their oil and gas fields, from shale oil to the ultra-deep offshore environments in the Gulf of Mexico. During the year this work resulted in the full qualification (based on the latest and most rigorous test protocols) of products such as the VAM® SLIJ-3 and VAM® SPRINT connections, as well as on-site testing of CLEANWELL® technology. In this way, Vallourec has demonstrated how robust its proposed solutions are and how they can contribute to the performance of complex operations.

In addition to joint projects with our customers concerning the performance of Vallourec tubes and threading, we are also developing solutions to enhance their use of our products from delivery through to final application. We also work with customers to validate the "value proposal" of these solutions, by measuring together, through in situ pilot tests, the value and actual gains that they generate.

In 2022, after two years of development, Vallourec successfully tested with a number of different customers its "Smartengo Running Expert" digital solution, which ensures that the sequence of pipes in a well complies with the initial plans, and enables operations on an oil platform to be monitored remotely. Vallourec also successfully tested its "Pre-Installed Cable Protector" solution with North Sea customers. This solution consists of pre-installing the cable-clamping system on the tube before it is delivered to the oil platform. Electrical and hydraulic cables are generally clamped along the length of the Vallourec tubes when they are installed in the well. The innovative "Pre-Installed Cable Protector" solution generates significant rig time savings and safety benefits as well as considerable cost reductions for customers.

A significant portion of the Group's R&D resources is now devoted to energy transition (solar, geothermal, hydrogen) as well as to technologies for capturing, transporting and storing CO<sub>2</sub> (Carbon Capture and Storage – CCS).

Vallourec is involved in a number of projects for designing metal structures to support photovoltaic panels and supplies the solar power industry with torque tubes and cold-formed open profiles for the construction of solar trackers.

In the field of geothermal energy, Vallourec is involved in closed-loop projects that do not require a large quantity of water in the subsoil. Thermocase® VIT (Vacuum Insulation Tubing) products allow the circulation of cold and hot flows in the same well thanks to their excellent thermal insulation. This high-potential technology will considerably increase the number of sites where geothermal power systems can be installed, as it does not require a source of hot water. In particular, it will be able to be used to convert oil wells into geothermal wells. In 2022, the latest VAM® connections were qualified for up to 350°C in thermal cycles based on the Thermal Well Casing Connection Evaluation Protocol (TWCCEP).

Capturing the CO<sub>2</sub> emitted by industrial activities and storing it underground is one of the essential factors for limiting global warming. Vallourec has played an important role in this area by testing and qualifying corrosion-resistant materials for transporting and storing CO<sub>2</sub> containing impurities, as well as by validating the sealability of its VAM® connections for storing CO<sub>2</sub> in depleted oil and gas fields. The VAM® connection qualification protocol, developed by Vallourec, tests the sealability of the connections in several pressure phases and thermal cycles specific to these new requirements, with temperatures that can go as low as -80°C due to the cryogenic effect of CO<sub>2</sub> injection. The tests carried out in 2022 enabled the Group to validate materials and VAM® connections for several CO<sub>2</sub> storage projects in disused wells in the North Sea.

### 3.3.2 An enhanced innovation culture

The Group's innovation strategy is focused on reinforcing its difference in its premium product range, developing new solutions for the use of its products, and opening up new markets. The common goal of these three components of our strategy is to increase value for our customers and optimize Vallourec's positioning. In line with

#### 3.3.2.1 Innovation culture and approach

In order to optimize the generation and selection of ideas that will become the offerings of tomorrow, Vallourec has put in place methods that involve all stakeholders.

As part of this approach, workshops are organized that bring together multidisciplinary teams to understand customer needs and generate ideas. Called Front-End Innovation Workshops, they use Design Thinking methodology, and depending on the subject, are organized internally or with customers. All departments involved in innovation take part in these workshops, including Marketing, R&D, Sales, Industrialization and Production. This process yields concrete results and also strengthens the Group's innovation culture. In addition, positive feedback from participating customers shows that these measures strengthen Vallourec's image as a partner and supplier of innovative solutions that go beyond premium products.

Vallourec also offers solutions and tubes for the transportation and storage of hydrogen, irrespective of the volumes concerned: in cylinders, tubes or large-scale underground storage. In 2022, Vallourec was chosen to provide a complete range of tubular solutions and associated services by one of the world leaders in underground natural gas storage and a key player in the development of renewable gases, as part of the "HyPSTER" project, the first renewable hydrogen storage project supported by the European Union. Vallourec is also very involved in the development of new industry standards for hydrogen-related applications. For example, in 2022 it developed a qualification protocol enabling it to validate the sealability of its VAM® connections for hydrogen storage at a pressure of up to 560 bars and also qualified its dope-free CLEANWELL® solution. In addition, Vallourec successfully carried out a first series of tests aimed at qualifying the fracture toughness resistance of a selection of steel grades for OCTG pipes, line pipes and pressure vessels in the presence of pure hydrogen gas. Lastly, Vallourec is taking part in a number of joint industrial projects and research programs aimed at increasing hydrogen-related skills and expertise.

The Group carries out R&D programs in all of its operating countries in association with organizations with leading positions in their fields. This is the case with Nippon Steel Corporation (NSC) for example, with which a collaboration has been in place since 1976 to produce VAM® connections for the Oil & Gas market.

The Group also participates in critical research work with a host of university laboratories in Europe and around the world.

this strategy, the Core Field Units, manufacturing teams and R&D teams pool their innovation expertise and capacities, by developing deeper knowledge and sharing it in the Group's markets and by establishing agile and outward-looking innovation methods.

Vallourec also has an internal innovation platform for all employees. This cross-divisional and international tool aims to increase visibility and to share and enrich employees' innovative ideas. The objective is to generate ideas that can be discussed, improved, rounded out, and quickly developed to meet customer needs. The platform has helped to place innovation firmly at the heart of the Group and to fully leverage the creativity of its teams.

Since 2017, the Group has launched "Open Innovation Challenges", generating win-win partnerships with start-ups such as its Big Data cooperation with Saagie and a collaboration with OpenField Technology relating to microsensors. The Group also works with start-ups in the field of additive metal manufacturing.

Unlike in previous years, Vallourec did not launch an "Open Innovation Challenge" in 2022 or any specific internal innovation challenges. The Group's priority during the year was to finalize the various innovation projects in progress, in particular the development of digital solutions and additive metal manufacturing.

Innovation at Vallourec is defined by the formula: “Innovation = Idea + Execution”. This highlights how important it is for ideas to be executed rapidly in order to generate the expected business. As well as organizing its idea-generating initiatives, One R&D supports the project teams to ensure efficient execution so that products and solutions can be brought to market as rapidly as possible. Execution is managed based on various criteria, including customer value, technical feasibility, turnaround times, and related risks. These factors are reviewed at various milestones by a validation committee.

To ensure the agile development of new solutions, “Boosters” have been introduced in recent years. These execution tools are overseen by a Business Manager – Product Manager team who aim to develop our new technology-based solutions as quickly as possible while also nurturing the new associated expertise. For example, the Group has a Booster for digital solutions and another for solutions related to additive manufacturing. Since 2021, the Additive Manufacturing Booster has developed and produced several parts for customers in the Oil & Gas and other sectors. The growth achieved in 2022 enabled Vallourec to strengthen its stand-out position in this process of the future. With a view to accelerating this growth, in 2022 we prepared for the arrival in 2023 of new production capacity in France.

In order to regularly review the value of developments and ensure the best decisions are reached, the portfolio of innovative projects for the product lines is reviewed by a special committee that comprises all of the Company’s functions. This means that decisions are made and projects prioritized both within a given product line and between the different product lines.

### 3.3.3 State-of-the-art manufacturing processes

#### 3.3.3.1 Forest and blast furnaces

In Brazil, Vallourec operates eucalyptus forests to produce charcoal to fuel its blast furnaces. The Group is pursuing efforts to improve its performance in this area, and the main focuses of its research are scientific tree selection, improving forest nutrition programs and industrialization of the continuous carbonization of charcoal, and optimizing the production of pellets and raw iron.

#### 3.3.3.2 Steel production

The production and continuous casting of steel are the basis of the Group’s range of high-tech solutions and the subject of a significant amount of research and development work. Research on the cleanliness of steel is a key aspect of research for the manufacture of premium products. Innovations made in molten steel refining and continuous-casting processes also allow the capacity and quality of the steel produced to be improved, thereby strengthening the Group’s autonomy in terms of premium steel supply.

#### 3.3.3.3 Hot-rolling seamless tube production

The hot-rolling production of seamless steel tubes, invented in 1886 by the Mannesmann brothers, is a fundamental technology for Vallourec, and is constantly being improved thanks to research. Vallourec offers a wide range of steel, including high-alloy grades.

The experts, process communities, project teams and R&D teams also develop and participate in online collaborative spaces and tools, enabling them to share information across the Group.

#### 3.3.2.2 Expert Career program

Vallourec’s Expert Career program covers 13 areas of expertise, including steel production, rolling, heat treatment, non-destructive testing, threading, digital modeling, materials science and product applications. Designed specially to nurture and reward employees with sought-after technical skills, the program offers a career development path and provides technical talent the best possible resources to continue developing their expertise. In return, these experts are asked to provide input on technically challenging issues, leverage and pass on their knowledge and promote Vallourec’s image outside the Group (to customers, standards committees, etc.).

There are currently more than 265 expert employees following one of the four levels of the program, and all of Vallourec’s employees can get in contact with them. Links between management responsibilities and technical expertise have been established under the coordination of the Human Resources Department, guaranteeing the same level of recognition irrespective of the path taken.

The Group has developed other processes, such as forging, for different market sectors. Forging is industrially deployed in Europe and China.

Developments are in progress for the very latest hot-rolling techniques (PQF, FQM, etc.).

#### 3.3.3.4 Heat treatment

A large proportion of the Group’s premium products is heat-treated to enable it to deliver exceptional performance. The heat treatment processes are continually being improved in order to meet the needs of customers, in particular in terms of respect for the environment, creep or rupture resistance, corrosion resistance and steel weldability.

#### 3.3.3.5 Non-destructive testing

Non-destructive testing, which evaluates the integrity of structures or materials at various stages of their life cycles without causing damage, are being extensively developed to ensure superior product reliability. Innovations in this sector are major differentiating factors. Cutting-edge non-destructive test benches capable of detecting imperfections independently of direction, are used on a daily basis to inspect products.

### 3.3.3.6 Process communities

Process communities rolled out within the Group allow rapid and ongoing progress to be achieved through the sharing of best practices and available technologies for the Group's main manufacturing processes. These include the production and continuous casting of steel, hot rolling of seamless tubes, heat treatment, non-destructive testing, threading and cold finishing of tubes (coating, marking, drawing, machining, etc.). Process communities also ensure the proper implementation, efficiency and effectiveness of manufacturing processes. Vallourec's activities are

regularly benchmarked to ensure that its practices and technologies remain compliant with best practices and best available technologies. Our processes are continuously improved thanks to significant internal Research and Development work. The Group has also set up an Industry 4.0 platform – SHALYN – to manage and control manufacturing processes. The cutting-edge level 2 systems and applications are connected in order to continuously improve the performance of our products and services.

### 3.3.4 Standards for the Group's products

#### 3.3.4.1 Standards applied by the Group

The Group complies with regulations, standards and certifications in the countries in which it markets its products. These standards vary depending on the region, the product concerned and the use of that product. The Group has a regulatory intelligence process to ensure that its products comply with applicable regulations, standards and certifications.

The Group is subject to two types of standards: mandatory standards set by law, and non-mandatory standards voluntarily applied in response to customers' demands.

Mandatory standards generally require certification by laboratories and/or independent organizations, and are notified by governments. Their main purpose is to protect user health and safety by demonstrating that the product complies with regulatory requirements. They primarily concern fire resistance and slip resistance properties, as well as limitations on toxic emissions. Non-mandatory standards are required by the Group's customers, whose specifications require compliance with these standards.

#### 3.3.4.2 Standardization organizations and standards applied in different regions

Standardization organizations define the technical characteristics and performance required of a product, as well as the tests to be carried out. At an international level, the main organization that promulgates standards applicable to the Group is the International Organization for Standardization (ISO). ISO standards, which are established based on the principles of the World Trade Organization, are voluntary in theory, but compliance is often required by the Group's customers.

The Group relies on the Vallourec Management System (VMS), whose fundamental objective is to improve performance in the fields of quality, health and safety, the environment and logistics.

### 3.3.5 Industrial property

The Group's industrial property procedures were reorganized in 2022, with priority given to projects with short- and medium-term returns on investment. Monitoring of major R&D projects has been maintained in the new organization, as has the international deployment of the process designed to encourage researchers to register and better protect their inventions. At the same time, support for developing expertise in the Group's new areas of innovation, through competitive intelligence, has been strengthened in relation to new energies.

The patent filing activity was scaled down in 2022 in line with the Group's new strategy, and the portfolio comprising some 4,600 patents was reduced in order to cut down on maintenance costs. The Group

filed 21 patent applications corresponding to 21 new inventions in 2022, and proceeded with close to 500 geographical extensions of patent applications. Overall, patent protection remained high with more than 4,000 patents worldwide. The Group's budget for industrial property remained stable in 2022 but will be reduced in 2023 in order to focus on high value-added projects.

Vallourec also continued its efforts to protect its trademarks in 2022 through renewals and opposition procedures, and its major trademarks were therefore renewed. More specifically, the Smartengo™ services brands are still in the process of being registered, as is the BEHUB-E™ marketplace brand.

## 3.4 Market environment

### 3.4.1 Oil & Gas

#### Oil & Gas demand and supply balance is the main driver for growth in capital expenditure

According to the market report published by the IEA <sup>(1)</sup> in December 2022, following an unprecedented decline in 2020 due to the Covid-19 pandemic, global oil demand recovered strongly in 2021 and continued to do so throughout 2022. This recovery drove global oil demand to an average 99.9 mb/d in 2022, with a more significant increase in the second half of the year pushing the level up to over 100 mb/d.

Total oil supply in 2022 (annual average of 100.1 mb/d) was very close to the level recorded in 2019 (annual average of 100.5 mb/d), driven by supply gradually increasing over the year to an average of 101.7 mb/d in the fourth quarter.

#### Oil prices

In 2022, WTI <sup>(2)</sup> averaged USD 93.8/barrel compared to USD 67.9/barrel in 2021, an increase of nearly 38% which reflects the rebound in global oil demand following the economic crisis caused by the pandemic.

Following the same trend, Brent crude <sup>(3)</sup> averaged USD 97.8/barrel in 2022 (versus USD 70.6/barrel in 2021), an increase of around 39% year on year.

#### Oil & Gas market in the United States

In the United States, the average rig count bottomed out after a sharp fall in the second and third quarters of 2020 (from a monthly average of 772 rigs in March 2020 to a monthly average of 250 rigs in August 2020). Since then, the figure has recovered and the monthly average for December 2022 was 779. With a year-end figure of 779, the rig count increased by almost 190 in 2022.

OCTG prices in the United States <sup>(4)</sup> hit a low of USD 1,290/ton in August 2020. Since then, they have risen sharply, up 42% to USD 3,908/ton in December 2022 from USD 2,746/ton in January.

OCTG consumption per rig <sup>(5)</sup> in the US increased gradually during the year, averaging 522 tons per month in 2022 compared to 459 tons in 2021, a rise of 13.1%.

#### Oil & Gas market in Brazil

According to the IEA's December 2022 market report, oil production rose throughout 2022 and remained above 3 mb/d on average during the second half of the year. Average oil production in Brazil for the year as a whole was 3.14 mb/d with an average of 3.3 mb/d in the fourth quarter.

#### Oil & Gas market in EA-MEA regions

From March until December 2020, the rig count in international markets continuously decreased, from an average of 1,059 rigs to an average of 665. Since then, there has been a gradual upturn in the rig count, which stood at an average of 900 units in December 2022. In all, 59 units in operation were added during the year.

In the MEA region, the Covid pandemic caused OCTG <sup>(6)</sup> prices to fall sharply, bottoming out at USD 1,312/ton in August 2020. They began to gradually go up again as from 2021 and continued to rise in 2022, reaching USD 2,300 per ton in December, an increase of 28% over the year.

In Western Europe, OCTG prices resumed an upward trend as from 2021, and particularly in 2022, reaching USD 2,800/ton in December 2022, a 61% increase since the beginning of the year.

### 3.4.2 Industry and other markets

Demand for industrial applications is dependent on the growth or decline of industrial sectors such as automotive, construction or manufacturing. Growth in these sectors is correlated with various factors, notably GDP growth.

#### Europe (Germany)

The Ifo Business Climate Index hit a low of 75.6 in April 2020, reflecting the impact of the Covid-19 pandemic on the German economy. Subsequently, it began to rise steadily, reaching a high of 101.4 in June 2021. In 2022, commodity price inflation and rising energy prices curbed the increase, and in December, the Business Climate Index stood at 88.6.

#### Brazil

GDP is forecast to grow by 2.9% in 2022. A broad-based recovery has been confirmed, fueled by industry, including the automotive sector. Agriculture continues to prove resilient and to play an important role in the Brazilian economy. The industrial tube market is also seeing upward momentum driven by a rise in demand and the impact of customer restocking.

(1) IEA (International Energy Agency) – Oil Market Report – December 2022.

(2) WTI price: Capital IQ – data collected in January 2023.

(3) Brent price: Capital IQ – data collected in January 2023.

(4) Pipe Logix (average seamless pipes) – December 2022.

(5) Preston pipe & tube report – January 2023.

(6) Rystad (Jebel Ali Seamless (Prem con) L80 CFR) – January 2023.

### 3.4.3 The energy transition industry

#### Hydrogen

Green hydrogen is a potential energy vector for helping decarbonize sectors that are difficult to decarbonize, so called hard to abate sectors. Among those you have certain energy intensive industry, heavy duty transport, aviation, and shipping. Most of today's hydrogen production is generated using methane and has a significant carbon footprint but there are numerous initiatives around the globe to start to produce hydrogen through hydrolysis using renewable electricity to generate hydrogen without any associated CO<sub>2</sub>.

The demand for hydrogen is expected to significantly increase across the developed world and is supported by incentives and targets across the EU as well as the Inflation Reduction Act in the US. Many countries have updated their national strategies and set ambitious goals to reduce the cost of hydrogen and improve its competitiveness.

#### Carbon Capture, Utilization and Storage

Sequestration of CO<sub>2</sub> is achieved today in depleted Oil & Gas reservoirs in the USA, Europe, and South-East Asia (Australia). Injection projects are often led by Oil & Gas majors or NOC, for both offshore project (Europe) and onshore (USA). Such projects require casing and especially tubings able to withstand highly corrosive CO<sub>2</sub> environment. After the capture of CO<sub>2</sub> (estimated at 45 mt capacity in 2022), it can be directly reused or transported by ships or pipelines to a sequestration site.

The market for CCUS is accelerating, especially in the US since the Inflation Reduction Act implementation in 2022.

#### Geothermal energy

Geothermal energy accounts for close to 17 GWe<sup>(1)</sup> worldwide, relying on extraction of high temperature water from close to 6,700 wells. Those conditions are found primarily in areas around volcano lines and as a consequence, geothermal power plants are mostly built in South-East Asia (Indonesia) and USA, with some presence in Europe (Germany) and East-Africa. The market is expected to grow at above 5% yearly pace.

#### Solar & Biomass energy (Brazil)

The Brazilian market for solar is divided between centralized generation (above 5 MWe power plant) and distributed (small size, PV on rooftops, etc.), for a total of nearly 24 GWe<sup>(2)</sup> installed as of 2022. Vallourec provides solutions for both centralized ground mount and rooftop solar. It is a highly regionalized market with strong demand for local content. Today approximately 10% of the country's power generation comes from biomass boilers burning sugarcane bagasse, rice husks, and wood waste and it is a growing industry. Both solar structures and biomass boilers are highly regionalized markets with strong demand for local content where Vallourec as a domestic producer is well placed to provide the needed tubes.

### 3.4.4 Raw materials

#### Scrap metal

Prices of raw materials such as scrap metal have an impact on Vallourec's earnings, particularly in the United States and Brazil.

Vallourec's US steel plant is equipped with an electric arc furnace that uses scrap metal. Covid-19 led to a sharp fall in scrap metal prices in 2020, especially in April (USD 235/t, 18% lower than in March 2020). However, strong demand in 2021, driven by the global economic recovery, led to a high increase in prices. In 2022, average scrap metal prices<sup>(3)</sup> were USD 467/t versus USD 482/t in 2021, representing a 3% decrease.

#### Iron ore

Vallourec's steel production in Brazil is now based at the Jeceaba steel mill, a modern site equipped with an electric arc furnace using scrap metal and a blast furnace using iron ore supplied by the Group's mine.

Next to supplying the Group's own steel making operation the iron ore production is predominately sold externally to customers.

In 2022, the average price of iron ore<sup>(4)</sup> on the international market was USD 120/t, down on the 2021 figure of USD 160/t. After the decline observed in April 2020 (USD 84/t) due to the pandemic, international iron ore prices rallied sharply, particularly in 2021, reaching an average of USD 212/t in July of that year. However, in 2022, prices decreased steadily as from April, ending the year at an average of USD 111/t in December.

### 3.4.5 Currencies

Vallourec is exposed to volatility in foreign currencies (notably the Brazilian real and US dollar).

The translation effect in the Group's consolidated financial statements reflects measurement differences in the financial statements of subsidiaries whose functional currency is not the euro. For profitable subsidiaries, this impact is positive when the currency rises against the euro and negative when it falls against the euro.

The transaction effect represents the gain or loss in revenue (or costs) when contracts are invoiced in a currency other than the entity's functional currency, and is expressed in the functional currency of the entity. This effect is positive when the functional currency depreciates and negative when it appreciates, and may be deferred if hedges are in place.

(1) Based on Rystad 2022 report.

(2) Source: Brazilian solar association ABSolar.

(3) CRU – Shredded Pittsburgh – \$/LT.

(4) Platts SBB – IODEX Iron ore fines 62% CFR North China \$/t.



## 3.5 Significant events in 2022 and early 2023

### 3.5.1 2022

#### The New Vallourec

In May 2022, Vallourec announced the initiation of the closure process of its German tube plants and the transfer of the German rolling activity for Oil & Gas to Brazil. This process will take place over the next two years and will include the sale of land and buildings. The transfer will require approximately €120 million of total capex in the Brazil operations in 2022 and 2023 to support the transition of premium tubular volume from Europe by end 2023.

The closure of the German operations implies further rationalization of other European operations involved in the finishing of tubes rolled in Germany. This rationalization will entail the consolidation of all the European threading activities in a single location in Aulnoye, France. The Group has also launched the closure processes of the heat treatment line at Saint-Saulve (France) and the threading line at Bellshill (Scotland). Elsewhere, Vallourec completed the sale of Vallourec Bearing Tubes. The Aulnoye Competence Center will lead the 'one R&D' organization.

#### Streamline overheads to lower breakeven and increase efficiency

Vallourec will simplify its organization by streamlining its structure in all regions (North America, South America and Eastern Hemisphere) and by further downsizing the headquarter functions, which will be primarily focused on strategy and expertise.

The Group will also benefit from higher productivity by implementing automation for all transactional processes and consolidating support functions in larger, Shared Services Centers, to leverage the Company's scale.

Finally, support functions will be located close to production sites and the Group will focus on value-creating projects.

**These combined initiatives will lead to €230 million of recurring EBITDA and €250 million in ongoing cash up-lift. The execution is expected to be finalized at end of Q1 2024. The associated headcount reduction should be approximately 2,950.**

#### The New Vallourec plan on track with new initiatives added

The New Vallourec plan, announced in May 2022, remains fully on track.

The plan aims at making the Group cycle-proof and generating positive free cash flow even at the bottom of the cycle <sup>(1)</sup>.

Over the third quarter 2022, Vallourec has secured firm social agreements in France, Germany, and the UK, substantially de-risking its plan and allowing teams to focus on execution. Moreover, the Group will implement New Vallourec plan initiatives in other geographies starting with Brazil, as well as production increases in the U.S. and Saudi Arabia.

In addition, a value-over-volume strategy incorporates portfolio rationalization to drive profitable growth. Vallourec aims to achieve best-in-class profitability levels and close the margin gap with peers.

#### Governance changes

To support the Vallourec's journey towards sustainable profitability in-line with best in class peers the following changes took place at the top of the company and the Executive Committee:

- Vallourec's Board of Directors met on March 20, 2022 and appointed Philippe Guillemot for a four-year term, effective immediately. Following an external selection process by a special committee of the Board of Directors, the Nomination and Governance Committee decided to select Philippe Guillemot to succeed Edouard Guinotte as Chairman and Chief Executive Officer of Vallourec.
- On April 15, 2022, Vallourec announced the appointment of Sascha Bibert as Group Chief Financial Officer. He took up his position on April 19, 2022 and joined the Group's Executive Committee.
- On May 2, 2022, Vallourec announced the appointment of Ulrika Wising as Senior Vice-President Energy Transition. She took up this position on May 2, 2022 and joined the Group's Executive Committee.
- On June 1, 2022, Vallourec announced the appointment of Enrico Schiappacasse as Senior Vice-President Group Strategy and Development. He took up his position on June 1, 2022 and joined the Group's Executive Committee.
- On July 1, 2022, Vallourec announced the appointment of Nathalie Joannes as Group Legal Officer. She took up her position on July 4, 2022 and joined the Executive Committee.
- On July 1, 2022, Vallourec announced the appointment of Ludovic Oster as Chief Human Resources Officer. He took up his position on July 4, 2022 and joined the Executive Committee.
- On July 8, 2022, Vallourec announced the appointment of Pierre d'Archemont as Senior Vice-President South America. He took up his position on July 14, 2022 and joined the Executive Committee.

#### Iron Ore mine

- On January 8, 2022, following the exceptionally heavy rainfall in Minas Gerais State (Brazil), some material from a waste pile associated with the operations of Vallourec's Pau Branco mine slid into a rainwater dam (the "Lisa dam") causing it to overflow, and resulting in the interruption of traffic on the nearby highway. The structure of the dam was not affected and there were no casualties. As a result of this incident, however, the operations of the mine were temporarily suspended.
- On May 4, 2022, Vallourec partially restarted operations, having obtained permission from the authorities to use an alternative waste pile. Under these conditions, volumes extracted in 2022 amounted to approximately 4 million tons.

In parallel, the Group finalized the works necessary to re-establish the minimum safety level required to use the core Cachoeirinha waste pile and registered a request for its full release. A return to normal operations is not expected until the second quarter of 2023, after the Cachoeirinha waste pile has been fully rehabilitated.

(1) Free Cash Flow before change in working capital.

### Commercial successes

On March 2, 2022 Vallourec was awarded a contract by OneSubsea®, the subsea technologies, production, and processing systems division of Schlumberger, to supply 3,000 m of upset riser joints equipped with the VAM® TTR HW NA connection for the Bacalhau Project off the coast of Brazil. The contract was awarded on behalf of Subsea Integration Alliance, a strategic global alliance between Subsea 7 and OneSubsea®.

After a comprehensive design phase to meet the expectations of the Bacalhau field operator Equinor, OneSubsea® selected the Vallourec high-performance solution for the Open Water Intervention Riser System (OWIRS). This solution is based on seamless shaped steel pipes equipped with a special premium VAM® TTR HW NA connection to cope with fatigue conditions and the sea corrosive environment.

On September 20, 2022, Vallourec signed a ten-year agreement with Saudi Aramco oil company for the supply of premium casing and services. The associated orders will be manufactured and delivered by Vallourec's plant in Saudi Arabia. The agreement strengthens the existing relationship between the Group and the Saudi national company, and will cover part of Saudi Aramco's needs for premium OCTG solutions for its drilling operations. It includes the supply of premium casing as well as inventory management services.

On November 30, 2022, Vallourec announced that it had secured a third major order in the framework of the Long-Term Agreement (LTA) signed last year with ExxonMobil Guyana. Under the contract, Vallourec will deliver line-pipe for ExxonMobil Guyana's deep-water Uaru project. The Uaru project is located in the Stabroek Block, a 26,800 sq. km strategic basin located off Guyana's continental shelf, where several important discoveries have been made since 2015. The Group will deliver 35,000 metric tons of line-pipe, including 2,000 metric tons of X80, an innovative and unique material developed and qualified by Vallourec's R&D teams. X80 combines high strength with resistance to service conditions, making it a key enabler for future deeper-water developments.

### Energy Transition

2022 was a year of many achievements for Vallourec in the field of energy transition. In May 2022, Vallourec appointed Ulrika Wising as Senior Vice-President Energy Transition in order to strengthen its commitments to the energy transition and develop new profitable business opportunities. It was against this backdrop that Vallourec® New Energies – Vallourec's portfolio of solutions for the hydrogen, CCUS (Carbon Capture, Utilization and Storage), geothermal and solar energy markets – was launched in September. Important milestones have been reached in each of these markets, in line with Vallourec's aim of being an integral player in the low-carbon industries.

#### HYDROGEN

In 2022, Vallourec was chosen by Storengy, a subsidiary of ENGIE, one of the world leaders in underground natural gas storage and a key player in the development of renewable gases, to provide a complete range of tubular solutions and associated services for the "HyPSTER" project, the first renewable hydrogen storage project supported by the European Union.

In October 2022, the Group also supplied high-pressure tubes for the manufacture of piston accumulators intended for the world's first hydrogen refueling system for passenger trains, launched by Linde in Germany.

Vallourec is also very involved in the development of new industry standards for hydrogen-related applications. For example, it has developed a qualification protocol for validating the sealability of its VAM® connections for storing hydrogen at a pressure of up to 560 bars, and in August 2022 it qualified its dope-free CLEANWELL® solution.

In addition, in 2022 Vallourec successfully carried out a first series of tests aimed at qualifying the fracture toughness resistance of a selection of steel grades for OCTG pipes, line pipes and pressure vessels in the presence of pure hydrogen gas.

Lastly, it is also participating in numerous joint industry projects and research programs to expand hydrogen knowledge, such as Norway's HYDROGENi research program which Vallourec joined in 2022.

#### CCUS

Capturing CO<sub>2</sub> from industrial activities and storing it underground are essential factors for limiting global warming. Vallourec plays an important role in this respect by testing and qualifying corrosion-resistant materials for transporting and storing CO<sub>2</sub> containing impurities, as well as by validating the sealability of its VAM® connections for storing carbon in depleted oil and gas fields.

The VAM® connection qualification protocol developed by Vallourec tests the connections' sealability in several pressure phases and thermal cycles, at temperatures as low as -80°C in blow-out scenarios.

In early 2022, Neptune Energy approached Vallourec to carry out a series of tests designed to validate materials for the safe injection of CO<sub>2</sub> in depleted wells in the Dutch North Sea.

#### GEOHERMAL ENERGY

Vallourec has been a major player in the geothermal energy industry for over 30 years, supplying heat-resistant tubular solutions for extracting clean energy from the earth. The Group's latest VAM® connections are qualified up to 350°C in thermal cycles based on the TWCCEP (Thermal Well Casing Connection Evaluation Protocol). In addition, the innovative THERMOCASE® Vacuum Insulated Tubing (VIT) is a key element of closed-loop geothermal systems which produce heat and power with minimal losses.

In 2022, Vallourec announced it had invested in GreenFire Energy Inc., an American start-up developing Advanced Geothermal Systems based on its innovative GreenLoop™ technology, of which THERMOCASE® VIT is a key part.

And in early 2022, the Group supplied Geo Dipa Energi with VAM® 21 connections for its geothermal wells on the Dieng plateau in Indonesia, in order for the wells to withstand temperatures of up to 330°C.

#### SOLAR ENERGY

Solaire Vallourec supplies the solar industry with torque tubes and cold formed open profiles for the construction of solar trackers.

In May 2022, Vallourec won a contract to supply 1,050 metric tons of torque tubes and 1,200 metric tons of cold formed open profiles to Nextracker for a solar farm in northeastern Brazil. Through these various projects, Vallourec has already clearly demonstrated its commitment to the energy transition, and drawing on its achievements is well positioned to continue to support its customers in their solar energy projects in 2023 and beyond.

## ESG: a commitment recognized by non-financial rating agencies

The Group's sustainable development policy and its results are regularly recognized by non-financial rating agencies. Our performance highlights Vallourec's contribution as a responsible market player.

In June 2020, Vallourec announced its ambition to reduce its direct and indirect carbon emissions by 2025, taking 2017 as its baseline year. These objectives were approved by the Science-Based Targets initiative (SBTi). The Group is committed to:

- reducing its direct emissions by 20% (Scopes 1 & 2);
- reducing both direct and indirect emissions by 25% (Scopes 1, 2 & 3).

### 3.5.2 First-quarter 2023

#### Update on Pau Branco mine

Operations at Vallourec's Pau Branco iron ore mine were temporarily suspended in January 2022 following slippage at its Cachoeirinha waste pile. Operations were partially restarted in May using alternative waste piles, albeit at lower-than-normal capacity levels. Volumes sold in 2022 amounted to 4.0 million tonnes, slightly ahead of estimates given at the Q3 2022 results release.

Permissions have been secured to continue using alternative waste piles until the beginning of Q2 2023. In parallel, the Group has finalized all civil works required to achieve a minimum safety factor and applied for its release. The solidity of the structure was confirmed during the rainy season.

For Q1 2023, Vallourec estimates production of approximately 1.5 million tonnes. The release of the core waste pile and resumption of normal operations is expected at the beginning of Q2 2023.

#### Continuing strong commercial dynamic, with further important new wins

On January 19, 2023, Vallourec secured important orders from LLOG Exploration Offshore, one of the U.S.'s largest privately-owned exploration and production companies, for the supply of 25,000 metric tons of line pipe for its upcoming landmark Salamanca deep-water development off the US coast of the Gulf of Mexico.

In 2022, Vallourec fulfilled once more, proactively, CDP Climate / Water / Forest questionnaires, the CDP being a global environmental non-profit organization that encourages companies and governments to reduce their environmental footprint. The Group is thus rewarded for its transparency and leadership by obtaining an "A- Leadership" rating on Climate, improving its results on Water from a "B" rating to an "A- Leadership" rating and on Forestry from a "C" rating to a "B-" rating.

In 2022, MSCI ESG Rating confirmed Vallourec's "AA" rating. At the same time, the ESG rating agency Sustainalytics ranked the Group in 30th position among the 107 energy sector players in the study<sup>(1)</sup>.

On January 24, 2023, Vallourec has signed a long-term agreement with Petrobras for OCTG solutions. The three-year agreement covers the supply of OCTG Premium products, associated accessories, and specialized physical and digital services, representing a volume of supply above 110,000 tons of products and accessories.

#### Changes to Vallourec's management team

On January 31, 2023, as part of its "New Vallourec" plan, led by Philippe Guillemot, Chairman and Chief Executive Officer, the Group has developed a three-region organization (North America, South America, and Eastern Hemisphere) to simplify and optimize the operations. This new organization aims at making the Group more efficient and more agile, closer to its customers, and to enhance its industrial performance, through two export bases, Brazil, and Asia.

This new organization has led to changes in its executive committee, effective February 1, 2023. The Vallourec Executive Committee will have eleven members under the leadership of Philippe Guillemot, Chairman and CEO.

#### S&P Global Upgrades Vallourec's Long-Term Issuer Credit Rating to 'BB-' with Positive Outlook

On March 6, 2023, S&P Global has upgraded Vallourec's long-term issuer credit rating to 'BB-' from 'B+' with a positive outlook.

S&P Global affirmed the 'BB-' issue rating on its senior unsecured notes as well as the 'B' rating on its commercial paper program.

S&P Global's positive outlook reflects its expectation of higher EBITDA in 2023 vs. 2022 and a reduction in net debt in the coming years, in line with Vallourec's latest published financial objectives.

(1) Sustainalytics, as consulted on March 14, 2023.

## 3.6 Strategic vision

### 3.6.1 Looking ahead to a New Vallourec

#### 3.6.1.1 Launch of the process to close the German sites and relocate the German rolling activity for Oil & Gas to Brazil

In November 2021, Vallourec decided to launch a process to dispose of all of its German manufacturing assets in order to find a new operator, better positioned to profitably serve the European Industry markets. The disposal process was carried out and no credible buyer was identified. Consequently, in 2022 Vallourec launched a process to shut down its German plants which will result in a 685 kt reduction in less competitive rolling capacity.

The process will take place over the next two years and will include the sale of the land and buildings.

The relocation to Brazil will require €120 million of capex for the Group's Brazilian plants to support the transfer of premium tubular volumes from Europe by the end of 2023.

Shutting down the German operations will result in further streamlining of other European operations involved in the finishing of tubes rolled in Germany.

The reorganization will also entail the consolidation of all the European threading activities in a single location in Aulnoye, France. Therefore in 2022 the Group launched a process to shut down the heat treatment line at Saint-Saulve (France) and the threading lines at Bellshill (Scotland) and Onne (Nigeria). In addition, on May 31, 2022 Vallourec completed the sale of Vallourec Bearing Tubes to Mutares SE & Co. KGaA.

The Aulnoye Competence Center will lead the new 'One R&D' organization.

**The completion of this footprint reshape will allow Vallourec to benefit from a lower-cost manufacturing base capable of serving worldwide Oil & Gas markets. The reorganization is expected to generate €130 million of run-rate EBITDA and a €20 million capex reduction. The associated headcount reduction should be approximately 2,400.**

#### 3.6.1.2 Streamline the Group's corporate structure to better manage a reshaped industrial footprint and a leaner organization

In addition to the reshape of its industrial footprint, the Group has launched a comprehensive program to streamline global overheads in line with the new footprint.

The program's measures encompass the following:

- a leaner organization in all regions (North America, South America and the Eastern Hemisphere): the Group is moving its main manufacturing base to the Americas;
- lower overheads and central costs: the Group is continuing to downsize its headquarters functions, which will be primarily focused on strategy and expertise;
- higher productivity: the Group is implementing process automation for all transactional processes and will consolidate support functions in larger Shared Services Centers to leverage its scale;
- focus on value-creating projects: selective approach to R&D and IT projects with careful return on investment parameters and interface with a broader strategic vision. With One R&D, the Group has created one global R&D organization, ensuring consistency and focusing resources on key strategic developments;
- support functions close to production sites: the Group's aim is to locate more than 50% of its support functions in the Americas. Industrial support will be located in the production sites.

**With this initiative, the Group aims to generate €100 million of additional run-rate EBITDA. The associated headcount reduction should be approximately 550.**

**Combined, these initiatives will reduce CO<sub>2</sub> emissions (the CO<sub>2</sub> content of a tube produced in Brazil is 30% lower than of a tube produced in Germany) and lead to €230 million of recurring EBITDA and €250 million ongoing cash up-lift. The execution of the plan is expected to be finalized in the first quarter of 2024.**

#### 3.6.1.3 New industrial footprint by 2024

Vallourec's new industrial footprint is designed to support the value-over-volume strategy through a reduction of approximately 700,000 metric tons of unprofitable capacity in Europe and a focus on low-cost production regions with a significantly smaller carbon footprint.

The new industrial footprint will consist of:

- 750,000 metric tons of competitive rolling capacity in North America which will be supported by steel production capacity of 750,000 metric tons;
- 1,100,000 metric tons of low-cost rolling capacity in Brazil, effectively limited by steel production of 950,000 metric tons.

Unchanged rolling capacity of 600,000 metric tons in Eastern Hemisphere (China) operations.

## 3.6.2 Preparing the future of a low-carbon economy

### 3.6.2.1 Appointment of Ulrika Wising

On May 2, 2022, Vallourec announced the appointment of Ulrika Wising as Senior Vice-President Energy Transition. Ulrika has a solid background in energy transition and business development. She will strengthen the Group's focus on and commitments to energy transition and will be responsible for accelerating and developing new profitable business opportunities.

### 3.6.2.2 A committed player with a clear roadmap

In 2020, Vallourec announced its ambition to reduce its direct and indirect carbon emissions by 2025, taking 2017 as its baseline year. These objectives were approved by the Science-Based Targets initiative (SBTi), and Vallourec became the first company in the Oil & Gas sector to obtain this recognition <sup>(1)</sup>. In concrete terms, the Group, which is already a low emitter of greenhouse gases, is committed to:

- reducing its direct emissions by 20% (Scopes 1 & 2);
- reducing both direct and indirect emissions by 25% (Scopes 1, 2 & 3).

In December 2021, Vallourec announced that it was again part of the "A List" compiled by the CDP. This accomplishment serves as recognition for the Company's transparency and leadership on climate issues. Concretely, in terms of CO<sub>2</sub> emitted to produce a tube, Vallourec is clearly a best-in-class player. The Group consumes 1.796 metric tons of CO<sub>2</sub> per ton of tube produced versus 2 tons on average for its peers <sup>(2)</sup>.

### 3.6.2.3 Investment in GreenFire Energy

On May 3, 2022, Vallourec announced that it had invested in GreenFire Energy Inc., an American start-up developing Advanced Geothermal Systems based on its innovative GreenLoop™ technology. This transaction was carried out alongside other major investors, Baker Hughes and Helmerich & Payne. Vallourec and GreenFire Energy have been working together since 2019 on several successful closed-loop geothermal demonstrators in various fields. Vallourec THERMOCASE® Vacuum Insulated Tubing (VIT) is a key enabler of closed-loop geothermal systems: these thermally insulated pipes allow underground heat to be harvested and brought to the surface (as hot water or steam) with minimal losses. Thanks to its leading edge in VIT with its THERMOCASE® product range, Vallourec will be able to support GreenFire Energy by designing and manufacturing bespoke solutions for their downhole heat exchanger. While conventional geothermal systems rely on the exploitation of geothermal resources in very specific areas, Advanced Geothermal Systems – such as the one developed by GreenFire Energy – could unlock the possibility of producing energy virtually anywhere.

### 3.6.2.4 New steps in Carbon Capture and Storage (CCS) and hydrogen

For the injection of super critical CO<sub>2</sub> into carbon storage wells, VAM Top® connections have been tested for specific conditions requiring low temperature (-80°C) and a very sudden temperature drop under severe loading conditions, with full-scale samples. This has been validated by customers, including Oil & Gas technology leaders.

Due to the small size and low viscosity of the molecule, hydrogen is known to be a difficult gas to contain. Vallourec is the first company to have tested and validated full leak-tightness of the VAM® 21 connection with 100% hydrogen content up to 560 bars – conditions that are even more stringent than those required for future storage wells.

## 3.6.3 Technological edge and brand recognition are at the heart of Vallourec's strategy

The Group also intends to increase its revenue by leveraging its technological edge and brand recognition to develop new products and solutions.

Thanks to its proven know-how, supported by its five dedicated R&D hubs in Europe, Brazil and the United States, and its 430 engineers and technicians, the Group enjoys a front-ranking position in premium OCTG connections through the VAM® product family, developed in partnership with Nippon Steel.

Vallourec continues to innovate and maintain its technological edge: the Group has recently successfully launched new connections such as VAM® Sprint-SF, VAM® Sprint-FJ and VAM® SLIJ-3, and has developed a new range of steel grades offering superior corrosion resistance, robustness at very low temperatures and excellent weldability.

Vallourec is involved in an increasing number of projects with its customers and with start-ups to develop innovative solutions, such as the recent inaugural 3D printing of a safety-critical component delivered to Total in the North Sea.

## 3.6.4 A service offering combining on-site assistance and digital solutions

Vallourec's technical excellence is also rounded out by a wide range of digital solutions and services.

The Group's ambition is to use its service offering as a differentiating factor for its traditional product lines and it intends to diversify by developing new services using digital technologies and the Smartengo™ brand.

The service offering includes physical services to customers such as on-site engineering teams, supply chain optimization services and the incubation and development of a complementary and autonomous digital service offering based on Smartengo™ solutions.

(1) It should be noted that the SBTi classifies Vallourec in the "Mining – Iron, Aluminum, Other Metals" sector when assessing its targets. However, given that Vallourec derives the bulk of its revenue from the Oil & Gas sector, the Company compared itself to the SBTi's "Oil & Gas" category, and no company in this sector has had its roadmap validated by the SBTi.

(2) Sustainalytics, as consulted on March 14, 2023.

## 3.7 Results of operations

### 3.7.1 Consolidated Group results

#### 3.7.1.1 Income statement

##### COMPARISON OF 2022 WITH 2021

Consolidated data in € millions	2021	2022	Change
<b>Production shipped (in thousands of metric tons)</b>	<b>1,640</b>	<b>1,804</b>	<b>+10%</b>
<b>Revenue</b>	<b>3,442</b>	<b>4,883</b>	<b>+41.9%</b>
Cost of sales <sup>(a)</sup>	(2,605)	(3,807)	+46.1%
<b>Industrial margin</b>	<b>837</b>	<b>1,076</b>	<b>+28.6%</b>
(as a % of revenue)	24.3%	22.0%	-2.3 p.p.
<b>Selling, general and administrative expenses <sup>(a)</sup></b>	<b>(316)</b>	<b>(349)</b>	<b>+10.4%</b>
(as a % of revenue)	-9.2%	-7.2%	+2.0 p.p.
Other	(29)	(11)	+€18m
<b>EBITDA</b>	<b>492</b>	<b>715</b>	<b>+€223m</b>
(as a % of revenue)	14.3%	14.6%	+0.3 p.p.
Depreciation of industrial assets	(160)	(183)	-14.4%
Depreciation and amortization, restructuring costs and other	47	(618)	N/A
Impairment of assets and goodwill	(5)	(36)	N/A
<b>Operating income (loss)</b>	<b>374</b>	<b>(122)</b>	<b>-€496m</b>
<b>NET INCOME (LOSS), GROUP SHARE</b>	<b>40</b>	<b>(366)</b>	<b>-€406M</b>

(a) Before depreciation and amortization.

#### 3.7.1.2 Tubes sales volume

The diversity of the Group's products and the absence of appropriate units of measurement other than financial units, prevent the provision of meaningful information on production volumes. However, the following table provides a summary of production shipped, which corresponds to the volumes produced in Vallourec rolling mills, expressed in metric tons of hot-rolled seamless tubes:

In thousands of metric tons	2021	2022	Change
First quarter	358	395	+10.3%
Second quarter	381	433	+13.6%
Third quarter	391	462	+18.2%
Fourth quarter	510	514	+0.8%
<b>TOTAL</b>	<b>1,640</b>	<b>1,804</b>	<b>+10.0%</b>

The 10% overall year-on-year rise in production shipped was due to an increase in deliveries for the Oil & Gas markets in the United States, and to a lesser extent in the Middle East.

## SOLD PRODUCTION OF IRON ORE

<i>In thousands of metric tons</i>	2021	2022	Change
First quarter	0.14	1.9	-93%
Second quarter	1.0	2.3	-57%
Third quarter	1.5	2.2	-33%
Fourth quarter	1.4	1.7	-13%
<b>TOTAL</b>	<b>4.0</b>	<b>8.1</b>	<b>-50%</b>

During 2022, the mine produced 4 million metric tons, a substantial decrease compared with 8.1 million metric tons during 2021 as a consequence of the waste pile slippage incident at the beginning of 2022.

### 3.7.1.3 Revenues

Data presented at constant exchange rates are calculated by eliminating the impact of translating into euros revenue generated by Group subsidiaries whose functional currency is not the euro. The foreign exchange impact of translation is eliminated by applying 2021 exchange rates to these subsidiaries' 2022 revenue. However, the transaction effect – resulting from commercial exposure from sales and purchases made by certain Group subsidiaries in currencies other than their functional currency – has not been eliminated.

#### CONSOLIDATED REVENUES

Consolidated revenue amounted to €4,883 million in 2022, an increase of 42% year on year. At constant exchange rates, consolidated revenue was up 28.5% year on year. The overall revenue rise reflects:

- a positive 9% volume effect mainly driven by Oil & Gas in North America and to a lesser extent in the Middle East;
- a positive 25% price/mix effect;
- a negative 6% impact related to the Mine & Forest segment;
- a positive 13% currency conversion effect, mainly in connection with weaker EUR/USD and EUR/BRL exchange rates.

#### REVENUE BY QUARTER

<i>In € millions</i>	First quarter	Second quarter	Third quarter	Fourth quarter	Full year
2021	702	842	834	1,064	3,442
2022	916	1,144	1,281	1,541	4,883
% year-on-year change	+30%	+36%	+54%	+45%	+42%
<i>o/w volume effect</i>	+9%	+12%	+16%	+1%	+9%
<i>o/w price/mix effect</i>	+22%	+19%	+26%	+31%	+25%
<i>o/w impact of Mine &amp; Forest segment</i>	-9%	-9%	-5%	-1%	-6%
<i>o/w currency translation effect</i>	+8%	+14%	+16%	+13%	+13%

In the first quarter of 2022, Vallourec recorded revenue of €916 million, up 30.5% on the first quarter of 2021 (up 22.2% at constant exchange rates), with a positive volume impact of 9%, a positive price/mix effect of 22%, a negative impact of 9% from the Mine & Forest segment, and a positive currency conversion effect of 8%.

In the second quarter of 2022, Vallourec recorded revenue of €1,144 million, up 35.9% on the second quarter of 2021 (up 22% at constant exchange rates), with a positive volume impact of 12%, a positive price/mix effect of 19%, a negative impact of 9% from the Mine & Forest segment, and a positive currency conversion effect of 14%.

In the third quarter of 2022, Vallourec recorded revenue of €1,281 million, up 53.7% compared with the third quarter of 2021 (up 37% at constant exchange rates), with a positive volume impact of 16%, a positive price/mix effect of 26%, a negative impact of 5% from the Mine & Forest segment, and a positive currency conversion effect of 17%.

In the fourth quarter of 2022, Vallourec recorded revenue of €1,541 million, up 44.8% compared with the fourth quarter of 2021 (up 31.5% at constant exchange rates), with a positive volume impact of 1%, a positive price/mix effect of 31%, a negative impact of 1% related to the Mine & Forest segment, and a positive currency conversion effect of 13%.

**REVENUE BY GEOGRAPHICAL MARKET**

The following table shows the change in consolidated revenue by geographical region in which products were sold between 2021 and 2022:

<i>In € millions</i>	2021	% of revenue	2022	% of revenue	2022/2021 change at current exchange rates	2022/2021 change at constant exchange rates
Europe 27	537	17.7%	606	13.0%	+12.9%	+12.6%
North America	828	27.3%	2,094	45.0%	+153.0%	+125.3%
Middle East	334	11.0%	434	9.3%	+29.7%	+17.2%
Asia	402	13.3%	389	8.3%	-3.3%	-11.0%
South America	726	24.0%	855	18.3%	+17.7%	+0.4%
Rest of the world	203	6.7%	285	6.1%	+40.5%	+38.6%
<b>TOTAL REVENUE – TUBES</b>	<b>3,030</b>	<b>100.0%</b>	<b>4,663</b>	<b>100.0%</b>	<b>+53.9%</b>	<b>+39.6%</b>
Mine & Forest	469	–	245	–	-47.8%	-55.5%
Holding companies & Other	186	–	210	–	+13.0%	+9.6%
Inter-segment transactions	(243)	–	(235)	–	–	–
<b>TOTAL REVENUE</b>	<b>3,442</b>	–	<b>4,883</b>	–	<b>+41.9%</b>	<b>+28.5%</b>

Due to rounding, the numbers shown in this table may not add up exactly to the totals provided and percentages may not precisely reflect the absolute figures.

**REVENUE BY BUSINESS**

During 2022, revenue from the Tubes segment rose 54%, primarily due to higher prices, while revenue from the Mine & Forests segment amounted to €245 million, down 48% compared to 2021.

The following table shows the breakdown of the Group's revenue by business in 2021 and 2022:

<i>In € millions</i>	2021	2022	% change at current exchange rates	% change at constant exchange rates
<b>Total Oil &amp; Gas and Petrochemicals</b>	<b>1,950</b>	<b>3,419</b>	<b>+75.3%</b>	<b>+57.3%</b>
<b>Industry</b>	<b>908</b>	<b>1,063</b>	<b>+17.1%</b>	<b>+9.4%</b>
<b>Power Generation &amp; Other</b>	<b>172</b>	<b>181</b>	<b>+5.1%</b>	<b>-2.1%</b>
<b>TOTAL – TUBES</b>	<b>3,030</b>	<b>4,663</b>	<b>+53.9%</b>	<b>+39.6%</b>
Mine & Forests	469	245	-47.8%	-55.5%
Holding companies & Other	186	210	+13.0%	+9.6%
Inter-segment transactions	(243)	(235)	–	–
<b>TOTAL</b>	<b>3,442</b>	<b>4,883</b>	<b>+41.9%</b>	<b>+28.5%</b>

Due to rounding, the numbers presented in the table above may not add up precisely to the totals provided and the percentages may not precisely reflect the absolute figures.

(a) The change at constant exchange rates is defined as the change in revenue between two periods obtained by translating into euros the revenue of consolidated subsidiaries whose functional currency is not the euro at the average cumulative exchange rate for the prior period. It does not include foreign currency impacts on sales made by certain subsidiaries in currencies other than their functional currency, since these impacts are included in the price/mix effects.



### 3.7.1.4 EBITDA

In 2022, EBITDA amounted to €715 million, a year-on-year increase of €223 million, and represented 14.6% of revenue.

EBITDA for the Tubes segment grew significantly, reaching €638 million, compared to €148 million in 2021, thanks to a 10% rise in volumes combined with a 40% improvement in the average sales price per metric ton.

In 2022, EBITDA for the Mine & Forest segment fell sharply from €358 million to €113 million, due to the 50% decrease in volumes as well as lower prices.

The following table shows changes in the principal components of EBITDA in 2021 and 2022.

<i>In € millions</i>	2021	2022	Change
<b>Revenue</b>	<b>3,442</b>	<b>4,883</b>	<b>+41.9%</b>
Cost of sales <sup>(a)</sup>	(2,605)	(3,807)	+46.1%
<b>Industrial margin</b>	<b>837</b>	<b>1,076</b>	<b>+28.6%</b>
<i>(as a % of revenue)</i>	24.3%	22.0%	-2.3 p.p.
Selling, general and administrative expenses <sup>(a)</sup>	(316)	(349)	+10.4%
Other	(29)	(11)	-62.1%
<b>EBITDA</b>	<b>492</b>	<b>715</b>	<b>+€223M</b>
<i>(as a % of revenue)</i>	14.3%	<b>14.6%</b>	+0.3 p.p.

(a) Before depreciation and amortization.

### INDUSTRIAL MARGIN

Industrial margin is defined as the difference between revenue and cost of sales (excluding depreciation and amortization).

In 2022, the industrial margin came out at €1,076 million, or 22.0% of revenue, increasing by €239 million year on year, reflecting a higher level of activity in the Oil & Gas markets in North America and in the Middle East in the Industry markets, as well as cost savings, which more than offset (i) the decrease in operations at the Mine following the incident that occurred in January 2022 and (ii) the rise in energy and raw materials prices.

The following table shows the breakdown of cost of sales (excluding depreciation and amortization) in 2021 and 2022:

<i>In € millions</i>	2021	2022	Change
Direct cost of sales	182	311	+70.9%
Cost of raw materials consumed	1,228	1,692	+37.7%
Labor costs	563	699	+24.2%
Other manufacturing costs <sup>(a)</sup>	742	1,122	+51.2%
Change in non-raw-material inventories	(110)	(17)	N/A
<b>TOTAL</b>	<b>2,605</b>	<b>3,807</b>	<b>+46.1%</b>

(a) "Other manufacturing costs" mainly include energy and consumables, sub-contracting and maintenance expenditure, and provisions.

### SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses amounted to €349 million, or 7.2% of revenue, versus €316 million and 9.2% of revenue in 2021.

The following table shows the breakdown in SG&A (excluding depreciation and amortization) in 2021 and 2022:

<i>In € millions</i>	2021	2022	Change
Research and Development costs	39	40	+2.6%
Selling and marketing costs	59	68	+15.3%
General and administrative costs	218	242	+11.0%
<b>TOTAL</b>	<b>316</b>	<b>350</b>	<b>+10.4%</b>

**PERSONNEL EXPENSES**

Personnel expenses are divided among cost of sales, SG&A, and other operating expenses.

In 2022, personnel expenses totaled €910 million compared to €782 million in 2021.

Personnel expenses can be broken down as follows:

<i>In € millions</i>	2021	2022	Change
Wages and salaries	595	709	+19.2%
Employee profit sharing and bonuses	35	29	-17.1%
Expenses related to stock options and performance shares	3	8	+166.7%
Social security costs	149	164	+10.1%
<b>TOTAL</b>	<b>782</b>	<b>910</b>	<b>+16.4%</b>

Group headcount as at December 31, 2022 was 15,766, compared to 16,025 as at December 31, 2021:

<b>Headcount of consolidated companies as at December 31</b>	2021	2022	Change
Managers (cadres)	2,808	2,708	-100
Technical and supervisory staff	2,136	1,981	-155
Production staff	11,081	11,077	-4
<b>TOTAL</b>	<b>16,025</b>	<b>15,766</b>	<b>-259</b>

For more details on the workforce, see section 4.3.1 “Group workforce” of this Universal Registration Document.

**3.7.1.5 Operating income (loss)**

Vallourec posted an operating loss of €122 million, versus operating income of €374 million in 2021. The increase in EBITDA was not sufficient to cover depreciation of industrial assets and the €574 million in non-recurring expenses related to:

- the Group's transformation initiatives announced in May 2022 and the reorganization measures implemented;
- operational costs arising from inactivity at the mine and restoration costs for the damaged waste pile;
- impairment losses and asset disposals.

**DEPRECIATION AND AMORTIZATION**

Depreciation of industrial assets increased to €183 million in 2022 from €160 million in 2021.

Non-industrial (Research and Development, sales and administrative) depreciation and amortization represented a loss of €44 million in 2022, versus a loss of €42 million in 2021.

Asset impairment can be broken down as follows:

<i>In € millions</i>	2021	2022
Impairment of property, plant and equipment	(5)	(36)
Other impairment of assets	-	-
<b>TOTAL</b>	<b>(5)</b>	<b>(36)</b>

**RESTRUCTURING COSTS AND ASSET IMPAIRMENT**

Restructuring costs, asset impairment and other items represented a €574 million loss in 2022, versus income of €89 million in 2021, and mainly related to:

- the reorganization measures (representing a €406 million expense) affecting all the regions in which the Group operates, particularly Germany and France. The associated headcount reduction should be approximately 2,950;
- the costs incurred in Brazil due the impact that the exceptionally heavy rainfall had on the operations of the Mine.

Impairment losses were recognized in an amount of €36 million in 2022 against assets impacted by the industrial transformation plans, mainly in Germany, Scotland, France and Nigeria (versus €5 million in 2021).

In 2021

- Gains on disposals during 2021 mainly concerned the land and industrial buildings of the Reisholz plant in Germany for €70 million;
- during the year, a favorable decision handed down by the Brazilian Supreme Court in connection with tax recovery claims on PIS/COFINS value added taxes led to the recognition of €32 million in non-recurring income (excluding the related translation adjustment, recognized in financial items for €27 million).

### 3.7.1.6 Net financial income (loss)

The Group recorded a net financial loss of €111 million in 2022, compared to a net financial loss of €236 million in 2021.

Net interest expense amounted to €95 million, reflecting the new balance sheet structure.

Financial income (loss) can be broken down as follows:

<i>In € millions</i>	2021	2022	Change
Interest income	4	7	+75.0%
Interest expense	(151)	(102)	-32.5%
Net interest expense	(147)	(95)	-35.4%
Other financial income and expenses	(86)	(13)	-84.9%
Interest expense on leases	(24)	(9)	-62.5%
Other discounting expenses	21	6	-71.4%
<b>NET FINANCIAL INCOME (LOSS)</b>	<b>(236)</b>	<b>(111)</b>	<b>+€125M</b>

### 3.7.1.7 Income tax

Income tax expense was €113 million in 2022 versus €101 million in 2021.

The -48% rate mainly reflects the items detailed below:

The impact of tax loss carryforwards and temporary differences, which mainly concerns the non-recognition of deferred tax assets (DTAs) for the year in France and Germany.

Permanent differences, reflecting the add-back of financial expenses, primarily in France, and restatements for Brazil.

Differences in tax rates, mainly reflecting the diverse range of tax rates applied in the Group's various countries (Germany 31.6%, United States 21%, Brazil 34.0%, China 25.0%, and Saudi Arabia 20%).

The fall in the income tax rate in France has no impact on the deferred taxes of the Group in France since deferred taxes on tax losses and temporary differences were not recognized.

### 3.7.1.8 Net income (loss)

Non-controlling interests in net income (loss) represented a positive €3 million in 2022, compared with a negative €8 million in 2021. As a reminder, the Group acquired non-controlling interests in Vallourec Star, VAM USA and VSB during 2021.

The Group ended 2022 with a €366 million net loss, Group share, compared to €40 million in net income, Group share in 2021.

## 3.7.2 Liquidity and capital resources

### 3.7.2.1 Overview

Free cash flow for 2022 was a negative €216 million, compared with a negative €284 million in 2021, after a €355 million working capital increase over the year.

As of December 31, 2022, gross debt amounted to €1,682 million including €70 million in fair value adjustments under IFRS 9 (which will be reversed over the life of the debt). Long-term debt amounted to €1,368 million, and short-term debt totaled €314 million.

As at December 31, 2022, lease liabilities stood at €71 million, compared with €48 million at December 31, 2021 following the application of IFRS 16.

As of December 31, 2022, the liquidity position was strong at €1,203 million, with cash amounting to €552 million, an undrawn committed Revolving Credit Facility of €462 million, and an Asset Backed Loan of \$210 million <sup>(1)</sup>.

#### The Group has no repayments scheduled before June 2026

At end-2022, the Group's equity totaled €1,643 million versus €1,763 million as at December 31, 2021, a year-on-year decrease of €120 million.

(1) \$8.5 million letter of credit issued as per end 2022.

**3.7.2.2 Cash flow****CONDENSED STATEMENT OF CASH FLOWS**

<i>In € millions</i>	<b>2021</b>	<b>2022</b>
Cash flow from operating activities	26	330
Change in operating working capital (+ decrease/(increase))	(172)	(355)
<b>Net cash from (used in) operating activities (1)</b>	<b>(146)</b>	<b>(25)</b>
<b>Net cash used in investing activities (2)</b>	<b>(30)</b>	<b>(162)</b>
<b>Net cash from (used in) financing activities (3)</b>	<b>(604)</b>	<b>91</b>
Impact of changes in exchange rates (4)	9	28
<b>CHANGE IN CASH (1 + 2 + 3 + 4)</b>	<b>(771)</b>	<b>(68)</b>

**NET CASH USED IN OPERATING ACTIVITIES**

For full-year 2022, cash flow from operating activities was a positive €330 million compared to €26 million in full-year 2021, mainly due to higher EBITDA and lower tax paid. The 2022 total included €62 million in non-recurring expenses such as restructuring costs and other expenses.

Changes in working capital were as follows:

<b>Gross amounts</b>	<b>Dec. 31, 2021</b>	<b>Translation differences</b>	<b>Change</b>	<b>Reclassification and other</b>	<b>Items held for sale</b>	<b>Dec. 31, 2022</b>
Inventories	1,128,094	52,166	224,435	(24,996)	30,165	1,409,864
Trade receivables	583,577	34,665	214,543	(4,194)	9,530	838,121
Trade payables	(601,000)	(18,921)	(162,684)	8,583	(12,896)	(786,918)
<b>Working capital</b>	<b>1,110,671</b>	<b>67,910</b>	<b>276,294</b>	<b>(20,607)</b>	<b>26,799</b>	<b>1,461,067</b>
Other receivables and payables	(73,838)	(4,585)	67,844	10,294	(5,062)	(5,347)
<b>Operating working capital</b>	<b>1,036,833</b>	<b>63,325</b>	<b>344,138</b>	<b>(10,313)</b>	<b>21,737</b>	<b>1,455,720</b>
<b>Impact of hedging instruments</b>	<b>–</b>	<b>–</b>	<b>11,236</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL</b>			<b>355,374</b>			
<b>Change in operating working capital in the statement of cash flows</b>			<b>(355,374)</b>			

Net cash flow used in operating activities represented an outflow of €25 million in 2022, compared to an outflow of €146 million in 2021.

For full-year 2022, the change in operating working capital was a negative €355 million, reflecting the business recovery, versus an increase of €172 million in 2021.

**NET CASH USED IN INVESTING ACTIVITIES**

Gross capital expenditure was €191 million in 2022, compared to €138 million in 2021.

Net capital expenditure notably includes approximately €60 million related to the transfer of Oil & Gas activities from Germany to Brazil.

See section 3.7.2.3 “Capital expenditure” below for a description of the main investments in 2022 and 2021.

**NET CASH FROM (USED IN) FINANCING ACTIVITIES**

Net cash flow relating to financing activities represented an inflow of €91 million in 2022, compared to an outflow of €604 million in 2021. See section 6.1.3 “Consolidated statement of cash flows” below for a description of the main investments in 2022 and 2021.

### 3.7.2.3 Capital expenditure

#### INVESTMENT DECISIONS

Investment decisions are a central pillar of the Group's strategy, addressing requirements in terms of:

- innovation as regards new products or services, along with digitalization;
- keeping personnel and facilities safe and complying with legal obligations, such as those relating to safety and the environment;
- developing Vallourec's businesses through organic and acquisition-led growth;
- optimizing production units' economic performance and enhancing the quality of Group products;
- restructuring within the framework of the "New Vallourec" plan;
- maintaining machinery and equipment in good working order, and replacing them when obsolete.

In all its investment projects, the Group looks to ensure that environmental and energy performance concerns are a priority.

Investment decisions are made through a specific process that systematically includes an economic study and risk assessment to ensure that the selected projects will drive long-term growth and deliver an acceptable return on capital employed.

Investments over the past two years can be analyzed as follows:

#### CAPITAL EXPENDITURE EXCLUDING CHANGES IN SCOPE (PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE AND BIOLOGICAL ASSETS)

In € millions	2021	2022
Europe	25.9	14.6
North America	29.4	37.7
Central & South America	67.8 <sup>(a)</sup>	130.7 <sup>(b)</sup>
Asia	16.0	16.4
Other	0.2	0.5
<b>TOTAL CAPITAL EXPENDITURE <sup>(b)</sup></b>	<b>139.3 <sup>(c)</sup></b>	<b>199.9</b>
o/w Capital expenditure payments during the year	137.7	190.7

(a) Including €5.5 million for biological assets.

(b) Including €8.5 million for biological assets.

(c) The difference between capital expenditure payments made during the year and total capital expenditure corresponds to the change in amounts payable on non-current assets.

For projects worth more than €1 million, there is a stricter investment authorization process, with:

- systematic preparation for each project through three front-end loading phases;
- qualification of each of the three phases by a Qualification Committee made up of Group experts. During this process, the essential aspects of the projects (market assumptions, technical choices, budget, planning and risks) are systematically examined and fleshed out; and
- authorization at each of the three phases by the Director of Capital Expenditure and Insurance and the Senior Vice-President Industry, Group and Eastern Hemisphere for projects worth over €1 million. Projects worth over €5 million are authorized by a Committee comprising the members of the Executive Committee concerned. During these Committee meetings, the projects are verified in terms of alignment with strategy and with profitability requirements, and for compliance with the Group's budget.

#### MAIN INVESTMENTS DURING THE 2021-2022 PERIOD

In recent years, capital expenditure programs have been directed mainly toward streamlining production facilities, improving quality and process control, adapting product lines to customers' changing requirements, expanding premium product finishing capacity and reducing production costs.

The largest capital expenditure programs in 2021 and 2022 are outlined below.

### 2021

In 2021, capital expenditure was stable compared to 2020.

Programs initiated in previous years accounted for 42% of expenditure in 2021.

The main new investments in 2021 related to:

- the completion of a project to renew saws for cutting billets at the Barreiro rolling mill;
- the commissioning of a project to extend the capacity and lifespan of the iron ore mine in Brazil;
- the completion of a project to modernize non-destructive testing facilities at the Youngstown rolling mill, aimed at improving quality, cost, time frames and capacities;
- numerous projects aimed at improving productivity and costs to support the Group's transformation;
- numerous projects to digitize, maintain and restore equipment, as well as improve the safety of people and facilities.

### 2022

In 2022, capital expenditure rose sharply compared to 2021.

Programs initiated in previous years accounted for 32% of expenditure in 2022.

The main new investments in 2022 related to:

- the launch of the New Vallourec program with expenditure of €120 million-equivalent to increase capacity in Brazil for the manufacture of tubes currently produced in Germany. This includes work carried out at the Jeceaba and Barreiro sites to reinforce equipment and reorganize production flows;

- civil engineering work to bring the iron ore mine in Brazil back into operation following the exceptionally heavy rainfall at the beginning of the year;
- the launch of a project to build an automated furnace for the production of charcoal using the Carboval process (Brazil);
- the launch of a production line in Houston to implement the Cleanwell process for OCTG products;
- numerous projects aimed at improving productivity and costs to support the Group's transformation;
- numerous projects to digitize, maintain and restore equipment, as well as improve the safety of people and facilities.

### MAIN INVESTMENTS PLANNED FOR 2023

The capital expenditure budget for 2023 is expected to be €220 million, representing an increase on 2022. The 2023 budget notably covers:

- completion of the New Vallourec program to bring on stream the additional production capacity at the Brazilian plants;
- completion of a project to build an automated furnace for the production of charcoal using the Carboval process (Brazil);
- completion of a production line in Houston to implement the Cleanwell process for OCTG products;
- launch of works to strengthen the Cleanwell manufacturing line in Aulnoye to produce flush connections;
- numerous projects aimed at improving productivity and costs to support the Group's transformation;
- numerous projects to digitize, maintain and restore equipment, as well as improve the safety of people and facilities.

### 3.7.2.4 Free cash flow

In 2022, free cash flow represented a negative €216 million, compared to a negative €284 million in 2021. Free Cash Flow defined as EBITDA adjusted for changes in provisions, less Interest and Tax Payments, changes in Working Capital, less Capex, and less Restructuring/Other Cash Outflows. The following table shows the calculation of free cash flow in 2021 and 2022:

<i>In € millions</i>	2021	2022
Cash flow from (used in) operating activities	26	330
Change in operating working capital (+ decrease, (increase))	(172)	(355)
Net cash flow from (used in) operating activities	(146)	(25)
Gross capital expenditure	(138)	(191)
<b>FREE CASH FLOW</b>	<b>(284)</b>	<b>(216)</b>

### 3.7.2.5 Liquidity and debt

As at December 31, 2022, consolidated gross debt totaled €1,682 million, including €1,368 million in medium- and long-term debt and €314 million in debt due within one year. As at that date, the Group had €552 million in cash and cash equivalents. Net debt therefore totaled €1,130 million at end-2022, up compared to the €956 million figure as at December 31, 2021.

As at December 31, 2022, the Group has no repayments scheduled before June 2026.

The Group's financial resources comprise bank and market financing.

The majority of bank financing was arranged in Europe through Vallourec SA, and to a lesser extent through the Group's subsidiaries in the United States and Brazil. Vallourec SA now has an undrawn, committed €462 million revolving credit facility that matures in June 2026 and an Asset Backed Loan of \$210 million with a 5-year tenor <sup>(1)</sup>.

Financing on the capital markets (€1,023 million bond issue maturing in June 2026) is arranged exclusively by Vallourec SA.

The following table shows the Group's main debt as at December 31, 2022:

<i>In € millions</i>	As at December 31, 2022
Bond issue - maturing in June 2026	1,135
State-guaranteed loans	220
ACC ACE programs	282
Other	43
<b>TOTAL GROSS DEBT</b>	<b>1,682</b>

The €462 million revolving credit facility includes a covenant stipulating that Vallourec's gearing ratio (consolidated net debt to equity) must not exceed 100%. The gearing ratio is defined as the ratio of consolidated net debt (including financial lease debt) to consolidated equity, restated for gains and losses on derivatives and foreign currency translation differences (exchange differences on translating net assets of consolidated foreign subsidiaries).

The covenant will be tested on a trailing 12-month basis on December 31 of each year, with the first test scheduled for end-2023. A breach of the covenant could trigger the mandatory early repayment of the credit facility and redemption of the **bonds**.

A change of control at Vallourec could trigger repayment of all or part of the credit facility or **State-guaranteed** loans, as decided by each participating bank. Furthermore, the facilities will become immediately due and payable if the Group defaults on any of its debt obligations (cross default), or in case of a major event with consequences for the Group's business or financial position and its ability to repay its debt.

The following table shows the repayment schedule for the Group's medium- and long-term debt as at December 31, 2022:

	2021	2022
> 1 year	2,066	1,102
> 2 years	1,212	3,310
> 3 years	2,617	1,136,889
> 4 years	1,165,739	221,546
5 years and more	215,647	4,347
<b>TOTAL</b>	<b>1,387,281</b>	<b>1,367,194</b>

### 3.7.2.6 Equity

The Group's equity totaled €1,686 million as at December 31, 2022, compared to €1,808 million as at December 31, 2021. This €122 million year-on-year decrease is mainly due to (i) the €364 million net loss in 2022 (versus €31 million in net income in 2021), (ii) a €224 million increase in foreign currency translation reserves and (iii) €16 million in fair value remeasurements of financial instruments and actuarial gains and losses on post-employment benefit obligations.

(1) \$8.5 million letter of credit issued as per end 2022.

## 3.8 Outlook

### 3.8.1 Group outlook for 2023

In its March 3, 2023 press release reporting its 2022 results, the Group announced the following outlook for 2023:

- an improvement in EBITDA, which will be driven by both our Tubes business and Mine and Forest business;
- after a positive Free Cash Flow generation in H2 2022, our ambition is to be also Free Cash Flow positive for the Full Year 2023. This is despite CAPEX of around 220 million euros and the expected one-time New Vallourec restructuring cash outflows of about 350 million euros <sup>(1)</sup>;
- and we expect further Net Debt reduction in 2023 <sup>(2)</sup>.

The outlook presented above is based on data, assumptions and estimates considered reasonable by the Group, and was prepared in accordance with the provisions of Delegated Regulation (EU) No. 2019/980, supplementing Regulation (EU) 2017/1129, and

ESMA's guidelines on profit forecasts. These data, assumptions and estimates could subsequently change on account of uncertainties relating in particular to the economic, financial, competitive, tax and/or regulatory environment. The occurrence of a certain number of known or unknown risks, uncertainties and other factors, the majority of which are difficult to foresee and often outside Vallourec's control, particularly the risks explained or identified in the public documents filed by Vallourec with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF), including those listed in chapter 5 "Risk factors" of this Universal Registration Document, and especially the most significant risks which are marked with an asterisk, could have an impact on the Group's business, financial position, earnings or outlook and could therefore affect its ability to meet its objectives and forecasts. Accordingly, the Group does not make any commitments or provide any guarantees that the forecasts set out above will be achieved.

### 3.8.2 Main assumptions

The outlook for the year ending December 31, 2023 presented above were prepared on a comparable basis to the historical financial data and in accordance with the accounting methods applied in the Group's consolidated financial statements for the year ended December 31, 2022.

The outlook for 2023 is mainly based on the assumptions outlined below.

1. Vallourec is targeting a gradual restart of the mine in the second quarter as described above in section 3.5.2 "First-quarter 2023". Consensus estimates <sup>(3)</sup> for iron ore average prices for 2023 are approximately USD 102/metric ton compared to an average of USD 120/metric ton in 2022.
2. Assumptions for the annual average price of raw materials include an expected drop in iron ore and scrap prices in the United States, and a slight decrease in the price of carbon steel in China. In Europe, a drop in steel prices is expected, as well as a general decrease for alloys used in specialty steels.

3. Inflation excluding raw materials is expected to be slightly lower than for 2022, as a result of lower inflation expected in the United States, Europe and Brazil.
4. For 2023, the Group expects the EUR to rise slightly on average over the year against the USD and the CNY, and for it to rise slightly against the BRL.
5. A stable political, regulatory and fiscal environment.
6. The implementation of savings measures which will enable the Group to continue to lower its cost base, as well as to maintain strict cash discipline, with capital expenditure at approximately €220 million.

(1) Free Cash Flow defined as EBITDA adjusted for changes in provisions, less Interest and Tax Payments, changes in Working Capital, less Capex, and less Restructuring/Other Cash Outflows.

(2) Change in Net Debt defined as Free Cash Flow less Asset Disposals/Other.

(3) Consensus Economics.



## 3.9 Parent company earnings

Vallourec SA posted an operating loss of €13.1 million for 2022, an improvement on the €19.3 million operating loss for 2021. The loss for 2022 stems from the costs incurred by the holding company (personnel expenses, legal and communications fees, loan issue costs and changes in provisions).

The Company reported net financial income of €1,671 million in 2022, versus €418 million in 2021. This change can be explained by (i) a reversal of the provision for impairment of shares in Vallourec Tubes (€1,661 million reversal in 2022 compared to a €454 million reversal in 2021), and (ii) a decrease in interest expense (€102.6 million in 2022 versus €148.3 million in 2021). Net interest expense consists of expenses and interest on bond issues and commercial paper, commitment fees under medium-term bank facilities, and interest income from financing granted by Vallourec to Vallourec Tubes.

The Company reported net non-recurring income of €0.1 million in 2022 against €112.3 million in 2021. The 2021 figure stemmed from (i) the €169.1 million debt waiver granted to Vallourec SA as part of its

financial restructuring, less (ii) €66 million in one-time costs and fees relating to the transaction, of which €9 million was charged against the issue premium on the capital increase with pre-emptive subscription rights (i.e., €57 million included in non-recurring expenses).

Corporate income tax represented a benefit of €0.2 million.

Net income for the year amounted to €1,657.9 million, versus €510.7 million in 2021.

Subscribed capital, fully paid up, totaled €4,635,553 divided into 231,777,627 shares, each with a par value of €0.02.

Equity increased by €1,658 million to €4,769 million at December 31, 2022, from €3,111 million at December 31, 2021.

Borrowings totaled €1,310 million, up €3.6 million on 2021.

To the Company's knowledge, none of the expenses referred to in Article 39-4 of the French General Tax Code (CGI) were incurred in 2022.

In accordance with Article D.441-4 of the French Commercial Code, the following tables provide a breakdown of the balance of trade payables and receivables by maturity as at December 31, 2022.

<b>Due (D = Dec. 31, 2022)</b>	<b>Trade payables outstanding</b>	<b>0 to 30 days past due</b>	<b>31 to 60 days past due</b>	<b>61 to 90 days past due</b>	<b>91+ days past due</b>	<b>Total past due</b>
<i>In € thousands</i>						
Total amount of invoices concerned, including VAT	1,606	2	0	0	174	176
Number of invoices concerned	78	2	0	0	41	43
Percentage of purchases, including VAT	14.65%	0.01%	0.00%	0.00%	1.59%	1.60%
<b>TOTAL</b>	<b>1,606</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>174</b>	<b>219</b>

<b>Due (D = Dec. 31, 2022)</b>	<b>Trade receivables outstanding</b>	<b>0 to 30 days past due</b>	<b>31 to 60 days past due</b>	<b>61 to 90 days past due</b>	<b>91+ days past due</b>	<b>Total past due</b>
<i>In € thousands</i>						
Total amount of invoices concerned, including VAT	720	-	-	-	-	-
Number of invoices concerned	1	-	-	-	-	-
Percentage of sales, including VAT	28.76%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 3.10 Location of main facilities

### 3.10.1 Property, plant and equipment

The Group's registered office is located at 12, rue de la Verrerie, 92190 Meudon – France. The premises are occupied under the terms of a nine-year, three-month lease with effect from June 1, 2021. The properties occupied by the Company and its subsidiaries are not owned by any of the Company's corporate officers.

At December 31, 2022, the Group operated some 40 production facilities, almost all of which were owned on a freehold basis. These plants are located mainly in France, Germany, Brazil, China and the United States, reflecting Vallourec's international profile (see section 3.2.4 "Group facilities" of this Universal Registration Document). The Group considers these plants an essential resource for conducting its various operations and a primary element of its manufacturing resource planning.

The Group's property, plant and equipment (including assets held under leases) and biological assets held by consolidated companies had a net carrying amount of €1,891.2 million as at December 31, 2022 (€1,790.5 million as at the end of 2021). Property, plant and equipment mainly consist of property assets and industrial equipment:

- the Group's property assets mainly include factory buildings and administrative offices;
- industrial equipment consists of steel-making and tube-manufacturing facilities.

The following items are described in the notes to the consolidated financial statements in chapter 6, section 6.1.7 of this Universal Registration Document:

- analysis of property, plant and equipment (including right-of-use assets) by type and flow in Notes 4.4 and 4.5;
- geographical distribution of capital expenditure (property, plant and equipment and intangible assets) for the year (excluding changes in consolidation scope) in Note 2.1.

Details of investments made in 2022 to expand the Company's property, plant and equipment base, are provided above (see section 3.7.2.3 "Capital expenditure" of this Universal Registration Document).

### 3.10.2 Environmental considerations relating to the Company's property assets

#### 3.10.2.1 Operational facilities and environmental regulation

The situation of operational sites with regard to soil pollution is described in section 4.2.4.4 ("Discharges into the soil") of this Universal Registration Document.

The Group's French facilities are subject to environmental protection regulations under a classified facilities system (ICPE), which imposes certain obligations according to the type of activity conducted at the site and the environmental hazards and nuisances involved:

- two facilities – Vallourec Tubes France (la Forge) and Vallourec Oil and Gas France, located in Aulnoye-Aymeries (Northern France) – are subject to permits;
- three facilities are subject to a registration regime: Vallourec Research Center France in Aulnoye-Aymeries (Hauts-de-France region), Vallourec Tubes France (Saint-Saulve tube mill, Hauts-de-France region), and Vallourec Umbilicals, in Venarey-les-Laumes (Côte-d'Or region).

Vallourec's facilities in other countries are subject to similar local regulations, requiring specific permits in various areas relating to the environment, including water, air, waste and noise. All of the Group's facilities located outside France have the prescribed permits, which are regularly renewed pursuant to local regulations.

#### 3.10.2.2 Environmental situation of former industrial sites

All the other sites which have been sold or shut down have undergone full environmental investigations (see section 4.2.4.4 "Discharge into the soil"). Environmental constraints that may impact the Group's use of its property, plant and equipment are described in the "Industrial and environmental risks" paragraph in section 5.1.2 "Operational risks" of this Universal Registration Document.

### 3.10.3 Changes in scope

Apart from the sale of Vallourec Bearing Tubes and its 51% stake in Vallourec Niko Tubes Holding GmbH, completed on May 31, 2022 and August 31, 2022 respectively, there were no changes in the Group's scope of consolidation in 2022.

The main changes in the scope of consolidation during 2021 were as follows:

- on March 31, 2021, Vallourec acquired Nippon Steel's 15.4% interest in the Brazilian joint venture Vallourec Soluções Tubulares do Brasil (VSB). Further to this transaction, Vallourec held the entire share capital of VSB;
- on July 27, 2021, the Vallourec Group acquired the non-controlling interests in VAM USA LLC (United States) based on a valuation of USD 85 million for the entire share capital, i.e., the acquisition of the 34% interest held by Nippon Steel Oilfield Services Inc. for USD 28.9 million and of the 15% held by Sumitomo Corporation of Americas for USD 12.75 million;
- on September 30, 2021, Vallourec purchased Sumitomo Corporation's 19.5% non-controlling interest in Vallourec Star (United States) for €83 million;
- on October 1, 2021, Vallourec launched Vallourec Tubos para Indústria (VTI), a joint venture between its VSB and the Cold Drawn Tubes Division of the Açotubo Group. Vallourec owns 75% of VTI;
- in addition, Vallourec sold assets classified as held for sale at end-December 2020, chiefly including Valinox Nucléaire SAS (Montbard plant in France), Reisholz assets in Germany, and certain biological assets and forestry assets in Brazil.

## 3.11 Related-party transactions

Transactions with related parties are described in Note 5.3 to the consolidated financial statements, "Related-party transactions" in chapter 6 of this Universal Registration Document.



**4**

**CORPORATE SOCIAL  
RESPONSIBILITY**



## CORPORATE SOCIAL RESPONSIBILITY

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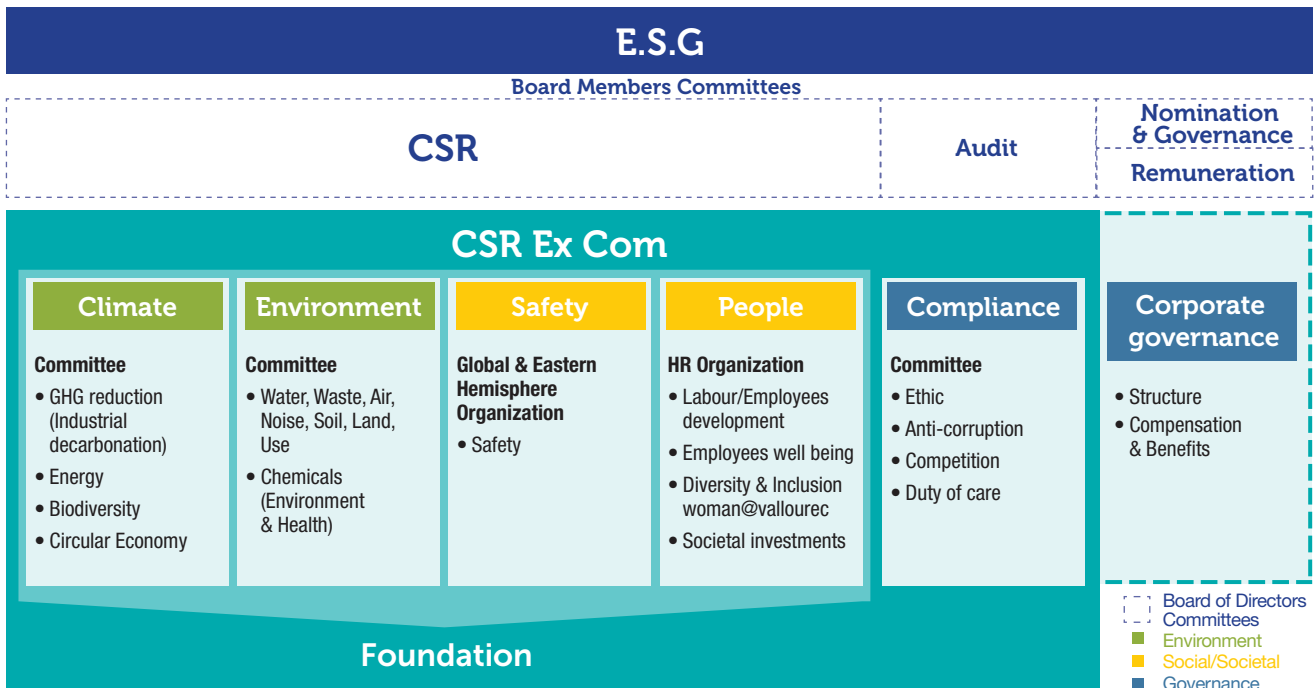
# Introduction

## CSR governance

In 2018, the Board of Directors set up a special CSR Committee to assist it with issues regarding corporate social responsibility strategy. This committee is tasked with regular review of Group strategy on climate, environment social and societal challenges, along with the ensuing non-financial risks and opportunities regarding its business, in order to promote long-term, responsible and harmonious value creation.

In September 2022, Vallourec's new management team strengthened its CSR governance by forming a CSR Committee comprising all the members of the Executive Committee.

- The **CSR Executive Committee** is chaired by the Group's Chairman and Chief Executive Officer, run by the Group Sustainable Development Department, and meets once a quarter, its mission being to validate the CSR strategy and roadmap for the Group as a whole, arbitrate and set priorities and objectives, and monitor the running of projects and the achievement of objectives. It addresses the five key issues of Climate, Environment, Safety, People and Compliance. Endeavors on each of these are led by a member of the Executive Committee. The organization in each of these areas has also been strengthened.
- The **Climate Committee** was set up in July 2021 under the leadership of the Senior Vice-President Energy Transition, and is run by the Group Sustainable Development Department. It meets regularly with the Group's various operating entities to monitor actions on achieving the Group's 2025 CO<sub>2</sub> reduction targets, validated by the SBTi, and to chart the 2030-2035 and 2050 roadmaps. This committee also manages actions on biodiversity and the circular economy.
- The **Environment Committee** was set up in October 2022 under the leadership of the Senior Vice-President Industry, Group and Eastern Hemisphere and is run by the Group Sustainable Development Department. It meets regularly with the Group's various operational entities to chart, arbitrate and monitor the roadmaps and action plans on the management of water, waste, air, soil and chemical products.
- **Safety**, a Vallourec priority, is managed by the safety organization in place within the Group, under the responsibility of the Senior Vice-President Industry, Group and Eastern Hemisphere, in liaison with all Group sites (see section 4.3.2.1, "Health and safety").
- **People**: social relations, at the root of the Group's commitments, along with societal investments in local communities, come under the responsibility of the Senior Vice-President Human Resources, in liaison with each of the Group's entities (see section 4.3 on Vallourec's social and societal commitments).
- The **Compliance Committee**, set up in 2021, is chaired by the Chairman and Chief Executive Officer and run by the Group Ethics Officer and the Chief Compliance Officer. This Committee brings together representatives of functional and operational departments. It draws up compliance guidelines and ensures that they are effectively implemented (see section 4.4 on Vallourec's commitments on business ethics and compliance).



With full top management support, this new organization mobilizes the whole workforce, fostering a real awareness and determination to act responsibly and sustainably, faced with the growing magnitude of non-financial imperatives and the need to adapt to climate change.

Building on the new CSR governance, the Sustainable Development Department has drawn up and is implementing a strategic plan for sustainable development and corporate social responsibility. This plan has been incorporated into the medium- to long-term guidelines of the Group and is updated annually. It consists of the following seven cornerstones:

- strengthening governance in sustainable development and CSR;
- setting short- and medium-term objectives;
- further incorporating sustainable development issues into the Group's business model;
- involving employees more in taking CSR into account in their daily work;

## Business model

Details on Vallourec's business model and activities are given in chapter 3, section 3.2.

## Strategic guidelines

The Vallourec Group has long taken a proactive approach to corporate social responsibility issues, in an effort to act responsibly. Vallourec's approach to these issues is formalized in the Group's Sustainable Development Charter, which is available at [www.vallourec.com](http://www.vallourec.com).

The Group has made strong commitments in these areas, starting with the 2009 launch of the GreenHouse project on reducing CO<sub>2</sub> emissions, and then signing up to the United Nations Global Compact in 2010. It completed the Climate CDP in 2013, followed by the Water and Forest CDP in the following years. In 2020, the Group's trajectory on greenhouse gas reduction was validated by the SBTi with the objective of reducing its carbon footprint by 25% by 2025 compared to 2017.

- developing the Group's societal commitments;
- strengthening ongoing progress work; and
- obtaining institutional recognition for the Group's non-financial performance.








In addition, for several years now, the variable compensation of executive corporate officers has been indexed to achievement of the Group's CSR objectives. This is described in more detail in chapter 7 of this document (section 7.2).

In its 2022 consolidated non-financial performance statement (NFPS), the Group anticipated the reporting framework of the future CSRD (Corporate Sustainability Reporting Directive) published in the Official Journal of the European Union on December 16, 2022, concerning companies' publication of sustainability information. The NFPS has been restructured so as to publish information explaining the Group's impacts on sustainability issues, along with information on how sustainability issues influence the Group's strategy and results.



In 2022, Vallourec strengthened its commitment by launching the **"Climate Challenge"** program, which defines the decarbonization roadmap for 2030-35-50 in order to actively contribute to a carbon-neutral world in 2050 by transforming the company's supply and production processes and diversifying the Group's commercial offering. In 2030, the Group is committed to reducing the CO<sub>2</sub> intensity of its products by 30% and in 2035 by 35% based on the year 2021. The internal carbon price, integrated in the Group's investment files, has been re-evaluated from 80 euros/ton of CO<sub>2</sub> in 2022 to 100 euros/ton of CO<sub>2</sub> as of January 1, 2023. This decarbonization plan is described in section 4.2.2.2 of this chapter.

In 2022, Vallourec stepped up its commitment and adapted its CSR governance to create a dynamic network encompassing the whole group, including top management.

Without prejudice to any future commitments, the Group publishes its objectives for 2025 on key subjects, and for 2030/35 on its CO<sub>2</sub> reduction commitments. It reports annually on the results obtained, namely:

Alignment with Global Compact Sustainable Development Goals		Our commitments	Our targets	Corresponding key indicator	2017	2018 (incl. Tianda)	2019	2020	2021	2022	2023 target	2024 target	2025 target	2030 target	2035 target
		Engage with our stakeholders over the long term	Hold a forefront position in our sector	Average rating of a panel of non-financial rating agencies	-	B+	B	A-	A-	A	A	A	A	A	A
		Ensure the health and safety of our employees; ensure good working conditions for all employees	Protect our employees by becoming the industry benchmark in this respect	TRIR index for employees, temporary staff and subcontractors	3.13	2.97	2.25	1.67	1.65	1.48	< or = 1.1	< or = 0.8	< or = 0.6		
		Take urgent measures to combat climate change and its impacts on the environment and biodiversity	Reduce our GHG emissions	Direct + Indirect Intensity (Scopes 1, 2 and 3 upstream*) in metric tons of CO <sub>2</sub> /metric tons of tubes shipped	1.82	1.90	1.71	1.75	1.97	1.77	1.7	1.6	1.5	1.4	1.3
				Total CO <sub>2</sub> Scope 1 / 2 / 3 (upstream & downstream): in CO <sub>2</sub> equivalent (in thousands of metric tons)	13,312	11,656	10,014	8,200	8,616	8,846	9,984	9,984	9,984		
		Respect our environment and protect biodiversity by preventing all types of pollution, reducing water consumption, recovering waste products and reducing disturbances	Reduce landfill	Tons of non-recovered industrial waste (in thousands of metric tons)	42	33	31	17	16	21	16	15	15		
			Waste recovery	Waste recovery rate (%)	94%	95.5%	95.8%	97%	98%	97%	98%	98%	98%		
			Limit our water intake	Water intake for steel and tube manufacturing per metric ton processed (cu.m. per metric ton)	1.36	1.25	1.21	1.62	1.58	1.31	1.4	1.3	1.2		
		Establish a network of reliable and responsible suppliers	Ensure take-up of CSR commitments by key suppliers	% of purchases from suppliers subject to formal CSR assessment	-	-	50%	58%	65%	71%	70%	70%	70%		

\* Purchases of materials, goods and services

Alignment with Global Compact Sustainable Development Goals		Our commitments	Our targets	Corresponding key indicator	2017	2018 (incl. Tianda)	2019	2020	2021	2022	2023 target	Jan. 1, 2027 target
		Train and motivate our employees through skills development, recognition of expertise, talent promotion and career development	Promote diversity	% of women in management roles	22%	22%	22%	23%	24%	24%	25%	30%
				% of women on the Executive Committee						23%	23%	30%
				% of women in top management positions						15%	19%	30%



The Group has also strengthened its commitments on the UN Sustainable Development Goals for 2030, and aligned its targets to make an active contribution to work in this direction.

Progress achieved in 2022 is shown in the chart below:

 **HEALTH AND SAFETY**



Targets<sup>(1)</sup>: 3.9, 8.5

Topics	Measures	Section
<b>Safety</b>	TRIR of <b>1.48</b> in 2022	4.1.2/4.3.2.1
<b>Health</b>	Chemsafe program: <b>59.1%</b> replacement rate for CMR products	

 **ENVIRONMENT**



Targets: 6.3, 6.4, 7.2, 9.4, 11.4, 12.2, 12.4, 12.5, 13.2, 13.3, 14.1, 15.1, 15.2, 15b

Topics	Measures	Section
<b>Reduce our impact</b>	<b>100%</b> of sites certified to ISO 14001	4.2.1.2
	<b>40%</b> of energy consumed is from renewable sources	4.2.2.2
	<b>53%</b> of steel used is from recycled scrap iron	4.2.5.4
	Life cycle analysis, publication of Environmental Product Declarations (EPD)	4.2.1.3
	Waste recovery rate of <b>97.3%</b>	4.2.5.4
<b>Water resources management</b>	Water treatment stations at the biggest sites consuming the most water	4.2.3.3
	Reduced emissions of pollutants in water	4.2.4.2
	<b>9%</b> of water used in production is rainwater	4.2.3.4
	Reduced water consumption in production	4.2.3.4
<b>Biodiversity Sustainable forest management</b>	<b>1,600</b> replanted hectares returned to nature in Brazil	4.2.6
	<b>176</b> animal species and <b>154</b> plant species identified in Brazil	4.2.6
	Brazil and Indonesia: awareness raised on preserving biodiversity	4.2.6

(1) See the Global Compact report: [The 17 Sustainable Development Goals & their 169 targets \(unglobalcompact.org\)](https://www.unglobalcompact.org/)



## SOCIAL AND SOCIETAL



Targets: 4.4, 5.5, 8.5, 8.6, 10.4, 11.4, 13.3

Topics	Measures	Section
Diversity	Percentage of women in management positions: <b>24%</b> Women@Vallourec <b>78%</b> : collective bargaining agreements	4.3.1.1 4.3.3.1 4.3.4.1
Employees and communities	“Social Barometer”: <b>77%</b> “Sustainability Journey” <b>€1.3m</b> invested in societal projects, including <b>11%</b> in education	4.3.4.2 4.2.1.2 4.3.5.3



## ETHICS AND COMPLIANCE



Targets: 8.7, 16.5, 16.6

Topics	Measures	Section
	Anti-Corruption Code of Conduct and Code of Ethics ✓ Vallourec Integrity Line ✓	4.4.2 4.1.6



## RESPONSIBLE PROCUREMENT



Targets: 8.4, 12.6

Topics	Measures	Section
	<b>952</b> suppliers assessed for CSR: <b>71%</b> of expenditure	4.1.3/4.3.5.2

## ISO certifications and ratings from non-financial agencies

### ISO certifications for main production sites

Most of Vallourec's sites are certified to ISO standards. Since safety and the environment are included in the Group's objectives and priorities, 97% of sites are certified to ISO 45001 and 100% to ISO 14001. Regular audits of regulatory compliance are consistent with Vallourec's demanding requirements in these areas.



### Assessment by non-financial rating agencies

To gauge its ESG performance as objectively as possible, Vallourec pays close attention to the assessments made by the main internationally recognized non-financial rating agencies. Consequently, the Group monitors many different indexes, labels and non-financial ratings.

Evaluations and assessments by non-financial rating agencies in 2022 recognized the Group's progress in governance, strategy and CSR performance.

For example, CDP (a global non-profit organization) ranked Vallourec among the leading companies in its sector for climate change action (A- rating), water security (A- rating) and forest management (B- rating). The Group also raised its Ecovadis rating from gold to platinum.

## NON-FINANCIAL RATING AGENCIES

	MSCI 2022	VIGEO EIRIS 2022	Sustainalytics 2022	Ecovadis 2023	Gaia 2022	SBTi Science Based Targets initiative	CDP 2022	NOIA 2022
AGENCIES								
SCORE	<b>7.5/10</b>	<b>66/100</b>	<b>24.5/100</b> Medium Risk	<b>78/100</b>	<b>67/100</b>	Commitment: <b>-25%</b> in 2025 vs. 2017 Well below <b>2°C</b>	<b>A-</b> <b>A-</b> <b>B-</b>	Winner of the inaugural NOIA (National Ocean Industries Association) ESG Excellence Award

## Stakeholder consultation

To ensure risk identification is aligned with stakeholders' risk management expectations and better assess the relevance of its choices, in 2021 the Group carried out a new materiality analysis (the first was performed in 2016).

## Materiality analysis: methodology

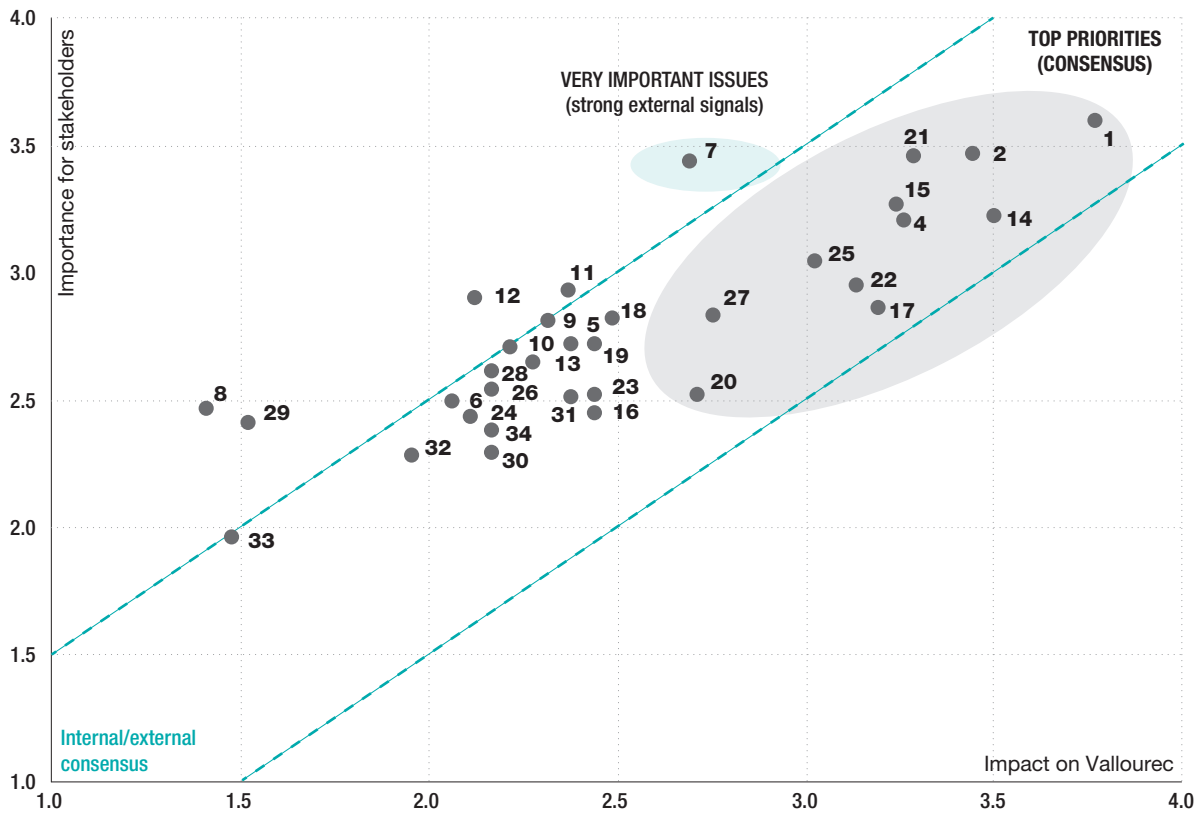
The analysis is based on 34 issues identified in advance as important and specific to the Group in the following areas:

- long-term strategic resilience;
- governance;
- consumer expectations;
- human resources;
- the environment;
- contribution to local communities.

The analysis took the form of questionnaires and interviews with stakeholders: senior executives, employees, investors, customers, suppliers, NGOs and the media. In all, 350 questionnaires were sent out internationally with an overall response rate of nearly 60%.

## Materiality analysis: results

The results of this analysis are as follows:



### Legend

- |  |  |   |
|--|--|---|
| 1 Resilience of the business model   | 13 Responsible purchasing policy with a sustainability focus     | 24 Mobilizing employees on sustainability                 |
| 2 Innovation strategy for renewable energies                                   | 14 Products and services that improve integrity and safety       | 25 Reducing GHG emissions to achieve carbon neutrality    |
| 3 Evaluating our presence in sensitive markets                                 | 15 Products and services that enhance efficiency                 | 26 Product circularity for material efficiency            |
| 4 Supporting the transition by rethinking our involvement in Oil & Gas markets | 16 Eco-design of products and processes                          | 27 Reducing the environmental impact on local communities |
| 5 Integrating the concept of sustainability                                    | 17 Helping our clients to achieve their environmental objectives | 28 Reducing the water footprint                           |
| 6 Oversight of sustainability issues by the Board of Directors                 | 18 High-quality social dialogue in all economic circumstances    | 29 Biodiversity   |
| 7 Business ethics and zero tolerance for corruption                            | 19 Fair compensation and benefits                                | 30 Reducing the supply chain impact                       |
| 8 Fair and transparent tax strategy  | 20 Diversity and inclusion                                       | 31 Forest and forest product management                   |
| 9 Risk frequency and management  | 21 Occupational health and safety                                | 32 Local socio-economic development and local content     |
| 10 ESG responsibility and transparency   | 22 Employee skills and development                               | 33 Corporate citizenship                                  |
| 11 Respect for human rights  | 23 Innovative, transparent and responsible employee relations    | 34 Support for education and engineering curricula        |
| 12 Responsible supplier relationships  |  |   |

This new analysis confirmed that the issues identified were pertinent, and that the importance allocated to them was in line with stakeholder expectations. It also confirmed stakeholders' global convergence on the particular importance given to sustainability of the economic model. In this new analysis, there were changes concerning the issues of reducing greenhouse gas emissions and products' carbon footprints with both issues now generally considered

very important for the Group. Health and safety of employees in the workplace is also a key priority. In addition, management stresses the importance of diversity and inclusion in the workforce. The conclusions of this analysis were approved by Executive Management and the CSR Committee members, and were included in the strategic plan.

## Issues identified in terms of impacts, risks and opportunities

In accordance with Article L.22-10-36 of the French Commercial Code, the consolidated statement of non-financial performance describes how the Group takes into account the consequences of its activities in social and environmental terms, as well as in relation to respecting human rights and combating corruption and tax evasion. It describes the main risks relating to the business and, where relevant and proportionate, the risks created by the Group's business relationships, products or services. It also describes the policies applied, including any due diligence procedures implemented to prevent, identify, and mitigate the occurrence of risks, and the results of these policies, including key performance indicators.

The results of the general risk mapping were examined in conjunction with the results of the materiality analysis in order to determine the Group's main non-financial risk exposure. An assessment was then carried out of whether the risks are material, based on their probability of occurrence, the significance of their impact and the extent of the Group's exposure. The resulting list was approved by the Board of Directors as part of the process for preparing its management report.

In 2021, the Covid-19 pandemic did not change the list of main non-financial risks, but amplified the significant nature of certain risks.

Non-financial information category	Definition of risk (or of opportunity)	Policy applied	Key performance indicators
Consequences of global reactions to climate change	<ul style="list-style-type: none"> <li>● Business model risk</li> <li>● Image risk</li> <li>● Customer risk</li> <li>● Risk of changes in international regulations</li> </ul>	<ul style="list-style-type: none"> <li>● Sustainable Development Charter</li> <li>● Carbon policy</li> <li>● New Energies</li> <li>● Decarbonization in Scopes 1, 2 and 3 (action plan aligned with the SBTi trajectory, Climate Challenge program)</li> <li>● Internal carbon pricing system</li> </ul>	<ul style="list-style-type: none"> <li>● Carbon footprint</li> <li>● Internal carbon price</li> <li>● Rollout of New Energies</li> </ul>
Adaptation to the consequences of climate change	<ul style="list-style-type: none"> <li>● Risks of flooding, heat waves and prolonged drought, disturbance of water resources, hurricanes</li> </ul>	<ul style="list-style-type: none"> <li>● Regular prospective studies on the impacts of climate change on sites</li> <li>● Adaptation plan by site</li> <li>● Follow-up on insurance recommendations</li> <li>● Inclusion of climate risks in the evaluation of investment projects</li> </ul>	<ul style="list-style-type: none"> <li>● % of sites with an approved and internally controlled adaptation plan</li> </ul>
Sustainable use of resources/circular economy	<ul style="list-style-type: none"> <li>● Risk of tighter regulatory constraints and ensuing costs</li> <li>● Opportunity for economic (customer service) and image enhancement</li> </ul>	<ul style="list-style-type: none"> <li>● Sustainable Development Charter</li> <li>● Environmental Policy</li> <li>● Public commitment</li> </ul>	<ul style="list-style-type: none"> <li>● Raw materials footprint</li> <li>● % of steel used, made from scrap</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>● Risk of rising energy costs</li> </ul>	<ul style="list-style-type: none"> <li>● Energy Policy</li> <li>● "GreenHouse" program for energy savings</li> </ul>	<ul style="list-style-type: none"> <li>● Energy consumption in kWh/metric ton processed</li> <li>● % of renewable energy</li> <li>● HSE investments amount</li> <li>● % of production by ISO 50001 certified plants</li> </ul>
Water management	<ul style="list-style-type: none"> <li>● Shortage risk</li> <li>● Pollution risk</li> </ul>	<ul style="list-style-type: none"> <li>● Sustainable Development Charter</li> <li>● Environmental Policy</li> </ul>	<ul style="list-style-type: none"> <li>● Volumes and types of water intake and water discharged</li> <li>● Water Impact Index</li> <li>● HSE investments amount</li> </ul>
Waste management	<ul style="list-style-type: none"> <li>● Pollution risk</li> <li>● Health risks</li> <li>● Hazardous waste risks</li> </ul>	<ul style="list-style-type: none"> <li>● Sustainable Development Charter</li> <li>● Commitment to responsible performance</li> <li>● "By-product" approach</li> </ul>	<ul style="list-style-type: none"> <li>● Tonnage of waste put into landfill</li> <li>● % hazardous waste</li> <li>● HSE investments amount</li> </ul>
Air quality	<ul style="list-style-type: none"> <li>● Air pollution risks: steam, gas and particle emissions</li> </ul>	<ul style="list-style-type: none"> <li>● Sustainable Development Charter</li> </ul>	<ul style="list-style-type: none"> <li>● Measurement of air pollutant emissions</li> <li>● HSE investments amount</li> </ul>
Respect of ethics (excluding corruption)	<ul style="list-style-type: none"> <li>● Risk of non-compliance with the Code of Ethics</li> <li>● Image risk</li> </ul>	<ul style="list-style-type: none"> <li>● Code of Ethics</li> <li>● Compliance program</li> <li>● E-learning</li> <li>● Responsible purchasing policy</li> <li>● Whistleblowing and reporting systems</li> </ul>	<ul style="list-style-type: none"> <li>● Number and type of internal/external alerts</li> <li>● Number and type of sanctions applied</li> <li>● % of purchases from suppliers subject to formal CSR assessment</li> </ul>
Diversity	<ul style="list-style-type: none"> <li>● Gender equality</li> </ul>	<ul style="list-style-type: none"> <li>● Code of Ethics</li> <li>● Mentoring for women</li> <li>● Presence of women in succession plans</li> <li>● Short- and medium-term objectives</li> </ul>	<ul style="list-style-type: none"> <li>● Ratio of women managers and executives</li> <li>● Ratio of women senior executives</li> <li>● Wage disparity rate</li> </ul>

Non-financial information category	Definition of risk (or of opportunity)	Policy applied	Key performance indicators
Occupational health	<ul style="list-style-type: none"> <li>Health risks linked to the use of chemical products and substances</li> <li>Health risks linked to noise pollution exposure</li> <li>Risk of occupational diseases</li> <li>Risks associated with the Covid-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>Health policy</li> <li>Evaluation of health risks in certain countries</li> <li>Substitution plan for products classified as CMR (alert and reporting systems)</li> <li>Action plan to prevent noise pollution</li> <li>Workstation ergonomics</li> <li>Review of operating procedures, circulation in the premises, provision of protective equipment</li> </ul>	<ul style="list-style-type: none"> <li>CMR products replacement rate</li> <li>HSE investments amount</li> <li>Mapping of employees' exposure to noise</li> <li>Noise measurement surrounding sites</li> <li>Number of confirmed occupational illnesses</li> </ul>
Occupational safety	<ul style="list-style-type: none"> <li>Accident risks</li> </ul>	<ul style="list-style-type: none"> <li>Safety Management Program</li> <li>Particular focus on fatal accidents and subcontractors</li> <li>Evaluation of security risks in certain countries</li> <li>Whistleblowing and reporting systems</li> </ul>	<ul style="list-style-type: none"> <li>LTIR, TRIR</li> <li>ISO 45001 certification rate</li> <li>HSE investments amount</li> </ul>
Employees' skills and development	<ul style="list-style-type: none"> <li>Key personnel departure risk</li> <li>Loss of skills and expertise risk</li> <li>Risk of isolation and disengagement</li> </ul>	<ul style="list-style-type: none"> <li>People review</li> <li>Succession plans</li> <li>"Expert" program</li> <li>Vallourec University</li> <li>Training policy</li> <li>Agreement on the principles of responsibility of the ILO conventions</li> <li>Raising awareness and training for managers, psychological support set up by specialized firms</li> </ul>	<ul style="list-style-type: none"> <li>Turnover rate and reasons for termination of employment</li> <li>"Social Barometer" (response rate/satisfaction rate)</li> <li>Number of training hours</li> </ul>
Employee relations	<ul style="list-style-type: none"> <li>Risk of deterioration in the social climate and employee engagement</li> </ul>	<ul style="list-style-type: none"> <li>Employer-employee dialog</li> <li>Agreement on the principles of responsibility of the ILO conventions</li> </ul>	<ul style="list-style-type: none"> <li>"Social Barometer"</li> <li>Percentage of the workforce covered by business line or company collective agreements</li> </ul>
Quality of products and services/customer relations	<ul style="list-style-type: none"> <li>Claim risk</li> <li>Image risk</li> <li>Opportunity to strengthen customer relations</li> </ul>	<ul style="list-style-type: none"> <li>Commercial Excellence Program</li> </ul>	<ul style="list-style-type: none"> <li>Number of claims</li> <li>Severity of claims</li> <li>Claims processing time</li> </ul>
Corruption	<ul style="list-style-type: none"> <li>Public markets access risk</li> <li>Conviction risk</li> <li>Image risk</li> </ul>	<ul style="list-style-type: none"> <li>Compliance program</li> <li>Code of Ethics</li> <li>Anti-corruption Code of Conduct</li> <li>Responsible purchasing policy</li> <li>Internal procedures: supervisors/gifts/sponsorship</li> <li>E-learning and training</li> </ul>	<ul style="list-style-type: none"> <li>Number and type of internal/external alerts</li> <li>Number of people trained</li> </ul>
Equal opportunity/discrimination risk	<ul style="list-style-type: none"> <li>Risk of non-compliance with the Code of Ethics</li> <li>Risk of non-decent pay</li> <li>Image risk</li> </ul>	<ul style="list-style-type: none"> <li>Code of Ethics</li> <li>Compliance program</li> <li>Agreement on the principles of responsibility of the ILO conventions</li> <li>E-learning</li> <li>Responsible purchasing policy</li> <li>Whistleblowing and reporting systems</li> </ul>	<ul style="list-style-type: none"> <li>Number and type of internal/external alerts</li> <li>Number and type of sanctions applied</li> </ul>

The consolidated statement of non-financial performance also contains social, environmental and societal information, information on the fight against corruption and tax evasion, and information on human rights initiatives mentioned in Article R.225-105-1 of the French Commercial Code, where relevant to the aforementioned main risks or policies, on a global scale. Unless otherwise specified, all information in this chapter refers to Vallourec, all of its subsidiaries

as defined by Article L.233-1 of the French Commercial Code, and the companies Vallourec controls as defined by Article L.233-3 of the French Commercial Code.

A cross-reference table showing the information required under the aforementioned article and the information presented in this chapter is provided in Appendix 3 hereto.

## 4.1 Vigilance Plan



To continue to uphold the commitments mentioned above, Vallourec established, both for itself and for all of the subsidiaries it controls, a Vigilance Plan in application of French Law 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies. This law requires that a plan be set out containing reasonable vigilance measures specific to identifying risks and preventing serious violations of human rights and fundamental freedoms. The plan must also anticipate risks to the health and safety of individuals and the environment resulting from the activities of (i) the Company and all of the subsidiaries it controls, and (ii) subcontractors or suppliers with which it has an established business relationship, when these activities are related to such relationship.

This approach is consistent with the priorities that the Group has set for itself, the pertinence of which has been confirmed by the results of the materiality analysis presented above. The issues considered top priority, both by our external stakeholders and by corporate management, are included in the points charted by the risk mapping. Vallourec's Vigilance Plan thus fits in perfectly with our continuous improvement process, in line with our proactive approach in areas of corporate social responsibility.

The Vigilance Plan is reviewed annually by the Sustainable Development Department, the Legal Department, the Human Resources Department, the Purchasing Department and the Internal Control and Risk Management Department.

### 4.1.1 Governance and management of duty of care

#### 4.1.1.1 Identification and evaluation of risks

The main risks facing the Group are identified by the operational and functional departments, and the list is consolidated for annual review by the Executive Committee. Risk mapping therefore takes place within all major entities, all regions, and the Group as a whole.

Priorities are set according to probability of occurrence, impact and degree of control in operation.

As concerns risks to human rights and fundamental freedoms, the health and safety of individuals and the environment, which result from the activities of the Company and from all of the subsidiaries it controls, as well as from the top subcontractors or suppliers with which it has an established business relationship, Vallourec has identified the following risks, which specifically result from the Group's activities:

- because of the risks inherent to its businesses, Vallourec gives priority attention to **occupational health and safety**. The main risks identified are those generated by industrial processes, especially as regards chemical risks and toxic emissions into the air. Employee health and safety is a priority for the Group and a fundamental value for Vallourec;

#### 4.1.1.2 Management of identified risks

Vallourec's risk management policy is geared to anticipating and preventing risks. It is managed by decentralized committees which address the following points:

- validation of analysis and follow-up of action plans;
- validation of key risk indicators (see introductory paragraph in Chapter 4: *Issues identified in terms of impacts, risks and opportunities*).

- the very nature of the Group's industrial and mining activity entails **environmental** risks. The Group's activities are a source of noise pollution, require the use of hazardous chemical products and substances, generate waste that is classified as hazardous, may quantitatively or qualitatively impact local water resources, result in soil pollution, give rise to harmful air emissions, and have a negative impact on biodiversity;
- on the matter of **human rights**, Vallourec pays particular attention to respect for the people and local communities liable to be affected by its projects and activities. It is committed to providing a work environment that is safe, healthy, inclusive and discrimination-free. It welcomes all labor relations dialog projects at its entities. It provides support on entities' take-up of these matters and on the development of employees' skills accordingly;
- lastly, in the same way as any other organization, the Group faces the risk of non-compliance with its core values set out in the Code of **Ethics**, supplemented by the **Anti-Corruption** Code of Conduct and the Group's internal rules and policies.

Centralized risk management reporting is submitted to the Group Executive Committee annually, to monitor the progress of action plans and ensure they are consistent with the Group's priority guidelines. Additional information is provided in section 5.2 "Risk management and internal control system" of this Universal Registration Document.



In order to make further progress and reduce its risks, the Group relies on the Vallourec Management System (VMS), which is primarily designed to improve the Group's performance in all of its operating processes. VMS thus serves to enhance risk prevention, control the variability of processes and improve their efficiency. It uses numerous specific tools such as Lean Management and the Six Sigma

methodology, and strengthens project management methods. It also ensures that initiatives are consistent with the strategic plan deliver continuous progress, and that the requirements for quality management (ISO 9001, IATF 16949, API and ASME), health and safety (ISO 45001), the environment (ISO 14001) and energy (ISO 50001) are taken into account.

## 4.1.2 Risk management in health and safety issues

### SDG 3.9

#### 4.1.2.1 Structure

The Health and Safety policy that was updated in 2020 entails an updated health section. Entities therefore aim to further investigate the health risks specific to the processes, while setting out the means designed to eliminate or mitigate them. There are numerous issues, in particular concerning our processes, which cover chemical risk, noise, air quality and workstation ergonomics.

#### 4.1.2.2 Measures

Safety is the Group's main priority and it aims to become a benchmark and a model for success in this area. In 2022, 96% of Vallourec facilities were certified to ISO 45001. This certification level represents the entire production in metric tons. In 2020 and onwards, management of the Coronavirus pandemic became essential to maintaining the health of employees and to business continuity, and therefore to delivering on our commitment to customers. Management tools were implemented in all facilities in order to define and deploy appropriate rules (social distancing, wearing masks, hygiene rules etc.) to protect people and to comply with local/national rules and standards that have been defined by governments or other official bodies. A strict weekly/biweekly management routine has been set up in order to manage the quickly changing situation. During this time, working at home became an appropriate measure to reduce office attendance wherever possible. Each year Vallourec refreshes its safety improvement program, which is particularly focused on the major risks that could lead to a fatal accident and, since 2016, has had a special focus on subcontractors. In 2022, it was apparent that lockdowns and excessive remote working adversely affected peoples' behavior with respect to safety in the workplace. In response to this issue, an initiative was introduced to step up and maintain the presence of managers during operations. Vallourec also engaged consultancy on occupational safety management in North and South America as well as in the Chinese facilities in 2022/2023. The action plans under deployment will increase awareness of risks, knowledge and training for identification and mitigation and maximizing the empowerment of

the whole organization to contribute dynamically. This also paves the way to a real and sustainable safety culture that aims to become the benchmark in steel industry. In order to prevent the occurrence or limit the impact of risks linked to the Group's activities in emerging countries, the Group implements assessment procedures for security and health risks, as well as emergency protection procedures. These are systematic for each of the high-risk countries where the Group frequently deploys its staff. It also implements specific procedures for other countries, with the support of recognized external providers in all cases.

The Group respects all regulations, standards and certifications in the countries where it produces and markets its products which primarily aim to ensure the safety and protect the health of users by demonstrating the product's compliance with the regulatory requirements. They relate primarily to the properties of fire resistance and slip resistance and to limits on toxic emissions.

The use of chemical products and substances is secure thanks to the rollout of the CHEMSAFE program, which identifies products and assesses risks in order to establish the appropriate means of prevention. Hazardous waste is subject to specific management: handling and storage are subject to strict safety rules to preserve the environment and health of the staff handling them. The implementation of the Group's Vigilance Plan and its actions pertaining to health and safety matters are described in more detail in section 4.3.2.1 "Health and safety" of this Universal Registration Document.

### 4.1.3 Risk management linked to the supply chain

#### SDG 12.6

#### 4.1.3.1 Structure

Vallourec's Purchasing Department is centrally structured to have a general view of the suppliers and supply chain, by using standardized processes between the regions and appropriate information systems. A particular process of overseeing supplier risks is deployed in each of the regions and centralized purchasing units to identify, analyze and rank these risks. Ongoing monitoring of the action plans to

mitigate or eliminate these risks is conducted on a quarterly basis. Moreover, Vallourec's policy is to establish long-term contracts to the extent possible with its suppliers, which not only structure the commercial transaction but also provide lasting accountability for external stakeholders on performance and the requirements linked to Vallourec's values.

#### 4.1.3.2 Measures

Within the context of this responsible purchasing policy, Vallourec has put in place numerous tools and processes aimed at better controlling suppliers and directly considering social and environmental responsibility criteria, as well as sustainable development, ethics and safety issues. In application of this policy, Vallourec carries out formal and regular evaluation campaigns of its suppliers on social and environmental responsibility, along with progress action plans. All suppliers with significant activity (more than €1 million per year) are subject to a request for formal evaluation on the criteria of social and environmental responsibility, namely the environment, ethics, respect of human rights and labor rights, and control of their own suppliers

and subcontractors. The results of these evaluations are systematically taken into account in Vallourec's decisions and guidelines with regard to its suppliers and subcontractors.

In accordance with US law and European directives, Vallourec has also committed to prohibiting the use by its suppliers of potential "conflict minerals" originating from certain high-risk countries.

The implementation of the Vigilance Plan and the actions pertaining to relations with subcontractors and suppliers are described in section 4.3.5 "Relations with stakeholders" of this Universal Registration Document.

### 4.1.4 Risk management in environmental issues

#### SDG 13.2

#### 4.1.4.1 Structure

In accordance with Group rules and guidelines, the director of each site is responsible for setting up an effective environmental management system that is tailored to the local context and the site's activity. The director appoints an Environment Manager who heads up all actions in this area and functionally reports to the HSE Director of each region.

The Environment Department, reporting to the Sustainable Development Department, is tasked with preparing the Group's environmental policies, monitoring their application, and coordinating actions. It is supported by the HSE Managers of the regions and production sites, who are responsible for implementing these policies, through:

- uniform management of environmental performance, risks, projects, communications and sharing among all Group entities;
- incentives for entities to improve their environmental performance; and
- development of environmental competencies.

These structures exist in all of the countries. The objective of this department consists of structuring the organizations by region or country in order to better take into account specific national regulations.

In addition, environmental committees meet regularly to arbitrate and monitor roadmaps and related action plans.

#### 4.1.4.2 Measures

One of Vallourec's key aims is to minimize the impact of its activities on the environment. This commitment is clearly explained in the Sustainable Development Charter published by the Group in 2011, and in the Group's Environmental Policy, which was signed by the Chairman of the Management Board and published in 2014. In early 2018, the Group also laid down a carbon policy to cover all of the corresponding issues.

Risk assessments have led to the establishment of measures designed to reduce the likelihood of accidents and limit their consequences and environmental impact. These measures relate to the design of facilities, strengthening of protective measures, organizational structures to be put in place and compensation for any environmental impact if it is deemed inevitable.

Vallourec seeks to limit the industrial and environmental risk relating to its activities by setting up efficient organizational structures and quality, safety and environmental management systems, obtaining certification or assessing its management systems, performing stringent inspections and audits, training staff and raising the awareness of all parties involved, as well as by implementing a policy of environmentally friendly investments that reduce industrial risks. Each investment project undergoes a mandatory, formal evaluation. A multidisciplinary committee meets monthly to examine the various characteristics, assessing impacts and determining whether to approve them.

The main climate-related risks facing the Group are discussed in section 4.2.2.1. In 2018, the Group published, for the first time, its medium-term emissions objective. In 2019, Vallourec decided to join the Science-Based Targets initiative (SBTi) with the aim of reducing its direct and indirect carbon emissions by 2025 in order to contribute to limiting global warming to below 2°C. In March 2020, Vallourec proposed four reduction targets covering the emissions from its processes and also those related to its supplies and products. In May 2020, these objectives were validated by the SBTi, making Vallourec the first company in the Oil & Gas sector to have a trajectory aligned with the Paris Agreement.

Total provisions and guarantees for environmental risks are presented in Note 9 to the consolidated financial statements. This amount covers the cost of treating industrial land and cleaning up mines once resources have been exhausted. The management of industrial and environmental risks is presented in general terms under section 5.1.2 in the paragraph entitled "Industrial and environmental risks".

The Group's commitments in environmental matters and the results of policies implemented are more extensively described in section 4.2 "Our environmental commitments" of this Universal Registration Document.

### 4.1.5 Risk management related to human rights

#### SDG 8.7, 16.5

##### 4.1.5.1 Structure

Risk management related to human rights and fundamental freedom issues is the joint responsibility of the Human Resources Department, in relation to the Group's employees, and the Purchasing Department, in relation to subcontractors or suppliers with which the Group has an established business relationship (see section 4.1.3, "Risk management linked to the supply chain"), in close cooperation with the Ethics and Compliance Officer.

##### 4.1.5.2 Measures

As an international company, Vallourec has taken on significant corporate social responsibility commitments, in particular with regard to respect for human rights and universal fundamental principles that protect the dignity, respect and freedom of employees.

In this light, Vallourec strongly condemns:

- all forms of forced or compulsory labor;
- child labor;
- any difference in treatment between individuals that is based on criteria other than their skills or aptitude; and
- any act of physical or mental violence, or the threat of such acts.

On the other hand, Vallourec promotes:

- a safe and healthy work environment that ensures physical and mental integrity; and
- employees' freedom of association and collective bargaining.

In 2008, Vallourec undertook to comply with the fundamental principles enacted by the conventions of the International Labour Organization. These principles were included in the "Agreement on the principles of responsibility applicable in the Vallourec Group", which was approved by the European Committee and forms an integral part of the Code of Ethics. Vallourec has also been a signatory of the UN Global Compact since 2010.

By way of example, wherever the Group operates, it has made social dialog a priority. This is organized in each country, in accordance with local regulations. To date, the vast majority of the workforce is covered by industry- or company-wide collective agreements. The Group's actions in terms of employer-employee dialog are more extensively described in section 4.3.4 "Employee relations" in this Universal Registration Document.

Vallourec affirms its commitment to diversity and to combating discrimination in the workplace through the Code of Ethics.

Respect of men and women, their dignity, their diversity and the variety of their cultures is at the heart of the commitment of Vallourec's teams. Under the rollout of the Code of Ethics, a program to educate all employees on the issue of discrimination was completed using everyday examples.

In terms of gender equality, the Group's policy is structured around increasing the presence of women in operational business lines, in particular production business lines, and in increasing women's access to leadership roles.

- Our actions address three key points: gender parity at all management levels, for which multi-year objectives have been set; working conditions appropriate to women's career development; and equal pay for equal work regardless of gender.
- Four priority actions have been identified: relaunch and develop mentoring programs involving Group senior executives; systematically put forward female candidates for positions that are internally vacant; adapt the work environment; and develop women's participation in decision-making processes. These actions are more extensively described in section 4.3.3 "Diversity and equal opportunities" of this Universal Registration Document.
- Indicators are in place to ensure follow-up and accountability in the actions taken by the Group.
- Compensation surveys have shown, on average, a very small gender gap, although there are some geographical variations.
- The Women@Vallourec network of women and men discusses and examines equality and the place of women within the Group with a view to identifying workable openings for action. More precisely, Women@Vallourec's mission is to improve diversity, starting with gender diversity, and to therefore assist the Group in its transformation by improving performance and innovation.

- On March 8, 2018, Vallourec signed the United Nations World Charter on "Women's Empowerment Principles" (WEP) in the Middle East, thereby committing to make every effort to offer women and men the same possibilities to fully realize their potential. The principles of the Charter in particular concern education, training, and professional development of women, along with the commitment to equality at the highest business levels.

In addition to its actions on gender diversity, in 2023, the Group will also be broadening and strengthening its initiatives on generational and cultural diversity.

In terms of equal opportunities, the Group strives to promote the continued employment of workers with disabilities. These actions are more extensively described in section 4.3.3 "Diversity and equal opportunities" of this Universal Registration Document.

Vallourec ensures that these rights and principles are respected within the Group and by its subcontractors by incorporating them into its regular assessments. The actions taken with respect to subcontractors are more extensively described below.

The Group's responsibility does not stop at the doors of its offices and plants, but extends way beyond, through its influence in the wider community. Under a firm commitment of respect for a balanced development model, Vallourec ascribes major importance to its surrounding communities, with which it strives to establish relationships of mutual understanding and trust. Actions in this direction are discussed more fully in section 4.3.5.3 "Support for the local socio-economic fabric" in this Universal Registration Document.

Vallourec also strives to prevent specific risks in terms of compliance with competition and anti-corruption rules. Implementation of the Group's Vigilance Plan and actions on ethics and compliance matters are discussed more fully in section 4.4. "Our commitments to business ethics and compliance" of this Universal Registration Document.

## 4.1.6 Whistleblowing and reporting systems

### SDG 16.5, 16.6

Under the Code of Ethics and Anti-Corruption Code of Conduct, the Group's employees may report conduct that infringes the values or principles of either of these codes, for example by contacting their line manager, human resources manager, members of the Compliance Department, the Group Ethics Officer, or any of the local ethics correspondents.

In addition to these traditional notification methods, the Vallourec Integrity Line whistleblowing system was rolled out within the Group in 2018 and is now available across all entities, including in North America where a dedicated telephone line has been active for some time. This system is available in eight languages to employees and external and occasional collaborators of the Group, but also to customers, suppliers, service providers and other external stakeholders through a secure website hosted by an independent company. The rollout of this whistleblowing system was widely communicated across many channels within the Group, and communication activities are regularly carried out with Group employees via Vallourec's intranet, the monthly Compliance newsletter and targeted e-mails. A link to the dedicated site is available from Vallourec's website and on the Group intranet.

The scope of the whistleblowing system is broad, and includes behavior in violation of the Code of Ethics, the Anti-Corruption Code of Conduct, and internal rules and policies. It notably includes allegations of anti-competitive practices, corruption, fraud, conflicts of interest, discrimination and harassment at work, as well as irregularities that could affect Vallourec's activity or reputation that are linked to human rights and fundamental freedoms, the health and safety of people, or the environment. The system allows conduct to be reported anonymously.

An internal policy specifies the terms of use for the whistleblowing system and the rules that apply to data protection and processing and confirms that any reporting is covered by the principle of confidentiality. It also specifies that the whistleblower may benefit from specific protection and will not be subject to any discriminatory measures or disciplinary sanctions.

Reports are processed in accordance with the internal procedure relating to investigations.

The rollout of the Vallourec Integrity Line since 2018 and awareness-raising operations carried out since have led to an increase in the number of reports made: 109 reports were made on the Vallourec Integrity Line in 2022 vs. 68 in 2021. As in previous years, the reports received on the Vallourec Integrity Line in 2022 came mainly from Brazil (90%) and from internal Group sources (61% in 2022 vs. 66% in 2021). Out of 109 reports, 20 were not considered alerts, 35 were not, after investigation, identified to be violations and 36 are still under investigation. A total of 18 reports were confirmed, all concerning human resources issues, and resulted in nine dismissals. None of these reports had a significant impact on the Group.

The Compliance Department regularly submits this information to the network of ethics correspondents, and the Compliance Committee in the presence of the Chairman of the Board of Directors and Chief Executive Officer, and to the Audit Committee.

## 4.2 Our environmental commitments



This chapter contains a description of the Group's commitment and its policy from an environmental perspective. It then covers the five key subjects set out in the European CSRD:

- actions on mitigation of and adaptation to climate change;
- water management;
- pollution control;
- optimum use of natural resources and the circular economy;
- biodiversity protection.

### Methodological note

The environmental data included in the environmental reporting for 2022 concerns all of the subsidiaries controlled by the Group.

At the level of each production site, the majority of the ratios are established using metric tons processed (steel or tubes), in other words, the sum of production from the various units, which are considered independent production workshops. This concept better accounts for the level of activity of the production units than metric tons shipped for two reasons: on the one hand, it is more representative of the flows and stages of production, and on the other, it is less affected by changes in inventory. At Group level, ratios are expressed mainly in metric tons of tubes shipped (sold) in order to avoid multiple counts.

Since 2018, the Group has chosen to consider Vallourec's activity to consist of several business lines that all contribute to achieving the objective of manufacturing seamless steel tubes, and providing the associated services. This "sector-specific" approach is found in the structure of the Carbon Disclosure Project (CDP) "Climate" questionnaire, to which Vallourec responds every year, and in the "Science-Based Targets" approach Vallourec has adopted.

The Group holds expertise in the following four activities:

- "Mine": extraction of iron ore from the Vallourec Mineração mine to supply the Brazilian steel mills (the Pau Branco mine is located in the State of Minas Gerais);

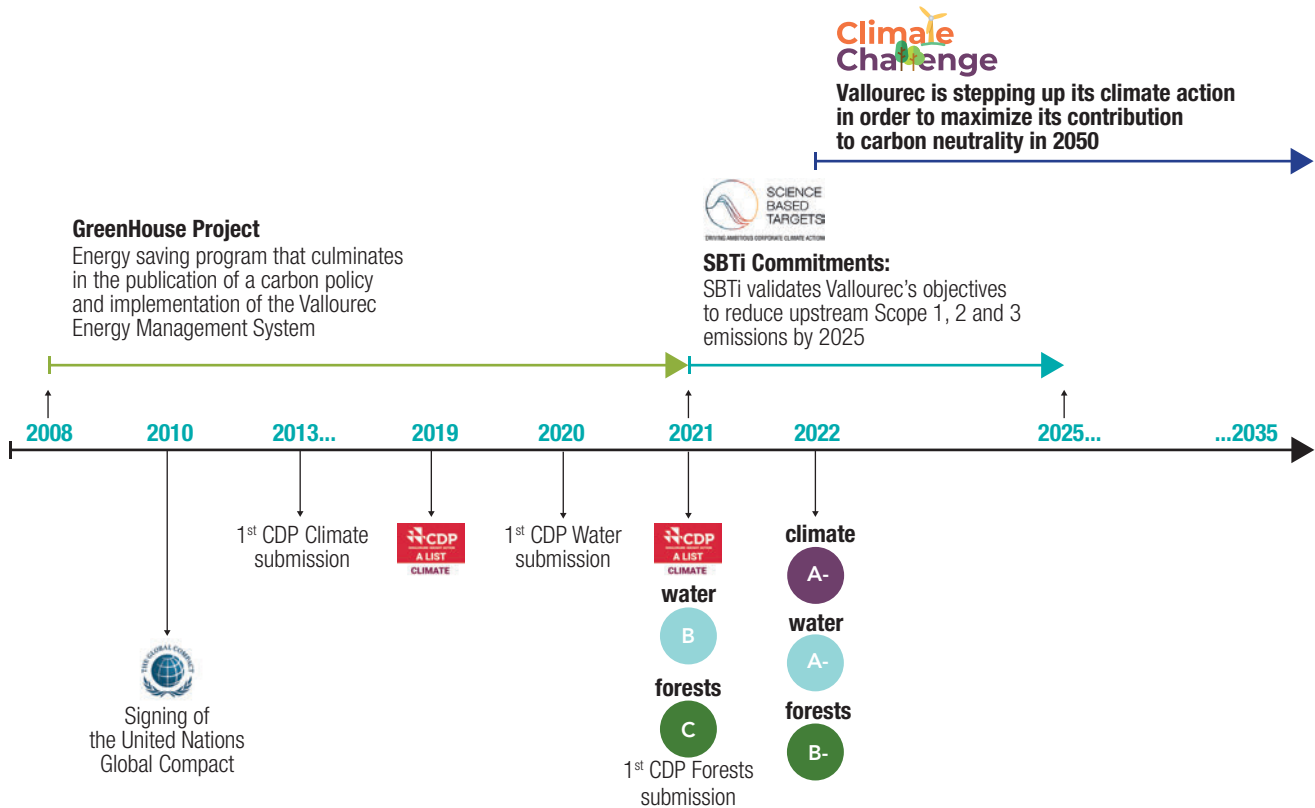
- "Forest": operation of a eucalyptus forest in Brazil (Florestal) and manufacturing of charcoal to supply Brazilian blast furnaces and the Jeceaba pelletization unit;
- "Iron and steel":
  - manufacture of iron ore pellets to supply the Jeceaba steel mill. Vallourec operates a pelletization unit there to improve the yield of the blast furnaces. This facility, which operates at nominal capacity, also supplies other Brazilian steel manufacturers,
  - production of steel in the United States and Brazil to supply steel billets to the rolling mills;
- "Tubes": manufacture of seamless steel tubes and their accessories (connections, etc.) in rolling mills, heat treatment units, finishing units, and the associated services provided to customers.

At equivalent scope, the Group's production, expressed in metric tons of steel and tubes processed, rose from 4,193 kt in 2021 to 4,925 kt in 2022, an increase of 17% explained by the economic recovery following the Covid-19 crisis. At the same time, the volume of tubes shipped went from 1,640 kt in 2021 to 1,804 kt in 2022, which represents an increase of 10%.

## 4.2.1 Introduction

SDG 8.4, 9.4, 12.4, 12.5, 13.2

### 4.2.1.1 General environmental policy



For more than 20 years now, Vallourec has been running an active program on reducing its environmental footprint and on combating climate change in particular. It started with the initiatives set up under the **GreenHouse** energy saving program in 2009 followed by the Group signing up to the United Nations Global Compact in 2010.

In 2019, building on the results achieved through the GreenHouse project, Vallourec began work with the **SBTi** on validation of further ambitious targets on reducing its greenhouse gas emissions. Its action plans on downstream Scopes 1, 2 and 3 were validated by the SBTi in 2020. Vallourec has committed to significant performance on reducing emissions from its activities by 2025:

- **Scopes 1 and 2: a 20% reduction (in absolute terms) in fossil and biogenic carbon footprint;**
- **Upstream Scope 3: a 45% reduction (in terms of intensity) in raw material purchases (steel in particular);**
- **Scope 3: a 25% reduction (in absolute terms) in indirect emissions (transport and product end-of-life use in particular);**
- **Scopes 1, 2 and 3: a 25% reduction (in absolute terms) in emissions across its whole value chain.**

As well as stepping up its decarbonization process, the Group has joined the **SBTi Steel** working group, which proposes and develops methodological guides to improve support on emissions reduction processes and commitments in various areas of the industry through to 2050. Vallourec is working with representatives of the SBTi and other industrial companies in the steel-making and processing sector on drawing up recommendations for this sector. These recommendations set scopes, references, investment considerations and other criteria to support decarbonization initiatives and measure their effectiveness accurately. They take into account different greenhouse gas reduction scenarios.

In 2022, Vallourec's new governance structure decided to step up the Group's contribution to achieving global carbon neutrality by 2050. Confirming the commitments made to the SBTi, management adopted the **Climate Challenge** project, an ambitious plan to reduce the Group's emissions.

Alongside combating climate change, the Group's current priorities extend to two other major environmental issues: optimizing water resources at industrial sites and reducing the use of chemicals classified as CMR (carcinogenic, mutagenic and reprotoxic) in manufacturing processes. These are addressed by commitments, targeted action plans and specific monitoring by various Group committees.

### 4.2.1.2 Environmental management

The Group's CSR governance, and its environmental governance in particular, is outlined in the introduction to this chapter. The Sustainable Development Department strengthened governance by forming the Climate Committee in 2021, followed by the Environment Committee in 2022.

Organization at the various sites is detailed in the Vigilance Plan (see section 4.1.4).

Since 2016, the Group has been using a new IT application to manage health and safety and environmental data. This application simplifies the collection and verification of data and offers new features to the sites that help them with their own local reporting.

#### I. AUDITS AND CERTIFICATIONS

Internal environmental audits are regularly organized in each country to assess compliance with regulations. Specifically, the Performance & Risk audit evaluates performance and risk levels for each environmental concern as well as the energy and environmental management systems (EEMS) in place. The results are used to identify priorities and corresponding action plans. These audits are part of the process of preparing for certification audits, in other words, simultaneously concerning environmental, energy, quality and safety procedures at the regional level. **At the end of 2022, 100% of the Group's sites were certified to ISO 14001 and 97% to ISO 45001.**

In September 2022, the National Ocean Industries Association (NOIA) named Vallourec as the winner of the inaugural NOIA Environmental, Social, & Governance (ESG) Excellence Award. The award-winning entry from Vallourec was evaluated by an independent panel of experts from FTI Consulting, Pickering Energy Partners, Cornerstone Government Affairs, and an independent industry expert. This award recognizes Vallourec's strong commitment to ESG performance across the Group, and particularly in North America.



#### II. LEGAL COMPLIANCE

Regular audits are performed by outside specialists to assess compliance of the production sites' activities with statutory and regulatory requirements, on top of the periodic checks carried out by the environmental authorities.

Through the regular and systematic review of regulatory developments, actions implemented in the context of continuous improvement, new investments or organizational changes can be developed or updated. In France, an environmental regulatory watch has been in place for several years on a dedicated intranet portal, accessible for all production sites. This portal facilitates access to useful information. Equally, the Group shares its procedures, which are also updated periodically.

In 2022, the Group recorded three formal notices across all of its sites from local authorities:

- one in France, at Vallourec La Forge, for problems with the ejection speed of fumes from one of the heat treatment furnaces (currently being resolved). It should be noted that the 2021 formal notice at Vallourec Oil & Gas concerning fire protection measures was lifted during 2022;
- one in the United States: during a rainwater inspection at the Vallourec Star Houston site, the inspector noticed steel shavings on the ground. The entity took corrective action, which resulted in prompt lifting of the formal notice;
- and one in Brazil for the Mine activity, following the January 2022 incident.

#### III. TRAINING AND EDUCATION

Employee training and education on the environment, sustainable development and energy efficiency are carried out in the plants through poster campaigns, periodic publications, briefings and compliance programs, among other measures. The Global Legal Compliance Program, developed and coordinated by the Group's Legal Department, has an educational component on compliance with environmental regulations (see section 4.4 "Business Ethics and Compliance").

In 2022, the total number of training hours in the field of health, safety and the environment listed in the LMS system (including in-person training at Group level and those in the main location countries: Germany, Brazil, United States, France, Middle East and China) totaled 107,597 hours, compared to 77,684 hours in 2021, i.e., an increase of 39%. They represented 46% of the total training time (233,238.5 hours).

Vallourec's Sustainability Journey includes various events to raise employee awareness. For example, on June 5, 2022, Group employees could take part in webinars on various environmental topics.

#### IV. INVESTMENTS

The Group systematically incorporates sustainable development concerns in designing its projects. In particular, a health, safety and environment (HSE) analysis is conducted upstream to assess the potential impacts and anticipate environmental risks.

A procedure on eco-design rules has been in place since 2015 as part of the overhaul of major project governance and is regularly updated. Since 2019, it has been extended to R&D projects. It is intended to verify the best practices and techniques available for design that meets HSE challenges in the following main areas:

- regulatory compliance and impacts on administrative authorizations;
- water management through recycling and recovery of rainwater using storage basins, and better quality through more efficient wastewater treatment plants, along with a reduction in the volumes of water discharged;
- waste management through improvements in collection, sorting and recycling;
- reduction of atmospheric emissions via continuous improvement of capture systems, as well as carbon emissions.



To that end, since early 2017, the most important projects are required **to apply a global internal price to carbon emissions** in order to evaluate the sensitivity of these projects' profitability to the existence of carbon pricing systems, which are likely to develop globally under the latest COP recommendations. This has a bearing on the final decision, especially if the project has structural importance and falls within the medium/long-term business development policy. The price, set at €80 per metric ton of CO<sub>2</sub> in July 2021, was adjusted to €100 on January 1, 2023;

- the optimization of energy consumption through the establishment of best practices and smart metering tools, in a structured process of ongoing improvement;
- potential impacts on biodiversity and consideration of the consequences of climate change;
- reduction of noise inside and outside the plants by emphasis on cutting noise emissions at source;
- safe use of chemical products with the goal of restricting the use of the most hazardous products;
- prevention of risks of occupational illnesses and improvement of the ergonomics at workstations.

In the context of R&D projects, special attention is paid to the supply chain and to the use of the future products.

In addition to confirming that the general principles above have been applied, some projects are clearly aimed at improving work conditions or reducing environmental impact. They concern:

- improvement in working conditions (ergonomics, noise reduction, lighting and heating, etc.);
- ensuring environmental compliance of work equipment (filtering, fume extraction, water and gas networks, fire protection systems and product storage, etc.);
- reduction in energy consumption (furnaces and heat treatment, lighting, insulation, etc.);
- improved water management (recovery and recycling, purification plants, etc.);
- forest management operated by Vallourec Florestal (reforestation, carbonization furnaces, etc.);
- decreased use of hazardous chemical substances (partitioning, extraction, substitution, etc.);
- limiting atmospheric emissions;
- layout and safety of plants in terms of roofing, roads and parking.

## VI. ENVIRONMENTAL IMPACT INDEX

In 2019, the Environment Department introduced a composite indicator, the Environmental Impact Index (EII), for monitoring the Group's performance and the progress achieved in the following three areas, each contributing a third to the final score:

- gas and electricity consumption and the corresponding CO<sub>2</sub> emissions;
- water intake;
- waste recovery.

In 2022, HSE investments amounted to €43.2 million, i.e., approximately 19% of the Group's total investments, compared to 19% in 2021 and 31% in 2020.

The teams in our plants have also worked on optimizing production schedules and processes to adapt to periods of under-activity to the extent possible in order to limit the number of shutdowns/restarts and reduce the fixed share of energy consumption (electricity, natural gas and compressed air) and excess water consumption as much as possible.

## V. LIFE CYCLE ANALYSES

In 2013, the Group also performed a life cycle analysis of two typical products in the Oil & Gas activity (tubing and casing) in cooperation with an important end customer. The ten key impacts evaluated (including carbon, energy, water, resource depletion, toxicity, eutrophication) demonstrated the relatively weak impact of the Group's products. Since 2019, this "eco-design" approach has been systematically used to evaluate R&D projects.

In 2020, Vallourec studied the life cycles of its products in greater depth, from the "cradle" to the customer's door ("cradle to gate"), and decided to publish the results in the form of an Environmental Product Declaration (EPD) in accordance with ISO 14025 and EN 15804+A1.

The Group's Global EPD is 1.796 tons of CO<sub>2</sub> per ton of tube, and 1.27 tons of CO<sub>2</sub> per ton of steel, which gives it a lower carbon footprint than the industry average of around 2 tons of CO<sub>2</sub> per ton of tube and 1.83 tons of CO<sub>2</sub> per ton of steel, according to World Steel Association data.



In more detail, the EII is calculated as follows:

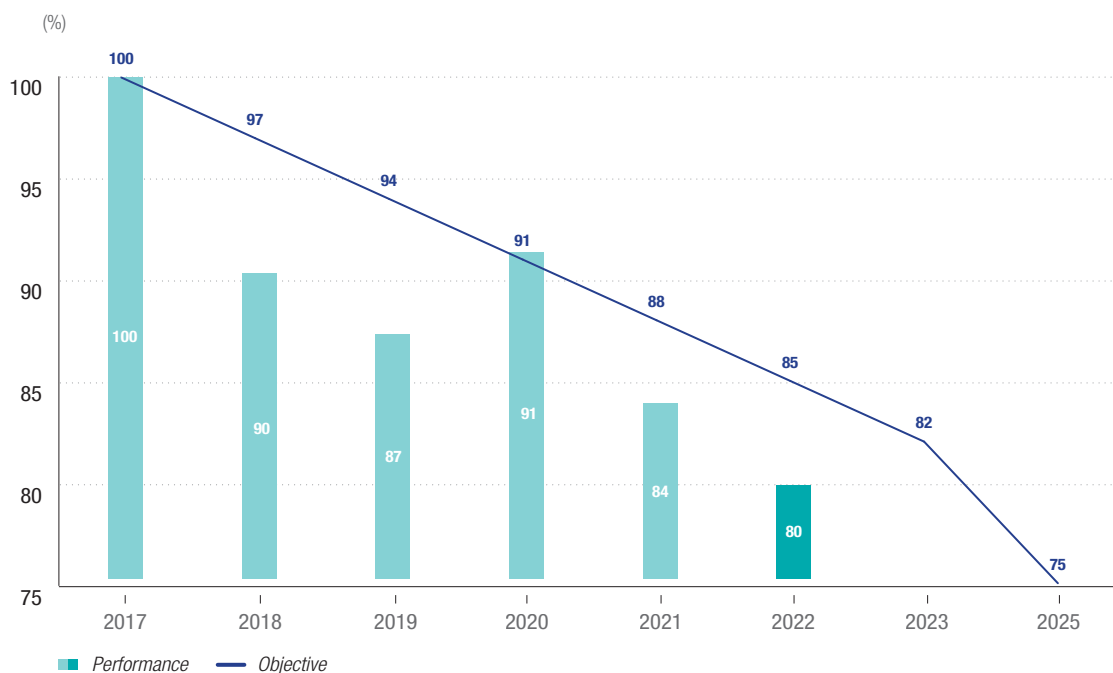
### ENVIRONMENTAL IMPACT INDEX (%)\*

	Field	Item	Unit	Formula	Weighting
<b>Environmental Impact Index (EII)</b>	Energy consumption	Natural gas consumption	kWh/metric ton*	year y figure 2017 figure	11.33%
		Electricity consumption	kWh/metric ton*		11.33%
	CO <sub>2</sub>	CO <sub>2</sub> emissions	kg CO <sub>2</sub> /metric ton*		11.33%
	Water	Water intake	cu.m./metric ton*		33.00%
	Circular economy	Waste put into landfill	% of total waste generated		33.00%

\* Metric tons of steel and tube manufactured.

This index was set at 100 for 2017, which was selected as a baseline. Vallourec has set itself the goal of reducing this index to below 75 by the end of 2025, by reducing its specific consumption of gas and electricity, purchasing lower carbon electricity, reducing its water intake and improving its waste recycling.

For 2022, the Environmental Impact Index was 80%, below the 85% target set for the year. This performance is explained by improved water management at our sites (1.19 cu.m. per metric ton, down from 1.35 in 2021), and continued energy savings (electricity intensity down by 7%, natural gas intensity down by 4%). Even so, our specific electricity and water consumptions remain high. The target for 2023 has been set at 82%.



## 4.2.2 Combating climate change

### SDG 13.1, 13.2

#### 4.2.2.1 Inherent climate-change risks

##### I. CLIMATE CHANGE MITIGATION RISKS

Vallourec's Governance has identified several types of risk related to climate change mitigation measures. The most significant are the following:

##### Risks arising from changes in regulations and standards

Costs and expenses could increase significantly in the future if new regulations or stricter standards are adopted. The three risks currently identified are:

- announced changes to the European policy on carbon quotas;
- the European Union's Border Carbon Adjustment Mechanism (import tax);
- extension of carbon quotas to industry in other countries.

##### II. CLIMATE CHANGE ADAPTATION RISKS

The Group is exposed to inherent climate-change risks such as heavy rainfall, flooding, heat waves and cyclones.

Our activities have also been impacted by a number of major climatic events:

- in August 2021, the category-5 hurricane Ida caused structural damage to the Vallourec Tube-Alloy, LLC site at Houma (Louisiana, United States). Pending repair, the site's activities were transferred to VTA Houston and external suppliers in order to maintain deliveries to customers;
- in January 2022, under torrential rain at the Vallourec Mineração site (Minas Gerais – Brazil), part of an old stock of sterile waste material from the Cachoeirinha pile capsized into the "Lisa" rainwater retention dam, causing it to overflow, with the resulting wave of sludge running down to the BR040 freeway below. There were no victims, but operations at the iron ore mine were halted for several months to conduct investigations and ensure safety in the area concerned. In May 2022, Vallourec partially restarted operations (see section 3.5 "Significant events of 2022 and early 2023").

##### Risks concerning sustainability of the Group's business model in a low-carbon world

With its commitments to the SBTi in 2019 and 2020, and the Climate Challenge program in 2022 (see section 4.2.2.2), the Group has undertaken a change in its sources of supply, a transformation of some of its industrial processes, and the development of new commercial opportunities (hydrogen, CCUS, geothermal and solar markets). Fulfillment of these commitments depends in part on its ability to finance and implement such changes.

##### Methodology

In 2014, the Group conducted a study of the risks related to the consequences of climate change, identifying eight regions, each with distinct climate characteristics, namely Hauts-de-France, Burgundy, Rhine-Westphalia, Minas Gerais, Ohio, Texas, Batam Island in Indonesia, and the Shanghai region. These regions were assessed based on eight studied hazards covering all identified risks. The conclusions of this study were presented.

The study, which was carried out by an external consultant, was updated in 2019, given the Group's new industrial footprint (especially in terms of the integration of the Tianda site in Chuzhou, China), the risk trends, recent climate events, and the greater precision of the simulation methods.

The update identified risks in each of the Group's major industrial areas and estimated their probability of occurrence and severity based on the IPCC's RCP8.5 scenario.

The RCP8.5 scenario (Business-as-Usual or Worst-case Scenario) assumes a doubling of the CO<sub>2</sub> concentration in the atmosphere by 2050, with a temperature increase of 1.5 to 2.2°C. For the analysis of physical risks, this scenario makes it possible to anticipate the most extreme effects and put in place a more "failsafe" adaptation strategy.

## Results

The main conclusions are presented in terms of possible Impacts (I) and Probability of occurrence (P):

	1. Mülheim, Germany		2. Rath Pilger, Germany		3. Aulnoye, France		4. Chuzhou, China		5. Houston (Hardy Road), United States		
	Impact	Probability	Impact	Probability	Impact	Probability	Impact	Probability	Impact	Probability	
Increase of average temperature	3	3	3	3	1	3	3	3	3	3	
Heat waves	2	3	2	3	2	3	3	3	4	3	
Drought	1	1	2	1	3	1	1	1	1	1	
Depletion of water resources	1	1	2	1	3	3	1	1	3	3	
Heavy rain and flooding	3	1	4	1	3	1	3	1	3	1	
Cyclones	3	1	3	1	1	1	2	1	4	3	
Snowfall	Decrease	3	Decrease	3	N/A	N/A	Decrease	3	Decrease	3	
Drop in levels of waterways	4	2	4	2	N/A	N/A	N/A	N/A	N/A	N/A	
	1	2	3	4	5	1	2	3	N/A	Decrease	N/A
	<i>low impact</i>		<i>very strong/ costly impact</i>		<i>uncertain</i>	<i>probable</i>	<i>very probable</i>	<i>data unavailable</i>	<i>reduced frequency/ intensity</i>		

	6. Houston (Miller Road), United States		7. VAM Youngstown, United States		8. Houston (VSTAR), United States		9. Youngstown Fine Quality and Pipe Mill and steel plant, United States		10. Forest, Brazil		11. Barreiro, Brazil		12. Jeceaba, Brazil		13. Mine, Brazil	
	Impact	Proba- bility	Impact	Proba- bility	Impact	Proba- bility	Impact	Proba- bility	Impact	Proba- bility	Impact	Proba- bility	Impact	Proba- bility	Impact	Proba- bility
Increase of average temperature	3	3	2	3	3	3	3	3	3	3	4	3	4	3	2	3
Heat waves	4	3	2	3	4	3	3	3	2	3	3	3	3	3	3	3
Drought	1	1	1	1	1	1	1	1	1	1	1	1	2	1	1	1
Depletion of water resources	3	3	2	2	3	3	3	2	1	1	2	1	3	1	3	1
Heavy rain and flooding	3	1	5	1	3	1	5	1	3	1	4	1	4	1	4	1
Cyclones	4	3	3	3	4	3	2	1	2	1	3	1	3	1	1	1
Snowfall	Decrease	3	Potential increase	3	Potential increase	3	Decrease	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Drop in levels of waterways	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	1	2	3	4	5	1	2	3	N/A	N/A	N/A	N/A	Decrease	N/A		
	<i>low impact</i>		<i>very strong/ costly impact</i>		<i>uncertain</i>	<i>probable</i>	<i>very probable</i>	<i>data unavailable</i>	<i>reduced frequency/ intensity</i>							

## Study findings

The main risks identified for all sites examined **concern heavy rainfall, flooding and heat waves**, which could be particularly severe in Houston and Brazil (Barreiro and Jeceaba). This could have an **impact on operations at our facilities and on the working conditions of our staff**.

Furthermore, it appears that our sites would not be impacted in a homogeneous way. Specific risks have been identified at several sites:

- **the Houston site** is the highest priority due to the risk of cyclones and the depletion of water resources; in addition, floods as an aftermath of cyclones could prevent access to our sites, stop staff from reaching their worksite, and halt the delivery of our products;
- **Youngstown** is the second highest priority site due to the risk of the depletion of water resources and heavy rains and snowfall with possible flooding;
- **Chuzhou** is the third highest priority site with a risk of heavy rains and floods;

### 4.2.2.2 Decarbonizing our activities and promoting a low-carbon economy

#### I. STRATEGY AND KEY COMMITMENTS

##### A. 2009-2020: The GreenHouse energy savings program

**In 2009:** to achieve significant reductions in energy consumption, the Group launched the GreenHouse energy savings program, targeting a **20% reduction in specific gas and power consumption (per metric ton processed) by 2020, across equivalent scope, product mix and level of activity, using 2008 as the baseline year**. Through this approach, Vallourec would be contributing to a low-carbon economy by reducing greenhouse gas emissions.

This program was rigorous in its approach and was supported by Vallourec Management System tools and methodologies. Key features of the program were:

- sharing of best practices, led by Practice Communities including energy and industrial process experts in all energy-related areas (thermal, electrical, compressed air, and steam production processes) and the organization of numerous continuous improvement groups acting exclusively in the energy sector to improve the Group's performance;
- the introduction of thermal balances and energy audits:
  - the furnace performance analysis has helped to identify areas for improvement and to propose investments to increase energy efficiency, such as the installation of regenerative burners, steam heat recovery systems and better insulation,
  - energy audits at the Group's major sites have identified the equipment or workshops that use the most energy, and prioritize future actions;
- a self-assessment system for sites controlled by the project leaders.

- **Brazilian sites**, including forest land, may suffer from a lack of water and episodes of heavy rainfall with flooding (as with the Lisa dam overflow on January 8, 2022 when part of a waste pile slipped into the dam following extreme rainfall in the Brazilian state of Minas Gerais);
- Our **German sites** could suffer from a lowering of the level of waterways, including the Rhine, which could result in disruptions to the supply chain for raw materials including steel bars.

Vallourec is also carefully examining the studies carried out by its insurers on the Group's climate resilience. The study conducted in 2022 found low exposure to climate risk, with the main risk identified concerning flooding.

Lastly, the Group's supply chain is also exposed to climate risks. The Purchasing Department is responsible for working with the suppliers who are most affected to examine the measures to be adopted under the supplier risk assessment plan.

**In 2010:** to take this to the next level and incorporate sustainable energy management in industrial processes, the Vallourec Energy Management System was launched, based on the methodology of the GreenHouse program and international energy efficiency standard ISO 50001.

Vallourec is thus committed to ISO 50001 certification for its primary production facilities. This certification has been obtained for the following sites:

- Saint-Saulve in France;
- Rath and Mülheim in Germany;
- Barreiro and Jeceaba in Brazil;
- VCHA Changzhou in China.

In addition, the Youngstown site in the United States has received recognition under the U.S. Department of Energy's 50001 Ready program:

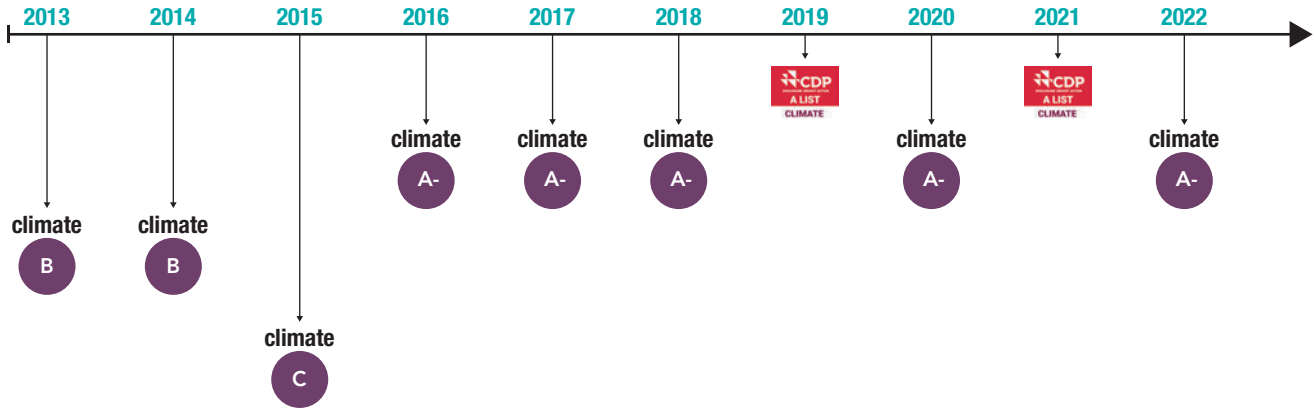
<https://betterbuildingsolutioncenter.energy.gov/iso-50001/50001Ready>. This helps organizations develop a culture of structured energy improvement, for greater and longer-term savings, without requiring external audits or certifications. It fits in with our process to mature our energy management practices and formalize them into a system ready for ISO 50001 certification.

Production at ISO 50001 certified sites accounted for 36% of total production in 2022.

Other key features of the Vallourec Energy Management System are:

- energy efficiency training: several hundred operators were trained in dedicated energy efficiency sessions in France, Brazil and Scotland, with experts from each site and the assistance of specialized organizations. The training is given in various technical disciplines, such as compressed air, thermal combustion, industrial cooling, lighting, mechanization and renewable energy;
- real-time metering systems, known as "Advanced Metering Management," at the largest sites in Brazil, France, Germany, the United States, and Indonesia.

**As of 2013:** in parallel, Vallourec began sending its public responses to the CDP's Climate questionnaire each year, to obtain transparent independent assessment of its carbon footprint performance. Since 2016, Vallourec has been one of the companies recognized by the CDP for leadership in climate matters and commitment to a low-carbon economy.



**In January 2018:** again under the GreenHouse program, the Group published its **Carbon Policy**, signed by the Chairman of the Management Board, committing to:

- continue to better understand all of its emissions;
- reduce its direct and indirect greenhouse gas emissions;
- align the Group with the commitments of the Paris Agreement;
- integrate a carbon price of **€40** in its decision-making processes: a price that was updated to **€80** in 2021 and **€100** from 2023;
- pursue the development of environmentally friendly products;
- make sure its industrial assets will resist the future impacts of climate change.

**B. 2020-2025: Ambitious climate commitments validated by the SBTi**

As part of these ongoing improvement efforts, in 2018, Vallourec examined, with the assistance of specialists, whether its emissions pathway could fit within the Science-Based Targets approach by 2025, which aims to assess the compatibility of companies' efforts with the provisions of the 2015 Paris Agreement.

Considering the result of this analysis, the Group's Management decided to join the Science-Based Targets initiative (SBTi) at the end of 2018 and to have a CO<sub>2</sub> emissions reduction trajectory compatible with **limiting global warming to well below 2°C**, using 2017 as the reference year.

The first submission of our file in the second quarter of 2019 enabled us to verify our ambitions to reduce our direct emissions (Scopes 1 & 2).

**In March 2020**, we strengthened our ambitions for upstream Scope 3 emissions by obtaining commitments from our largest steel suppliers. Our file was resubmitted to the SBTi with the proposal of four objectives to reduce our carbon footprint, three of which are absolute.

This was formally validated ("targets set") by the Science-Based Targets initiative in May 2020.

**WE'VE HAD OUR SCIENCE-BASED TARGET APPROVED**



An action plan has been devised to achieve these targets, and was approved by the Vallourec Executive Committee:

**On Scopes 1 and 2:**

- continuing to improve the energy efficiency of our processes;
- using low-carbon electrical energy;
- reducing biogenic methane emissions during charcoal carbonization;

**On upstream Scope 3:**

- reducing the carbon load of the steels we buy by engaging our main suppliers;

**On downstream Scope 3:**

- optimizing our supply chains;
- continuing Vallourec's transformation toward less carbon-intensive markets.

Among the significant actions enabling us to meet our commitments to the SBTi we can note:

- at Youngstown (United States), total decarbonization of the electricity supplied, installation of LED lighting, plant optimization to reduce gas, electricity and compressed air consumption, and step-up for field-team program on waste reduction;
- at Jeceaba (Brazil), partial substitution of natural gas by gas from the steel mill's furnace, recycled to heat the rolling mill furnace, and continued use of charcoal fines instead of natural gas to heat the pellet unit's tube furnace;
- in Indonesia (PTCT), installation of connected electricity and gas meters to monitor energy consumptions and reduce waste;
- in China (Tianda), installation of solar panels enabling the Tianda site to reduce consumption of purchased electricity and produce its own electricity. This reduces the CO<sub>2</sub> emissions associated with electricity purchases;
- several on-site working groups, in France, China, Brazil and the United States for example, have been formed to optimize energy use in anticipation of production spikes.

The **Carboval pilot unit**, with its highly innovative process, produces high-quality charcoal at a 40% yield, with no methane emissions. Encouraged by the very high performance of this prototype, in 2022, Vallourec management gave the go-ahead for Carboval to begin industrial-scale production.



In 2022, the Climate Challenge project was launched by the Climate Committee, with sponsorship from an Executive Committee member. This represents a significant step forward in tackling climate imperatives through an ambitious cross-functional plan with top management support. It also covers implementation of a rigorous system for managing the Group's carbon emissions.

The project involves all operational and functional departments, with the common objective of actively contributing to a carbon-neutral world by 2050, through transformation of the Group's supply and production processes, and diversification of its commercial offering.

**C. 2025-2035: Stepping up reductions in the carbon intensity of operations, through the Climate Challenge.**

Eager to uphold its industry-leading carbon footprint performance, Vallourec conducted an in-depth study of its business model in 2022 in order to set new targets for 2030 and 2035.

A forecast model of GHG emissions was put together using the following assumptions:

- externalities were based on the IEA's SDS scenario<sup>(1)</sup>;
- production forecasts are based on the business model set out in the New Vallourec plan, including diversification of commercial outlets towards new energies.

Taking 2021 as the base year, Vallourec is now committed to two targets, for 2030 and 2035:

- 30% lower CO<sub>2</sub>e emissions per ton of tubes sold by 2030, corresponding to a carbon intensity of 1.4 ton CO<sub>2</sub> per ton of tube shipped;
- 35% lower CO<sub>2</sub>e emissions per ton of tubes sold by 2035, corresponding to a carbon intensity of 1.3 ton CO<sub>2</sub> per ton of tube shipped.

**Note: this represents an annual reduction of 1.7 million tons of CO<sub>2</sub>e by 2035 compared to 2021.**

The following section outlines the action plan and the measures to be implemented for achieving these objectives.

(1) In any event, according to the IPCC, we can expect warming of about 1.5°C by around 2030. By 2050, the outcome of our action or inaction today will begin to have an effect. The IEA predicts several possible scenarios for the average temperature of the planet by the end of the century. Under high-emission scenarios, without international coordination, the Earth is heading towards warming of more than 3 or 4°C by 2100. In contrast, two low-emission scenarios, assuming strengthened international coordination, hold out hope for reducing global CO<sub>2</sub> emissions in the 2020s: - the Sustainable Development Scenario (SDS) assumes greater use of renewable energy to meet energy transition goals (including those of the Paris Agreement) and thereby stabilize warming below 2°C by the end of the century; - the Net Zero Emissions by 2050 case (NZE2050) aims to achieve carbon neutrality by 2050, highlighting the need for decisions to be made over the next ten years in order to achieve this goal.

## II. CLIMATE CHALLENGE ACTION PLANS AND IMPLEMENTED MEASURES

The Climate Challenge spans three categories of actions, determined by means of an in-depth analysis of Vallourec's emissions and sensitivity studies carried out using the post-2025 forecast model.

For each category there is a specific action plan, the guiding principles of which are outlined in the following sections:

### A. Technological levers

The decarbonization of steel production and transformation into tubes, the energy-intensive processes responsible for 13% of Vallourec's total emissions in 2022, will be spread over two timeframes:

In the short term, the two main measures are:

- an improvement in energy efficiency for steel transformation processes, targeting a 5% reduction in the average consumption of natural gas per ton of finished product by 2025;
- widespread rollout of the Carboval technology in Brazil over the next eight years.

In the medium term, breakthrough technologies that upstream studies must identify will need to be deployed. Two particular candidate technologies are to be explored in 2023 to prepare for potential demonstrators and rollout plans:

- the capture, storage and/or use of CO<sub>2</sub> (or CCUS) emitted by the process. Storage can take place in natural cavities, while use involves transformation into chemical compounds, such as methanol;
- direct combustion of dihydrogen in furnaces, as a replacement for natural gas. This "green" dihydrogen could significantly reduce GHG emissions from high-temperature furnaces if it is produced by electrolysis of water and electricity from low-carbon or renewable sources, a process currently in the early stages of development.

### B. Purchasing levers

Work is to take three focuses:

1. decarbonizing electricity purchases, which account for 2% of Vallourec's total emissions, by using certificates of origin or long-term power purchase agreements (PPAs).

A similar approach might also be applied to natural gas, as the supply of biomethane increases;

2. maximizing local renewable electricity production at industrial sites, with the installation of photovoltaic panels. Potential has been demonstrated under a number of initiatives, and wider scale rollout is under examination;
3. reducing the carbon intensity of steel purchases, process inputs and transport services (sea and road). These emissions account for around 30% of Vallourec's total emissions, and it is essential to work with the suppliers concerned to ensure they take steps to reduce them.

### C. New markets

By strengthening its commitment to the energy transition in May 2022, Vallourec is developing new profitable business opportunities for the Group. The **Vallourec New Energies** division, formed in September 2022, covers Vallourec's portfolio of solutions for the hydrogen, carbon transport & storage, geothermal and solar markets. Further information on this appears in section 3.4.4 of chapter 3.

## III. PERFORMANCE

### A. Energy consumption

#### Reminder of the 2022 objectives

- Energy consumption: <920 kWh/metric ton processed.
- CO<sub>2</sub>e emissions: <145 kg/metric ton processed.

#### 2022 assessment

Since 2018, Vallourec's energy assessment has covered all industrial sites, including the iron mine and the pelletization unit in Brazil. It includes the consumption of electricity, natural gas and fuels (gasoline, diesel, propane, bioethanol and biodiesel). The Group also uses biomass as a source of energy for its pelletization unit and blast furnaces in Brazil. It owns 230,000 hectares of eucalyptus plantations and forests, for the production of charcoal used to process iron ore into cast iron in the blast furnace.

Energy consumption (gas and electricity) cost €355 million in 2022, compared to €195 million in 2021, an increase of 82%, mainly owing to higher energy costs, especially in Europe.

Absolute energy consumption totaled 4,641 GWh in 2022 compared to 4,165 GWh in 2021, an increase of 11%. In terms of intensity, this represents a 5% decrease from 988 kWh/metric ton processed in 2021 to 941 kWh/metric ton processed in 2022.

Year	2017	2018	2019	2020	2021	2022 - Actual
Natural gas (kWh/metric ton)	635	619	653	678	603	586
Electricity (kWh/metric ton)	320	309	342	409	385	356
Total gas and electricity (kWh/metric ton)	955	928	994	1,086	988	941
CO <sub>2</sub> e (kg/metric ton)	202	190	160	160	150	144



In 2022, our specific energy consumptions were back to their 2017 levels. Natural gas intensity (kHh per metric ton) continued to decrease, down 3% from the previous year. Despite an 8% decrease with respect to 2021, our electricity intensity remained 11% higher than in 2017. Firm efforts will be needed to strengthen our energy saving programs and reduce the fixed component of electricity consumptions by cutting down energy wastage.

The table below shows the energy sources used by the Group in 2022:

Energy source	Unit	Renewable energy	Non-renewable energy	Total
Electricity purchased	GWh	898	837	1,735
Natural gas <sup>(a)</sup>		0	2,888	2,888
Fuel oil <sup>(a)</sup>		2	253	255
Charcoal		1,708	0	1,708
<b>TOTAL</b>	<b>GWH</b>	<b>2,608</b>	<b>3,978</b>	<b>6,586</b>
Energy consumed	%	40%	60%	100%

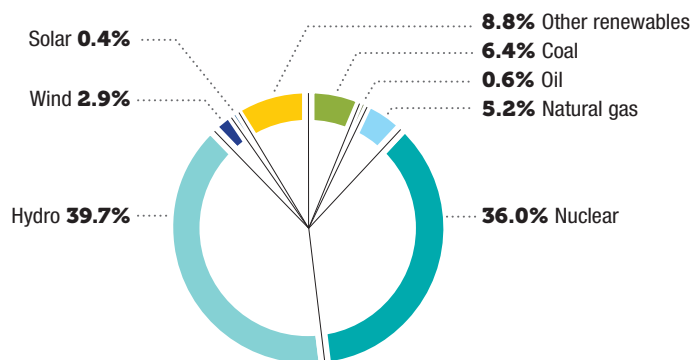
(a) Including the fuel or natural gas needed to produce electricity at certain sites, such as Vallourec Nigeria and PT Citra Tubindo (Indonesia).

In 2022, 40% of the energy consumed Group-wide was from renewable sources. This figure was 44% in 2021 and 46% in 2020.

This slight decrease is explained by lower consumption of charcoal by the pellet unit and blast furnace at Jeceaba (Brazil) and by slightly less decarbonized electricity in Brazil. Note that for fuels, we have been counting the consumption of bioethanol since 2020 and biodiesel since 2021.

As concerns electricity, since 2017, the Group has been basing its analyses on information from its providers, “market-based” data, and “location-based” national energy mix data. This allows the Group to better measure the impact of its choice of energy supply sources and to better manage them to reduce its carbon footprint.

The average electricity energy mix for 2022 is summarized in the graph below:



In 2022, the proportion of electricity from renewable sources was 52%, a slight decrease on 2021 (53%).

The proportion of low-carbon electricity (nuclear + renewable) was steady, at 87%. This performance remains remarkable, and can be explained by the total decarbonization of the electricity delivered to our plants in Rath (Germany) and Youngstown (Ohio, United States) and by the improved carbon intensity of electricity in several countries and states (Canada, Mexico, Germany, United Kingdom, Ukraine, and Oklahoma in the United States).

The Rath site is supplied by electricity produced from gases recycled by our partner steel mill HKM. In the United States, Vallourec Star LP has entered into a contract with its supplier Energy Harbor to supply 100% nuclear-generated electricity over the 2020-2024 period (four years).

We should also mention that our Brazilian plants use electricity produced largely from renewable sources (92.8% in 2022, including 79.6% from hydroelectric dams) and that our French sites consume low-carbon electricity (in 2022, 87% nuclear-generated and 10% renewable).

**2023 objectives**

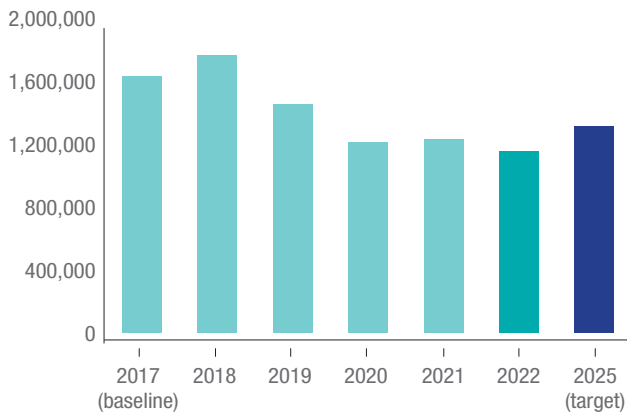
Based on 2017 performance, the Group is committed to reducing its specific gas and electricity consumption by at least 10% by 2025, for an attendant reduction of at least 25% in CO<sub>2</sub> emissions.

Year	2021 actual	2022 actual	2023 objective	2024 objective	2025 objective
Natural gas (in kWh/metric ton)	603	578	558	545	540
Electricity (in kWh/metric ton)	385	326	327	316	320
<b>TOTAL GAS AND ELECTRICITY (in kWh/metric ton)</b>	<b>988</b>	<b>904</b>	<b>884</b>	<b>860</b>	<b>859</b>

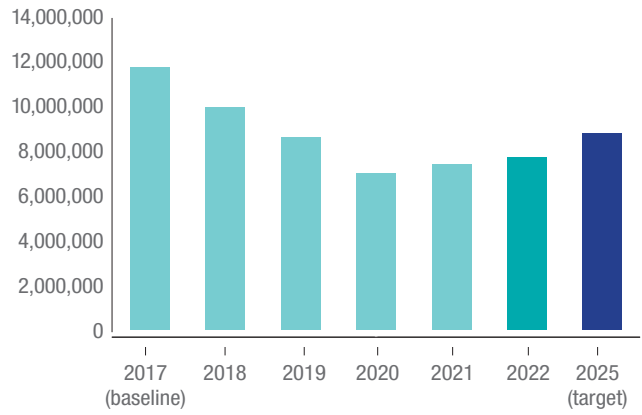
**B. Assessment of GHG emissions****a) Monitoring our commitments on emissions reduction by 2025**

Objective	2017 (base)	2018	2019	2020	2021	2022	2025 (target)
Reduce the fossil and biogenic carbon footprint of our industrial activities (Scopes 1 & 2) by 20% in absolute terms	1,634,253	1,758,321	1,452,593	1,213,363	1,231,612	1,154,579	1,307,402
<b>% achieved</b>	<b>0%</b>	<b>-38%</b>	<b>56%</b>	<b>129%</b>	<b>123%</b>	<b>147%</b>	<b>100%</b>
Reduce the intensity (tons of CO <sub>2</sub> per million euros of added value) of our purchases of raw materials and services by 45%	2,308	2,465	1,885	1,543	1,575	1,268	1,269
<b>% achieved</b>	<b>0%</b>	<b>-15%</b>	<b>41%</b>	<b>74%</b>	<b>71%</b>	<b>100%</b>	<b>100%</b>
Reduce our Scope 3 indirect emissions by 25% in absolute terms, including our transportation and the use/end-of-life of our products in various markets	11,678,215	9,897,561	8,561,323	6,986,234	7,381,450	7,691,361	8,758,661
<b>% achieved</b>	<b>0%</b>	<b>61%</b>	<b>107%</b>	<b>161%</b>	<b>147%</b>	<b>137%</b>	<b>100%</b>
Reduce the emissions from our value chain from the purchase of raw materials (including steel) to the use and end of life of our products (Scopes 1, 2 & 3) by 25% in absolute terms	13,312,468	11,655,882	10,013,916	8,199,597	8,613,062	8,845,940	9,984,351
<b>% achieved</b>	<b>0%</b>	<b>50%</b>	<b>99%</b>	<b>154%</b>	<b>141%</b>	<b>134%</b>	<b>100%</b>

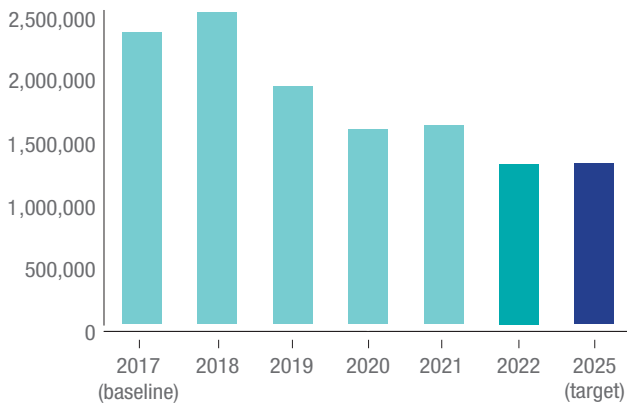
**CO<sub>2</sub>e emissions (metric tons) – total Scopes 1 + 2**



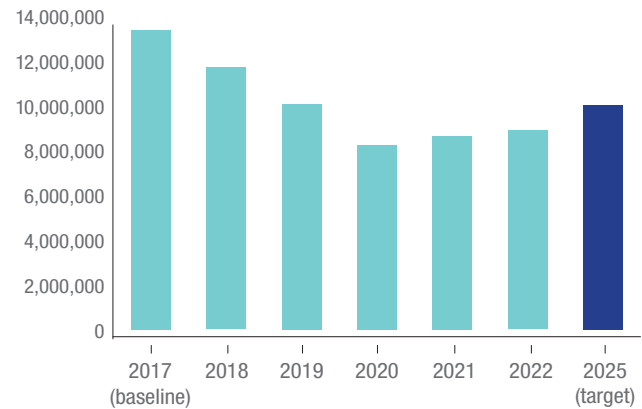
**CO<sub>2</sub>e emissions (metric tons) - Scope 3 upstream and downstream (use and end of life of products sold)**



**CO<sub>2</sub>e emissions (metric tons/€ million value added) – Scope 3 upstream (purchases of raw materials and services)**



**CO<sub>2</sub>e emissions (metric tons) - total Scopes 1 + 2 + 3**



Despite the significant 17.2% increase in our manufactured production of steel and tubes relative to 2021, and the 10% rise in sales, we are still on track in our decarbonization drive and the three absolute targets set for 2025 on reduction of direct (Scopes 1 & 2) and indirect (Scope 3) emissions have been met ahead of schedule.

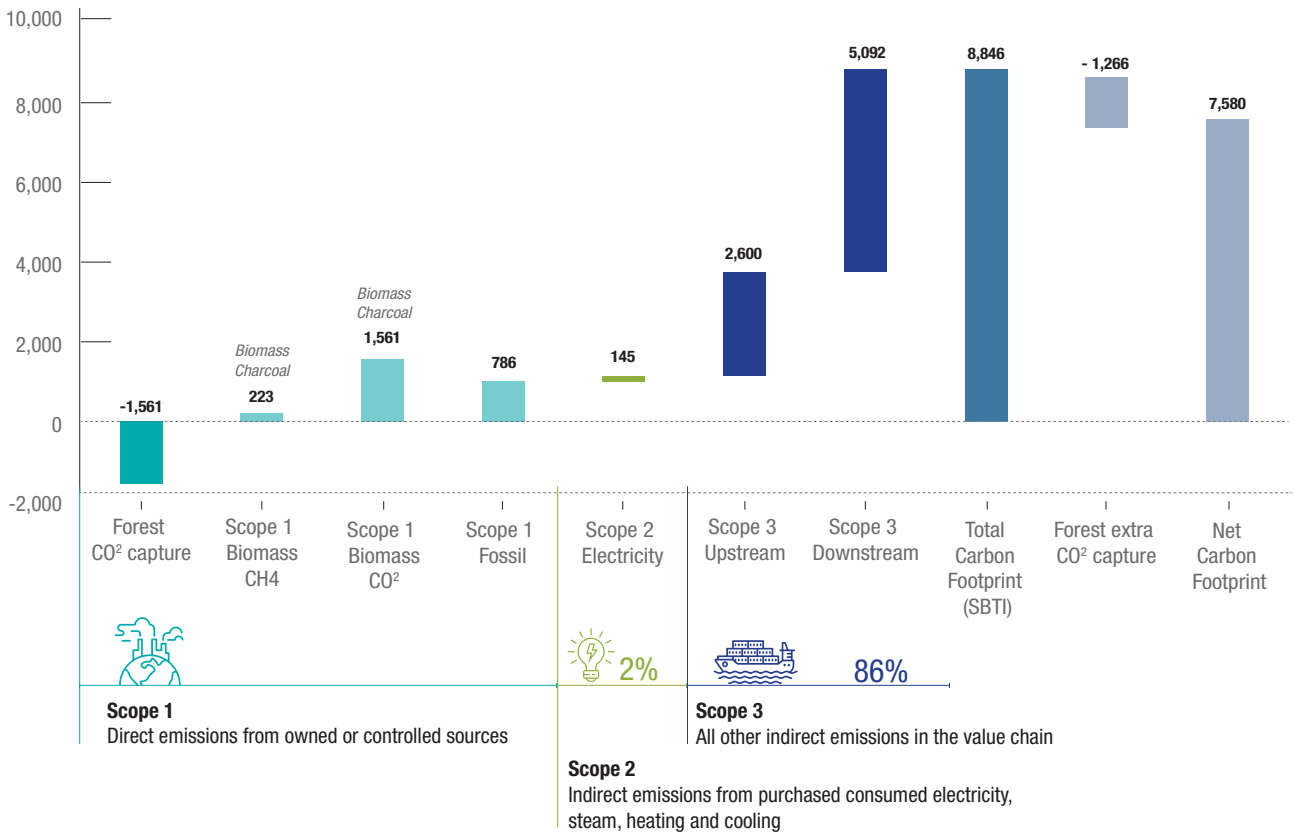
On reducing the footprint of our raw materials purchases, expressed in terms of intensity (metric tons of CO<sub>2</sub> emitted per million euros added value), in 2022, we were at 79% of the 2025 target level (71% in 2021) despite the 16% increase in internal steel production and the 7% reduction in steel purchases. This good performance was due to the decarbonization of our purchases of goods for resale, whose carbon footprint rose by only 2%, whereas added value was 8% higher than in 2021.

**b) Calculation of emissions**

Emissions were calculated using the GHG Protocol methodology, which distinguishes between direct, fossil and biogenic emissions (Scope 1), indirect emissions from electricity consumption (Scope 2), and indirect emissions (Scope 3) from other sources of emissions based on the Group's full scope. Since the 2019 assessment, Vallourec has extended the range of Scope 3 by calculating the emissions associated with the use and end of life of its products. This item was taken into account retroactively in the assessments relating to 2017 and 2018.

Vallourec decided to set the start date of recording its emissions as 2017, given that this was the year used as the baseline for calculating the reduction of the Group's carbon footprint by 2025.

In short, the full simplified carbon footprint is as follows (the detailed analysis is commented on in Appendix 4):



## SIMPLIFIED CARBON FOOTPRINT (CO<sub>2</sub>e AND CH<sub>4</sub> EQUIVALENT)

Type of emissions	2017 <sup>(a)</sup>	2018 <sup>(a)</sup>	2019 <sup>(a)</sup>	2020 <sup>(a)</sup>	2021 <sup>(a)</sup>	2022 <sup>(a)</sup>
Non-biogenic direct emissions (Scope 1) (CO <sub>2</sub> e in thousands of metric tons)	763	927	890	767	778	786
Specific emissions (in kg per metric ton processed)	169	168	168	218	186	160
Specific emissions (in kg per metric ton shipped)	338	392	389	480	475	436
Biogenic direct emissions (Scope 1) (CO <sub>2</sub> b and CH <sub>4</sub> b in thousands of metric tons)	2,348	2,626	2,106	1,968	1,943	1,784
Specific emissions (in kg per metric ton processed)	519	475	398	559	463	362
Specific emissions (in kg per metric ton shipped)	1,041	1,111	919	1,231	1,185	988
Total biogenic sequestration (Scope 1) (CO <sub>2</sub> b in thousands of metric tons)	(3,079)	(3,132)	(2,844)	(2,728)	(2,864)	(2,827)
Specific emissions (in kg per metric ton processed)	(680)	(567)	(537)	(775)	(683)	(574)
Specific emissions (in kg per metric ton shipped)	(1,365)	(1,325)	(1,241)	(1,707)	(1,746)	(1,567)
<b>Total direct emissions (Scope 1) (CO<sub>2</sub>e in thousands of metric tons)</b>	<b>33</b>	<b>421</b>	<b>152</b>	<b>6</b>	<b>(142)</b>	<b>(256)</b>
Specific emissions (in kg per metric ton processed)	7	76	29	2	(34)	(29)
Specific emissions (in kg per metric ton shipped)	15	178	66	4	(87)	(80)
<b>Indirect emissions (Scope 2) (CO<sub>2</sub>e in thousands of metric tons)</b>	<b>510</b>	<b>436</b>	<b>240</b>	<b>121</b>	<b>162</b>	<b>145</b>
Specific emissions (in kg per metric ton processed)	113	79	45	34	39	29
Specific emissions (in kg per metric ton shipped)	226	185	105	76	99	80
<b>Upstream indirect emissions (Scope 3)<sup>(b)</sup> (CO<sub>2</sub>e in thousands of metric tons)</b>	<b>3,199</b>	<b>3,453</b>	<b>3,216</b>	<b>2,178</b>	<b>2,637</b>	<b>2,598</b>
Specific emissions (in kg per metric ton processed)	707	625	607	619	629	527
Specific emissions (in kg per metric ton shipped)	1,418	1,461	1,404	1,362	1,608	1,440
<b>Downstream indirect emissions (Scope 3)<sup>(b)</sup> (CO<sub>2</sub>e in thousands of metric tons)</b>	<b>8,480</b>	<b>6,444</b>	<b>5,345</b>	<b>4,808</b>	<b>4,744</b>	<b>5,091</b>
Specific emissions (in kg per metric ton processed)	1,874	1,167	1,009	1,366	1,131	1,033
Specific emissions (in kg per metric ton shipped)	3,759	2,726	2,333	4,370	2,893	2,822
<b>TOTAL EMISSIONS (IN THOUSANDS OF METRIC TONS)</b>	<b>12,222</b>	<b>10,755</b>	<b>8,953</b>	<b>7,113</b>	<b>7,401</b>	<b>7,579</b>
Specific emissions (in kg per metric ton processed)	2,701	1,947	1,691	2,022	1,765	1,539
Specific emissions (in kg per metric ton shipped)	5,417	4,550	3,908	4,449	4,513	4,202

(a) Including emissions from Vallourec Mineração (the mine), the Jeceaba pelletization unit and the Tianda site.

(b) The items appearing under this entry are those over which the Company has a direct effect or direct influence, and for which data are available. To date, emissions pertaining to client processes are neither known nor taken into account. For the purpose of improving the knowledge of Scope 3 in light of its importance, the Group drafted in 2019, with the assistance of a specialized consultant, a methodology to determine carbon emissions of downstream items relating to the use and end of life of products used by its customers. The calculation of these emissions was carried out retroactively for 2017 and 2018.

With regard to the carbon sequestered by our Brazilian forest, the calculation for the 2022 assessment once again showed a very high level, with 2,827 kilotons compared to 2,864 kilotons in 2021.

Vallourec believes that this sequestered carbon enters into the calculation of Scope 1 biogenic emissions as a “negative” emission, with the forest acting as a carbon sink.

### Scope 1

The first observation is that our ordinary direct (non-biogenic) emissions varied by only 8 kt from 2021 to 2022. Our Scope 1 biogenic emissions decreased by 159 kt from 2021 to 2022, while CO<sub>2</sub> sequestration by our forest decreased by 37 kt.

### Scope 2

As regards Scope 2, indirect emissions resulting from electrical energy consumption dropped by 10%. This was notably due to the higher proportion of hydraulic energy in the electricity purchased in Brazil.

In the same way as since 2017, this assessment was established based on emission factors (kg CO<sub>2</sub> equivalent/kWh consumed) of Vallourec’s local electricity suppliers whenever information was available from them, in particular in France, Germany, Brazil and in the United States (Ohio and Texas).

**Upstream Scope 3**

Upstream indirect emissions (Scope 3) totaled 2,598 kt of CO<sub>2</sub>eq. in 2022, down 1% from 2,637 kt in 2021. This can be attributed in part to the decrease in CO<sub>2</sub> emissions related to the purchase of steel (51 thousand metric tons of CO<sub>2</sub> less than in 2021).

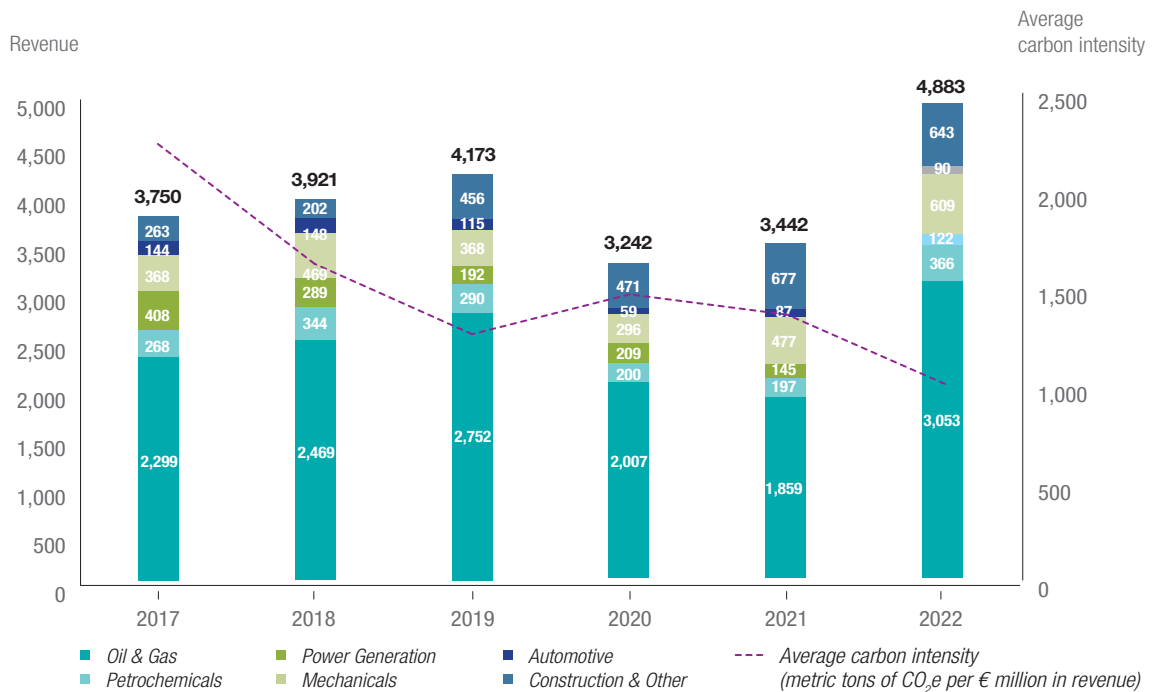
**Downstream Scope 3**

For the purpose of improving the knowledge of Scope 3 in light of its importance, the Group drafted in 2019, with the assistance of a specialized consultant, a methodology to determine carbon emissions of downstream items relating to the use and end of life of products used by its customers.

As in previous years, we carried out this calculation, which is relevant albeit approximate.

In 2022, these emissions were more significant owing to customers' use of our products and as a result this item accounted for 65% of all our indirect emissions. This item has the greatest impact, followed by steel goods for resale (27%). In 2022 it totaled an estimated 5,031 kt of CO<sub>2</sub>e emissions, compared to 4,690 kt in 2021 (4,756 kt in 2020), representing a 341 kt (7%) increase. This slight increase reflects:

- a 26% reduction in carbon intensity compared to 2021, mainly due to Vallourec's ongoing withdrawal from the conventional power plant market (the revenue from which was three times lower than in 2017);
- an increase in revenue from €3,442 million to €4,883 million in 2022.



## Summary

The carbon footprint of Vallourec in 2022 can be summarized as follows per metric ton of tubes sold:

Emissions item	Metric tons (metric tons CO <sub>2</sub> e)	Intensity (kg CO <sub>2</sub> e/metric ton)
Direct fossil fuel emissions (Scope 1)	786,154	436
Biogenic direct emissions	1,784,059	989
Sequestration by our forest	(2,827,210)	(1,567)
<b>TOTAL DIRECT EMISSIONS (SCOPE 1)</b>	<b>(256,997)</b>	<b>(142)</b>
Electricity purchases (Scope 2)	145,143	80
<b>TOTAL EMISSIONS (SCOPES 1 &amp; 2)</b>	<b>(111,854)</b>	<b>(62)</b>
Upstream indirect emissions	2,599,574	1,441
Downstream indirect emissions	5,091,787	2,822
<b>TOTAL INDIRECT EMISSIONS (SCOPE 3)</b>	<b>7,579,507</b>	<b>4,202</b>

In 2022, thanks to the carbon sequestered by the Brazilian forest, the direct carbon footprint (Scope 1) of tubes sold by Vallourec was a negative 142 kg per metric ton, and a negative 62 kg including electricity purchased (Scope 2).

In relation to Vallourec's revenue in 2022 (€4,883 million), the carbon intensity (Scopes 1 & 2) was very low by industrial standards. The business continues to be considered a low-emissions entity.

### C. CO<sub>2</sub> sequestration by our Brazilian forest

In 2015, a detailed analysis of the carbon cycle for the forest operated in Brazil was completed with the help of university and institutional experts.

The study, which took place over several years, aimed to provide evidence that the Company had managed this forest responsibly from a carbon emissions standpoint, that it had a sound methodological basis that would allow it to estimate the emissions with sufficient precision, and, correspondingly, to set a medium-term emissions objective.

The 164,348-hectare forest area operated by Vallourec Soluções Tubulares do Brasil (VSB) through its Florestal subsidiary comprises a planted area of 85,532 hectares and a protected area of 63,782 hectares. The native forest areas are left untouched while the remainder is cultivated. Every year, about one seventh of the cultivated forest is cut down for the production of charcoal, and that area is then immediately replanted. As they grow, trees absorb CO<sub>2</sub>. The trunks of harvested trees are transformed into charcoal, with a high carbon content, in furnaces designed for that purpose. The charcoal then enters the cast iron manufacturing process needed to manufacture steel in addition to iron ore. The charcoal combustion involved in this process produces CO<sub>2</sub> emissions. The widely accepted industry assumption in Brazil has so far considered that this CO<sub>2</sub> is gradually reabsorbed by the forest during its growth, by photosynthesis.

The study in question provided specifics, over a long period, about the quantity of carbon involved from the twofold perspective of measuring stock and measuring the flows of carbon and greenhouse gas, taking into account initial deforestation operations. It was conducted by VSB's Sustainable Development Department, with the assistance of the University of Lavras, Professor Caetano of the University of Viçosa, and with the participation of Professor Sampaio

as an expert consultant from the SR office of the GeoConsult consultancy firm, all under the methodological supervision of the National Forests Office, in France.

The study considered the scientific research and data that have been available for the past 30 years, and in particular used public aerial surveys, which allowed the scope and nature of the native or exploited forest to be determined over this period.

Particular care was taken, firstly in calculating the emissions at each stage in the processes of exploiting the forest and carbonization, using the scientifically recognized methods, and secondly, with regard to analyzing the phenomena of carbon sequestration in the atmospheric and underground biomass. The study lastly concerned the role of soil from the viewpoint of carbon retention, thanks in particular to on-site measurement initiatives on various kinds of soil, and around stumps and roots of trees at various stages of growth.

In essence it shows that, in the 1983-2013 period, i.e., in 30 years, the forest sequestered 29.6 million metric tons of CO<sub>2</sub> equivalent, after taking into account the particular property of methane as a greenhouse gas emitted during carbonization. It also shows that, after considering the CO<sub>2</sub> emissions during the cast iron manufacturing process in the blast furnaces, the net sequestration over this period was 7.4 million metric tons, or on average 250,000 metric tons per year, whereas until now, due to the conservative assumptions adopted, the estimated annual analysis was an emissions level of around 300,000 metric tons.

Based on this information, it was thus possible to redefine a method for calculating the carbon footprint of the forest/blast furnace system that was used to establish the Group's annual carbon analysis since 2015 on more precise bases.

Given the methodological changes, over the coming years, Vallourec plans to update the method used to calculate the carbon sequestered by its Brazilian forest, with the help of its Vallourec Soluções Tubulares do Brasil teams and a specialized firm.

### D. Emissions regulation systems

Since 2013, both French and German tube mills have fallen within the scope of Directive No. 2003/87/EC of the European Parliament and of the Council of October 13, 2003 establishing the European Community Emissions Trading Scheme.

Pursuant to Commission Delegated Regulation (EU) 2019/331 of December 19, 2018, Commission Implementing Regulation (EU) 2019/1842 of October 31, 2019 and the Commission decision of June 29, 2021, at the end of 2021, the national environmental authorities informed us of the total free emission quotas allocated for the years 2021 to 2025 in phase 4 of the ETS system, along with the yearly amounts for each of the eight Vallourec facilities concerned (four in France and four in Germany).

The considerable reduction in Vallourec's activity and industrial footprint in France and Germany these past few years had the result of reducing the amount of free allocations compared to those previously received by the Group.

The following annual quotas are allocated to the sites concerned for the period 2021 to 2025:

- 93,720 metric tons for Germany in 2022 (same amount as in 2021);
- 16,102 metric tons for France, compared with 25,788 in 2021, a decrease of 38%. Following the major scale-back in operations

### 4.2.2.3 Adapting to climate change

#### I. STRATEGY

The findings of the risk study referred to in section 4.2.2.1 were submitted to the regional and site management teams concerned, with adaptation plans brought in accordingly.

Adaptation measures against the impacts of climate change may also be imposed by various local authorities. For example, the Brazilian authorities determined that the exceptional rainfall risk for a 100-year period should be substantially increased in relation to the dikes protecting the Santa-Barbara dam built in 1995 to collect the runoff from Vallourec's iron ore mine in Pau Branco. Vallourec accordingly began work on an overflow weir. An overflow weir was also built at the mine's other rainwater retention dam, Lisa, which is smaller. The Vallourec Mineração teams have implemented a system to continuously monitor the structural soundness of these dams, linked to an alert system. Emergency exercises are organized internally and for the local populations concerned.

#### 4.2.2.4 European Taxonomy

The European Union (EU) published Regulation 2020/852 on June 18, 2020 (the "Taxonomy" regulation), which sets out a framework for facilitating sustainable investment in the EU. In accordance with this regulation, the Group has published performance indicator values for 2022 showing the proportion of its revenue, capital expenditure and operating expenditure that is classified as eligible and aligned under the Taxonomy, i.e., arising from products and/or services related to economic activities considered sustainable within the meaning of the Regulation and its Delegated Acts for the Taxonomy's first two objectives, i.e., climate change mitigation and climate change adaptation. In addition to these two climate objectives, the Taxonomy also covers four environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems, for which the criteria will be published at a later date.

since the second half of 2020, the Déville-lès-Rouen (France) plant is not included in the scope of consolidation for 2022. In addition, the Montbard plant in France was sold at the end of the first quarter of 2022.

CO<sub>2</sub> emissions from the four German sites in Rath and Mulheim remained fairly steady with 98,261 metric tons in 2022, compared to 97,419 metric tons in 2021. The slight 5% deficit in quota allocations compared with actual emissions in 2022 will be compensated by reserves accumulated in recent years.

The Aulnoye-Aymeries site has reduced its CO<sub>2</sub> emissions by 20%. This reduction is explained by implementation of the action plan on reducing energy consumption and the temporary shutdown of certain energy-consuming facilities. In 2022, actual emissions from Vallourec's sites in France (14,838 metric tons of CO<sub>2</sub>) were below the quota allocations.

These figures will be confirmed once all regulatory verifications of annual greenhouse gas emission declarations of our European plants have been carried out, in the first half of 2023.

#### II. ACTIONS TAKEN

With flooding identified as the most significant operational risk in terms of potential climate-change impact, several sites have upgraded their flood contingency plans.

Here are some examples:

- at the Barreiro site in Brazil, protection is being enhanced against flooding from heavy rainfall in an urban environment;
- at the Chuzhou site in China, a stormwater emergency response plan has been upgraded;
- at the Vitoria site in Brazil, the existing flood emergency response plan has been upgraded;
- at the Muskogee in the United States, a dam is to be constructed, following the awarding of a grant for flood mitigation projects to the city by the U.S. Economic Development Administration;
- at the Houma site in the United States, quarterly inspections of gutters and roof drains are now performed at the request of our insurers.

On the objectives of mitigating and adapting to climate change, an initial assessment of the eligibility of the Group's activities was carried out in 2021. This involved a detailed analysis of all activities, performed jointly by the Sustainable Development Department, the Finance Department, the Investments Department, the Consolidation and Financial Reporting Department, and the Group's various business lines, with regard to:

- Delegated Regulation (EU) 2121/2139 of June 4, 2021 and its annexes, which supplements Regulation (EU) 2020/852<sup>(1)</sup> by specifying the technical criteria for determining the conditions under which an economic activity may be considered as contributing substantially to mitigating or adapting to climate change, while not causing any significant harm to any of the other environmental objectives;

(1) <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32021R2139&from=EN>



- Delegated Regulation (EU) 2021/2178 of July 6, 2021 and its annexes, supplementing Regulation (EU) 2020/852<sup>(1)</sup> and specifying the content and presentation of the information that companies are required to disclose on their environmentally sustainable economic activities, and the methodology used for complying with this disclosure requirement.

The methodology behind the Group's analysis (definitions, assumptions and estimations) is outlined below.

## I. DETERMINATION OF TAXONOMY-ELIGIBLE ACTIVITIES

The list of Taxonomy-eligible activities was drawn up following a full review of the Group's portfolio of activities and products, on the basis of the activities listed in Annex I and II of Delegated Regulation (EU) 2021/2139.

The Group offers smart and sustainable tubular solutions, including steel tubes and related services, under NACE code 2420, "Manufacture of tubes, pipes, hollow profiles and related fittings, of steel" in the European statistical classification of economic activities. This activity, listed in category 3.9 "Manufacture of iron and steel" of the European Taxonomy, is a transition activity considered as eligible.

Since the activities concerning operation of the mine in Brazil (NACE code 0710) and the services provided by Serimax (NACE code 2790) are not listed in the European Taxonomy, the Group has placed them in the non-eligible category.

## II. DETERMINATION OF TAXONOMY-ALIGNED ACTIVITIES

Working from the list of activities determined as eligible, the Group identified those that met the three following alignment criteria:

- **substantial contribution:** contribute to one or more of the environmental objectives set out in the Taxonomy while meeting the technical criteria of the Delegated Regulation (EU) 2021/2139;
- **DNSH ("Do No Significant Harm"):** do not cause any significant harm to any of the six environmental objectives, because in addition to making substantial contributions to at least one of the environmental objectives, the Group must ensure that it does not compromise achievement of the other five;
- **minimum safeguards:** comply with the OECD and UN guidelines.

### A. Substantial contribution

The manufacturing of seamless steel tubes under the activity "Manufacture of iron and steel" substantially contributes to the objective of climate change mitigation, if it meets the technical criteria set out in Annex I of Delegated Regulation (EU) 2021/2139.

Analysis of the steel production methods at our industrial sites in Brazil and the United States found that only the steel produced in the United States meets the technical criteria required for alignment.

All the steel produced at the Youngstown (Ohio) steel mill is made from recycled scrap iron. Electricity from low-carbon sources is supplied under agreements accompanied by a 100% nuclear certificate of origin.

This manufacturing process ensures compliance with the technical alignment criterion for electric arc furnace steel production as specified by the Commission's Delegated Regulation (EU) 2019/331. This specifies a scrap steel input of at least 70% for high-alloy steel production and 90% for carbon steel production, with respect to total production.

### B. "Do No Significant Harm" (DNSH)

For the sites in the United States that meet the criterion of substantial contribution to climate change mitigation, the findings on the five other criteria are as follows:

#### a) Climate change adaptation

In 2019, the Group commissioned an external firm to conduct a study of the risks related to the consequences of climate change in the regions where it operates, including production sites related to the aligned activities. The assumptions are based on eight climate risks considered liable to impact the Group's activities among those listed in Appendix A of Delegated Regulation (EU) 2021/2139, namely a review of the activity to identify physical climate risks; an assessment of risk and vulnerability and an assessment of adaptation options to reduce the risk(s). The conclusions of this study are detailed in section 4.2.2.1 "Inherent climate-change risks" of this Universal Registration Document.

#### b) Sustainable use and protection of water and marine resources

The Group performed its analysis based on ISO 14001 certifications of the steel and seamless tube production sites in the United States which met the technical alignment criteria for climate change mitigation. With these audits, carried out by third-party bodies, the Group can implement best practices, and measure and limit its environmental impact.

#### c) Transition to a circular economy

According to the Delegated Regulation, the activity "3.9 Manufacture of iron and steel" does not do any significant harm to the achievement of this environmental objective as steel is highly recyclable.

In 2022, the electric process (Youngstown and Jeceaba steel mills) accounted for 78.6% of Vallourec's internal steel production, compared with 75% in 2021. The increase in scrap metal recycling contributes to reducing the use of natural raw materials.

In addition, 97.3% of the Group's waste is recycled through the By-products program, detailed in section 4.2.5.4 of this document.

#### d) Pollution prevention and control

The Group regulates the use of chemicals in compliance with the European regulation REACH 1907/2006 on the safe manufacture and use of chemical substances in European Industry, and with the relevant national regulations in countries outside the European Community.

Currently, some of the chemicals listed in Appendix C of Delegated Regulation 2021/2139 of June 4, 2021 are used in the Group's steel and seamless tube manufacturing processes, thus impeding the same alignment that applies to the technical criteria.

In 2012, the Group launched the Chemsafe program to reduce the use of CMR (carcinogenic, mutagenic, reprotoxic) products. For details on this, see sections 4.1.2 "Risk management in health and safety risks" and 4.3.2.1 "Health and safety".

(1) <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32021R2178&from=FR>

### e) Protection and restoration of biodiversity and ecosystems

The production sites in the United States that meet the criterion of substantial contributions to the objective of climate change mitigation are ISO 14001 certified, attesting to respect for surrounding biodiversity and ecosystems.

### C. Minimum safeguards

With regard to the “Minimum safeguards” regulatory criterion, wherever it operates, the Group is committed to respecting internationally recognized human rights, and particularly the Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the Voluntary Principles on Security and Human Rights (VPSHR) (see section 4.1.5) and the fight against corruption, business ethics and tax compliance (see section 4.4.3). The Group refers to these standards when reviewing compliance of its aligned activities.

### III. INDICATOR CALCULATIONS

The Group calculated indicator values in compliance with the requirements of European Commission Delegated Regulation 2021/2178 of July 6, 2021 and its annexes, which supplements Regulation (EU) 2020/852, using its existing reporting processes and systems.

The results cover all Group activities included in the financial consolidation scope at December 31, 2022.

Financial information comes from the Group's information systems (derived from the consolidation software) during the annual accounts closing. It underwent analysis and verification carried out jointly by local and central teams, to ensure consistency with the consolidated revenue and capital expenditure figures in the consolidated financial statements, and was then reviewed by the Finance Department, the Sustainable Development Department, the Investments Department, and the Consolidation and Financial Reporting Department.

### A. Revenue

The proportion of eligible and aligned revenue is calculated on the basis of analytical accounting of items considered eligible and aligned. 73.3% of consolidated revenue (€4,883 million), is generated in the Oil & Gas and Petrochemicals sector. The Group's Taxonomy-eligible revenue represents 93% of its overall revenue (mine operation, pellet manufacturing and Serimax's activities are not eligible). This percentage is assessed in relation to the denominator of €4.882m as published in Note 2.2 Turnover in chapter 6.

### B. Capital expenditure

The proportion of eligible capital expenditure is determined by dividing the total capital expenditure of eligible activities by the total capital expenditure appearing in the consolidated financial statements.

Based on eligible capital expenditure, the Group is not in a position to disclose aligned capital expenditure for its steel production activities at its sites in the United States. This is due to the use of chemicals listed in Appendix C of Delegated Regulation 2021/2139 of June 4, 2021, which is not compliant with the “Do No Significant Harm – DNSH” principle for the “Prevention and control of pollution” objective.

In Brazil, capital expenditure related to the Carboval project is considered eligible and aligned on the basis of Article 10 of European Regulation 2020/852. This Vallourec-patented continuous carbonization technology for converting wood into charcoal contributes substantially to the stabilization of greenhouse gas concentrations in the atmosphere, by avoiding methane emissions from pyrolysis.

The percentage of CAPEX is assessed by reference to the denominator of the acquisition of property, plant and equipment during the year (i.e. €190.3m) plus the acquisition of rights of use (i.e. €37.8m) as mentioned in note 4.4 of chapter 6.

### C. Operating expenditure

The operating expenditure calculated by the Group in application of Annex 1 of European Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 was restricted to the following categories:

- research and development expenditure, including related personnel expenses;
- expenditure on maintenance, servicing and repair of industrial equipment and buildings, including related personnel expenses;
- other direct expenses on running maintenance of property, plant and equipment by the company or third parties commissioned with such activities, as required for continued operation.

The Group has estimated that the denominator amount of operating expenses (“OPEX”) to be analyzed under the Taxonomy would be 6.7% of its total operating expenses. In view of the eligibility and alignment criteria of its activities, the percentage relating to eligible activities would be automatically reduced. The Group therefore considered this amount not to be material and decided to use the exemption from disclosure provided for in European Regulation 2021/2178.

Business activities	Eligible activities		Activities meeting the technical criteria <sup>(1)</sup>		Aligned activities	
	Revenue	CapEx	Revenue	CapEx	Revenue	CapEx
<b>Production of steel tubes and related services</b>	€4,544m	€173m	€1,655m	€37m	0	0
	93%	76%	34%	16%	0%	0%
<b>Carboval</b>		€4m		€4m		€4m
		2%		2%		2%
<b>TOTAL</b>	<b>€4,544M</b>	<b>€177M</b>	<b>€1,655M</b>	<b>€41M</b>	<b>0</b>	<b>€4M</b>
	<b>93%</b>	<b>78%</b>	<b>34%</b>	<b>18%</b>	<b>0%</b>	<b>2%</b>

(1) Voluntary indicator chosen by the Group indicating the percentage of activities aligned if the DNSH criterion on pollution had been met.

The tables referred to in European Commission Delegated Regulation 2021/2178 setting out the details of revenue, Capex and Opex indicators are provided in Appendix 5, “Summary of Taxonomy-related indicators” of this Universal Registration Document.

### 4.2.3 Sustainable use of water resources

#### SDG 6.3, 6.4

The main uses of water within the Vallourec group are:

- operation of the Florestal eucalyptus forest (Brazil);
- extraction of iron ore from the Vallourec Mineração iron mine and manufacturing pellets in Jeceaba;
- cooling hot machinery (steel manufacturing and rolling tubes);
- cooling tubes after heat treatment;
- solidifying liquid steel (continuous cast);
- surface treatments, hydraulic operations, non-destructive tube tests and cooling of other tools in the manufacturing process;
- emptying of dissolved or undissolved process substances;
- sanitary purposes by personnel employed at the sites.

In 2022, the water used across the Group's entire scope totaled nearly 10.3 million cu.m., 0.58 million cu.m. of which came from rainwater recovery. In 2021, the volume was 11.2 million cu.m., including rainwater.

#### 4.2.3.1 Risks regarding water as a natural resource

Climate change makes water stress a major issue for the planet, and access to water is becoming increasingly fragile. Water represents one of the biggest environmental challenges faced by the Group, because of its crucial importance to the well-being of populations, because of the criticality of risks of shortage or competing usages, and because water is, quantitatively speaking, the main resource needed in production processes.

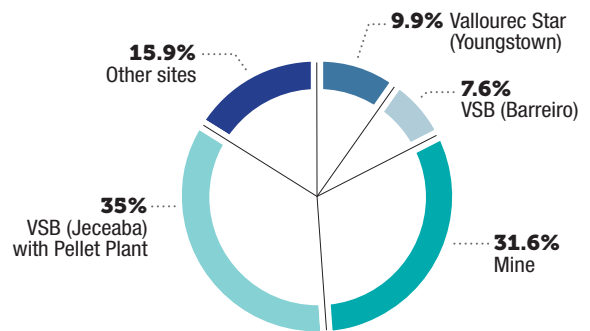
A study of climate change impact risks (see section 4.2.2.1) highlighted a number of specific risks in this area, including the scarcity of water resources at a number of sites.

The Group has also assessed its "Water Footprint" using the Water Impact Index.

Water intake represented about 58% of total resources, slightly lower than the 60.4% figure for 2021 (58% in 2020 and 54.6% in 2019). This observation demonstrates the importance of continuing improvements in our management of water resources.

Of this amount, 32% concerns the mine, for which the recorded water comes from pumping in groundwater extraction wells, and this water is mainly returned to the natural environment.

#### DISTRIBUTION OF WATER INTAKE BY SITE IN 2022\*

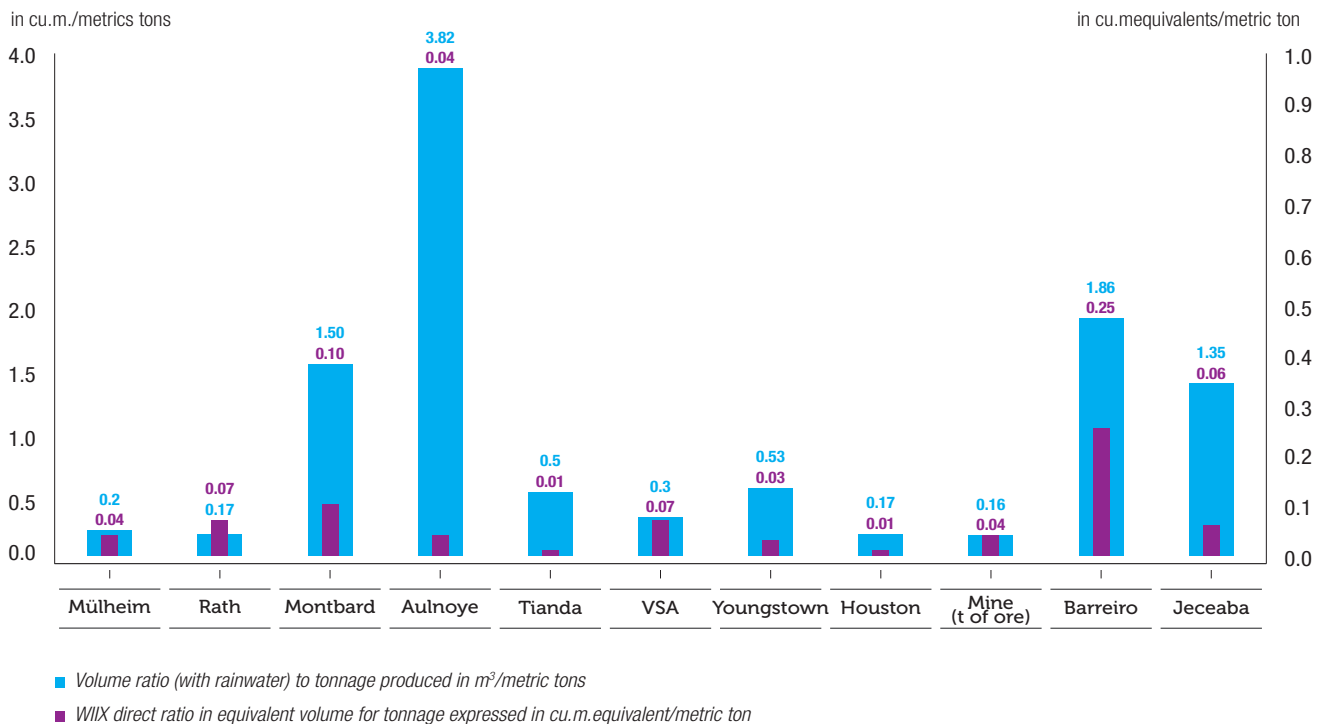


\* Excluding rainwater.

This indicator takes into account the volumes abstracted and discharged, the quality of the abstracted and discharged water, and stress factors (water scarcity and the hydrological context). Expressed in equivalent meters cubed as related to the site's production, it synthetically measures the impact of each site with regard to the available water resources in the basin to which it belongs.

Launched in 2011, this study was repeated in 2015 and again in 2018 for the 11 largest sites: in Germany (Mülheim, Rath), France (Montbard, Aulnoye-Aymeries), China (Tianda), Saudi Arabia (VSA), the United States (Youngstown, Houston) and Brazil (Pau Branco iron mine, Barreiro and Jeceaba). In order to take into account the latest developments in the conditions of catchment areas, a more precise stress factor was used in the study: the **AWARE indicator**, which was developed in 2016 as part of the WULCA (Water Use in Life Cycle Analysis) university project.

The WIIX measures the impact of water intake and returns in the basin concerned.



The Group's industrial sites have varying degrees of resilience to water supply risks. The Group is paying close attention to its Brazilian sites:

- the Aulnoye-Aymeries site uses almost exclusively rainwater collected on its site. The use of this large volume with regard to metric tons produced thus has little impact, despite it being a very fragile basin;
- water consumption is controlled at the sites at Youngstown (integrated site with an electric steel mill and two rolling mills) and Houston (several finishing shops). In the Ohio region where the Youngstown site is located, there are many dams and rivers providing good quality water, which means WIIX is low. That being said, the climate change impact assessment did mention the risk of water scarcity;
- in Brazil, the Barreiro plant is located in a growing urban area. The tap water used is thus in competition with the needs of the population. The Jeceaba plant has a blast furnace, an electric steel mill, a rolling mill, and finishing shops, so demand for water is considerable. Water is drawn from the river, treated on-site and then returned to the natural environment for the most part. The Pau Branco mine pumps very large quantities of water to be able

to access the iron ore, and to keep the piles stable. In 2022, 80% of this water was released back into the natural environment (irrigation and river). Generally speaking, sites in Brazil may be exposed to water scarcity risks;

- the Tianda site in China consumes mostly tap water, but rivers and lakes abound in the region;
- at Vallourec Saudi Arabia, desalinated seawater is used, which makes for a low risk despite the desert location.

The general conclusion is that the impact from water intake in the Group's sites is reasonable, as a result of the management efforts taken. The average WIIX is around 0.07 cu.m. equivalent per metric ton with a maximum of 0.25 for the Barreiro site. These figures are comparable to the WIIX of major integrated European steel sites, which are between 0.20 and more than 0.30. The Vallourec Group can therefore demonstrate very responsible water resource management. However, with the transfer of production from the German sites to Brazil, the increase in capacity at the Jeceaba and Barreiro sites, and the risk of water scarcity in Brazil, risk levels at these two Brazilian sites are being reevaluated and a specific monitoring system will be introduced in 2023.

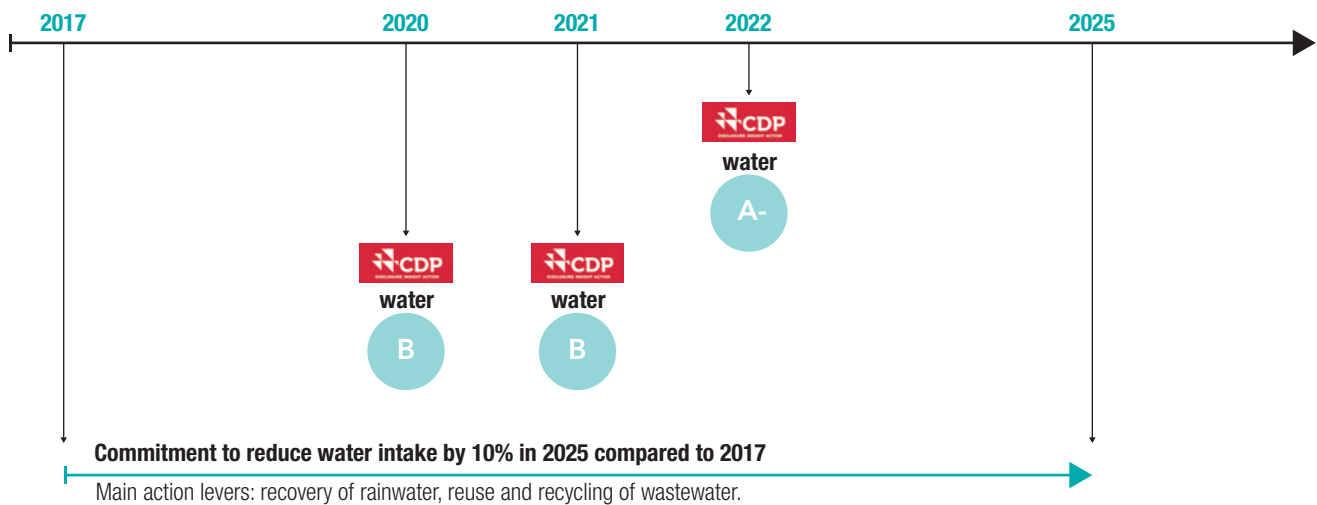
### 4.2.3.2 Strategy and key commitments

Water management is not limited to measuring intake in natural environments or municipal networks, nor to monitoring the quantity and quality of waste.

The materiality analysis mentioned at the beginning of the chapter showed that stakeholders are paying greater attention to water management. In 2019, the Group announced its commitment to a **10% reduction in water intake by 2025 compared to 2017**. In 2022, it decided to consider **water management as one of its three major environmental challenges (along with combating climate change and reducing CMR products in its production units)**.

Quantified objectives and targeted operational action plans are being rolled out at each of its industrial sites accordingly (see section below).

In 2019, the Vallourec group also committed to responding to the “Water questionnaire” of the Carbon Disclosure Project (CDP) each year, to obtain an independent third-party assessment of the efficacy of its approach and the results of its action plans. Vallourec obtained an “A-” rating in 2022, an improvement on the 2020 and 2021 rating and much better than that obtained by the overall industry of “Metal smelting, refining and forming”, which was rated “C”.



### 4.2.3.3 2023-2025 action plans and actions

Over the past few years, Vallourec has focused on setting up **systems for collecting rainwater and increasing reuse rates**.

However, in 2020, the brutal economic and health crisis led to an increase in specific water intake (including rainwater) in cubic meters per metric ton processed, chiefly owing to disrupted operation of plants caused by under-activity and repeated shutdowns/restarts, as well as the continued operation of certain units.

Vallourec continues to step up rainwater collection and reuse at its major industrial sites, reducing the intake of surface and groundwater. In 2022, Vallourec recovered and used some 586,000 cu.m. of rainwater, compared with 957,000 cu.m. in 2021 and 878,000 cu.m. in 2020. This decrease was chiefly due to the shutdown of activities at certain sites in France that only used recovered water.

The main actions undertaken in recent years are:

- **installation of a 1,500 cu.m. buffer tank** at the Barreiro site in Brazil, which has provided a means of storing excess process water and rainwater for subsequent use. This reservoir has allowed us to reduce our use of tap water;
- Vallourec Florestal in Brazil invested in **improved soil sealing** and in a **water storage tank**. As a result, some 16,000 cu.m. of water did not have to be taken from the natural environment, reducing the nursery’s water consumption;

- in the United States, since the beginning of 2020, VSTAR Youngstown’s FQM rolling mill has been collecting rainwater to reduce its drinking water consumption. The rainwater downpipes connected to the roof of the 8,000 sq.m. water treatment plant were diverted to the treatment facilities, allowing rainwater to be **reintroduced into the plant’s water circuits**. The site continued its efforts to reach **99% reuse**, by improving control of the automatic discharge triggers. This major action brought reductions in the amount of tap water top-up in FQM consumption;
- in Indonesia, the site installed **three tanks to recover rainwater** from the roofs. Since the first quarter of 2022, the water distribution network is being developed so that the rainwater can be used in production operations, thereby reducing intake from the natural surroundings. Meters will be installed in 2023 to accurately measure the reductions made.

The roadmaps for each production site for 2023-2025, as approved by the Environment Committee, include the following measures and projects:

- step up the setting up of **metering systems** in order to control process water consumption and detect abnormal leakage in real time. These systems are being set up at the sites in Brazil and Asia;
- install **water basins** and pumps at the Tianda site with the aim of saving 18 cu.km. of tap water per year, i.e., 15% to 20% of the site’s total water consumption;

- continue targeted management to **maximize water reuse** at all sites and **reduce evaporation**. Prioritizing the cascading of systems. Investments have been planned at the Mine to increase water reuse in the iron ore processing units and the washing of machine and truck wheels;
- optimize the fixed and variable consumption of water at all sites to **adapt as much as possible to the business cycle**;
- **reduce the impact of road watering** used for dust control. For example, dust removal accounts for approximately 3 to 5% of the

annual water intake at our Youngstown site. Studies are underway on the construction of specific on-site basins to collect rainwater for road watering;

- **promote best practices** across the sites with the most compliant sites sharing their knowledge and processes in this area;
- continue monthly measurement of water intake and discharges at corporate level to **maintain strong performance accountability** at each site.

#### 4.2.3.4 Measuring our performance

##### I. MONITORING OUR COMMITMENT

In 2019, the Group announced its commitment to **reduce its water intake by 10% by 2025 with respect to baseline year 2017**. Performance at site level is closely monitored accordingly.

Year-by-year performance at Group level is as follows:

##### WATER INTAKE AT PRODUCTION UNITS\* (EXCLUDING RAINWATER RECOVERY)

Year	Total water intake (cu.m.)	Water intake per metric ton processed (cu.m./metric ton)
2016	5,672,035	1.85
2017	6,179,371	1.36
2018	6,889,346	1.25
2019	6,412,443	1.21
2020	5,711,575	1.62 (1.38)
2021	6,614,828	1.58 (1.35)
<b>2022</b>	<b>6,464,419</b>	<b>1.31 (1.19)</b>

\* For steel mills, tube mills, finishing lines, and related services.

##### II. SPECIFIC CASE OF THE MINE

The Vallourec Mineração “Pau Branco” iron mine is located in the surrounding area of the cities of Nova Lima and Brumadinho, in the State of Minas Gerais (Brazil). It has a total area of 1,373 hectares, of which 32% is industrial area, 20% is an environmental protection region, and 48% is unused space.

At this stage, it is interesting to note that the developments in mining processes have led water usage to be significantly reduced, as follows:

##### WATER INTAKE NEEDED FOR THE “VALLOUREC MINERAÇÃO” MINE PROCESSES

Year	2017	2018	2019	2020	2021	2022
Iron ore production (in metric tons)	4,394,245	4,693,317	6,269,028	7,904,437	8,297,517	4,069,231
Total water intake (in cu.m.)	2,967,715	3,097,651	2,862,980	4,222,303	3,754,433	3,078,069
cu.m./metric tons of iron ore	0.68	0.66	0.46	0.53	0.45	0.76

A new iron ore treatment process introduced in 2015 involves filtering the mine water/waste mixture (“tailings”) produced by the process instead of spreading it (as previously) across a 3 million cu.m. hydraulic disposal site contained by a dam. This allowed the **humidity rate of the mixture to be reduced from 70% to 15%**, and to establish “dry” storage on the mine site, which eliminates any risk to the stability of the dam, which is now out of service, while the water collected is reused. This process is exemplary in the industry, and in 2017 the Vallourec mine received the Group’s annual “Environment” trophy.

In 2020, the implementation of the extension project enabled the mine to increase its production by 26.1% compared to the previous year, mainly in the second half of the year. However, this work,

combined with a very dry season, had an impact on its water intake, which increased by 47.5% due to higher traffic, more frequent watering of roads and regulated cleaning of machinery and trucks. This resulted in a temporary increase in the ratio per metric ton during the period. In 2021, with the completion of works and the introduction of operating standards, the ratio (cu.m. per metric ton of iron ore) fell back to below its 2019 level.

In 2022, the incident that occurred in January (see section 4.2.2.1) led to a shutdown of several months. However, to maintain the stability of the mine, the water intake circuits continued to operate, thus impacting the specific water intake of 0.76 cu.m. of water per metric ton of ore.

### III. TUBE AND STEEL MANUFACTURING

In 2019 and 2020, we carried out substantial work to improve our understanding of the range of water uses by our steel mills, rolling mills and finishing units and therefore better reduce water consumption. Since 2021, Vallourec has been conducting annual **water** assessments to identify all unchanneled discharges.

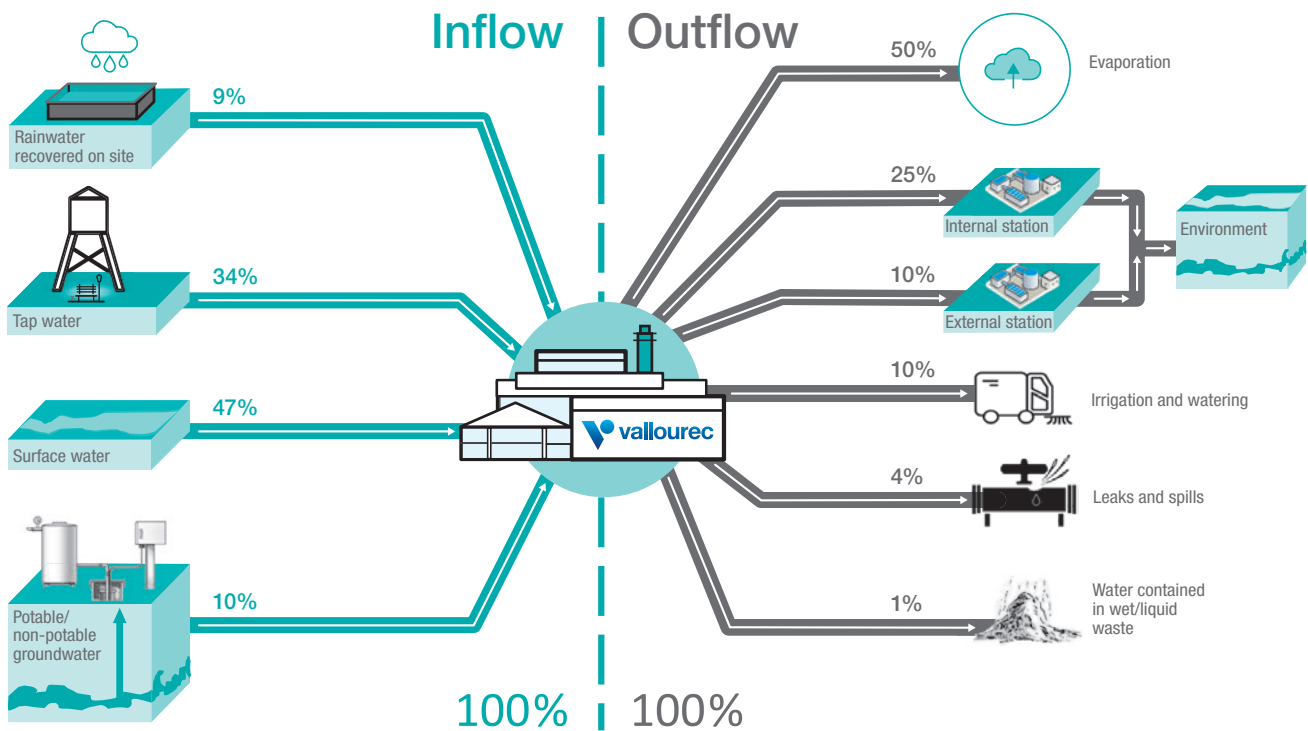
The 2022 assessments break down as follows (excluding mine, pellets and forest):

#### INCOMING

Type of water	cu.m.	%
Tap water	2,195,340	34%
Surface water	3,024,368	47%
Groundwater	663,980	10%
Rainwater	580,731	9%
<b>TOTAL INCOMING</b>	<b>6,464,419</b>	<b>100%</b>

#### OUTGOING

Water usage	cu.m.	%
Discharge to external treatment station	668,923	10%
Discharge to internal treatment station	1,615,270	25%
Evaporation	3,198,317	50%
Irrigation and watering	633,634	10%
Leaks and spills	273,298	4%
Water in waste	74,976	1%
Stock shortfall	1	0%
<b>TOTAL OUTGOING</b>	<b>6,464,419</b>	<b>100%</b>



It should be noted that the water reuse rate in the circuits of the integrated plants (steel mill and tube mill) totals approximately 98%, which allows for limiting the intake of water, which is still the primary resource used in our processes.

## 4.2.4 Preventing pollution risks

SDG 6.3, 12.4, 12.5, 14.1

### 4.2.4.1 Risks of water, air and soil pollution as well as risks related to hazardous substances and noise pollution

The Group's manufacturing processes involve working with molten materials at very high temperatures using heavy machinery and equipment. The ensuing risks include industrial accidents, explosions, fires, and environmental hazards such as accidental discharge of polluting or dangerous products<sup>(1)</sup>, liable to cause unforeseen interruptions to its business, total or partial destruction of facilities, pollution or even personal injury or death.

Such events may involve the Group in legal proceedings for damages against it and/or lead to the application of penalties, and may have an adverse effect on the Group's business, reputation, earnings and outlook.

The Group's production activities in the various countries where it has a presence are subject to numerous and wide-ranging environmental, public health and safety regulations which are constantly being updated. These regulations concern, in particular, the prevention of major accidents, use of chemicals, disposal of wastewater, disposal of hazardous industrial waste, and noise pollution. Their purpose is to ensure that the Group is in control of the various environmental risks inherent to its activity, including atmospheric, aquatic and soil pollution, and the risk of damage to biodiversity.

### 4.2.4.2 Discharges into water

#### I. STRATEGY

In addition to optimizing its use of water resources (further details in section 4.2.3), Vallourec also seeks to reduce the quantities of process water discharged into city networks or the natural environment after being treated at internal purification plants, thereby significantly improving internal water recycling.

The sites monitor their polluting discharges and the Group reports annually on total discharges into the natural environment.

The Group's activities also require numerous permits and authorizations in areas such as the environment, safety, and public health. These include operating licenses, wastewater discharge permits, water withdrawal permits, and permits for the transport or landfill of hazardous waste products, all of which may be renewed, modified, suspended or potentially revoked by administrative and government authorities. The Group strives to strictly comply with these authorizations and, more generally, with environmental laws and regulations. Maintaining compliance with existing regulations and standards results in costs and expenses that could increase significantly in the future if new regulations or stricter standards were to be adopted.

In addition, the authorities and courts might require the Group to carry out investigations and cleanup operations, or even restrict its activities or close its facilities temporarily or permanently, and/or require it to pay fines. As regards its former activities, the Group could be held responsible in the event of damage to persons or property, which could adversely affect its earnings.

#### II. ACTION PLANS

Action plans are adapted to local conditions in each geographical area. For example:

- in Brazil, the Barreiro site has worked on the quality of its effluents so that it can discharge directly into the waterways and thus reduce the burden on the city's water treatment plant. Thanks to the reduction of its effluents, the site can therefore focus on the treatment of other water effluents and widen the availability of drinking water to local populations. This initiative has been approved by the environmental authorities of Minas Gerais;
- the Jeceaba site has automated the dosing system for effluent treatment chemicals, increasing the reliability of the treatment process;
- in 2022, the Youngstown site in the United States optimized its chemical treatment of effluents to significantly reduce dissolved solids content, which enabled the site to increase its water reuse and as a result reduce water intake and the discharge of process water into the city's water treatment plant.

(1) These risks relate in particular to carcinogenic, mutagenic or reprotoxic (CMR) substances.



### III. PERFORMANCE

The quality of plant waste has improved over recent years.

The 2022 assessment provided the following figures:

Year	2017	2018	2019	2020	2021	2022
SPM (suspended particulate matter) (metric tons)	15.7	17.1	37.5	91.5	42.3	26.0
COD (chemical oxygen demand) (metric tons)	63.6	77.2	125.0	71.1	49.1	94.1
BOD (biochemical oxygen demand) (metric tons)	9.7	18.0	30.6	15.4	11.2	7.2
TH (total hydrocarbons) (metric tons)	0.40	0.35	0.15	0.11	0.08	0.33
Heavy metals* (metric tons)	0.75	0.46	0.46	0.30**	0.64**	0.66

\* As, Cd, Cr, Cu, Hg, Mn, Mo, Ni, Pb, Zn.

\*\* The 2020 and 2021 data were corrected following detection of an error for a high-contribution site.

Compared to 2021, the figures show a significant decrease in the emission of suspended particulate matter, the majority of which comes from our Jeceaba site. This is explained by closer monitoring to limit deviations associated with readjustments on water treatments. Heavy metal discharges remain high, with little change on 2021 levels. These are attributable to the Jeceaba site, which has a pellet unit, a steel mill and a tube mill. However, its annual discharges remain below regulatory limits.

BOD continued to decline. TH were at the same level as 2018, consistent with the level of activity and the various actions taken to limit hydrocarbon leaks in the circuits. COD increased, given the type of discharges produced by the activity.

It is important to note that all discharges comply with regulatory limits at the sites, and there were no instances of non-compliance.

#### 4.2.4.3 Atmospheric emissions

##### I. STRATEGY

To preserve the quality of the air surrounding its plants, the Group systematically measures the levels of atmospheric emissions and implements appropriate solutions to limit each type of emission.

##### II. ACTION PLANS

The emissions produced by plants are gaseous compounds and particles.

##### A. Gaseous compounds

- Nitrogen oxide (NOx) and sulfur dioxide (SO<sub>2</sub>) emissions come from furnaces and from the heat treatment of tubes. To limit these emissions, all furnaces are fed by natural gas, which is low in emissions, and maintenance is carried out to replace old burners with more efficient or "low-NOx" burners that meet the highest technical specifications for this type of emission.
- Emissions of volatile organic compounds (VOCs) come from our facilities for tube lubrication, lacquering and painting, and for degreasing and cleaning tubes and machinery parts. They also come from oily vapors from rolling or cold-forming facilities and machine tools. Actions are put in place every year to reduce VOC emissions at the source, by coordinating with product suppliers and the process stakeholder community and, if that is not possible, channeling and treating emissions. As concerns vapors from surface treatments, facilities are equipped with a retention and treatment system in compliance with applicable regulations.

##### B. Particles

- The main potential sources of particulate emissions are steel mill furnaces and hot rolling. Capture systems are in place to continuously reduce emissions.
- The conditions for replacing refractories in electric arc furnaces and ladle furnaces have been modified to prevent the formation of dust. Particle retention is very efficient and sampling shows that the heavy metal content released (chrome, lead, nickel, etc.) is well below the authorized limits.
- Tube mills and finishing plants also produce dust resulting from the use of facilities for hot rolling, grinding and polishing tubes. Processes for sealing, aspiration and filtering are incorporated into the machinery to collect dust at the source. Where necessary, these systems can be supplemented by extraction devices and filters on the roof to capture diffuse emissions.
- Trucks, cars and other handling equipment moving around the buildings are also a source of dust emissions. To ensure that personnel and neighbors are not inconvenienced by dust clouds, the road surfaces are coated with concrete or macadam. They may also be watered during a dry period to limit re-entrainment.

## III. ANNUAL ASSESSMENT OF EMISSIONS

<b>Atmospheric emissions</b> <i>(metric tons per year)</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
VOCs	319	260	535	481	420	368	329
NOx	492	633	719	691	514	495	540
SO <sub>2</sub>	4.4	5.9	6.4	4.4	4.0	4.4	4.8
Particles	N/A	N/A	487	571	1,134	668	882

In 2022, combustion gas emissions (NOx and SO<sub>2</sub>) increased as a result of the increase in natural gas consumption arising from production resumption. Particle emissions remain high owing to increased production at our steel plant in Brazil. Particle emissions did, however, decrease at our Jeceaba (Brazil) pipe mill, as a result of improved control of capture processes.

Nominal VOC emissions, i.e., before uptake and filtration, dropped by 10% between 2021 and 2022. This decrease owes partly to the drop in surface coatings business, but also to process optimization at certain sites with a view to reducing use of solvent products. At the Vallourec Oil & Gas site in Aulnoye-Aymeries, process and methods Research and Development teams improved technical performance to broaden the product qualification range with water-based paints and thereby reduce solvent use. In Saudi Arabia,

teams worked on nozzle cleaning systems to cut out the need for solvents in this operation. Some VOC-emitting products widely used by maintenance teams have also been replaced.

To improve the quality of its monitoring of atmospheric emissions of gas and particulate matter, the Tianda Chuzhou (China) rolling mill fitted gas analyzers onto the chimneys of its furnaces in 2019, allowing for continuous measurements to be recorded.

In 2020, we worked to reduce particulate and VOC emissions from the finishing plant at our Tianda Chuzhou (China) site. As a result, we set up a system for the capture and filtration of metallic dusts produced by the grinding of tubes, which was also sound-insulated.

At the finishing facilities, we have improved the collection and extraction of VOCs and installed activated carbon filters to trap them.

## 4.2.4.4 Discharges into the soil

## I. STRATEGY

In light of their age and locations in different regions, the Group closely monitors its industrial sites in order to respond rapidly if soil pollution is detected.

## II. ACTIONS TAKEN

## A. Sites in France

Consistent with site age and specific needs, soil studies have been completed at the Group's initiative without being required by administrations. The results of these investigations prompted some facilities to introduce piezometric sensor-based monitoring of underground water, after obtaining permission from the relevant regional authorities in France.

Groundwater monitoring using piezometric tubes is continuing at the Cosne-sur-Loire site. Operations were discontinued there in 2017 and the site underwent a thorough clean-up. Vallourec is following the instructions of environmental authorities on site rehabilitation. Talks are still underway with the municipality of Cosne-sur-Loire on a rehabilitation solution.

In Aulnoye-Aymeries, underground investigations were conducted on an old disposal site for miscellaneous materials. The site remains under close monitoring. The biodiversity study is currently being updated.

In Montbard, underground investigations were also conducted on an old disposal site, following a 2002 order issued by the prefecture.

The Déville-lès-Rouen site, which closed in June 2021, underwent full safety clearance and all the necessary shutdown measures were taken. Soil decontamination work on the site will begin in 2023.

Work is underway on ensuring the safety of the Saint-Saulve site, which was shut down in December 2022. Additional investigations will be carried out in 2023 to determine whether site decontamination is required before a buyer is found.

Before shutting down, the VALTI site at La Charité-sur-Loire (Nièvre) underwent local decontamination under an action plan approved by the environment authorities.

## B. Other sites

After analyses, and with permission from the local authorities, groundwater monitoring systems were set up at two facilities in Germany. As far as the Group is aware, there is no contamination at the other sites.

In Brazil, the only risks relate to the Barreiro plant in areas of the site previously used to store waste. An old store slag (containing metal by-products formed during cast iron production) and a former chemical treatment zone is being closely monitored. The former sludge depot is being refitted (sealing and landscaping). Groundwater quality is monitored periodically by a piezometric system.

In the United States, the industrial land is leased. Soil analyses were conducted at the majority of the sites prior to Vallourec launching its operations, in order to establish a baseline. Many of those sites are located in areas that have been industrial for many years. To the Company's knowledge, there is no record of any significant incident resulting from Vallourec's tube and steel production activities that has led to soil pollution.

#### 4.2.4.5 Use of hazardous substances

This matter is covered under health and safety (see section 4.3.2.1).

#### 4.2.4.6 Noise pollution

##### I. STRATEGY

The Group's activities are inherently noisy. The noise arises from various sources: steel mill furnaces, the cutting and storage of steel bars, the impact between bars and tubes, and the steel-rolling process.

The Group wishes to provide the best possible protection for its employees and local residents against the noise from its machines (steel mills, rolling mills, cutting plant), from moving products (impact between bars or tubes), and from transport (trains, trucks).

As a result it has put in place targeted measures to minimize such nuisance.

##### II. ACTIONS TAKEN

To determine noise levels, the sources of noise are measured and analyzed. Depending on local requirements, these measurements are taken internally, at the edge of the site, or at neighboring properties if the plant is situated close to a residential area. At certain sites, very elaborate systems have been installed. They allow noise to be measured at very precise locations and to determine its source. Simulation software is often used to assess the reduction of noise levels that various insulating systems might provide.

To this end, the following actions have been recommended:

- establishing noise maps on the most critical and representative sites of sound levels in different workshops and staff exposure based on their number and the length of time spent working in the areas concerned;
- analyzing and improving the behaviors of employees and providers in the workshops;

- implementing best practices for new investments and refittings;
- reducing nuisances at the property limits and consequently for local residents by relying on regular measurement campaigns;
- favoring collective protection over individual protection measures;
- reducing noise at the source.

The prevention and limitation of noise pollution in workshops and in the environment are criteria used for evaluating investment projects subject to validation, and this from the early stages of their eco-design.

Sound level measurements before and after the completion of work are most often requested.

Several types of measures are in place to limit noise, reduce it as far as possible or eliminate it entirely. The most effective measures are those that allow noise to be reduced at its source. For example, some plants replace pneumatic movement control by hydraulic movement control or incorporate rubber between tubes to avoid a much noisier direct impact. Similarly, the tubes are cleaned with Venturi-type nozzles instead of standard nozzles.

Examples of our achievements in this area in 2021 include the ongoing measures at the finishing plant at our Tianda Chuzhou site in China, following on from the actions performed since 2019 in the main plant, which includes the rolling mills.

After a noise study to measure noise levels at the property limits and in the facilities, we initiated a program to treat the noise sources identified by an expert firm. This involves measures such as reinforcing sound insulation for buildings and providing insulation for noise sources such as air compressors.

### 4.2.5 Limiting the use of natural resources

#### SDG 6.4, 9.4, 12.4, 12.5

#### 4.2.5.1 Risks relating to the use of natural resources

The main raw material used in the manufacturing processes for Vallourec products is steel, which is derived from natural resources. Therefore, the major risks faced by Vallourec are:

- increase in the price of steel, leading to a corresponding increase in production costs for the Group's finished products;

- depletion of steel making resources such as iron ore and coal.

Since steel is infinitely recyclable, the Group aims to maximize sourcing of recycled steel upstream and to maximize recycling or reuse of by-products downstream.

#### 4.2.5.2 Strategy and key commitments

##### I. UPSTREAM

The steel that Vallourec uses for manufacturing tubes comes partly from the Group's steel mills, and partly from outside purchases of steel ingots and bars.

Internally, two processes are used: the blast furnace process in Jeceaba (Brazil) and the electric process in Jeceaba and in Youngstown (United States). Thanks to these internal processes, the Group is on

the one hand promoting the use of charcoal produced from its Brazilian eucalyptus forest and, on the other, recycling scrap.

The main challenge is to minimize the extraction of natural resources needed for producing steel, i.e., to minimize the extraction of iron ore from the natural environment. Vallourec also aims to increase the proportion of recycled steel in its total external purchases.

## II. DOWNSTREAM

Because of the nature of its industrial activities, the Group generates significant amounts of various types of waste.

Vallourec is targeting a 98% waste-recovery rate by 2025, by halving the amount of waste sent to landfill compared to 2019. This would bring total non-recovered waste down to 15,000 metric tons

### 4.2.5.3 Action plans undertaken to limit the use of natural resources

#### I. RAW MATERIALS FOOTPRINT - UPSTREAM

To increase the efficiency of their processes, the steel mills are working on precisely documenting their internal manufacturing rules and requirements in order to obtain different steel grades while maximizing the natural resources used and their furnaces' energy efficiency.

Since 2013, the Group has conducted an analysis of all mass flows necessary for tube production at all its industrial sites.

In addition, with a concern for the issue of polluting plastics, in 2020, Vallourec established a targeted reporting system for plastic waste to study possible avenues for improvement and to promote plastic recovery.

#### II. BY-PRODUCTS - DOWNSTREAM

Waste management is a major economic and environmental concern for the Group, which believes that most of this waste should now be treated as value-added by-products that generate operating revenue. This is the objective of the "By-Products" program.

Waste is now considered a resource to be exploited rather than an unavoidable consequence of production. Depending on its origin and type, it is managed and treated differently in accordance with local regulations, with maximum emphasis on recycling of materials or energy recovery.

In view of continuous improvement, all waste categories are monitored monthly by each site with the aim of reducing volumes.

In addition, in line with the 3Rs principle "Reduce, Reuse, Recycle", we are also intent on maximizing the recycling of materials and minimizing the proportion of landfill waste. Some sites have also implemented specific actions to reduce landfilling or incineration.

### 4.2.5.4 Measuring our performance

#### I. UPSTREAM

##### INTERNAL PRODUCTION AND STEEL PURCHASES IN 2022

Plant (metric tons)	Inputs for blast furnaces			Cast iron produced
	Iron ore	Pellets	Charcoal	
VSB Jeceaba	19,118	420,887	184,269	290,357
<b>TOTAL</b>	<b>19,118</b>	<b>420,887</b>	<b>184,269</b>	<b>290,357</b>

Plant (metric tons)	Inputs for electric steel mills			Scrap and cast iron used
	Cast iron purchased	Scrap iron	of which % internal recycling	
VSB Jeceaba	94,654	647,879	24	1,032,890
Youngstown	16,752	712,246	10	728,998
<b>TOTAL</b>	<b>111,406</b>	<b>1,360,125</b>	<b>17</b>	<b>1,436,761</b>

In 2022, the total internal recycling rate for scrap was 17%, compared with 18% in 2021.

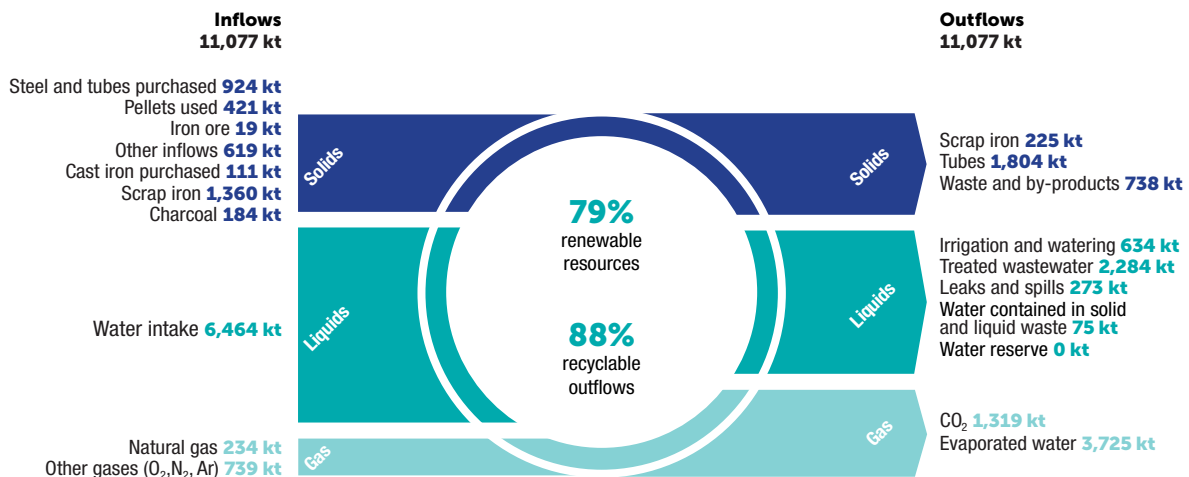
The electric process (Youngstown and Jeceaba steel mills) accounted for 78.6% of Vallourec's internal steel production in 2022, compared with 75% in 2021. The increase in scrap metal recycling contributes to reducing the call upon natural raw materials.

In Brazil, the proportion of scrap metal input to the electric arc furnace rose from 55% in 2020 to 59% in 2021 and 63% in 2022, owing chiefly to load limitations at the Jeceaba blast furnace.

All kinds of steel combined (both produced and purchased) the electric process share rose 4% between 2021 and 2022, from 49% to 53%.

Regarding steels purchased in 2022 to supply the South America, Europe/Africa and Middle-East/Asia regions, the blast-furnace process accounted for 90% compared to 86% in 2021.

In 2022, the Group's analysis of all the mass flows at all its industrial sites was as follows:



In 2022, the shipped production of 1,804 thousand metric tons of tubes required the consumption of 11.08 million metric tons of various inputs, 3% more than the 10.9 metric tons in 2021. In relative terms, this total came to 5.1 metric tons of inputs per ton of tubes shipped in 2019, 6.2 metric tons in 2020, 6.7 metric tons in 2021, and 6.2 metric tons in 2022.

net environmental footprint. The figure was 78% in 2020 and 2021. This difference is explained by increased production at our steel mill in Brazil. In 2022, the extraction of non-renewable resources represented 126% of production shipped (94% in 2019, 138% in 2020 and 146% in 2021);

It should also be emphasized in this regard that:

- 79% of the resources consumed are renewable (scrap, charcoal, water and oxygen), demonstrating the limited nature of the Group's
- 87% of production-linked outputs (tubes, scrap metal, waste, water) can be considered recyclable. This rate was 86% in 2019 and 2020.

## RECORD OF THE RAW MATERIALS FOOTPRINT

	2017	2018	2019	2020	2021	2022
Inputs/outputs (kt)	10,786	12,843	11,739	9,841	10,914	11,077
Production shipped (kt)	2,256	2,364	2,291	1,599	1,640	1,804
% of renewable resources	85	80	81	78	78	79
Ratio of shipments/inputs (%)	21	18	20	16	15	16

## II. DOWNSTREAM

### Waste recovery

In 2022, 803 kilotons of waste were produced, which includes the mine and the pelletization unit (674 kilotons in 2021), 2.6% of which was hazardous waste (unchanged from 2021).

representing 6,040 metric tons more than in 2021. This is explained by the resumption of activity but also by the transfer of certain production operations from one region to another, and by the closure of certain sites, generating non-recoverable waste.

The waste recovery rate was 97.3%, down slightly from 97.6% in 2021. In 2022, 21,910 metric tons of waste could not be recovered,

The key indicators for their management are as follows:

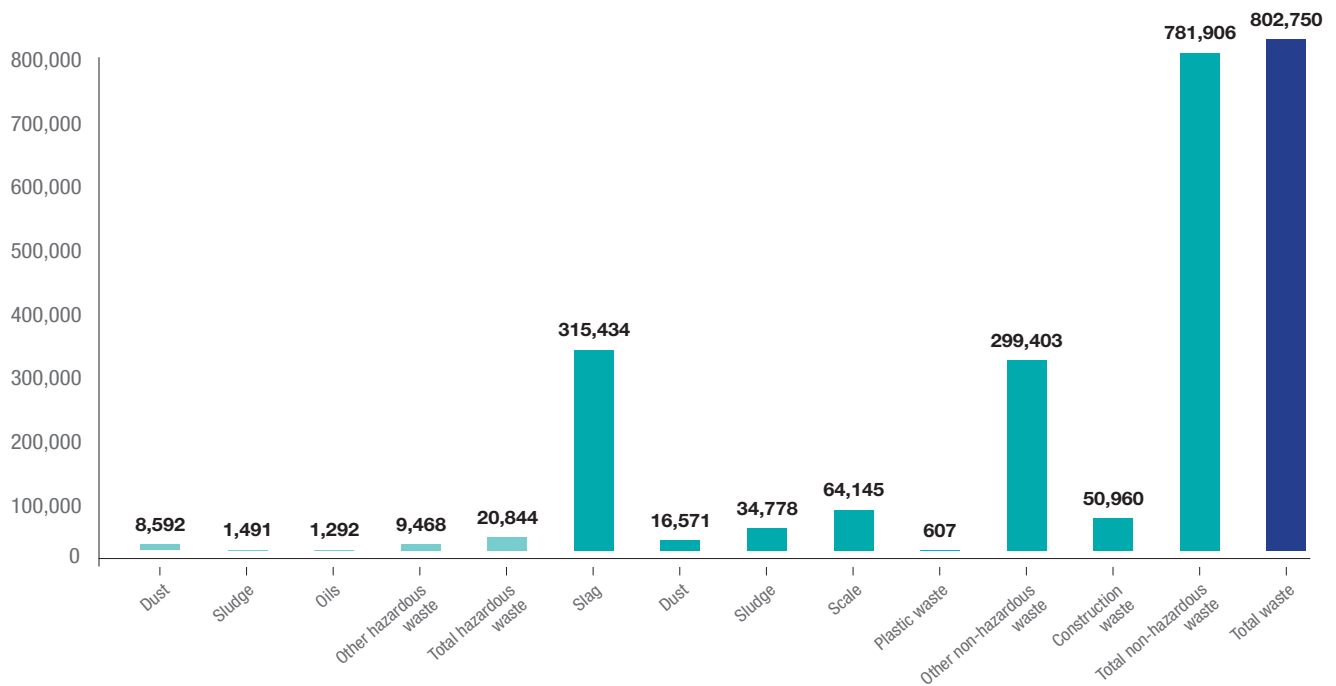
	2016	2017	2018	2019	2020	2021	2022
Waste (thousands of metric tons)	459	697	731	669	551	674	803
Waste/production processed (%)	15	13	13	13	15.7	16.1	16.3
% of hazardous waste	6.0	3.5	3.3	3.9	2.8	2.6	2.6
% of recovery	94.4	94.0	95.5	95.8	97.0	97.6	97.3

The Mineração iron mine and the Jeceaba pelletization unit also generate a large volume of recovered waste. Since 2019, some sites have been fine-tuning their waste sorting process to increase the recovery rate. Waste recovery increased at the Houston basin, for example. At Jeceaba, the blast furnace and pelletization site use secondary raw materials from the tube mill, such as dust, metal waste, iron ore fines, etc.

The mine incident in January 2022 made a significant impact on the amount of waste generated, including that arising from restoration of the mine and its environment, and all the additional waste generated by the subsequent security work. For example, more than 25,000 tons of non-hazardous construction waste were generated.

The proportion of plastic waste in the total industrial waste is extremely low, at less than 0.08%. However, it may be noted that 90% of that industrial plastic waste is recycled or reused.

Details on waste generated are shown in the chart below:



Based on the 3Rs principle, namely "Reduce, Reuse, Recycle", the main levers of progress under the "By-Products" project are as follows:

- **Reduce:** various actions are carried out at the sites to reduce waste volumes, and above all the proportion of hazardous waste connected with the decrease in chemical risk.

For example, a Research and Development study is underway to reduce the use of plastics in the manufacture of protectors by using biobased plastics and thus limiting our impact. Our Rio site has set up a working group to improve waste sorting and reduce the proportion of hazardous waste. In the United States, the pH of liquid waste containing phosphate is neutralized to reduce the level of toxicity and allow the use of evaporator/concentrator systems.

The VAM Houston site installed an elementary neutralization unit (ENU) that allowed the site to neutralize all wastewater considered to be corrosive and therefore classified as hazardous waste according to environmental regulatory requirements. This corrosive water was either transported off-site to be injected into a deep well or treated and discharged. The neutralization unit that ensures that the waste is non-hazardous allows the wastewater to evaporate. Thanks to the installation of this system and the use of wastewater evaporators, the site has been able to reduce its wastewater discharges by nearly 95%, thereby saving on disposal costs and minimizing its environmental footprint. This practice was deployed at all sites in the region that had that type of waste.

The North America region worked with the procurement department to standardize contracts and identify suppliers that contribute to on-site waste. This standardization takes into account such things as the recovery of waste generated by subcontractors in an appropriate container and the reduction of plastic waste produced.

- **Reuse:** some waste may be re-introduced or reused in our processes or externally, either as a result of a specific treatment or after undergoing cleaning or filtration.

Our VTS site in Brazil has set up a management system to recover protectors from customers. These used protectors are inspected, cleaned, and reconditioned for reuse. Many sites are also equipped with devices for filtering waste oils for internal reuse. In Indonesia, the site reuses 50% of its cutting fluids after applying filtration, which has allowed it to reuse the product and thus make savings on raw material expenses and also the cost of waste treatment.

Vallourec Soluções Tubulares do Brasil (VSB) uses blast furnace sludge as a source of soil enrichment for eucalyptus forests and as a raw material for the ceramics industry.

- **Recycle:** recycling is the most important method of recovering value from our various types of waste. The recovery of materials makes up the vast majority of our recycling. However, for some types of waste, recovering energy remains the best solution available.

All sites recycle metallic waste from machining as a result of the manufacturing processes (turnings, chips, etc.) and then send this waste to channels external to the Group.

In France, the Aulnoye-Aymeries sites introduced centralized waste management at the three plants for combined collection and optimized disposal channels. This shifted the balance from incineration in favor of materials recycling.

In France, the unit that manufactures protectors has organized a recovery circuit for non-compliant and unused protectors that reintroduces them into the manufacturing process after a grinding operation. This recycling accounts for 28% of the raw material used.

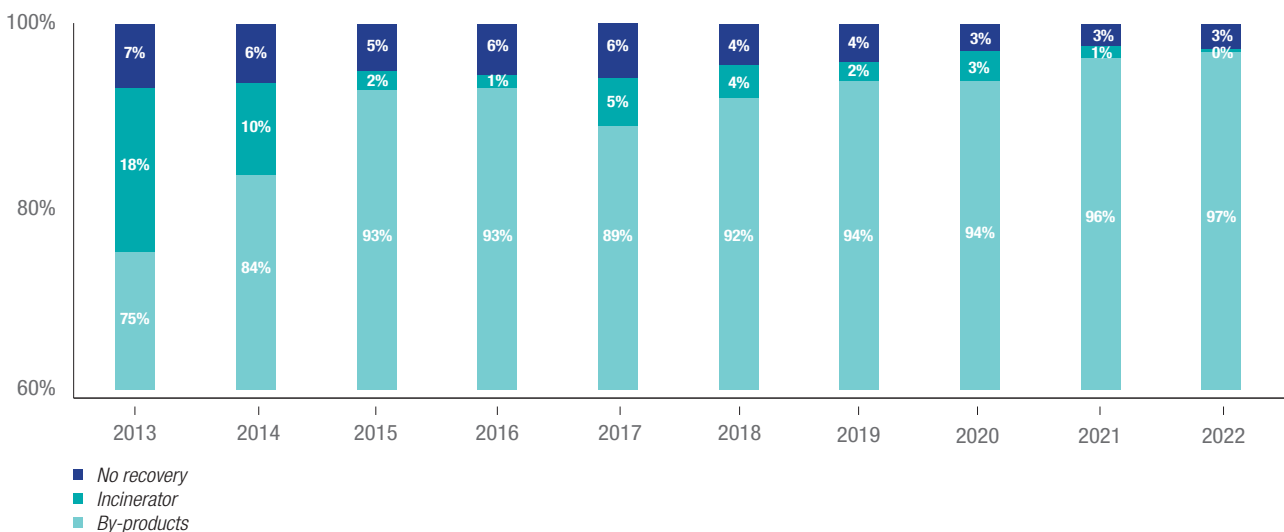
Several sites have set up working groups to optimize flows of sludge from the processes (rolling and surface treatment), metallic residues, scale and dust.

In Brazil, the Purchasing Department has worked on identifying the best channels for recycling slag sold to the cement industry. Some mining waste is used as raw materials to manufacture interlocking paving stones, which are then used as road surfaces on the site.

The Group's local teams have also opened new waste management channels and generated additional revenue by implementing initiatives such as:

- the renegotiation of certain contracts;
- in Youngstown (United States), "bad" scale, which was previously sent to landfill, now continues to be mixed with "good" scale. The resulting combination is sold to companies in the cement sector. This new business opportunity has reduced the amount disposed in landfill, and has decreased treatment costs. Vallourec Star Youngstown also changed its sludge dehydration practices. The addition of sawdust allowed it to reduce the amounts of sludge that are sent for treatment;
- coordinating neighboring sites to collect identical waste such as sludge to reduce transportation costs;
- in Brazil, numerous trial programs launched since 2017 to reuse certain waste internally through the steel mill, mine or pellet plant (sludge, dust) have been implemented to allow the use of the waste as a secondary raw material.

**WASTE BY END USE**



The percentage of recycled waste in the form of material (by-products) was 96.9%, of waste incinerated to produce energy 0.4%, and of landfill waste 2.7%. Progress was made in the recycling of materials in 2022, primarily at our Youngstown site, which pursued its sludge recovery program. Advances also came in the recycling of metal waste

and finer waste sorting at certain sites. We note that the construction waste generated following the mine incident has been recycled as raw materials or has been reused. The recovery in business and the many refit projects under way led to an increase in the overall volume of waste in 2022.

### Treatment of hazardous waste

Posing a risk to health and the environment, hazardous waste (classified as such due to the hazardous substances it contains) is subject to special treatment. Hazardous waste represented 2.6% of total waste in 2022, the same as in 2021.

Hazardous waste requires specific management: handling and storage are subject to strict safety rules to preserve the environment and health of the staff handling it. Furthermore, this waste is generally not very recoverable as is, and treatment costs are significant. For this reason, Vallourec is trying to either reduce the portion of hazardous substances at source or apply a pretreatment to reduce the toxicity.

For example, the water treatment station at the Youngstown site was able to improve the separation of mill scale particles and oil, which is

responsible for its hazardous classification. The “bad” mill scale that was previously sent to landfill is now recycled for use in the manufacture of counterweights. The “good” mill scale is mainly sold to companies in the glass industry. These practices keep the material out of landfills and also generate profit for the company, which is now being used to fund a sludge recycling program that was started in 2021.

In Youngstown too, a change in operation for neutralizing the used phosphate and stripping baths allowed these baths to be sent to the evapo-concentrator and thus to reduce the amount of hazardous waste sent for treatment, thereby reducing costs. This solution has since been rolled out at other sites, which in some cases has also made it possible to reuse some of the water in the industrial process.

In the Houston basin, the installation of wastewater neutralization units (ENUs) has significantly reduced the amount of hazardous waste at the sites.

## 4.2.6 Preserve biodiversity and ecosystems

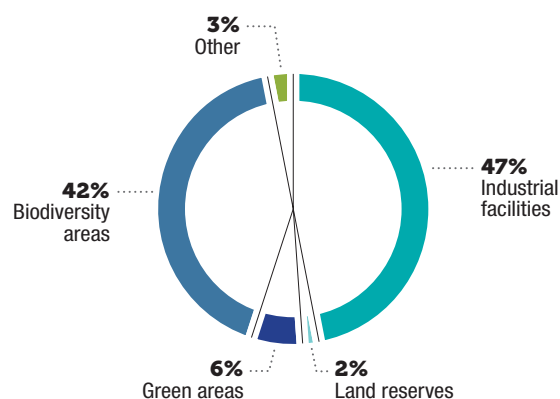
SDG 11.4, 15.1, 15.2, 15.B

### 4.2.6.1 Biodiversity and ecosystem risks relating to our activities

Studies have been conducted over the last few years at the main Vallourec sites to evaluate the impact of activities at our plants on biodiversity. No major risk has been identified.

In 2019, a survey was conducted on identifying and measuring the surface area of existing “green areas” at our sites. The study related to managed green areas (gardens, lawns, etc.) and areas where local biodiversity was allowed to develop freely.

The findings of this survey, conducted by the Environment Managers at each site, are summarized in the graph below:



Excluding the Brazilian forest, which represents a significant portion of the biodiversity areas (48%), “green areas” account for 48% of the surface areas, of which a majority (42%) are for the development of biodiversity.

### 4.2.6.2 Strategy and key commitments

The Vallourec Group invests on a long-term basis to preserve the areas of biodiversity around its industrial facilities. It guards against negative impacts on biodiversity around its sites by implementing appropriate preventive measures. In addition, since certain specific Group activities have a direct link to biodiversity, Vallourec is particularly attentive to protection. One example of our measures taken in this area is the work done by Florestal, a Brazilian entity involved in forestry activities to produce charcoal that is then used as a source of energy.

In April 2021, Vallourec chose to respond for the first time to an annual CDP questionnaire on forests (CDP Forest 2021), with regard to the activities of its Florestal subsidiary in the state of Minas Gerais, Brazil. Here, Vallourec owns 85,532 ha of eucalyptus forest, farmed to produce charcoal, along with 63,782 ha of protected natural areas.

The CDP analyzed Vallourec’s responses to the questionnaire and in early December 2022, gave it a B- score (“Awareness” level), comparable to that of companies in our industry sector (“Metal smelting, refining and forming”).



### 4.2.6.3 Action plan and allocated resources

Measures to preserve biodiversity have been put in place for several years, primarily in Brazil and Indonesia.

#### I. BRAZIL

The Barreiro site, located in the city of Belo Horizonte, runs an environmental education center at the edge of the city. This 20-hectare center includes three ecosystems: the *cerrado* (savanna), the transitional vegetation, and the *mata atlântica* (Atlantic forest). In 2019, this site developed an environmental recovery project on 2.4 hectares along the edge of the plant.

The Jeceaba site created a reference center on the “Atlantic forest” over a surface area of 660 hectares, with the goal of replanting this area with approximately 400 native species of the region. This space includes the legal reserve as well as the “green belt” and “forest belt”. A surveillance system for monitoring wildlife has been established. Numerous specimens have been detected, including protected species, which is an indicator of biodiversity and helps protect regional ecosystems.



The Vallourec Forestal subsidiary operates eucalyptus plantations, which serve to produce the charcoal needed to operate the Jeceaba blast furnace. Approximately 40% of the areas are preserved in their natural state and positioned so as to create corridors for wildlife to move around. The forest is managed sustainably, as attested by Cerflor – PEFC certification (no. XSQ/0237-02/BH), compliant with the requirements of Brazilian standard NBR 14789:2012. This subsidiary regularly participates in plant and wildlife study projects with Brazilian administrations (Regional Forest Institute), universities (Federation of Universities of Minas Gerais) and international NGOs. The site actively participates in the regular meetings of Minas Gerais forestry sector associations (*Associação Mineira da Indústria Florestal - AMIF*). In 2022, the scope of periodic biodiversity monitoring was maintained for insects, fish, reptiles, amphibians, bats and mammals. In 2022, 12 wildlife monitoring campaigns were carried out, notably in the dry and rainy seasons. In 2021, two bat species were discovered: *Tonatia bidens*, at the Corredor farm, and *Lonchophylla cf. dekeyseri*, at the Serra do Cabral farm. These little-known species hold considerable conservation interest.

Monitoring campaigns are conducted at the operational units and are mapped to correlate with areas of biological importance for environmental conservation. As part of this monitoring, species in the above groups that are on official lists of threatened animals appear in the field surveys.

Action has also been taken to monitor surface water quality in the forest areas. Physical and chemical analysis of samples collected at various forest locations indicate that our forest is managed appropriately, to limit the environmental impacts of eucalyptus plantation and farming.

The Vallourec Mineração subsidiary is located some 50 kilometers from the Jeceaba site, which it supplies with iron ore. As exploitation of this open-pit mine gradually continues, the resulting waste rock is pressed, dried, then put in landfills. The land is ultimately reforested with local species. Additionally, 200 hectares are allocated for an “Atlantic forest” type natural reserve. Vallourec teams conduct regular monitoring of water and air quality, along with cave surveillance to protect the fauna (bats) and flora specific to these environments. A field monitoring program planned for 2023, on species description improvement, will cover mammals, reptiles and amphibians, fish and birds.

#### II. INDONESIA

PTCT has been working on CSR since 2015 by planting mangroves on several beaches in Batam. These actions slow coastal erosion, halt the penetration of saltwater toward the interior, and protect the shores from storms, as well as enabling carbon to be retained, and the toxic products contained in the water to be absorbed. This work is supported by the surrounding community, schoolchildren and the local Environment Agency.

In 2018, Batam opened the Batam Botanical Garden (BBG) and PTCT began planting trees in the area, up to 100 typical of the island of Riau.

In 2019, PTCT, in collaboration with the BBG, began the construction of a green space and continued to plant more trees. In 2020 and 2021, planting campaigns (trees, flowers and herbaceous plants) continued despite the Covid-19 pandemic. Construction work and revegetation continued through 2022.

#### III. AULNOYE-AYMERIES, FRANCE

To better understand the biodiversity at this site, an impact study of the Aulnoye-Aymeries area was launched in 2017 with a specialized provider in and around the site, which has several plants and is located close to classified natural spaces, a space belonging to the Natura 2000 network, and listed natural heritage areas. The study, which concerned Vallourec’s land holdings, the immediate periphery of Vallourec’s industrial site, and a study area that was expanded to a radius of 10 kilometers, concerned unusual and invasive species.

This study, which was finalized in 2018, has shown that the same plants and wildlife exist within the site, in the fallow ground, outside, in the immediate proximity, and in the various ecosystems that comprise the Sambre basin, the marshland and flood zones bordering it, as well as in the surrounding fields and pastures.

These habitats and species are conservation issues that fall primarily outside of Vallourec’s remit. However, the diversity noted within the site remains remarkable for a major industrial site such as Vallourec’s. Indeed, protected species have been observed on land where there is less human activity, such as the majority of the fallow land, the heap on the road to the plant, and even the stormwater basin.

This observation is thus encouraging in terms of the low impact of the Group's activities on biodiversity, and shows that it is also possible for an industrial company to help protect and develop plant wildlife.

A further study was conducted in early 2022 to consolidate the 2018 results and determine the ultimate shape to be taken by the area currently considered a brownfield. The study findings will be finalized in early 2023.

## 4.3 Our social and societal commitments



### 4.3.1 Group workforce

#### SDG 5.5

The social indicator scope includes companies within the tax consolidation scope. Staff at sales offices are likewise included in this report. Employees on leave from work or on redeployment leave are not included in this analysis. This population represents 93 employees in France.

#### 4.3.1.1 Changes and breakdown

As at December 31, 2022, 16,056 employees worked at more than 40 production or service sites under contracts with Vallourec (short-term or permanent contracts), compared to 16,685 employees in 2021. In 2022, Vallourec continued to implement its transformation plan, particularly in Europe involving France and Germany, with an adjustment of the workforce.

#### I. Breakdown by geographical area

Country	Number of employees	
	2021	2022
Brazil	7,050	7,231
France	2,194	1,564
Germany	2,463	2,285
United States	1,591	1,801
China	1,151	1,086
Indonesia	712	637
United Kingdom	311	292
Mexico	429	442
Saudi Arabia	185	181
United Arab Emirates	98	94
Malaysia	189	210
Other regions	312	233

Workforce as at December 31 (short-term and permanent contracts)	2021	2022	2021/2022 change	2021 breakdown	2022 breakdown
Europe	5,093	4,184 <input checked="" type="checkbox"/>	-17.8%	31%	26%
Brazil	7,050	7,231 <input checked="" type="checkbox"/>	2.6%	42%	45%
Asia	2,164	2,047 <input checked="" type="checkbox"/>	-5.4%	13%	13%
NAFTA (United States, Canada, Mexico)	2,030	2,252 <input checked="" type="checkbox"/>	10.9%	12%	14%
Middle East	286	280 <input checked="" type="checkbox"/>	-2.1%	2%	2%
Africa	62	62 <input checked="" type="checkbox"/>	0.0%	0%	0%
<b>TOTAL</b>	<b>16,685</b>	<b>16,056 <input checked="" type="checkbox"/></b>	<b>-3.8%</b>	<b>100%</b>	<b>100%</b>

## II. BREAKDOWN BY GENDER

As at December 31, 2022, the Group had 1,919 women (1,826 with permanent contracts), which represents 12% of the total permanent workforce. Marginally present in the category of production staff, women mainly hold administrative and sales positions. They

represent 31% of the Group's technical and supervisory staff (administrative personnel, technicians or field supervisors), and 24% of its managers. The proportion of women remained unchanged for the 2021–2022 period by area, for the Group as a whole.

% of women (permanent)	Production staff		Technical and supervisory staff		Managers ( <i>cadres</i> )		Total	
	2021	2022	2021	2022	2021	2022	2021	2022
Europe	1%	1%	33%	32%	23%	23%	12%	11%
Brazil	6%	8%	36%	33%	27%	28%	11%	12%
Asia	12%	10%	29%	30%	18%	22%	17%	16%
NAFTA (United States, Canada, Mexico)	2%	2%	28%	27%	23%	21%	10%	10%
Middle East	-	2%	26%	25%	15%	19%	11%	13%
Africa	5%	5%	13%	13%	-	0%	8%	8%
<b>WORLD</b>	<b>5%</b>	<b>6%</b>	<b>32%</b>	<b>31%</b>	<b>24%</b>	<b>24%</b>	<b>12%</b>	<b>12%</b>

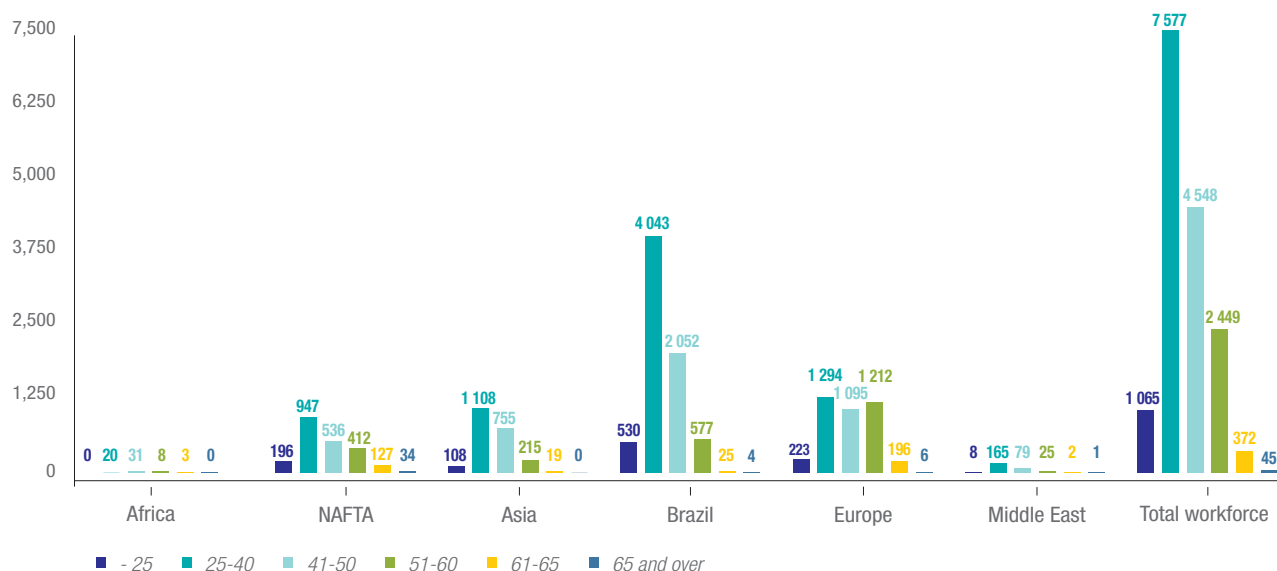
## III. BREAKDOWN BY AGE

The age pyramids show significant disparities in terms of geographical areas. The average age across the whole Group is around 40.

The Brazilian employee population is young, with a strong concentration in the 25- to 40-year-old segment. In the NAFTA region, the distribution of the population among the various age categories is well balanced. Asia has practically no employees older than 55.

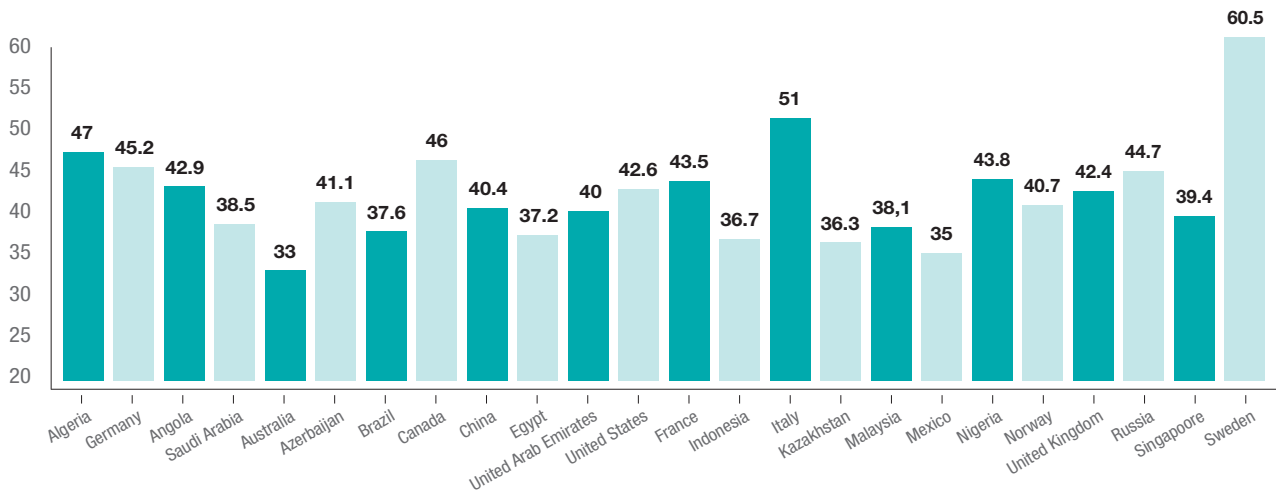
Conversely, Europe continues to be characterized by a large number of employees over the age of 50 (approximately 35% of the European population). The staff breakdown by age range has not changed in comparison to the previous year.

## BREAKDOWN OF THE WORKFORCE BY AGE



These disparities are also reflected in the average age of employees in the main countries where the Group is established.

### AVERAGE AGE BY COUNTRY



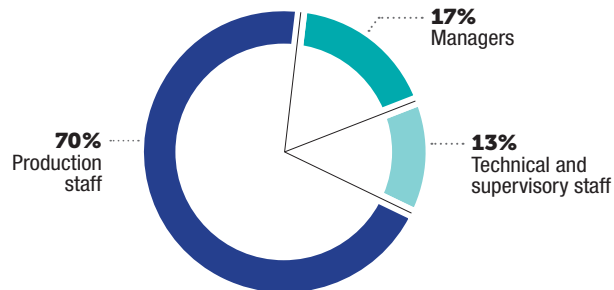
### IV. BREAKDOWN BY PROFESSIONAL CATEGORY

Production staff represents two thirds of the workforce.

Technical and supervisory staff includes administrative personnel, technicians and field supervisors, who account for 13% of the workforce. Managers represent 17% of the workforce.

### BREAKDOWN OF WORKFORCE BY CATEGORY IN 2022

In 2022, the proportion of managers and technical and supervisory staff remained unchanged from 2021.



Group's registered workforce by professional category	2021	2022
Managers ( <i>cadres</i> )	2,870	2,681 <input checked="" type="checkbox"/>
Technical and supervisory staff	2,350	2,118 <input checked="" type="checkbox"/>
Production staff	11,465	11,257 <input checked="" type="checkbox"/>
<b>TOTAL</b>	<b>16,685</b>	<b>16,056</b> <input checked="" type="checkbox"/>

Breakdown of registered workforce	Production staff		Technical and supervisory staff		Managers ( <i>cadres</i> )		Total	
	2021	2022	2021	2022	2021	2022	2021	2022
Europe	18%	15%	6%	4%	7%	6%	31%	25%
Brazil	34%	36%	3%	3%	6%	6%	42%	45%
Asia	8%	9%	3%	3%	1%	2%	13%	14%
NAFTA (United States, Canada, Mexico)	8%	9%	2%	2%	2%	3%	12%	14%
Middle East	1%	1%	<1%	<1%	<1%	<1%	2%	2%
Africa	<1%	0%	<1%	<1%	<1%	<1%	<1%	<1%
<b>WORLD</b>	<b>69%</b>	<b>70%</b>	<b>14%</b>	<b>13%</b>	<b>17%</b>	<b>17%</b>	<b>100%</b>	<b>100%</b>

Nearly 50% of production staff are still located in Europe and Brazil, while 19% of managers and technical and supervisory staff are located in this same area.

In 2022, the production staff population still accounted for approximately 70% of the Group's total workforce, which is consistent with previous years.

#### V. BREAKDOWN BY TYPE OF CONTRACT

Due to the highly cyclical nature of its markets, Vallourec has to be able to adapt rapidly to changes in activity. As a matter of policy, it maintains a permanent workforce (via permanent contracts), which allows it to meet the needs of its ongoing operations, and temporary workers (under short-term and temporary contracts) to cope with surges in activity. For planning purposes, the permanent staff is

managed on the basis of a model workforce involved in a standard activity for three to five years. Changes in peak or low point activity are handled via flexible local solutions (e.g., loans between plants, working time adjustments in Europe, temporary staff and short-term contracts).

#### VI. BREAKDOWN BETWEEN PERMANENT, SHORT-TERM (FIXED-TERM CONTRACTS AND APPRENTICES) AND TEMPORARY WORKFORCE

Breakdown by area	2021			2022		
	Permanent	Fixed-term contract (including apprentices)	Temporary	Permanent	Fixed-term contract (including apprentices)	Temporary
Africa	62		15	62		
NAFTA	2,030		98	2,252		266
Asia	1,916	248	193	1,814	233	235
Brazil	6,896	154	179	7,058	173	58
Europe	4,693	400	123	3,943	241	86
Middle East	278	8		272	8	
<b>WORLD</b>	<b>15,875</b>	<b>810</b>	<b>608</b>	<b>15,401</b>	<b>655</b>	<b>645</b>

In 2022, there were 15,401 permanent workers worldwide, compared to 15,875 at the end of 2021.

#### 4.3.1.2 New joiners and departures

##### I. NEW HIRES AND TRANSFERS

The total number of hires on permanent contracts remained stable compared to 2021. The most significant change from 2021 was in Asia.

While the overall Group headcount remained more or less constant, that in Brazil and the NAFTA region continued to increase, at around the same rate as in 2021.

The breakdown of new hires by professional category and geographical area is as follows:

### BREAKDOWN OF NEW HIRES BY PROFESSIONAL CATEGORY

Area	2021			2022		
	BC	WC1	WC2	BC	WC1	WC2
Africa	1	3			1	
NAFTA	536	45	44	503	62	48
Asia	27	20	17	90	36	26
Brazil	1,032	87	78	1,009	65	75
Europe	95	13	32	116	49	49
Middle East	8	11	10	13	7	7
<b>TOTAL</b>	<b>1,699</b>	<b>179</b>	<b>181</b>	<b>1,731</b>	<b>220</b>	<b>205</b>

### BREAKDOWN OF NEW HIRES OF WOMEN BY PROFESSIONAL CATEGORY

Area	2021			2022		
	BC	WC1	WC2	BC	WC1	WC2
Africa						
NAFTA	27	51	22	19	20	12
Asia	18	59	23	3	21	7
Brazil	60	25	15	130	26	14
Europe	5	45	50	2	21	13
Middle East	5	7		4	1	3
<b>TOTAL</b>	<b>115</b>	<b>187</b>	<b>110</b>	<b>158</b>	<b>89</b>	<b>49</b>

For all areas except Brazil, female employees were primarily hired in the professional categories of technical and supervisory staff, and managers. Female new hires in the production staff category remain significant in Brazil. The proportion of women in the Group remained unchanged at 12%. The Group's policy, as defined by the Management Board in 2016, focuses on two objectives, which are increasing the number of women in operations-related positions, and improving women's access to leadership roles.

### II. DEPARTURES

The Group's permanent headcount changed little from 2021 to 2022. The same is true of the temporary workforce. In 2022, we recorded some 392 departures in the NAFTA area, 860 in Brazil, 189 in the Asia area, and 839 in the Europe area.

### TURNOVER RATE BY AREA

Turnover rate (permanent workforce)	2021	2022
Africa	5%	1%
NAFTA (United States, Canada, Mexico)	27%	25%
Asia	7%	8%
Brazil	15%	14%
Europe	10%	10%
Middle East	11%	9%
<b>WORLD</b>	<b>13%</b>	<b>13%</b>

The turnover rate includes departures and new joiners for the year in question and is defined as follows:

$[(\text{number of departures} + \text{number of new joiners for the year}) / 2] / (\text{headcount as of December 31 of the preceding year})$ .

This takes into account departures, new joiners and transfers within areas.

## REASONS FOR TERMINATION OF EMPLOYMENT CONTRACTS BY AREA

	Retirement		Resignation		Dismissal		Other reasons	
	2021	2022	2021	2022	2021	2022	2021	2022
Africa							100%	
NAFTA	8%	7%	61%	56%	24%	32%	7%	4%
Asia	8%	9%	70%	51%	15%	32%	7%	8%
Brazil	<1%	<1%	14%	19%	80%	77%	5%	4%
Europe	21%	14%	15%	33%	20%	19%	44%	34%
Middle East		4%	54%	54%	18%	15%	28%	27%

In Brazil, given the employment regulations, dismissal is the method by which contracts are typically terminated. Following the restructuring plan, the dismissal rate remained high in 2022, at around 77%, though this is slightly lower than the 2021 figure, chiefly because of the higher number of resignations.

The number of dismissals increased in the NAFTA region. In Asia and in the NAFTA region, the number of voluntary departures decreased, whereas it rose in Europe (significantly) and in Brazil. In Europe, 14% of departures were for retirement (compared to 21% in 2021), and 33% were voluntary departures. In 2022, Vallourec continued its restructuring plan, including the sale of Vallourec Bearing Tubes in France and the reduction of its workforce in Germany.

### 4.3.2 Working conditions

#### SDG 3.9, 8.8, 10.4, 13.3

#### 4.3.2.1 Health and safety

The Group's health and safety risks are presented in section 5.1.2. "Operational risks" of this Universal Registration Document.

#### I. SAFETY

##### • Indicator

Frequency rate of accidents with or without lost time (Lost Time Injury Rate or LTIR, and the Total Recordable Injury Rate or TRIR): number of accidents reported per million hours worked, including subcontractors.

##### • 2022 objectives

To have no fatality and achieve a TRIR of 1.0 or better in the second half.

##### • Achievement of the 2022 objective

The Group achieved an LTIR of 0.89 and a TRIR of 1.48.

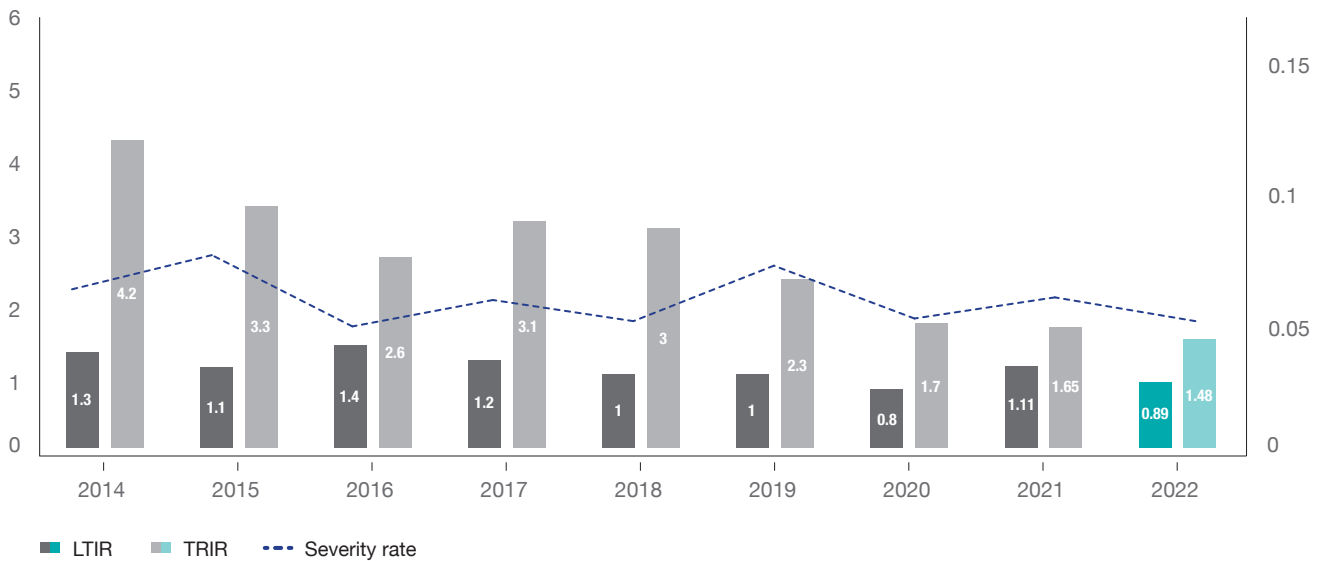
##### • 2023 objective

Avoidance of fatality and ongoing efforts to achieve an LTIR of well below 1 and a TRIR below 1.1, targeting <0.2 by 2026 at the latest.

Safety is the Group's main priority and it aims to become a benchmark and a model for success in the Oil & Gas industry. At the end of 2022, 96% of Vallourec sites were ISO 45001 certified, with certified sites representing Vallourec's entire production in metric tons. Vallourec has been committed to its safety management system and related improvement programs for several years. These programs have been renewed each year with a particular focus on the major risks that could lead to a fatal accident and, starting in 2016, a specific focus on subcontractors.

Since 2016 the performance indicators have incorporated Vallourec staff, temporary workers and subcontractors. At the end of 2022 the LTIR was 0.89 and the TRIR was 1.48. One fatality was reported during this period. Utmost attention was paid to risk assessment, individual and collective risk awareness, training on safety management, and personnel supervision during operations. In 2022, the Severity Rate (SR) of the Lost Time Injury Rate was 0.051.

## Changes in safety indicators



Whenever a recordable accident with or without lost time occurs the Group Executive Committee is informed immediately. Potentially serious incidents are communicated up to the regional SVP immediately.

The safety improvement program includes the following measures at all Group sites:

- safety management committees at all levels of the Company (Vallourec);
- transversalization and lessons learnt and best practices from each incident in the Group and especially related to the fatality;
- addressing serious accidents as “life changing injuries” in order to give respect and focus of very serious accidents;
- standardization of the safety risk assessment following the methodology of the best-in-class companies, a high-risk reduction program, and systematic analysis of root causes of all incidents, including near misses;
- support from an external consultancy through all Regions to renew risk assessment and related training;
- more targeted action to increase the risk awareness and reduce risks that could lead to a fatal accident (lifted loads, working at heights, lockout-tagout of equipment, confined spaces);
- monitoring and reporting of the root cause analysis on corporate management level;
- continuous improvement teams (CITs) on safety issues and especially on the “hands free” concept;
- firm involvement throughout the entire managerial line, for presence during operations (Gemba Walks), examination and remediation of safety issues, and assessment of leadership skills;
- strong employee involvement to stop and report any situation involving risk;

- eight golden rules, which are grouped into eight chapters/themes: “my attitude to safety,” flow of machines and pedestrians, lifting, manual tools, working at height, confined spaces, energies and lockout-tagout procedures (LOTO) and health protection. An e-learning tool focusing on these eight golden rules, translated into the languages used within the Group, is available to all employees (under evaluation and update coming soon).

As from 2017, each reported accident is analyzed for actual and potential severity, relying on an internal scale (level 1: minor accident, level 8: fatal or potentially fatal accident). Beyond merely calculating days lost, this approach provides depth to the analysis of root causes and allows corrective actions to be taken at the Group and regional levels.

In 2022, accidents were primarily to the hands (approx. 50%). For the total accidents and near-misses reported, the golden rules infringed mainly relate to attitude and risk awareness, lifting/crane handling, traffic with vehicles and pedestrians.

Education and training about safety rules is mandatory for all new employees of the Group, in particular for managers at all levels, and includes concerted follow-up. The programs for temporary staff have been extended to subcontracting companies just as for the permanent workforce.

Each year a day is devoted to safety in all of the Group's sites. This is an opportunity to raise collective awareness about safety issues in multiple ways among all employees, in particular through specific workshops (risks to hands, load handling, driving forklifts, working at heights, evacuation drills, etc.) during which production is suspended. A great number of top managers spend visits to sites for this event or – given the Coronavirus crisis – participate remotely using modern communication tools. The site recording the best progress in safety performance also receives a safety award on that day.



## II. HEALTH

### A. Health policy

The Group did not sign any collective agreements regarding occupational health and safety in 2022. However, the Health and Safety policy now contains a more robust health section. The objectives set for the Group's entities include gaining more in-depth knowledge about the health risks specific to their processes, and determining ways to eliminate or mitigate them locally. There are indeed various issues that relate to the health of Vallourec's employees. As concerns our processes, chemical risk (see below), noise, air quality and the ergonomics of workstations have been the subject of structured adaptation plans for several years. The issues also concern medical follow-up of employees, the risks of psychosocial risks to which they could be exposed, and the ability to offer them adapted health coverage. Lastly, the Group's health policy must also ensure that the products used for its customers' operations are safe.

### B. Prevention of chemical risk

The safe use of chemical products and substances is of critical concern to Vallourec, which has had a dedicated plan in this regard for numerous years. The database containing their details is regularly updated to ensure rigorous monitoring of developments and thus prevent the risks of harmful effects.

Three points should be emphasized:

a) this database helps the HSE teams to better determine the danger of products, and thus establish adequate means of prevention. The application takes into account the globally referenced classification system (GHS) along with all new regulations resulting from it. The new functionalities were first rolled out at French sites. The rollout is continuing at all sites. Regular training sessions for the HSE teams ensure the sustainability of the initiative on all sites following the various reorganizations and the changes in the tool's functionalities.

This tool also includes assessment of chemical risks at the workstation. The objective is to evaluate each product at the primary workstation and therefore eliminate the existing Excel tracking files;

b) all products or substances entering production sites are monitored and authorized by local HSE managers. Medical services are regularly called in to provide a full risk assessment. Legally required checks on the atmosphere in the work environment are conducted, and this information is included in risk assessments. In 2019, Vallourec developed an application to formalize these validations and connect them to the Group's database;

c) the impact of chemical risk is similarly studied from the initial stage of investment and R&D projects in an effort to take all prevention criteria that should be associated with them into account. Several R&D investment projects were thus validated at the corporate level from a chemical risk perspective. The most at-risk projects are monitored and validated at each stage, through to industrialization on site. This process is the result of close collaboration with process

communities and purchasing teams. For example, the development of the next generation of dope-free coating for our connections (Cleanwell Dry 2) has allowed us to define and establish use of CMR (Carcinogenic, Mutagenic or toxic for Reproduction) products via closed-cup systems, and thereby guarantee zero contact to ensure maximum staff protection. These highly secure processes were then monitored by local HSE teams;

d) lastly, audits of high-risk chemical processes are conducted to guarantee good practices and protection levels. Some audits are also conducted at Vallourec's subcontractors for the same reasons. Oversight arrangements have been established and are monitored by the local teams.

### C. Product substitution plans

Changes in legislation and improved knowledge about the toxicity of substances increase the number of products that are identified as CMR each year. So far, the Group has identified 800 CMR-classified products that are used at its various sites. Of these, 21% are not substitutable because there are currently no alternative solutions. Plans to substitute critical products have been defined and, in conjunction with R&D and the suppliers, the HSE teams have devised test and qualification programs for substitute products. These programs can sometimes take a long time and, in some cases require the manufacturing processes to be adapted or adjusted. By the end of 2022, 59.1%<sup>(1)</sup> of the 635 plant items identified as CMR substitutable<sup>(2)</sup> had been replaced<sup>(3)</sup>. It should be noted that in 2022 the calculation method was reviewed to consider only substitutable products. The list of non-substitutable products is reviewed annually to take into account any changes. These products cannot therefore be automatically considered as substituted. Our results varied accordingly: from 71.2% with the old methodology and 57.7% with the new methodology in 2021 to 67.5% with the old methodology and 59.1% with the new methodology in 2022, showing a slight increase in the replacement rate. Consideration of changes in the Group's industrial scope, as well as the rollout of the new GHS classification system, resulted in an additional list of products that had not yet been identified as CMR, and in new substitution actions being undertaken. In addition, the training of teams in the United States and the rollout of on-site inventories at all sites in North America identified a large number of products that had not been taken into account until now. Initial substitution actions have already been carried out in order to change usages. As mentioned above, 16 industrial uses of distinct CMR products remain identified as non-substitutable owing to technical problems or lack of a substitute on the market: of these, 22% are integrated in machines or structures, with no risk of exposure (insulation materials, for example), 22% are used in closed-compartment laboratory testing techniques, 8% in coating processes, and 48% in specific industrial processes. Their uses are therefore monitored by the HSE teams and the Environment Department. The specific action plans rolled out at the Group level continue to develop, and concern, in particular:

a) refractory ceramic fibers: Vallourec has written and circulated a single set of instructions for all countries. The materials containing this type of fiber present in furnaces are progressively dropped off during maintenance operations when an alternative solution is available;

(1) Note that only products identified as substitutable are taken into account in the calculation of replacement rate.

(2) Chemicals or preparations may have various adverse effects on human health. These are classified into "CMR" categories. Under Article R.4412-60 of the French Labor Code, substances or preparations are considered CMR agents if they are carcinogenic (C), mutagenic (M) and/or toxic for reproduction (R), as defined in Annex I of Regulation (EC) 1272/2008.

(3) Some sites reported their inventory. New substances have also been officially classified as CMR.

- b) lead dope: tests and qualifications allowed us to list the substitution greases to use on the threading that is not subjected to high temperature according to the type of connections and environments of use. Leaded grease nevertheless is still not substitutable under certain extreme conditions. It is currently only used when operating conditions do not allow for any other options. In 2022, sites used 191.2 metric tons of grease, which included 25.6 metric tons of leaded grease, i.e., 13.4% compared to 11.8% in 2021. It should be noted that the use of leaded grease is limited to running operations and it is no longer used as protection for threads during storage as other non-CMR greases have been validated for this purpose;
- c) nickel phosphates: in 2017, the competent process community, known as VAM, rolled out a test program with the three suppliers concerned to validate three Ni-free solutions. This collaborative work with these three suppliers has enabled worldwide supply coverage, and has also allowed the process parameters to be optimized to ensure gains on energy consumption, processing

time and waste production. The three solutions were approved and presented by this process community at the plants at a specific meeting. In 2018, the Group gave the "Vallourec Environment Award" to this same community for its work on substituting nickel salts in phosphating processes. The substitution programs began to be rolled out site by site, with the support of the community. Certain modifications to the process lines made it possible to quickly implement the substitution for some sites (53%). Investments have continued since then to complete substitutions on all phosphating lines.

Other programs are conducted jointly with R&D, the plants and the suppliers in an effort to reduce CMR use. The use of borax, for example, is a common subject at several sites, which was taken up by another process community. After numerous tests, despite laboratory qualification of certain products, the industrial tests carried out in 2022 did not give the expected results, so validation could not go ahead. A boron-free substitute remains to be found in order to continue the qualification program.

### 4.3.2.2 Employee training and career development

Vallourec's Talent Management system has two objectives:

- ensure the Group has the skills and expertise it needs for its development;
- optimize levers of employee engagement.

This twofold objective is key to the competitiveness of the Group.

At Vallourec, a standardized system is used for the assessment and development of employees. This Talent Management system assesses which skills need to be developed for each employee in their current position, and also prepares for their future development.

This includes defining and organizing annual interviews and reviewing talents and succession plans.

The aim is to provide individual career development plans for each employee, based on specific development actions.

Vallourec therefore assists its employees throughout their careers, revealing and cultivating their talents thanks to several programs and initiatives that are rolled out within the Group.

#### I. STAFF ASSESSMENTS

The talent management information system, known as Talent 360, used throughout the Group, is one of the tools used to evaluate skills, manage objectives and assess the potential of the manager cohort.

##### A. Annual performance reviews

Implementation of this tool, supported by the high level of involvement of all managers, enabled performance reviews to be standardized and systematically structured on an annual basis.

The system is also accessible to technical and supervisory staff in most of the countries where the Group operates.

To strengthen collective and individual performance, in 2022 the definition of performance was reviewed, the associated processes adapted, and the Talent 360 system upgraded for a more accurate and more demanding assessment of performance levels.

##### B. Talent review

The talent review, run by the Human Resources Department in collaboration with the sites and regions, is a key process for ensuring that the Group has the talent needed to implement its strategy. It also allows employee potential to be identified and developed, helping staff to develop within the organization over the short, medium and long term.

There is a sharp focus on Group experts whose skills are of capital importance, especially given the premium positioning of our products.

Special attention is also paid to the Group's new business lines and those under transformation, to support and prepare talents for the skills that will be needed in the future.

Talent reviews also feature a specific focus on women so that the provisions of the Women@Vallourec program are included.

##### C. Succession plans

Vallourec has strengthened its succession plans to prepare for replacements in key positions by mapping all critical positions in the organization and examining replacement scenarios for each.

#### II. SKILLS DEVELOPMENT

##### A. Expert Program

The Expert Program encourages and values individual career paths in the Group's expert professions, and allows Vallourec to develop its competitiveness to satisfy increasingly demanding markets. To date, this program has allowed some 270 experts to be recognized through the Group.

##### B. Training

In a competitive market, and against the backdrop of the Group's transformation, Vallourec has a growing need for trained and motivated staff who are able to adapt to the changing businesses and markets. The Group strives to reconcile its need for change with the individual aspirations of its employees, allowing them to grow in their careers, while developing their skills.

In addition to training programs that are offered and delivered as determined by the Group Training Department, each entity prepares its training plan each year, in accordance with the Group's strategy and educational guidelines. Specific training programs are therefore put in place to locally address the regulatory or market requirements.

### Vallourec University

Vallourec University is the corporate training entity of Vallourec. Its remit is to create a common culture of learning, develop the leadership and business skills of all employees and support Group strategy.

Vallourec University offers training programs for Group employees worldwide. These training programs may be given locally through Vallourec University in the main countries, centrally as part of international programs, or via e-learning through a dedicated training platform, the Learning Management System (LMS).

More than ever, the Group needs to develop its skills to support emergence of the New Vallourec and meet the challenges of the Group's strategic plan.

Vallourec University offers customized training and seeks to develop skills across the Group to fit with the Group's strategy. Its learning center is based on three key pillars:

- Fundamentals and Culture, which includes the Group's induction program, cultural change and mandatory training (ethics, compliance, safety, etc.);
- Leadership and Soft Skills, which prepares for handling the specific challenges encountered in management and leadership roles;
- Business Expertise and Skills, which provide expertise in processes and technologies and business lines (sales, purchasing, project management, etc.), with a view to contributing to the performance of the Group.

Programs at Vallourec University operate in partnership with the Vallourec business experts as well as with carefully selected service providers.

Vallourec University has adopted a Learning Management System (LMS), a training management tool that offers employees more direct access to training. The tool offers monitoring of training, enables employees to see what training is available in the Group, allows them to enroll in courses directly and review training histories for themselves and the employees reporting to them, and gives them direct access to the platform's digital content (e-learning, languages, MOOCs, videos, podcasts, etc.).

This tool allows Vallourec University to offer customized or standard training, which can be deployed quickly at the Group's various sites for all employees connected to the LMS. This training is part of a blended learning strategy, in which live or virtual training is prepared for or reinforced by e-learning sessions, leading to better understanding of the lessons and reducing time spent in in-person settings.

Digital transformation is at the heart of Vallourec's vision and growth objectives. Leveraging digital technology is now more essential than ever, both to support performance as well as to underpin the way teams work together. Digital transformation requires cultural change and changes in practices, and this accelerated significantly in 2020 in the context of the health crisis.

Digital learning enriches the range of training opportunities available within the Group. The Vallourec University LMS platform, open round the clock and free of charge to all employees with access to a computer, offers around 2,700 online training modules, enabling employees to put together their own fully customized training paths. In 2022, emphasis was on the creation of playlists offering employees training curricula on subjects of importance to the Group.

In 2022, over 233,000 hours were devoted to professional training for employees. The data collected via the unique LMS training management system shows a significant increase in the number of employee training hours, up 18% in volume compared to 2021.

### EMPLOYEES WHO HAD AT LEAST TWO HOURS OF IN-PERSON TRAINING, OR WHO COMPLETED AT LEAST ONE E-LEARNING TRAINING SESSION

	Production staff		Technical and supervisory staff		Managers ( <i>cadres</i> )		Total	
	2021	2022	2021	2022	2021	2022	2021	2022
<b>GROUP TOTAL*</b>	61%	68%	93%	100%	91%	98%	71%	78%

\* % of employees who had at least two hours of in-person training, or who completed at least one e-learning training session by socio-professional category.

In 2022, each participating Group employee completed more than 17 hours of training, compared to 15 hours in 2021.

With confirmation of improvement in the health situation, face-to-face training hours continued to increase significantly compared to 2021. The proportion of face-to-face training in overall training hours rose accordingly, to 76% in 2022 vs. 66% in 2021.

This trend led to a reduction in the proportion of distance learning to 23% in 2022 from 34% in 2021. Though the proportion of distance learning courses is on the decrease, the actual number of hours of e-learning and digital content rose by 16% in 2022.

The apparent discrepancy between number of hours and proportion of distance learning is explained by the fact that distance learning formats are always much shorter than face-to-face formats.

## TYPE OF TRAINING PROVIDED

	Total number of training hours in 2022	%	Total number of training hours in 2021	%	Change
Fundamentals & Culture	6,140.9	2.6%	5,044.9	3%	22%
Leadership & Soft Skills	20,370.7	8.7%	22,487.1	11%	-9%
Business Expertise & Skills	206,727	88.6%	169,538.3	86%	22%
<i>including HSE</i>	107,596.9	46.1%	77,684.3	39%	39%
<i>including Languages</i>	10,119.4	4.3%	8,360.0	4%	21%
<b>TOTAL</b>	<b>233,238.5</b>	<b>100%</b>	<b>197,070.2</b>	<b>100%</b>	<b>18%</b>

In 2022, digitalization of training modules continued, with e-learning sessions on performance management and the new Leadership Model produced in-house being offered to all employees with access to a computer.

Much of our training coverage remains focused on operational excellence, with a substantial proportion (46% of the overall volume) on hygiene, safety and the environment.

## 4.3.2.3 Work schedules and work-life balance

## I. WORKING TIME

The Group's policy is designed to provide flexibility and responsiveness in order to adapt to customer demand.

Working patterns enable the Group to adjust plant operations to production requirements. Most production sites have adopted a system of continuous shift work (round the clock), five or six days per week using three, four or five rotating teams.

In order to minimize the arduous nature of working patterns, research is being done in conjunction with occupational physicians and employees into the structuring of working patterns to coincide with physiological patterns. This research is then followed by trials.

Innovative solutions have been implemented, which vary based on cultural factors and applicable national laws.

In order for the Group to meet the need to adapt to economic conditions, whenever possible, hourly cycles are reduced (2x8 from 3x8, or 3x8 from 5x8, etc.).

## II. WORK TIME

The following table shows the number of hours worked and the average number of overtime hours worked in the last two years. It is based, for each area, on the number of hours worked by the registered workforce.

	Average number of hours worked per employee		Of which the average number of overtime hours worked per employee during the year	
	2021	2022	2021	2022
Europe	1,368	1,406	41	37
Brazil	1,966	1,982	124	126
NAFTA	2,363	2,533	425	477
Asia	2,220	2,362	395	582
Middle East	2,298	2,223	443	397
Africa	1,793	1,684	174	167

Average number of hours worked per employee	2021	2022
Algeria	1,888	1,992
Germany	1,263	1,292
Angola	2,002	1,982
Saudi Arabia	2,431	2,366
Australia	2,326	1,680
Azerbaijan	1,944	1,999
Brazil	1,964	1,982
Canada	1,846	1,878
China	2,489	2,909
South Korea	1,877	1,908
Egypt	1,294	1,518
United Arab Emirates	2,081	1,989
United States	2,237	2,268
France	1,407	1,526
Indonesia	2,045	2,007
Italy	1,580	1,498
Kazakhstan		1,838
Malaysia	1,464	765
Mexico	2,869	2,794
Nigeria	1,777	1,581
Norway	1,261	1,277
United Kingdom	1,787	1,570
Russia	1,943	1,013
Singapore	1,962	2,034
Sweden		1,876

Although overtime hours do not apply to managers, the average number of overtime hours has been calculated for the entire permanent workforce (registered workforce), including managers.

### III. INDIVIDUAL WORKING ARRANGEMENTS AND PART-TIME WORK (FRANCE)

In France, nearly all technical and supervisory staff benefit from individual working arrangements, enabling them to set their arrival and departure times based on personal needs and the requirements of their department.

Furthermore, in France, a company agreement signed by all social partners in 2019 paved the way for home working to be implemented at Vallourec.

The aim of this approach is to develop the autonomy of teams, to empower and place greater trust in them, as well as to simplify operating methods, in order to enhance the quality of life at work and achieve a better work-life balance.

The expected benefits of home working were very quickly confirmed by initial feedback from employees and managers.

In the very first year, 2019, more than 500 employees tried home working, both in industrial and service sites.

This trial period ensured that the lockdowns resulting from the Covid-19 crisis were managed smoothly. All service employees worked remotely under the conditions set out in the existing agreement and with the office resources that had already been put in place during the trial period.

The success of home working in France, along with widespread lockdowns throughout the world, encouraged Vallourec to adopt a global policy that aims to promote and regulate home working.

### IV. ABSENTEEISM

The absenteeism rate is calculated by comparing the aggregate of all paid leave (including for illness, maternity, workplace accidents or commuting accidents) with the total number of hours actually worked. In every country, it is in the low average of the rates of comparable industries.

In 2022, the absenteeism rate at Group level was 4.52% compared with 4.64% in 2021.

Absenteeism rate	2021	2022
Europe	8.22%	9.74%
Brazil	3.83%	3.29%
NAFTA	3.64%	2.32%
Asia	1.74%	2.60%
Middle East	1.37%	1.24%
Africa	2.44%	0.42%
<b>TOTAL</b>	<b>4.64%</b>	<b>4.52%</b> <input checked="" type="checkbox"/>

#### 4.3.2.4 Wage policy

##### I. PAYROLL

In 2022, Group payroll, excluding temporary workers, totaled €910 million:

- €715 million in salaries;
- €30 million in employee profit sharing;
- €1 million in expenses associated with stock options and performance shares;
- €164 million in social security costs.

Breakdown of payroll costs by country:

Breakdown of total payroll costs	2021	2022
Germany	21%	19%
Brazil	21%	23%
China	3%	3%
United States	21%	26%
France	25%	20%
Mexico	1%	2%
United Kingdom	3%	3%
Other	5%	4%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

##### II. EMPLOYEE PROFIT SHARING AND BONUSES

Profit sharing plans are designed to associate employees with the Company's performance. In 2022, the amount allocated to these plans was €30 million.

In France, a Company savings plan (PEE) and retirement savings plan (PERCO) allow employees to invest the money they receive from profit sharing in order to build up savings with a favorable tax status and to benefit from employer contributions.

#### 4.3.2.5 Healthcare coverage

In almost all countries, except in African and Middle East countries, employees benefit from a healthcare coverage system for themselves and their families. During business travel, a medical service guarantees they will be cared for under the best conditions.

##### III. EMPLOYEE SHARE OWNERSHIP

The Group did not continue the "Value" employee shareholding plan in 2022.

Shares held by employees represented 0.27% of Vallourec's share capital as at December 31, 2022, compared to 0.16% as at December 31, 2021.

Multiple activities of a social, sporting or cultural nature are organized within the subsidiaries. They take on different forms according to the structures: company orchestras or choirs, organization of tourist trips, sporting competitions or parties and the funding of vacation camps for children. The goal of these activities is to bring people together outside of a strictly professional framework, to support and strengthen connections among employees.

### 4.3.3 Diversity and equal opportunities

#### SDG 5.5, 8.5, 10.4

#### 4.3.3.1 Diversity

The Group considers diversity an important factor in innovation and performance, and thus an opportunity for further development. The Group's actions aimed at promoting diversity and combating discrimination are described below.

In 2023, the Group intends to broaden the notion of diversity, so far focused primarily on gender, to include diversity related to age, culture and disability.

#### I. GENDER EQUALITY

Women represent almost 24% of Group managers and executives overall, with a higher percentage in the lower management levels (30%) and a much lower representation at the senior management level (6.5%). Gender balance in the Executive Committee is rising: 23% women today, from 17% in 2021 and 0% in 2020.

Since the start of 2019, a steering committee has been set up to relaunch the Women@Vallourec program. Its members meet on a monthly basis to identify the most relevant actions in order to encourage the engagement of women and develop their self-confidence, and to progress this initiative rapidly by adopting a more operational approach.

A vision has been defined: "At Vallourec, we believe that diversity is key to improving innovation, performance and the quality of service to customers".

In 2022, we continued and stepped up the action taken in relation to the Women@Vallourec program, so as to meet the three priorities we set:

- attaining the same percentage of women and men at all management levels;
- providing the conditions for women to succeed;
- guaranteeing equal pay for men and women (the same pay for the same job).

The main actions in 2022 involved maintaining and developing mentoring for women in all regions, and communicating widely (more than 1,000 employees reached on International Women's Day) on

diversity issues and the action plans put in place. A major Group-wide communication campaign was run to share testimonials from women (particularly women on the board), publish articles on gender bias and highlight local actions.

In addition, training has been offered across top management to raise awareness on gender bias.

The 2021 remuneration study designed to analyze pay gaps Group wide, was renewed in 2022. The calculations were made on compensation levels as at June 30, 2022 and were based on samples of more than 20 employees for each grade in the Hay Guide Chart. Pay gaps were calculated using the same scope as in 2021: Germany, Brazil (excluding Serimax), the United States, France (excluding Serimax). This scope accounts for around 70% of the Group's technical, supervisory and managerial staff. Overall, the gender pay gap was calculated across 90% of the workforce under analysis.

The grades covered in the 2022 study were the same as in 2021. The gender pay gap across the study scope was constant compared to 2021, i.e., 3.9% in favor of men Group-wide.

As in 2021, the low pay gaps observed are mainly explained by seniority or the position held.

A number of regional initiatives, mostly aimed at structuring an approach to the promotion of women at all sites, have been relaunched. The results have proved significant, with women accounting for 32% of promotions to management positions, up from 24%.

#### II. CULTURAL DIVERSITY

As an international group, Vallourec enjoys a great cultural diversity. To ensure the conditions for a harmonious and rewarding collaboration, managers involved in working with multicultural teams benefit from an adapted training program.

Furthermore, an average of 60 employees of diverse origins have the benefit of working internationally, for a variable duration of one to three years, and in some 20 different countries.

In addition to the actions carried out in each country, the inclusion of disabled workers is an integral part of the Group's Diversity and Inclusion program, which will take on a stronger and broader dimension in 2023.

#### 4.3.3.2 Equal opportunities

#### DISABILITIES

- In Brazil, in partnership with the government, Vallourec Tubos do Brasil has put in place a rehabilitation program to allow employees with disabilities to continue their professional activities.
- In France, awareness-raising operations with workshops have been offered to employees at certain sites in recent years.

### 4.3.4 Employee relations

#### SDG 10.4

#### 4.3.4.1 Employer-employee dialog

Wherever the Group is established, it has made employer-employee dialog a priority. This is organized in each country, in accordance with local regulations. To date, at least 78% of the workforce is covered by industry- or company-wide collective agreements.

At Group level, in October 2021 the Group Committee appointed an employee representative member of the Board of Directors, to sit for four years.

In Europe, the dialog occurs at several levels:

- a European Committee of 30 French, German and British representatives meets at least once a year. It meets with Management, which provides information about changes in the Group's activities, results and strategy. Regular and special meetings in 2022 kept Committee members up to date on the economic and industrial issues impacting the Group's competitive performance. The Committee was also informed and consulted on the action plans involved in the adaptation programs in Europe;
- a European Committee office also holds meetings five times a year, and regularly meets with Management to discuss the Group's future, along with other European issues.

#### IN FRANCE

In 2022, numerous meetings were held with employee representatives. In addition to the matters discussed at regular meetings of the various local and Group bodies, the most important subjects were:

- the information and consultation procedure on the proposed restructuring of French plants and entities, launched in May and culminating in the signature of a majority agreement on the employment safeguard plan with the unions;
- annual negotiations on wages and working hours, leading to the signing of a unanimous agreement.

#### IN GERMANY

On a monthly basis, regular meetings take place with the General/central works council, the economic committee and the local/sites works council. Regular information meetings also take place with employees.

In addition, in 2022, an intensive and constructive dialog and negotiation phase took place as part of a restructuring plan leading to the closure of German operations at the end of 2023. As a consequence, the management of Vallourec Deutschland and the representatives of the employees' side agreed on a reconciliation of interests and signed a social plan and the corresponding social collective agreement. These agreements have been achieved with the common objective, shared by both parties, to create the conditions for each of the concerned employees to find an appropriate solution for their future.

#### IN THE UNITED KINGDOM

Employees are represented through two trade unions (Community Union and Unite Union) which represent production, administrative and technical staff. Negotiations in 2022 focused on salary policy and the headcount reduction plan ensuing from restructuring operations in Europe (on which a unanimous agreement was signed).

#### IN NORTH AMERICA

In Mexico, the union mainly represents production staff and is represented by a collective bargaining agreement. The union, for which dues and membership are mandatory, can propose candidates for promotions among these employees, a list of whom is drawn up in accordance with the agreements. Negotiations concern salaries and benefits in kind.

In the United States, as required by law, employees can choose to be represented by a union and a collective bargaining agreement; so far, employees have consistently voted against union representation. The last formal union election was held in 2014 at Vallourec Star sites, in Youngstown (Ohio, USA).

The year 2022 was marked by a continued increase in production that required the need for additional headcount in all job categories and at all businesses in the region. "The Great Resignation" also impacted the businesses with resignations at all levels of the business and, with the tight labor markets, has made it very challenging to meet staffing requirements to support the increased activity.

In early 2022, Covid-19 was in control and all locations resumed normal operating conditions with mandatory work from office for three days per week.

Workforce communications through Townhalls remains an important focus with the changes being implemented with the reorganization of the US business units. This reorganization merged two VAM USA locations with Vallourec Star locations to form Mass Production North and South business units. Vallourec Tube-Alloy and the other VAM USA operations were placed under common management as we prepare for phase two of the One North America project.

A focus group was launched titled "We are Vallourec" to improve the Diversity, Equity, and Inclusion efforts in the Region. This group reviews our policies and practices and evaluates any areas to strengthen our employee value proposition especially pertaining to gender, sexual orientation, racial differences.

The region continues to benefit from the "Winning as One" initiatives. The program has once again made it possible for employees to volunteer to participate on teams that are focused on strategic topics, process improvements, and employee submitted ideas that improve the business. By combining our employees' enthusiasm with available opportunities, we have strengthened our commitment to Vallourec's values of transparency, performance and responsiveness, respect for people and joint commitment.

Unfortunately, all these efforts did not lead our workforce to recertify Vallourec as a great place to work. While there is much to be proud of from the efforts above, we will work as a collective to strengthen the Employee Value Proposition in 2023.



## IN SOUTH AMERICA

In Brazil, employees are represented by trade unions, which are formed by employees not only from Vallourec, but also from other companies covered by their territorial base.

There are legal criteria that establish the obligation of a union representation, according to the territorial location of the company and its preponderant activity. Thus, for each unit in Brazil there is a different union representing employees.

These unions are responsible for bargaining salary and benefits increases as well as the work conditions.

Moreover, the employees are also represented by the *Conselho Representativo dos Empregados* (Employee Representative Council – CRE), which has been a legal obligation since November 2017 for all plants with 2,000 or more employees. This Council provides employee representation internally and facilitates discussions on

specific daily matters such as catering, transportation, restrooms, etc. The CRE cannot be involved in matters that are negotiated by the trade union. It plays a complementary role.

Employee relations in 2022 focused mainly on Brazil strategic opportunities to improve operational performance and production increase plans.

## IN CHINA

Trade union or employee representatives exist in most entities in China, and the employer has regular communications with those representatives. In all cases, Vallourec encourages employees to have representatives. Labor Union was established in Tianda Chuzhou in 2021. In the entities without trade union or employee representatives, employer-employee dialog occurs through direct contact between the production staff and management via internal communication meetings.

### 4.3.4.2 Internal survey on employee satisfaction (“Social Barometer”)

Vallourec conducts regular surveys to gauge perception, expectations and concerns of all its employees worldwide. The survey is used to measure the level of satisfaction, motivation and commitment of employees.

It ensures that employees' responses will be kept completely confidential.

The response rate for the latest survey, in November 2021, was a record 64% of all employees. It yielded a high satisfaction score of 7.7/10, a steady increase since the first survey, despite challenging circumstances.

The development of new skills, the high level of autonomy and the atmosphere in the workplace appeared to be the main motivating factors for employees.

Following the survey, action plans were rolled out in early 2022 to respond to employees' expectations in line with the standards of excellence defined at Group level.

The next employee satisfaction survey will take place in spring 2023.

### 4.3.4.3 Group internal communications

Internal communication has a major role in Vallourec's operations. It allows employees to be connected worldwide and to create a true sense of belonging to the Group. The goal of internal communications is to engage Vallourec's employees and have them adopt a common vision, plan and values and to support change. Vallourec maintains dialog with its employees and provides information through various channels:

- regular “On Air” webcasts with the management team, to share headline news across the whole of the Group's 17,000-strong workforce. The webcast is also used for regional conventions and thematic seminars to complement face-to-face events;
- meetings between the CEO Philippe Guillemot, management teams and employees, run throughout the year to present the Group's new governance structure and outline the Group's priorities;
- the My Vallourec intranet platform, which reaches some 8,000 employees in around 20 countries. My Vallourec merges the Group's various intranet sites into a single platform, giving employees simplified access to local and corporate information. It offers an environment based on Office 365, which is more

ergonomic, consistent, modern, and open. The information provided on My Vallourec allows employees to learn more about the strategy, objectives, results and success of the Group's teams worldwide. News is also relayed on screens at sites where such screens have been installed;

- My Vallourec is supplemented by the business social networking site, which allows employees to have discussions, share knowledge and best practices via dedicated communities, and by Teams, a hub designed to promote teamwork;
- specific communication on certain projects to raise employee awareness on key issues (safety, quality, digital, major HR projects, ethics, values, CSR, energy transition, etc.) or invite employee involvement on important events (R&D Awards, Innovation, major projects impacting Group life, etc.).

The Group's internal communications are also based on local resources in the countries and subsidiaries, which relay messages, provide feedback from the field and raise topics of interest within their own channels (magazines, intranets, etc.).

### 4.3.5 Relations with stakeholders

SDG 4.4, 8.4, 11.4, 12.6, 13.3

#### 4.3.5.1 Customer relations

##### I. CUSTOMER PROFILE

The Group has an extensive customer portfolio.

- As concerns the Oil & Gas markets, its customers are:
  - national oil companies such as ADNOC, Petrobras and Saudi Aramco, international companies like ExxonMobil and TotalEnergies, and independents;
  - engineering and construction petrochemical service companies such as Petrofac, Subsea7 and TechnipFMC;
  - American distributors such as MRC Global, Pipeco, Premier Pipe and Pyramid Tubular;
  - service companies such as Baker Hughes, Halliburton, Schlumberger and Weatherford.
- In the Industry market:
  - manufacturers of industrial equipment and distributors such as Hoberg & Driesch, Klöckner, Salzgitter, ThyssenKrupp and Van Leeuwen, as well as end-users such as Horsch, Huisman, Schaeffler and Liebherr.

In 2022, the Group's ten largest customers represented 26% of consolidated revenue, and the five largest customers 22% of consolidated revenue.

It should be noted that a growing number of customers are asking the Group about its level of commitment to CSR in the form of a structured questionnaire.

##### II. THE COMMERCIAL EXCELLENCE PROGRAM AND CUSTOMER SATISFACTION

As part of its Commercial Excellence program, the Group strives to continuously strengthen its relations with customers.

One of the cornerstones of this program is the management of Vallourec's strategic customers: the Key Accounts. The dedicated Key Account Managers are specifically trained and certified to create a special relationship at all levels of the customer's organization. They identify their needs and contribute to differentiated sales. The community of Key Account Managers meets quarterly to exchange views and share best practices.

Another initiative of the Commercial Excellence program is the preparation of "Value Propositions". For its different offers and on its various markets, Vallourec demonstrates the value created throughout the value chain of its customers' activities through "Value Propositions".

Sales Force Management is also a driver of this program, which allows commercial functions to be professionalized at all managerial levels of the Group, through specially devised training programs.

Customer satisfaction is at the heart of Vallourec's concerns. Regular surveys are taken at our customers by the Product Lines or by the Regional sales offices in order to develop detailed knowledge of the customers' experience. In these surveys, the satisfaction rate of the customers is measured according to several criteria (response time to a request for quotation, quality of technical support, quality of products and services, offer range, and lead times). When a gap between expectations and Group performance is detected, actions are taken to improve satisfaction or, where applicable, to remedy dissatisfaction.

This approach is inseparable from the Group's efforts to raise the level of quality of its products as well as that of the associated services. Claims are systematically and fully processed.

### 4.3.5.2 Relations with subcontractors and suppliers

In order to prevent, identify, and mitigate the risks created by business relationships in corporate social responsibility issues (including the risk of corruption) described in section 4.1 “Vigilance Plan” and in section 5.1 “Risk factors” of this Universal Registration Document, the Group has developed and is implementing a responsible purchasing policy.

#### Commitment to responsible performance

##### Establish a network of reliable and responsible suppliers

###### 2022 RESULTS

The number of suppliers, with expenditure in 2022, having undergone a CSR report was 952, with a continued focus on emerging countries and recent regions for Vallourec (such as Asia and the Middle East and certain categories of suppliers in Brazil). The quantity of 2022 purchases from these suppliers represented 71% of Vallourec’s total expenditure, vs. 65% in 2021. As at December 31, 2022, 85% of suppliers with revenue of over €1 million and deemed to be “critical”, i.e., directly impacting Vallourec’s output or its production process, conducted a formal CSR assessment.

###### 2022 INDICATOR

71% of purchases from suppliers subject to formal CSR assessment

###### 2023 OBJECTIVE

Maintain the percentage of purchases from suppliers subject to formal CSR assessment at 70%, giving priority attention to **suppliers considered “at risk”** as regards: monopoly/dependency status, financial health, capacity, quality, human rights, environment, corruption, and sole supplier status. Suppliers having undergone a CSR assessment more than three years ago or having obtained a low overall score or a low ethics performance score will be specifically monitored.

In 2022, the Group’s purchases totaled €3,683 million, i.e., a 32% increase compared to 2021. They break down geographically as follows: 35% in Europe/Africa, 23% in North America, 32% in South America and 10% in the Middle East/Asia.

#### NATIONAL PURCHASES

Vallourec pays close attention to the local, economic and social impact of its activities on the neighboring and national populations.

Expenditure on subcontracted operations, professional services, general services, maintenance and industrial work, and energy totaled €789 million, 92% of which was local. This expenditure mainly concerns industrial finishing and control services, maintenance, and services to ensure processes run properly. Subcontracting and industrial maintenance purchases were for the most part local, given the quality and responsiveness requirements that providers must meet. Services correspond to a significant number of highly qualified jobs that helped strengthen the local industrial fabric, although it is not easy to determine their number. A significant proportion of local subcontractors was taken into account in the CSR assessment of Vallourec’s suppliers.

#### RESPONSIBLE PURCHASING POLICY

Vallourec’s Purchasing function is organized for optimal supplier management, consistent and centralized governance, and shared deployment of tools and processes to all Group entities.

It has a matrix structure, with a global team responsible for specifying processes and managing certain purchasing families so that synergies can be leveraged, plus regional teams responsible for operational management.

Over the last few years the Performance and Process Department has put together a number of processes for improving supplier selection and performance: purchasing strategies by category; a

formal contracting process; supplier performance metrics including quality; and supplier risk analysis. All of these processes include direct and priority consideration for Corporate Social Responsibility (CSR), sustainable development, ethical conduct, anti-corruption and safety.

Vallourec issued a formal procedure setting out its responsible purchasing policy in 2021.

In 2022, pursuant to this policy, Vallourec:

- continued the formal and systematic evaluation of suppliers based on CSR criteria, still with the assistance of the same specialized firm. As at December 31, 2022, suppliers representing 71% of Vallourec’s expenditure conducted a complete assessment and put in place progress action plans;
- continued and perfected a specific process to anticipate supplier risks. A scorecard on the subject matter is continually updated and reviewed quarterly by the Group’s Purchasing Department Committee. In 2022, this monitoring allowed the risks identified for the Group’s global suppliers to be addressed or eliminated.

Vallourec’s requirements regarding sustainable development, ethics and safety are always one of the main messages conveyed to the Group’s largest suppliers.

In accordance with US law and European directives, Vallourec has also committed to monitoring possible use by its suppliers of potential conflict minerals originating from certain at-risk countries. The Group’s policy consists of (i) making sure, in accordance with its Sustainable Development Charter and Environmental Policy, that none of these minerals are used directly or indirectly, and (ii) where instances of use are detected, that solutions are found to replace them. This oversight campaign was more targeted and its response rate increased from 57% to 60%. These suppliers were all entered into this survey’s analytical matrix. Monitoring will continue in 2023.

## ACTIONS TO PREVENT CORRUPTION

All suppliers are aware of and have access to the Group's Code of Ethics and Anti-Corruption Code of Conduct, particularly through Vallourec's website. Furthermore, by accepting the general purchasing conditions, suppliers formally undertake to manage their activities in accordance with the values and principles of the Code of Ethics. Vallourec's systematic assessment of suppliers based on CSR criteria, initiated in 2013 (see above), showed that 54% of Vallourec suppliers already evaluated (compared to 52% in 2021) have also formally put in place an Anti-Corruption Code of Conduct, and 39% are putting in place an active whistleblower system.

### 4.3.5.3 Support for the local socio-economic fabric

#### I. LOCAL COMMUNITY SUPPORT POLICY

Vallourec has initiated numerous relationships with local stakeholders in its activities, such as professional organizations and local authorities, residents' associations and groups with a social or environmental objective related to its sites' operations. Actions for the benefit of local stakeholders are mainly carried out in countries where the expectations of the local residents are highest, namely Brazil and Indonesia.

The Group has strengthened its governance in this domain, bringing in a new approach for analyzing social investments. Local entities have to inform the Group, on a proactive basis, on the actions planned for the coming year, and subsequently declare the initiatives put in place and the amounts concerned.

This policy includes three cornerstones established by the Group: education (and, in particular, the subjects of science, digital and essential knowledge), support for initiatives to preserve the environment, and encouragement of employee volunteer involvement. Volunteer employees can take time off to get specifically involved in an initiative supported by the entity or even lead such initiatives. Each site must aim to construct a medium-term project coupled with a budget, to be validated by the managerial chain, and must encourage volunteers to get involved. Its practices must converge toward the cornerstones set by the Group in a certain number of years, and it must ensure that they respect the specific prohibitions identified.

#### II. ACTIONS TAKEN IN FAVOR OF LOCAL COMMUNITIES

In 2022, resources assigned to financing various partnerships totaled around €1.3 million, a decrease compared to 2021 (€4.8 million), with exchange rates generally stable.

The survey on employee engagement was conducted in line with the new principles outlined above. In 2022, 286 employees volunteered to take part in community initiatives, a sharp decrease on the 881 in 2021. This is explained by budgetary restrictions within the Group. The great majority of volunteer employees were in Indonesia and Brazil and the engagement rate was 1.8% of the workforce in 2022. It should also be noted that some employees took part in several initiatives.

The analysis of all initiatives showed a number of actions that are worth highlighting:

a) **In Brazil**, due to historic, cultural and regulatory reasons, and because the Barreiro site is located in the middle of a very urbanized district in Belo Horizonte, relations with local stakeholders, particularly low-income populations, have for several years

Vallourec's Anti-Corruption Code of Conduct stresses to its employees, including buyers, the conduct to maintain when interacting with suppliers, the rules to be respected in terms of corporate gifts and invitations, and the rules concerning conflicts of interest. In 2022, all members of the Purchasing structure received training on corruption risks and the Anti-Corruption Code of Conduct. Vallourec Integrity Line, a whistleblowing system that can be accessed in eight languages through a secure Internet platform, is available to employees and stakeholders, including service providers and suppliers.

Under our CSR evaluation in 2023, closer attention will be paid to suppliers with insufficient scores on ethics criteria.

followed a structured monitoring process in close collaboration with local authorities. These actions, which benefited from tax incentives, include economic development, cultural, sporting and health programs. Just some of the 97 reported initiatives – which had an extremely positive impact – are:

- the outstanding effort over the past several years to restore a historic movie theater in the city center, which has allowed the Belo Horizonte metropolis to become a major cultural center; the Cine Teatro Brasil Vallourec has become incredibly successful for arts activities including exhibitions, and dance, music and theater shows. Since 2017, support for the operation of this establishment is the biggest initiative carried out in Brazil;
- many donations were made for cultural activities in the communities of Barreiro, Jeceaba and Mineração, especially for children;
- meal boxes and basic necessities kits were distributed to employees, their families and the local community;
- actions were taken and donations given to the Mano Down Institute, which helps children with Down's syndrome;
- financial support and donations of equipment to several hospitals;
- actions to assist the elderly;
- financial support and donations of equipment to sports centers.

b) **In the United States**, more than thirty actions were carried out, involving various amounts:

- there were donations made to universities and business incubators on development of education and training in science, technology, engineering or mathematics;
- on several occasions during the year, volunteer employees (around a hundred in all) gathered to collect waste around Vallourec sites.

Other financial support and donations of equipment were given to charities helping children in difficulty.

c) **In France**, given the level of social infrastructure development, the initiatives taken tend to be for limited amounts in support of university, cultural and sports initiatives. This year, Vallourec financed several sports activities and tournaments, primarily in soccer, basketball and handball.

d) **In Indonesia**, the subsidiary PT Citra Tubindo TBK has been committed for many years to educational, medical, social and athletic support programs for the population, which in particular benefit children and some orphanages. Environmental projects in the municipality of Batam have also been carried out, including tree plantation in the Nogsas neighborhood and donations to the Botanical Gardens. PT CitraTubindo TBK has been developing and financing various educational programs for several years now:

- the VALERIE program offers partner students intensive training in specific skills (such as CNC machining, heat treatment operations, sorting operations, inspection and maintenance) to open opportunities on the employment market;
- the TERRIE program offers new graduates and final-year students industry experience helping them to respond to demand for qualified job positions;
- the SARAH program offers skills refresh and re-qualification activities for students completing the Valerie and Terrie courses and former job-holders. Participants (40 in all) include job hunters and students from various high schools and higher education establishments.

e) **In Nigeria**, the Group has contributed to the installation of several solar panels in the Onne community.



f) For World Cleanup Day on September 15, 2022, employees in the United States and France **got together to collect waste** around their Vallourec sites. In France, 26 employee volunteers took part, collecting a total of 64 kilograms of waste, including around 3,500 cigarette butts. At the Youngstown and Houston sites in the United States, volunteers collected 900 kilograms of waste over the weekend, including car bumpers, tires and pallets.

#### 4.3.5.4 Relations with shareholders and investors

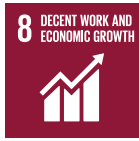
The Group's priority is to maintain lasting, trust-based relations with all its shareholders, both individual and institutional, French and international. It strives to give them access to exact, precise and accurate information, particularly with regard to its activities, results, outlook and strategic developments. Accordingly, and with ongoing concern for clarity and transparency, numerous dedicated communications media are available, and regular meetings are arranged throughout the year.

In 2022, the Group participated in 134 meetings and telephone conferences with institutional investors and financial analysts. Each year, it also meets with SRI (Socially Responsible Investment) funds and analysts. This approach contributes to the Group's continuous improvement in the area of sustainable development.

The Group maintains an ongoing dialog with its individual shareholders through various communications media and channels. Accordingly, Vallourec's Shareholders' Club notably allows them to participate in information meetings to deepen their knowledge and understanding of the Group's activities. However, no physical meetings of the Shareholders' Club have taken place since 2020 due to the Covid crisis.

The overall approach used by the Group with respect to shareholders and investors is presented in sections 2.6.2 "Relations with institutional investors and financial analysts" and 2.6.3 "Relations with individual shareholders" of this Universal Registration Document.

## 4.4 Our commitments to business ethics and compliance



### 4.4.1 Governance

Risks relating to business ethics and corruption are presented in section 4.1 “Vigilance Plan” and in section 5.1.3 “Legal and tax risks” of this Universal Registration Document.

The Vallourec Group Compliance Department works with the Compliance Committee, which it leads, on putting in place and implementing internal compliance policies and, in particular, the system for detecting and preventing corruption. The Compliance Department operates under the Secretary General and reports regularly to the Chairman and Chief Executive Officer. It makes quarterly presentations to the Audit Committee regarding the actions taken by the Group in relation to business ethics and the improvement of the anti-corruption compliance program.

Alongside the Compliance Department, a Group Ethics Officer ensures that Vallourec’s ethical principles and values are upheld by all of the Group’s employees and stakeholders. The Group Ethics Officer liaises closely with the Compliance Department.

The Compliance Committee comprises members of the Executive Committee and representatives from functional (Audit and Internal Control, Legal, Purchasing, Human Resources, etc.) and operational departments. It holds meetings at least once per quarter to determine, at the initiative of the Compliance Department, compliance guidelines and ensure they are effectively followed.

The Compliance Department liaises with a global network of local ethics correspondents, by geographic area, and with the regional legal managers. The local ethics correspondents are tasked with disseminating the values and principles of the Group’s Code of Ethics in entities worldwide, rolling out training and making sure that internal procedures are properly applied. A meeting of the network of local ethics correspondents is organized and led by the Group’s Compliance Department regularly. These meetings cover topics such as internal procedures and regulatory updates on anti-corruption and competition issues.

A Compliance Newsletter, along with information sheets on matters concerning anti-corruption and competition rules, is issued regularly via the Group’s social network and appears on the Ethics and Compliance page of its intranet, to ensure good visibility Group-wide.

### 4.4.2 Action plans and measures

#### SDG 8.7, 16.5

#### 4.4.2.1 Code of Ethics and Anti-Corruption Code of Conduct

The Group’s ethical standards are presented in a seminal document, the Code of Ethics, which was updated in 2022.

The Code of Ethics is a set of core values that includes integrity and transparency, excellence and professionalism, performance and responsiveness, respect for others and mutual commitment.

It provides a framework for each employee’s day-to-day activities through behavioral guidelines based on these values. The guidelines reflect how Vallourec seeks to manage its relationships with all of its partners and stakeholders, including its employees, customers, shareholders and suppliers, and form the Group’s benchmark in implementing its sustainable development and corporate social responsibility plans.

Vallourec’s Code of Ethics applies to all consolidated Group companies. Each employee is personally responsible for implementing its values and principles and for complying with the rules it sets out.

The Group’s various reporting lines ensure that it is communicated to all employees. To that end, it has been translated into nine languages (French, English, Portuguese, German, Chinese, Spanish, Arabic, Indonesian and Russian). It has also been published on the Company’s intranet and website to affirm the Group’s values with regard to third parties.

The Code of Ethics is the seminal document which is underpinned by a certain number of directives and recommendations, helping Group employees to apply the Code. The Compliance Department is responsible for the following tasks aimed at ensuring effective take-up of the Code of Ethics among all employees, and managers in particular:

- assisting Group companies in communicating the Code of Ethics;
- coordinating actions to educate new employees on the Code of Ethics;
- helping to define the procedures for implementing the Code of Ethics;
- ascertaining any difficulties in interpreting or applying the Code of Ethics that are raised by staff; to that end, the department receives any information relating to breaches of the principles of responsibility; and
- submitting cases of non-compliance with the Code of Ethics to the Compliance Committee and the Audit Committee.

In addition to the Code of Ethics and the existing internal procedures, and in line with the current regulations, Vallourec introduced an Anti-Corruption Code of Conduct in 2019, which was updated in 2022. This document sets out the Vallourec Group's anti-corruption policy. It is intended for all employees, as well as Vallourec's industrial and commercial partners. The Anti-Corruption Code of Conduct underscores Vallourec's commitment in the fight against corruption. It contains definitions and practical examples of unacceptable conduct that could constitute acts of corruption or influence peddling. In particular, it covers the way in which Vallourec manages its relations with commercial partners, corporate gifts and invitations,

facilitating payments, conflicts of interest, representatives of interests, and the funding of political parties. Lastly, it details the various reporting methods available to employees and stakeholders who wish to report non-compliance with the Code of Ethics or the Code of Conduct.

The Anti-Corruption Code of Conduct, available in nine languages (French, English, Portuguese, German, Chinese, Spanish, Arabic, Indonesian, and Russian) is distributed to all the employees of the Group and to third parties. It is posted online on the Group's intranet and on the Company's website.

#### 4.4.2.2 Compliance program

In line with the principles set out in the Code of Ethics and the commitments of the Global Compact of the United Nations that the Group joined in 2010, Vallourec seeks to prevent specific risks of non-compliance with legislation and regulations, particularly in relation to competition and the fight against corruption, within the framework of a Global Compliance Program rolled out in all of the Group's companies.

The Group's Global Compliance Program, including the system for detecting and preventing corruption, is designed and rolled out by the Compliance Department and focuses primarily on the following:

- the governing body's commitment as set out in the Code of Ethics and the Anti-Corruption Code of Conduct and on the ethics and compliance page on the Group's website. This commitment is also reflected in presentations given at internal events and by ad hoc communications campaigns;
- a Group risk map that incorporates the risk of corruption;
- prevention measures and procedures:
  - the Anti-Corruption Code of Conduct, which applies both to employees and to third parties, supplemented by internal procedures relating to the use of sales agents, gifts and invitations, and philanthropy and sponsorship, local partners, lobbying and political life. These procedures are reviewed on a regular basis,
  - awareness-raising and training initiatives for all Group employees aimed at addressing the risks to which these employees may be exposed in their activities by means of detailed, informative and practical recommendations that can be understood by all. The training program for managers, via in-person sessions and online courses, continued in 2022, covering France, Italy, Saudi Arabia, Mexico, Nigeria, Brazil, the United Kingdom, the United Arab Emirates, and Asia (China, Indonesia and Singapore). Training run by teams from the Group's Compliance Department or by local ethics correspondents reached a total of 1,026 Vallourec Group employees in 2022. Initiatives to raise awareness of ethics were also rolled out in the Group's plants.

A Welcome Package was launched in 2017 to bolster internal communication on the main procedures involved. This is a module disseminated via the Learning Management System (LMS) of Vallourec University to all new employees, so that they are aware of the Company's values and workplace rules from the time of their arrival into the Group.

In November 2022, a new version of the mandatory e-learning on anti-corruption and competition issues was added to the LMS training area. Release of this new version of the e-learning program, which all Group managers and supervisors on the payroll in 2022 and all new employees are required to follow, was accompanied by a message from the Chairman of the Board underlining the importance of all Group employees following this training program and taking up the principles, rules and values set out in the Code of Ethics and the Anti-Corruption Code of Conduct,

- an internal whistleblowing system, as described in section 4.1.3 "Whistleblowing and reporting systems",
- assessment of the integrity of third parties. In 2022, the Group continued with the preliminary checks carried out when recruiting sales agents, and tightened checks on suppliers and customers,
- a Compliance Newsletter, which regularly keeps employees up to date on compliance matters and systematically includes reminders on applicable procedures within the Group. Practical information sheets are also published on matters concerning competition rules and the fight against corruption,
- tightening controls,
- a list of points to check during audits has been drawn up, along with a schedule of regular meetings with the Audit Department.

Non-compliance with anti-corruption laws and regulations, or with competition rules, exposes the Group's employees to disciplinary sanctions and even dismissal.

In 2018, the Vallourec Group obtained ETHIC Intelligence Program anti-corruption certification for the design of its corruption detection and prevention program. This certification confirmed that the program addresses the Group's fraud and corruption risks, and corresponds to the best practices and regulations applicable in the fight against corruption. The certification also allowed the Group to promote and strengthen its values in terms of integrity and ethics with outside commercial partners and stakeholders.

The anti-corruption system is monitored by the operational functions and the Compliance Department as part of the application of internal procedures, as well as by the Audit and Internal Control Department as part of its audits, which incorporate compliance.

### 4.4.3 Action plan and resources on combating tax evasion

The Group's tax, accounting and/or legal teams (calling on external experts and advisors where necessary) work at a central and local level to ensure:

- implementation of accounting principles, the transfer price policy and suitable procedures to ensure that tax is calculated correctly and paid in a timely manner in the countries where it is due;
- any available tax relief for the Group is identified and applied for within the applicable legal timeframes;
- regular monitoring of changes in legal and regulatory requirements applicable to Group entities, and advice and aid given on a daily basis to Group employees to ensure proper compliance with the applicable laws and regulations, particularly to combat tax evasion; and

- adequate personnel and/or external advisors to monitor tax audits so that they run smoothly and to enable them to be completed as quickly as possible.

This policy applies to all tax due at all levels of jurisdiction (local, regional, and national).

The Group's entities are regularly audited by the tax authorities to which they are subject.

As at December 31, 2022, no Group entity was involved in a dispute over tax evasion.



# Appendices

## Appendix 1 - Methodological note

Chapter 4 of the Universal Registration Document, designed to inform shareholders and the greater public about the actions taken by Vallourec to promote sustainable development, complies with France's Grenelle II Law of July 12, 2010, and in particular with Articles L.22-10-36, R.22-10-29 and R.225-105 of the French Commercial Code. The information contained herein is derived from database systems deployed worldwide, at each site concerned.

### Guideline indicators

Vallourec defined its guidelines by reproducing the list of CSR information that appears in Articles L.22-10-36 and R.225-105 of the French Commercial Code (see cross-reference table below). Other indicators were constructed based on those published by the Global Reporting Initiative (GRI), which proposes CSR reporting indicators for global companies.

- Environmental and safety indicators.

Environmental and safety indicators have been drawn from the "CR 360" reporting system since the end of 2016, which allows for monthly monitoring and consolidation. They are included in a project definition worksheet provided by the Sustainable Development Department to its network of local correspondents in the Group's four working languages (French, English, German and Portuguese).

### Scope of consolidation – HSE indicators

The scopes of consolidation are determined according to rules established by Vallourec's Sustainable Development Department and include:

1. industrial sites. The following are thus excluded from the environmental scope: the Shared Services Center in Valenciennes, the administrative offices and headquarters, and all sales offices. Research centers are also excluded, with the exception of the Vallourec Research Center France, whose activity is more varied;
2. as concerns the consolidation of safety indicators, all sites are incorporated, including the registered offices in Boulogne and Rath, except for the small sales offices (less than 20 people), which represent 0.6% of the Group's workforce;

### Scope of consolidation – Social indicators

The scope of consolidation is determined in accordance with the rules set by Vallourec's Human Resources Department, and corresponds to the accounting consolidation scope. Entities sold and sites closed in 2022 are excluded from the reporting scope.

The data presented do not take into account employees on redeployment leave or time off.

All of the CSR information published in chapter 4 of the Universal Registration Document was verified by an independent third party body, whose report appears in Appendix 2 to this document.

The information disclosed clearly explains the Group's CSR strategy, as well as its actions in this area.

Social indicators are also the subject of a precise and standardized Group-wide definition, and covered by a detailed procedure.

- Indicators related to workforce and hours.

The data are automatically collected by the GatheringTools system, and then sent to several HR information management system tools, including Qbik (consolidating and management of social data). The Human Resources Department collects this data, which goes through an on-site correspondent.

- Training indicators.

The data are collected in the LMS (Learning Management System). Calculation and consolidation are completed by the Group Training Department: the Vallourec University Department.

3. sites belonging to Vallourec for more than six months. This rule is to be considered when a disposal or acquisition occurs;
4. sites with active industrial operations during the year. This excludes construction sites that have not been in operation for more than six months;
5. sites for which Vallourec owns more than 50% of the voting rights. Conversely, the sites for which Vallourec is a minority shareholder are not consolidated (for example, this is the case for the HKM steel mill in Germany).

### Consolidation principles

1. The companies and sites included in the reporting scope in accordance with the rules described above are not accounted for using the equity method, but are treated equally in the reporting consolidation – that is, as wholly owned by the Group.
2. Precautionary principle: consolidation is established on the basis of prudent assessments to avoid transfer risk and reputational risk.
3. Accrual principle: all fiscal years are independent from one another.

## Consolidation and auditing

Environmental indicators are consolidated and audited monthly by the Sustainable Development Department (timeliness, fairness, completeness). In case of doubt or inconsistency, the Regions and sites involved are questioned and must provide sufficient explanation to clarify the given indicators, as well as the achievement or shortfall of the targets set for the year. This step is essential to ensure the quality of the reports and the integrity of the indicator monitoring system within a continuous improvement process.

## Production calculations

By “metric ton processed”, Vallourec means metric ton produced in each plant (number of units of work produced in the plant), whether of steel, hot-rolled tubes or cold-finished tubes. The production of each plant is added together to calculate the total production in metric tons processed or work units.

For integrated sites, such as Vallourec Star in Youngstown (United States), and Vallourec Soluções Tubulares do Brasil (VSB) in Barreiro and Jeceaba (Brazil), the total production is the sum of the steel and tubes produced.

Production of iron ore by Vallourec Mineração, the manufacture of pellets in Jeceaba, as well as the production of charcoal by Vallourec Florestal are, however, not included in the Group's total production.

## Verification of CSR information

All of the CSR information published in chapter 4 of the Universal Registration Document was verified by an independent third party. A selection of indicators identified by the symbol R was checked more

In addition, to verify and compare the data, the Sustainable Development Department issues a quarterly summary to Executive Management and to all sites.

Safety indicators are issued monthly, after verification, to Executive Management, the Regions and divisions, and all sites.

By “metric ton shipped” or “metric ton sold”, Vallourec means metric tons of tubes and accessories shipped to customers during the year. This production indicator is published in the Group's results.

Environmental data are routinely expressed in absolute and relative terms, in both graphs and tables of quantified results.

Relative values are divided either by production, expressed as metric tons of tubes processed (which allows different sites to be compared) or metric tons of tubes shipped, expressed as metric tons of tubes (which helps in estimating the environmental footprint of tubes shipped to customers).

thoroughly, to a reasonable level of assurance. For each piece of information presented, Vallourec has prepared a file to demonstrate a complete and rigorous implementation of its policy.

## Methodological limitations and special cases

The following table lists some exceptions or special rules.

Issue	Plant concerned	Description
Atmospheric emissions of NO <sub>x</sub> and SO <sub>2</sub>	All those consuming natural gas	In the absence of measures performed by the site on the quality of the gases emitted from its combustion facilities, the NO <sub>x</sub> and SO <sub>2</sub> emissions are calculated by multiplying its natural gas consumption (in kWh) for the following emissions factors: 0.0001944 for NO <sub>x</sub> and 1.73913 x 10 <sup>-6</sup> for SO <sub>2</sub> (EF source: gas suppliers in France).
Wastewater quality	Vallourec Tubes France (Saint-Saulve and Aulhoye-Aymeries tube mills), Vallourec Deutschland Rath, Vallourec Star Houston, PT Citra Tubindo, VSB Barreiro, Jeceaba and Florestal, Mineração, VOGUK, Tianda, VAM HR, VAM MR, VOG MX, VTA Houma and RR	Indicators for monitoring wastewater quality (SPM, COD, TH and 10 metals) are only consolidated for sites that discharge wastewater directly into the environment after internal processing at their effluent treatment plants. These indicators are calculated based on the weighted average concentration per flows of discharged wastewater. This data is based on a list of metals established by the Group, with the knowledge that the data reported by the sites only concerns the analyses imposed by the local regulations.
Waste	All plants	"Historical" waste (hazardous/non-hazardous) produced prior to the reporting period and stored on site is not counted in the total tonnage of consolidated waste. Waste is classified as hazardous or non-hazardous according to the local regulations.
Sludge from blast furnaces and steel mills	VSB	In Brazil, sludge generated by blast furnaces is classified as non-hazardous waste, and is a totally different type of waste from tube mill sludge.
Dust from blast furnaces and steel mills	VSB	In Brazil, dust generated by blast furnaces is classified as non-hazardous waste, and is a totally different type of waste from the other types of dust produced by the other steel mills.
Methane	Vallourec Florestal	<p>When estimating methane emissions, the calculations are based on the statistical study in Appendices 5 and 6 of the "Project Design Document Form (CDM PDD) – Version 03" registered as a CDM 8606 project at UNFCCC: "Carbonization Project – Mitigation of Methane Emissions in the Charcoal Production of V &amp; M Florestal, Minas Gerais, Brazil", which is available at:</p> <p><a href="https://cdm.unfccc.int/Projects/DB/BVQI1354824411_24/view">https://cdm.unfccc.int/Projects/DB/BVQI1354824411_24/view</a></p> <p>According to the study, process methane emissions depend on the gravimetric yield of wood carbonization in furnaces (Appendix 5), or the ratio between the final mass of dry charcoal (after combustion) and the initial mass of wood (Appendix 6).</p> <p>Since 2019, we differentiate charcoal tonnage produced according to the type of carbonization furnaces: conventional furnaces, furnaces equipped with chimney burners, and the Carboval unit. Methane emissions are calculated for each type based on relevant emission factors.</p>
Sequestration by Florestal	Vallourec Florestal	The method for calculating amounts of CO <sub>2</sub> sequestered by the forest during the reference year is as follows: It derives from information drawn from the study conducted in cooperation with numerous scientific authorities (See section 4.5.4.1). Annual sequestration is estimated when the tree is cut to be processed into charcoal. The reference value is thus the annual charcoal production. The reference study allowed a 30-year observation period to be identified, considering the amount of charcoal produced, the amount of carbon absorbed by the tree trunk and the amount absorbed by the roots and stumps in the soil. It was thus possible to calculate the ratios of carbon sequestered by the roots in relation to the tonnage of charcoal produced and ultimately consumed in the blast furnaces, and the ratio of carbon absorbed by the tree trunk, also in relation to the charcoal produced. These ratios are then used to calculate the amounts of carbon sequestered annually. The amounts of carbon emitted during carbonization of the trunks and the amounts of methane emitted during the carbonization process in the ad hoc furnaces are also in proportion to the charcoal produced.
Indirect CO <sub>2</sub> e emissions linked to electricity purchases (Scope 2)	All plants	<p>The CO<sub>2</sub> emissions of all sites that consume purchased electricity are calculated based on emission factors provided by the suppliers themselves, either directly or calculated based on their energy mixes. These emissions are referred to as "Market-based".</p> <p>We also calculate "Location based" emissions using national or regional emission factors (e.g., states in the United States) provided in public databases (e.g., ADEME).</p>
Indirect CO <sub>2</sub> e emissions linked to external steel purchases (Scope 3 upstream)	Steel suppliers	Emissions relating to our steel purchases are calculated by multiplying, for each steel mill, the tonnage purchased by an emission factor (kg CO <sub>2</sub> per metric ton of steel) which is provided by the supplier itself or, failing this, taken from internal databases which include the manufacturing process (blast furnaces or electric arc furnaces). At the present time, we consider the direct emissions (Scopes 1 & 2) of our steel supplier, but not yet their indirect upstream emissions (Scope 3), such as those concerning purchases of raw materials for steel production.
% of steel used made from scrap	Vallourec steel mills in Jeceaba (Brazil) and Youngstown (United States)	This indicator is calculated based on the metric tons of scrap used during the year (internally purchased and recycled) divided by the total amount of inputs (quantities of cast iron purchased or produced internally and scrap purchased and recycled internally).
Scope 3 emissions related to upstream and downstream external transport ordered by the Company	All plants	The calculation method was expanded in 2020 to cover the three transport phases (supply of raw materials for steel mills, transport of semi-finished products between plants and transport of finished products to customers), transport methods (truck, train, barge and freight) and distances traveled between each point of departure and arrival.

Issue	Plant concerned	Description														
Indirect CO <sub>2</sub> e emissions linked to the use of products sold (Scope 3 downstream)	All plants	<p>The calculation method was developed with the support of the Carbone 4 consulting firm.</p> <p>We started from the amounts of Vallourec's annual revenue (in € millions) for each of its six main markets: Oil &amp; Gas; Petrochemicals; Power Generation; Mechanicals; Automotive; Construction and Other.</p> <p>Calculation principles: each revenue amount is multiplied by a carbon intensity (metric tons of CO<sub>2</sub> per € million of revenue) specific to each of these markets. These intensities were calculated using recognized sources (ADEME, ATEE, IEA, Ecoinvent). So for example, for the oil market, the calculation was based on the barrel, its price and its energy content.</p> <p>For the Oil &amp; Gas market, we took into account emissions relating to extraction and processes in place, but did not include upstream emissions relating to transport and the combustion of products. The breakdown (as a %) of revenue between oil and gas is a factor, as is the breakdown (as a %) between coal, nuclear and "renewables" for the Power Generation market.</p> <p>Carbon intensities used for each market:</p> <table border="1"> <thead> <tr> <th>Market</th> <th>Carbon intensity (metric tons of CO<sub>2</sub> per € million of revenue)</th> </tr> </thead> <tbody> <tr> <td>Oil &amp; Gas</td> <td>Oil: 440, Gas: 285</td> </tr> <tr> <td>Petrochemicals</td> <td>1,747</td> </tr> <tr> <td>Power Generation</td> <td>Coal: 18,844, Nuclear: 133, Renewables: 2,444</td> </tr> <tr> <td>Mechanicals</td> <td>150</td> </tr> <tr> <td>Automotive</td> <td>35</td> </tr> <tr> <td>Construction &amp; other</td> <td>1,494</td> </tr> </tbody> </table>	Market	Carbon intensity (metric tons of CO <sub>2</sub> per € million of revenue)	Oil & Gas	Oil: 440, Gas: 285	Petrochemicals	1,747	Power Generation	Coal: 18,844, Nuclear: 133, Renewables: 2,444	Mechanicals	150	Automotive	35	Construction & other	1,494
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Oil & Gas	Oil: 440, Gas: 285															
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Mechanicals	150															
Automotive	35															
Construction & other	1,494															
Indirect CO <sub>2</sub> e emissions linked to the end of life of products sold (Scope 3 downstream)	All plants	We calculate these emissions based on the annual tonnage of tubes and accessories sold by the Group, multiplied by the ADEME's standard emission factor which corresponds to the average end of life of "mineral waste".														
Water consumption	Vallourec Mineração	The water consumption of the site only corresponds to the portion used for the extraction and land watering process, and not to the mine water that is sent directly into the river like rainwater.														
Raw materials	All plants	<p>Indicators of raw materials (iron ore, iron ore pellets, charcoal, charcoal dust, scrap, cast iron) correspond to the amounts used for steel production.</p> <p>Scrap is considered by Vallourec as a by-product and is not included in either the waste or the recovery rate indicator.</p>														
Compensation	All	The "Compensation" indicator is calculated as the sum of staff compensation, social security charges and pension expenses.														
Turnover	All	<p>The turnover rate includes departures and new joiners for the year in question and is defined as follows: (number of departures + number of new joiners for the year)/2/(headcount as of December 31 of the preceding year).</p> <p>This takes into account departures, new joiners and transfers within areas.</p> <p>The reasons for departure included are: retirement, resignation, dismissal, and other (death, change of category, contract termination, termination after trial period).</p>														
Method of accounting for days off work due to an accident at work in the United States, and due to an accident at work or illness in Germany	All	<p>In the United States, lost days for workplace accidents are not counted beyond the 180<sup>th</sup> day in accordance with applicable OSHA regulations.</p> <p>This accounting method is specific to the United States and differs from the rule recommended by the Group for accounting for lost days.</p> <p>In Germany, absences due to accidents (or illness) are taken into account for six weeks for most employees (the period paid by the company). After this period, the employee no longer generates absence hours for Qbik.</p>														
Number of training hours	All	<p>The data relating to the number of training hours published covers in-person learning that exceeds two hours and e-learning. The percentage of employees trained is calculated in relation to the average number of employees that have had access to training during the fiscal year and not to the headcount at the end of the period.</p> <p>In-person learning of less than two hours is excluded from this data.</p>														
Number of hours worked	Vallourec Tianda	<p>Hours worked do not include the hours of truck drivers who deliver the billets, provide internal transportation between the workshops, and load the products for delivery to a port of destination or to customers. This transport is provided by an external operator.</p> <p>The number of hours worked is calculated on the basis of the hours worked by the workforce present during the year and not only by the workforce present as at December 31.</p>														
Absenteeism rate	All	The absenteeism rate is calculated on the basis of the hours worked by the workforce present during the year and not only by the workforce present as at December 31.														
Pay gap	All	Pay gap was calculated across the following scope: Germany, Brazil (excluding Serimax), the United States, France (excluding Serimax). This scope accounts for around 70% of the Group's technical, supervisory and managerial staff. Overall, the gender pay gap was calculated across 90% of the workforce under analysis. The number of holders per grade must be greater than or equal to 20 and have a minimum of 10% (i.e., two) men and women.														

## Appendix 2 - Report by one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial statement

*This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

For the year ended 31 December 2022

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (COFRAC) under number 3-1884<sup>(1)</sup>, we have undertaken a limited assurance engagement on the historical financial information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2022 (hereinafter, the "Information" and the "Statement" respectively), presented in the Group's management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

At the request of the entity, we conducted works designed to express a reasonable assurance conclusion on the information selected by the entity and identified by the sign √.

### LIMITED ASSURANCE CONCLUSION

Based on the procedures we have performed, as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

### REASONABLE ASSURANCE CONCLUSION ON A SELECTION OF NON-FINANCIAL INFORMATION

Based on the procedures performed, as set out in the "Nature and scope of our work" and "Nature and scope of additional work on the information selected by the entity and identified by the sign √" sections of this report, and the evidence collected, the information selected by the entity and identified with the symbol √ in the Statement has been prepared, in all material respects, in accordance with the Guidelines.

### PREPARATION OF THE NON-FINANCIAL PERFORMANCE STATEMENT

The absence of a commonly used generally accepted reporting framework or a significant body of established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarized in the Statement and available on the Entity's website or on request from its headquarters.

### INHERENT LIMITATIONS IN PREPARING THE INFORMATION

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

### RESPONSIBILITY OF THE ENTITY

Management of the Entity is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators, and the information set out in Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Board of Directors.

(1) Accreditation Cofrac Inspection, number 3-1884, scope available at [www.cofrac.fr](http://www.cofrac.fr)

## RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS INDEPENDENT THIRD PARTY

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- The compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- The fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e., the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information".

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

At the request of the entity and outside of the scope of certification, we may express reasonable assurance that the information selected by the entity, presented in the appendices, and identified by the symbol √ has been prepared, in all material respects, in accordance with the Guidelines.

It is not our responsibility to report on:

- The entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French Duty of care law, and provisions against corruption and tax evasion);
- The fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- the compliance of products and services with the applicable regulations.

## APPLICABLE REGULATORY PROVISIONS AND PROFESSIONAL GUIDANCE

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such engagement, in particular the professional guidance issued by the *Compagnie Nationale des Commissaires aux Comptes*, "*Intervention du commissaire aux comptes - Intervention de l'OTI - Déclaration de performance extra-financière*", acting as the verification program, and with the International Standard on Assurance Engagements 3000 (revised)<sup>(1)</sup>.

## OUR INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

## MEANS AND RESOURCES

Our work engaged the skills of ten people between November 2022 and April 2023 and took an average total of about 10 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about twenty interviews with the people responsible for preparing the Statement.

## NATURE AND SCOPE OF PROCEDURES

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

(1) ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risk<sup>(1)</sup>, our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities<sup>(2)</sup>.
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities<sup>(2)</sup> and covers between 24% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidance of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

#### NATURE AND EXTENT OF ADDITIONAL WORK ON THE INFORMATION SELECTED BY THE ENTITY AND IDENTIFIED BY THE SIGN √

With regard to the information selected by the entity, presented in the appendix and identified by the symbol √ in the Statement, we conducted the same work as described in the paragraph “Nature and scope of our work” above for the Information considered to be the most important, but in a more in-depth manner, in particular with regard to the number of tests.

The selected sample accounts for between 52% and 100% of the information identified by the symbol √.

We believe that our work is sufficient to provide a basis for our reasonable assurance opinion on the information selected by the entity and identified by the symbol √.

Paris-La Défense, on 6 April 2023  
KPMG S.A.

Alexandra Saastamoinen  
*Partner*

Fanny Houlliot  
*ESG Expert*

*KPMG France ESG Center of Excellence*

(1) *Diversity; Occupational health; Corruption; Ethics (excluding corruption); Adaptation to the consequences of climate change; Consequences of global responses to climate change; Quality of products and services/customer relations; Equal treatment/risk of discrimination*

(2) *P.T. Citra Tubindo (Indonésie); VSTAR Youngstown (USA); Vallourec Soluções Tubulares do Brasil Barreiro; Vallourec Soluções Tubulares do Brasil Jeceaba and Vallourec Florestal (Brésil); Vallourec S.A. (France); Vallourec Tianda (Chine).*

**Appendix A****QUALITATIVE INFORMATION (ACTIONS AND RESULTS) CONSIDERED MOST IMPORTANT**

---

Collective and individual performance enhancement scheme

---

2022 anti-corruption code of conduct

---

E-learning on anti-corruption and competition

---

2022 Code of Ethics

---

Action to promote health and safety on production sites

---

Collective agreements at branch or company level

---

Rehabilitation program to maintain disabled employees in employment

---

Ethics alert system and results

---

Action to raise awareness of gender bias among top management

---

Action plan in response to employees' expectations

---

Actions in favor of the energy transition and results

---

Measuring systems to monitor water consumption by process

---

Sludge recycling program

---

Nominal VOC emission reduction measures and associated results

---

Impact and probability study of climate risks

---

Flood emergency response plan

---

Program to promote value creation along the value chain

---



**Appendix B**

<b>KEY PERFORMANCE INDICATORS AND OTHER KEY QUANTITATIVE RESULTS</b>		
<b>Key performance indicators and other key social quantitative outcomes</b>	<b>Level of assurance</b>	
Workforce as at 31.12 and breakdown by age, gender, category and geographical area	Reasonable	
Absenteeism rate		
Lost time injury frequency rate (LTIR)		
Frequency rate of accidents at work with and without lost time (TRIR)		
Number of training hours	Limited	
Severity rate of accidents at work		
Rate of salary disparities		
Replacement rate of CMR products		
<b>Key performance indicators and other quantitative environmental results</b>	<b>Level of assurance</b>	
Electricity consumption	Reasonable	
Natural gas consumption		
Water withdrawals (by source)		
Volume of hazardous waste		
Volume of non-hazardous waste		
Percentage of waste recovered (including recycled)		
CO <sub>2</sub> emissions from Scopes 1 and 2		
Scope 3 CO <sub>2</sub> emissions - related to losses in energy extraction, storage and transport, purchases of materials, goods and services, use of products sold, upstream & downstream transport of goods		
Percentage of steel used that is made from scrap	Limited	
Water discharges		
Amount of metals discharged		
VOC emissions (volatile organic compounds)		
NOx emissions (nitrogen oxides)		
Raw material consumption: ores, pellets and scrap, charcoal and purchased iron	Limited	
<b>Key performance indicators and other quantitative societal outcomes</b>		<b>Level of assurance</b>
Share of total purchases from suppliers involved in formal CSR assessment process		Limited
Number of internal and external reports		

### Appendix 3 - Cross-reference table between the information required under Articles L.22-10-36 and R.225-105-1 of the French Commercial Code and the information in this chapter

<b>1°</b>	<b>GROUP BUSINESS MODEL</b>	PROFILE (P. 5)/3.2/3.6/3.8 (P. 42/66/78)
<b>2°</b>	<b>DESCRIPTION OF MAIN RISKS</b>	
<b>a)</b>	<b>Environmental issues</b>	Introduction 4/4.1.1/5.1.1/5.1.2 (p. 84/94/178/180)
<b>b)</b>	<b>Social issues</b>	Introduction 4/4.1.1/5.1.2 (p. 84/94/180)
<b>c)</b>	<b>Corruption and tax evasion issues</b>	Introduction 4/4.1.6/5.1.3 (p. 84/99/182)
<b>d)</b>	<b>Human rights issues</b>	Introduction 4/4.1.1/5.1.2/5.1.3 (p. 84/94/180/182)
<b>3°</b>	<b>DESCRIPTION OF POLICIES APPLIED AND THEIR RESULTS</b>	
<b>a)</b>	<b>Environmental issues</b>	4.2.1.1 (p. 101)
<b>b)</b>	<b>Social issues</b>	4.3 (p. 136)
<b>c)</b>	<b>Corruption and tax evasion issues</b>	4.4 (p. 156)
<b>d)</b>	<b>Human rights issues</b>	4.1.1/4.1.5/4.4 (p. 94/97/156)
<b>4°</b>	<b>SOCIAL INFORMATION</b>	
<b>a)</b>	<b>Employment</b>	
1.	Total number and breakdown of employees by gender, age and geographical area	4.3.1 (p. 136)
2.	New hires and dismissals	4.3.1.2 (p. 139)
3.	Compensation and compensation trends	4.3.2.4 (p. 148)
<b>b)</b>	<b>Organization of work</b>	
4.	Organization of working time	4.3.2.3 (p. 146)
5.	Absenteeism	4.3.2.3 (p. 146)
<b>c)</b>	<b>Health and safety</b>	
6.	Health and safety conditions at work	4.3.2.1 (p. 141)
7.	Workplace accidents, including their frequency and severity, and occupational illnesses	4.3.2.1 (p. 141)
<b>d)</b>	<b>Employee relations</b>	
8.	Dialog between employers and employees, including procedures for informing, consulting and negotiating with staff	4.3.4.1 (p. 150)
9.	Review of collective bargaining agreements	4.3.4.1 (p. 150)
<b>e)</b>	<b>Training</b>	
10.	Training policies implemented, particularly for environmental protection	4.3.2.2 (p. 144)
11.	Total number of training hours	4.3.2.2 (p. 144)
<b>f)</b>	<b>Equal opportunity</b>	
12.	Measures taken to promote gender equality	4.3.3 (p. 149)
13.	Measures taken to promote the employment and integration of people with disabilities	4.3.3.2 (p. 149)
14.	Anti-discrimination policy	4.1.6/4.3.3 (p. 99/149)
<b>5°</b>	<b>ENVIRONMENTAL INFORMATION</b>	
<b>a)</b>	<b>General environmental policy</b>	
15.	Organization of the Company to take environmental issues and, where appropriate, environmental assessment or certification efforts into account	4.2.1.1 (p. 101)
16.	Resources devoted to the prevention of environmental risks and pollution	4.2.1.1 and 5.1.2 (p. 101/180)
17.	The amount of provisions and guarantees for environmental risks, provided that such information is not likely to cause serious harm to the Company in an ongoing dispute	Note 9 to the financial statements (p. 255)

<b>b)</b>	<b>Pollution</b>	
18.	Measures to prevent, reduce or remediate discharges into the air, water and soil which seriously impact the environment	4.2.2.2 (p. 107)
19.	Consideration of all forms of pollution specific to a business, particularly noise and light pollution	4.2.2.2 (p. 107)
<b>c)</b>	<b>Circular economy</b>	
	<b>Waste prevention and management</b>	
20.	Waste prevention, recycling, reuse, other forms of recovery and elimination methods	4.2.2.2 (p. 107)
21.	Actions to combat food waste	N/A
	<b>Sustainable use of resources</b>	
22.	Water consumption and water supply according to local constraints	4.2.3 (p. 121)
23.	Consumption of raw materials and measures to improve efficiency in their use	4.2.5 (p. 129)
24.	Energy consumption, measures to improve energy efficiency and use of renewable energy	4.2.2.2 (p. 107)
25.	Land use	4.2.4.4 (p. 128)
<b>d)</b>	<b>Climate change</b>	
26.	Significant items for greenhouse gas emissions generated from the Company's activity, particularly through use of goods and services that it produces	4.2.2.2 (p. 107/115)
27.	Measures taken for adaptation to the consequences of climate change	4.2.2.3 (p. 118)
28.	The medium- and long-term reduction objectives set voluntarily for the reduction of greenhouse gas emissions and the means implemented to this end	4.2.2.2 (p. 107/112)
<b>e)</b>	<b>Biodiversity protection</b>	
29.	Measures taken to preserve or enhance biodiversity	4.2.6 (p. 134)
<b>6°</b>	<b>SOCIETAL INFORMATION</b>	
<b>a)</b>	<b>Societal commitments to support sustainable development</b>	
30.	Impact of the Company's business on employment and local development	4.3.5.2/4.3.5.3 (p. 153/154)
31.	Impact of the Company's activity on neighbors or local populations	4.3.5.2/4.3.5.3 (p. 153/154)
32.	Relations maintained with the Company's stakeholders and dialog with them	4.3.5 (p. 152)
33.	Partnership or sponsorship actions	4.3.5.3 (p. 154)
<b>b)</b>	<b>Subcontracting and suppliers</b>	
34.	Consideration of social and environmental issues in the purchasing policy	4.3.5.2 (p. 153)
35.	Consideration of relations with suppliers and subcontractors and their CSR responsibility	4.3.5.2 (p. 153)
<b>c)</b>	<b>Fair practices</b>	
36.	Measures for consumer health and safety	4.3.5.1 (p. 152)
<b>7°</b>	<b>ANTI-CORRUPTION INFORMATION</b>	
37.	Actions to prevent corruption	4.1.6/4.3.5.2/4.4 (p. 99/153/156)
<b>8°</b>	<b>INFORMATION ON ACTIONS THAT SUPPORT HUMAN RIGHTS</b>	
	<b>Promotion of and respect for the fundamental conventions of the International Labour Organization in relation to:</b>	
38.	R for freedom of association and the right to collective bargaining	4.1.1 (p. 94)
39.	Elimination of discrimination in respect of employment and occupation	4.1.1 (p. 94)
40.	Elimination of forced or compulsory labor	4.1.1 (p. 94)
41.	Effective abolition of child labor	4.1.1 (p. 94)

## 9° ADDITIONAL INFORMATION

42.	The impacts on climate change of the Company's activity and the use of goods and services that it produces	4.2.4/4.2.5.(p. 126/129)
43.	Societal commitments to support sustainable development	4.3.5.2/4.3.5.3 (p. 153/154)
44.	Societal commitments to support the circular economy	4.2.1.2/4.2.5.4 (p. 102/130)
45.	Societal commitments to combat food waste	See below
46.	Societal commitments to combat food insecurity	See below
47.	Societal commitments to support respect of animal welfare	See below/4.2.6 (p. 134)
48.	Societal commitments to support responsible, equitable, and sustainable food	See below
49.	Collective agreements reached within the Company and their impact on the Company's economic performance as well as on employees' working conditions	4.3.4.1 (p. 150)
50.	Actions to combat discrimination and promote diversity	4.1.6/4.3.3 (p. 99/149)

In light of the Group's activities, the Company considers that it is not relevant to report on its commitments regarding combating food waste, combating food insecurity, promoting respect of animal welfare, and responsible, equitable, and sustainable food.

## Appendix 4 - Summary of social and environmental indicators

## Social indicators

	2017	2018	2019	2020	2021	2022
Headcount	18,325	20,093	18,827	16,636	16,685	16,056 <input checked="" type="checkbox"/>
Turnover (%)	13	14	11	11	13	13

	2017	2018	2019	2020	2021	2022
<b>Safety</b>						
LTIR <sup>(a)</sup>	1.24	1.00	1.01	0.760	1.11	0.89 <input checked="" type="checkbox"/>
TRIR <sup>(b)</sup>	2.61	3.13	2.23	1.670	1.65	1.48 <input checked="" type="checkbox"/>
Severity rate	0.06	0.045	0.058	0.052	0.06	0.051
<b>Training</b>						
Number of employees having participated in a training session	13,615	13,990	13,550	10,980	11,846	13,639
Number of training hours	282,542	303,588	270,551	135,080	197,070	233,238.5

(a) LTIR (lost time injury rate): number of accidents with lost time per million hours worked.

(b) TRIR (total recordable injury rate): number of accidents declared per million hours worked.

## % of women (permanent employees)

	Production staff		Technical and supervisory staff		Managers (cadres)		Total	
	2021	2022	2021	2022	2021	2022	2021	2022
Europe	1%	1%	33%	32%	23%	23%	12%	11% <input checked="" type="checkbox"/>
Brazil	6%	8%	36%	33%	27%	28%	11%	12% <input checked="" type="checkbox"/>
NAFTA	2%	2%	28%	27%	23%	21%	10%	10% <input checked="" type="checkbox"/>
Asia	12%	10%	29%	30%	18%	22%	17%	16% <input checked="" type="checkbox"/>
Middle East	2%	2%	26%	25%	15%	19%	11%	13% <input checked="" type="checkbox"/>
Africa	5%	5%	13%	13%	-	0%	8%	8% <input checked="" type="checkbox"/>
<b>World</b>	<b>5%</b>	<b>6%</b>	<b>32%</b>	<b>31%</b>	<b>24%</b>	<b>24%</b>	<b>12%</b>	<b>12%</b> <input checked="" type="checkbox"/>

**Breakdown between permanent and non-permanent contract staff**

	Permanent		Fixed-term contract (including apprentices)		Temporary	
	2021	2022	2021	2022	2021	2022
Europe	4,693	3,943 <input type="checkbox"/>	400	241	123	86
Brazil	6,896	7,058 <input type="checkbox"/>	154	173	189	58
Asia	1,916	1,814 <input type="checkbox"/>	248	233	193	235
NAFTA	2,030	2,252 <input type="checkbox"/>	0		98	266
Middle East	278	272 <input type="checkbox"/>	8	8	0	
Africa	62	62 <input type="checkbox"/>	0		15	

**Environmental indicators\***

Indicators	Units	2017	2018	2019	2020	2021	2022
<b>Manufacturing</b>	<b>Metric tons "processed"</b>	<b>5,245,292</b>	<b>5,523,792</b>	<b>5,295,678</b>	<b>3,518,835</b>	<b>4,193,437</b>	<b>4,925,273</b>
	Metric tons shipped	2,256,100	2,364,000	2,290,900	1,598,725	1,639,800	1,804,000
<b>Water intake</b>	<b>cu.m./year</b>	<b>6,483,189</b>	<b>6,889,346</b>	<b>6,412,486</b>	<b>5,711,575</b>	<b>6,614,828</b>	<b>6,464,419</b> <input type="checkbox"/>
	cu.m./metric ton "processed"	1.24	1.25	1.21	1.62	1.58	1.31
	cu.m./metric ton shipped	2.87	2.91	2.80	3.57	4.03	3.58
<b>Water discharged</b>	<b>cu.m./year</b>	<b>3,202,705</b>	<b>3,220,811</b>	<b>2,920,223</b>	<b>2,583,513</b>	<b>2,315,127</b>	<b>2,284,193</b>
	cu.m./metric ton "processed"	0.61	0.58	0.55	0.73	0.55	0.46
	cu.m./metric ton shipped	1.42	1.36	1.27	1.62	1.41	1.26
<b>Waste</b>							
Non-hazardous waste	Metric tons/year	693,674	706,711	642,584	535,657	656,958	781,956
Hazardous waste	Metric tons/year	26,095	24,777	26,090	15,217	17,207	20,877
% recovered waste	%	94	95.5	95.8	97	97.6	97.3 <input type="checkbox"/>
Total waste	Metric tons/year	719,769	731,488	668,674	550,874	674,165	802,833 <input type="checkbox"/>
	kg/metric ton "processed"	137	132	126	157	161	163
	kg/metric ton shipped	319	309	292	345	411	445
<b>Energy</b>							
Natural gas	GWh/year	3,526	3,680	3,280	2,384	2,530	2,848 <input type="checkbox"/>
	kWh/metric ton "processed"	779	666	619	678	600	570
	kWh/metric ton shipped	1,563	1,557	1,432	1,491	1,535	1,577
<b>Electricity</b>	<b>GWh/year</b>	<b>1,797</b>	<b>1,881</b>	<b>1,717</b>	<b>1,434</b>	<b>1,614</b>	<b>1,608</b> <input type="checkbox"/>
	kWh/metric ton "processed"	343	341	324	409	351	326
	kWh/metric ton shipped	796	796	749	899	899	891
<b>CO<sub>2</sub><sup>(a)</sup></b>							
Total direct emissions (Scope 1) <sup>(a)</sup>	Metric tons/year	33,332	421,397	151,728	5,952	(142,313)	(256,997) <input type="checkbox"/>
	kg CO <sub>2</sub> e/metric ton "processed"	6	76	29	2	(34)	(52)
	kg CO <sub>2</sub> e/metric ton shipped	15	178	66	4	(87)	(142)

\* Associated with steel and tube production.

## Analysis of greenhouse gas emissions – 2022

Summary of emissions in metric tons of CO<sub>2</sub> equivalent

Scope	Businesses	Mine	Forest	Iron and steel production	Rolling and heat treatments of tubes	Finishings & Services	Sub-total (metric tons CO <sub>2</sub> e)	% subtotal	% total
<b>Scope 1 Non-biogenic direct CO<sub>2</sub> emissions</b>	Natural gas combustion			40,178	416,757	76,360	533,295	68%	
	Fuels for internal transportation	25,648	16,332	1,713	5,818	11,271	60,782	8%	
	Iron and steel manufacturing			192,077			192,077	24%	
	<b>Total – Scope 1 non-biogenic</b>	<b>25,648</b>	<b>16,332</b>	<b>233,968</b>	<b>422,575</b>	<b>87,631</b>	<b>786,154</b>	<b>100%</b>	<b>35%</b>
<b>Scope 1 Biogenic direct CO<sub>2</sub> emissions</b>	Carbonization of charcoal		967,040				967,040	21%	
	Atmospheric and underground sequestration		(2,827,210)				(2,827,210)	63%	
	Combustion of charcoal			593,736			593,736	16%	
	<b>Total – CO<sub>2</sub> Scope 1 biogenic</b>	<b>0</b>	<b>(1,860,169)</b>	<b>593,736</b>	<b>0</b>	<b>0</b>	<b>(1,266,433)</b>	<b>100%</b>	<b>(56%)</b>
<b>Scope 1 Biogenic direct CH<sub>4</sub> emissions</b>	Carbonization of charcoal		223,282				223,282	100%	10%
<b>Scope 1 Non-biogenic and biogenic direct emissions</b>	<b>Total – Scope 1</b>	<b>25,648</b>	<b>(1,620,555)</b>	<b>827,704</b>	<b>422,575</b>	<b>87,631</b>	<b>(256,997)</b> ☒	<b>100%</b>	<b>(3.4%)</b>
<b>Scope 2 “Supplier base” indirect emissions</b>	<b>Electricity purchased</b>	2,543	132	18,576	84,553	39,338	145,143	100%	2%
	<b>Total – Scope 2</b>								
<b>Scope 3<sup>(a)</sup> Other upstream emissions, indirect</b>	Upstream and downstream external transport ordered by the Company						210,034	☒	8%
	Waste treatment						21,267		1%
	Employee transportation and travel						30,592		1%
	Purchases of materials, goods and services						2,060,551	☒	79%
	Emissions related to the carbon content of industrial equipment proportionate to depreciation						137,100		5%
	Emissions linked to losses during extraction, storage and transportation of energies <sup>(b)</sup>						140,029	☒	5%
	<b>Total – Scope 3 upstream</b>							<b>2,599,574</b>	<b>100%</b>
<b>Scope 3<sup>(a)</sup> Other downstream emissions, indirect</b>	Use of sold products						5,031,097	☒	99%
	End of life of sold products						60,690		1%
	<b>Total – Scope 3 downstream</b>						<b>5,091,787</b>	<b>100%</b>	<b>65%</b>
<b>TOTAL</b>		<b>28,191</b>	<b>(1,620,423)</b>	<b>846,281</b>	<b>507,128</b>	<b>126,969</b>	<b>7,579,507</b>	<b>100%</b>	

(a) The items appearing under this entry are those over which the Company has a direct effect or direct influence, and for which data are available. To date, emissions pertaining to client processes are neither known nor taken into account. For the purpose of improving the knowledge of Scope 3 in light of its importance, the Group drafted in 2019, with the assistance of a specialist consultant, a methodology to determine carbon emissions of downstream items relating to the use and end of life of products used by its customers. The calculation of these emissions was carried out for 2019, 2020 and 2021, but also, retroactively, for 2017 and 2018.

(b) Energies = electricity, natural gas, gasoline, gas oil, propane, bioethanol.

## Appendix 5 - Summary of Taxonomy-related indicators

### Revenue

ECONOMIC ACTIVITIES	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria						Do No Significant Harm (DNSH) criteria						Minimum safeguards (17)	Taxonomy aligned proportion of turnover year 2022 (18)	Taxonomy aligned proportion of turnover year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water & marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity & ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water & marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity & ecosystems (16)					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%							YES	YES	YES	YES	NO	YES	YES	0%			
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Iron and steel manufacturing	3.9	4,544	93%							YES	YES	YES	YES	NO	YES	YES				T
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,544	93%																	
<b>TOTAL (A.1 + A.2)</b>		<b>4,544</b>	<b>93%</b>																	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
Turnover of Taxonomy-non-eligible activities (B)		339	7%																	
<b>TOTAL (A + B)</b>		<b>4,883</b>	<b>100%</b>																	

## CapEx

ECONOMIC ACTIVITIES	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria						Do No Significant Harm (DNSH) criteria						Minimum safeguards (17)	Taxonomy aligned proportion of CapEx year N (18)	Taxonomy aligned proportion of CapEx year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water & marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity & ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water & marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity & ecosystems (16)					
		€ million	%	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E	T

**A. TAXONOMY-ELIGIBLE ACTIVITIES****A.1. Environmentally sustainable activities (Taxonomy-aligned)**

Iron and steel manufacturing	3.9	4	2%	2%	%	%	%	%	%	YES	YES	YES	YES	YES	YES	YES	2%			T
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		<b>4</b>	<b>2%</b>	<b>2%</b>	%	%	%	%	%								<b>2%</b>			

**A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)**

Iron and steel manufacturing	3.9	173	76%							YES	YES	YES	YES	NO	YES	YES				T
Capex of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		<b>173</b>	<b>76%</b>																	
<b>TOTAL (A.1 + A.2)</b>		<b>177</b>	<b>78%</b>																	

**B. TAXONOMY-NON-ELIGIBLE ACTIVITIES**

Capex of Taxonomy-non-eligible activities (B)	<b>51</b>	<b>22%</b>
<b>TOTAL (A + B)</b>	<b>228</b>	<b>100%</b>



OpEx

ECONOMIC ACTIVITIES	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria					Do No Significant Harm (DNSH) criteria					Minimum safeguards (17)	Taxonomy aligned proportion of OpEx year N (18)	Taxonomy aligned proportion of OpEx year N-1 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)	
				Climate change mitigation (5)	Climate change adaptation (6)	Water & marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity & ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water & marine resources (13)	Circular economy (14)						Pollution (15)
		€ million	%	%	%	%	%	%	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	YES/NO	%	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Iron and steel manufacturing																			T
Carboval																			
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Iron and steel manufacturing																			
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
<b>TOTAL (A.1 + A.2)</b>																			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Opex of Taxonomy-non-eligible activities (B)		333	100%																
<b>TOTAL (A + B)<sup>(1)</sup></b>		<b>333</b>	<b>100%</b>																

(1) Due to the exemption of the OPEX indicator from publication, the operating expenses analyzed under the taxonomy are all related to non-eligible activities.



# 5

## RISK AND RISK MANAGEMENT



## **RISK AND RISK MANAGEMENT**

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## 5.1 Risk factors

The Group operates in a rapidly changing environment that generates numerous risks, some of which are outside its control.

The Group has assessed the importance of the specific risks to which it considers itself to be exposed based on the probability of their occurrence and the extent of their negative impact, as estimated after taking into account the action plans in place. These risks are presented below and are organized by category, according to their type. In each category, the most important risk factors, based on the aforementioned assessment, are indicated first and marked with an asterisk (\*).

The risks described below have been assessed as major risks for the Company as at the date of this Universal Registration Document, i.e., those that could have the greatest negative material impact on the Company's operations or earnings (or its ability to achieve its objectives), and/or for which there is a significant likelihood of occurrence.

The Group's broad geographical presence, the diversity of its markets and product lines, and the nature of its development, mean that it is exposed to various types of risk. The Group operates in environments undergoing rapid change, and this could cause exogenous risks with an impact on the risk profiles that it monitors.

Investors should note that other risks may exist or could arise that the Group is not currently aware of, or has not considered at the date of this Universal Registration Document, and these could have a material adverse impact on the Group, its operations, its financial position, its earnings and its outlook. The Group has assessed the risk factors as at the date of this Universal Registration Document and may change its assessment of the significance of the risks at any time, particularly in the light of any new internal or external developments.

### 5.1.1 Risks related to the Group's strategy and operations

#### Risks related to the Group's dependence on customers in the oil and natural gas sector\*

The Group's business is highly dependent on the level of investment undertaken by Oil & Gas companies in the exploration, production and development of oil and natural gas reserves. In 2022, 63% of the Group's consolidated revenue was earned in the Oil & Gas sector, excluding Petrochemicals. According to the Group's internal estimates, tubular solutions generally account for around 2% to 5% of the total cost of a complex and integrated offshore project. This proportion varies according to the complexities and types of drilling and it may represent up to 15% of the total cost of the project for unconventional onshore drilling in the United States. The level of investment in exploration and production therefore has a direct impact on the consumption of tubes and on the Group's earnings.

Exploration and production investments are affected by oil price volatility, which results from the interplay between supply and demand as well as levels of oil reserves. Over the 2014-2022 period, oil prices fell to a low of USD 22.7 per barrel of Brent crude in April 2020, owing to a slump in global oil demand resulting from the spread of the Covid-19 virus and associated restrictions.

In 2022, the upturn in global oil demand – mainly in the second half of the year when it averaged 100.47 mb/d – drove up Brent crude prices. Standing at USD 85.9 per barrel on December 31, the price of Brent crude rose by 9% over the year, hitting a peak of USD 127.9 per barrel on March 8, 2022.

In 2022, the uncertainties caused by the Russia/Ukraine conflict drove a rise in gas prices to a yearly high of €9.85/mBtu in August before they decreased in the later part of the year to finish at €3.52/mBtu at end-December<sup>(1)</sup>. The development of new gas fields could have a positive impact on the Group's earnings. In the United States, the proportion of operational drilling rigs dedicated to gas exploration and production remained stable at around 20% in 2022.

Having bottomed out at USD 300 billion in 2020, spending by oil companies increased by almost 19% in 2021 to USD 358 billion. This upward trend continued in 2022, with spending by oil companies increasing by 39% to USD 499 billion and the active rig count increasing gradually over the year, particularly in North America with an average of 721 rigs during the year and 779 rigs in operation at December 31. In the international market, 96 rigs were added on average over the year, with an average of 900 rigs in operation in December 2022.

Investments by Oil & Gas companies could be subject to other negative factors such as changes in applicable laws and regulations, changes in the political situation (such as with the present conflict between Russia and Ukraine), weather conditions and the policies put in place to address climate change. These factors could consequently have a negative impact on the Group's operations, earnings and outlook.

The Group is anticipating the risk associated with the structural decline in activities linked to fossil fuels by developing its footprint in the energy transition sector, which includes geothermal energy, carbon capture and storage (CCS), hydrogen, solar and biomass.

#### Risks related to the cyclical nature of the tube market\*

The tube market is traditionally subject to cyclical trends which result both from economic changes in the Oil & Gas sector as described above, and from macroeconomic conditions which have an impact on the Group's other business sectors: Mechanicals, Automotive, Construction and Power Generation/others accounted for 25% of Group consolidated revenue in 2022. These sectors have important business cycles which follow the trends in the economic climate and are likewise influenced by other factors, such as the growth outlook.

A deterioration in the global economic climate and the financial markets, such as that seen in 2020 as a result of the Covid-19 pandemic, would have a significant adverse effect on the Group's revenue, income, cash flow and outlook.

(1) Natural gas price (Henry Hub): Capital IQ.

## Risks related to the industrial reorganization project

The New Vallourec plan, announced in May 2022, remains fully on track.

During the year, the Group finalized agreements for workforce reduction plans in Germany, France and the United Kingdom, which were launched in May 2022 after the unsuccessful process to sell all its German manufacturing assets to a new operator in November 2021. This significantly reduced the risks associated with the New Vallourec plan and allowed the Group's teams to focus on its execution. The closure process will be completed in 2023 and will include the sale of the land and buildings.

In addition, New Vallourec plan initiatives have been implemented in other regions, including Brazil, together with production increases in the United States and Saudi Arabia.

At the same time, the Group is implementing a value-over-volume strategy incorporating portfolio rationalization to drive profitable growth. Vallourec is aiming to achieve best-in-class profitability levels and close the margin gap with peers over the cycle.

Shutting down the German operations will result in further streamlining of other European operations involved in the finishing of tubes rolled in Germany. The reorganization will also entail the consolidation of all the European threading activities in a single location in Aulnoye, France. The Group also launched a process to close the heat treatment line at Saint-Saulve (France) and the

threading line at Bellshill (Scotland). In addition, Vallourec completed the sale of Vallourec Bearing Tubes in May 2022. The Aulnoye Competence Center will lead the new 'One R&D' organization.

Although the Group is rolling out the initiatives associated with the New Vallourec plan according to schedule, and is making every effort to achieve the objectives announced in this respect, it could encounter difficulties, notably:

- the reorganization could lead to key people leaving the Group, and to the necessity to recruit new talents and to adapt the succession plans in a context rendered difficult by the loss of attractiveness of the Oil & Gas sector;
- the Group's customers could turn to other suppliers if they believe that its products and services, product delivery time or product quality no longer meet their expectations following the transfer of production to Brazil;
- the Group cannot guarantee that the industrial reorganization will achieve the expected results within the expected time frame.

If the Group does not succeed in carrying out the industrial reorganization plan effectively, or if the plan does not have the expected results, this could have a material adverse effect on its earnings, financial position and outlook.

## Risks related to dependence on particular customers

In 2022, the Group earned 22% of its consolidated revenue from its five largest customers and 26% of its consolidated revenue from its ten largest customers (see section 3.2.2.2 "Principal customers" of this Universal Registration Document). Only one customer accounted for more than 10% of the Group's consolidated revenue in 2022, with 11.4%. The Group has a customer base in all regions of the world, thereby diluting exposure to a specific geographic market.

Nevertheless, most customers are not required to purchase a fixed amount of products or services over a given period and could decide to terminate their contracts or to stagger their orders over a longer period of time, not renew their contracts, or renew them on terms that are less favorable for the Group, particularly with respect to

pricing. This could have a significant adverse effect on the Group's business, financial position and earnings.

The Group is also exposed to risk in respect of outstanding customer receivables, particularly from those customers weakened by the recent crisis in the oil market as a result of the Covid-19 pandemic. As a result, it has established specific credit committees to systematically evaluate the financial risks assumed with its customers. However, in a deteriorating world economic environment, to which the Oil & Gas sector is by no means immune, the risk that a deterioration in its customers' financial position will expose the Group to the risk of payment default cannot be ruled out.

## Risks related to the competitive environment

The Group operates in a highly competitive international environment, with varying degrees of intensity in its different sectors of activity:

- in the Oil & Gas sector, the Group's main differentiating factor is its premium connections, for OCTG tubes in particular. These patented connections ensure perfect sealing for tube columns, thereby meeting customers' safety, environmental and performance requirements. Under pressure from environmental regulations and long-term oil prices, oil companies, and especially International Oil Companies (IOCs), are increasingly shifting their focus to projects with lower production costs requiring fewer premium products. They are also developing a strategy of qualifying low-cost suppliers, particularly from China. These low-cost competitors have progressed technically and developed premium connections for the least differentiated categories.

This fierce competition in the OCTG commodity tube market puts pressure on prices throughout the market, including the prices of premium connections and tubes;

- in the Group's other historical sectors of activity:
  - in the Power Generation sector, premium solutions contain high-alloy steel capable of withstanding extreme temperatures and pressure, requiring top-level metallurgical skills and state-of-the-art technology. The closure in 2021 of the Reisholz factory in Germany, focused on conventional coal-fired power plants – particularly in China – progressed according to plan. We maintained the capacity of our VCHA plant in China in order to deliver to this segment, which is primarily a local market. Lastly, the Group has fully withdrawn from its business of manufacturing tubes for steam generators for nuclear power plants,
  - in the Petrochemical, Mechanicals, Automotive and Construction sectors, the Group faces stronger competition as customer requirements are less sophisticated.

The intensification of the competitive landscape in an increasingly globalized seamless tube market could cause losses in market share and impact the Group's volumes, revenue and profitability.

### Risks related to maintaining advanced technology on key products

The tubes market is subject to technological change. It is not possible at this point in time to foresee how such change could affect the Group's business in the future.

Third-party technological innovations could affect the competitiveness of the Group's existing products and services and have a negative impact on the value of existing patents and on the revenue generated by the Group's licenses. The Group's earnings and outlook could be

affected and the Group might find itself at a competitive disadvantage if it were unable to develop or access (either alone or through partnerships) new technology, products or services ahead of its competitors, or if its new technology, products or services were not to have the success expected in the market. The Group continues to invest in Research and Development to maintain its technological leadership and anticipate its customers' needs.

### Risks related to the Group's operations in developing countries

The Group conducts a significant part of its business in developing countries, in particular because its strategy of being located close to its customers in these countries enables it to improve its responsiveness and to develop appropriate products and services in these markets. The risks associated with doing business in developing countries may include political, economic and social instability (for example, the nationalization and expropriation of assets, uncertainty as to applicable laws and inconsistent application of laws, the impact of international sanctions, etc.), as well as financial

instability and more acute exchange-rate risk. There are also risks for personnel deployed on assignment or permanently (with a heightened risk of events such as industrial accidents or terrorism). Despite the Vigilance Plan in place (see section 4.1) and its insurance cover (see section 5.3), the Group may not be in a position to protect itself or hedge against all of these risks, and may also encounter problems in carrying on business in such countries, which could have an impact on its employees and/or earnings, growth or outlook.

### Risks related to political and macroeconomic instability

The Group is faced with an upsurge in geopolitical disputes involving the countries where it does business, such as the trade war between the United States and China, for example, and an increase in the reprisal measures and protectionist regulations that are an indirect result of this conflict.

This trend is being reflected in a proliferation of trade defense measures in Europe, the United States, and China. These procedures – anti-dumping, safeguarding or other protection mechanisms based on a national security threat, as is the case with the US measures based on section 232 of the US Trade Expansion Act – impose customs duties or quotas in the steel sector.

These measures are likely to have a negative impact on the Group's trade flows globally and, therefore, on its earnings and outlook.

With regard to the conflict in Ukraine and the sanctions against Russia, the Group would like to point out that its business in these two countries is very limited, representing around 0.23% of its consolidated revenue in 2022. The Group is closely monitoring the situation and is complying – and will continue to comply – with all applicable sanctions. Vallourec and Interpipe, a Ukrainian manufacturer of seamless tubes, decided to terminate their cooperation agreement in 2021. Under this agreement, Vallourec was responsible for the sale of non-OCTG carbon seamless tubes rolled by Interpipe in Europe under the Vallourec brand. These tubes were inspected and packaged in a joint finishing unit, Vallourec Niko Tube – Ukraine, which is managed by Vallourec and located in Nikopol (Ukraine). Vallourec's exit from this joint venture was finalized on August 31, 2022.

## 5.1.2 Operational risks

### Risks related to changes in raw material and energy costs\*

Tube production consumes raw materials such as iron ore, coal, coke and scrap. The Group has some in-house sources of supply and diversifies its external sources of supply whenever possible.

All of the European rolling mills are primarily supplied with raw materials from European steel mills. In particular, for ordinary steel, it is supplied by the Huckingen mill operated by Hüttenwerke Krupp Mannesmann (HKM), in which Vallourec Tubes has a 20% stake in the capital. HKM produces steel rounds and slabs intended exclusively for its shareholders, who are committed to certain volumes. In 2021, based on the business outlook, Vallourec decided that it would be unable to absorb the volumes to which it is entitled and therefore decided to terminate the cooperation and supply agreements, effective December 31, 2028, i.e., at the end of the contractually agreed seven-year notice period. As a result, Vallourec recognized an impairment loss of €81 million in its 2020 financial statements in relation to HKM.

Following the decision taken in 2022 to close its German operations by the end of 2023, Vallourec expects to need less volume for its own operations than it is entitled to.

As a result Vallourec is setting up alternative outlets for the excess steel supply, which it intends to take mainly in the form of slabs. These external steel sales should be at least profit neutral for the remaining duration of the supply agreement, but depending on market conditions, which are difficult to predict, sales at periodically negative margins cannot be ruled out.

More generally, raw materials and energy represent a significant expense for the Group.

In the current context of accelerating inflation, an increase in the price of raw materials and energy leads to a corresponding increase in production costs for the Group's finished products. Uncertainties about economic trends along with a highly competitive environment in the international market for tubes mean that the Group's ability to pass on any increases in raw materials and energy prices to its orders is uncertain. This could reduce Group margins and have a negative impact on earnings.

### Industrial and environmental risks

The industrial nature of the Group's businesses gives rise to environmental, safety and health risks. The Group's manufacturing processes involve working with molten materials at very high temperatures using heavy machinery and equipment. The risks this poses include industrial accidents, explosions, fires, and environmental hazards such as accidental discharge of polluting or dangerous products, and could lead to unforeseen interruptions to its business, total or partial destruction of facilities, pollution or even personal injury and death.

Such events may involve the Group in legal proceedings for damages against it and/or lead to the application of penalties, and may have an adverse effect on the Group's business, reputation, earnings and outlook.

The Group's production activities in the various countries where it has a presence are subject to numerous and wide-ranging environmental, public health and safety regulations which are constantly being updated. These regulations concern, in particular, the prevention of major accidents, use of chemicals, disposal of wastewater, disposal of hazardous industrial waste, and noise pollution. Their purpose is to ensure that the Group is in control of the various environmental risks inherent to its activity, including atmospheric, aquatic and soil pollution, and the risk of damage to biodiversity.

The Group's activities also require numerous permits and authorizations in areas such as the environment, safety, and public health. These include operating licenses, wastewater discharge permits, water withdrawal permits, and permits for the transport or landfill of hazardous waste products, all of which may be renewed, modified, suspended or potentially revoked by administrative and government authorities. Due to changes in their industrial activities related to the Group's transformation and in accordance with legal provisions, only five facilities in France are still subject to environmental protection regulations under a classified facilities system (ICPE).

### Inherent climate-change risks

The Group is exposed to the risks inherent to climate change (including, for example, drought, flooding, heat waves or cold spells, flooding and high winds). A study was conducted in 2019 with the assistance of a consultancy firm for the purposes of the Group's carbon policy. Based on the new scope of the Company, it identified risks for all ten of the Group's major industrial areas and estimated their probability of occurrence and severity based on the IPCC's (Intergovernmental Panel on Climate Change) RCP 8.5 scenario, which is more pessimistic than the assessment resulting from compliance with the Paris agreements. This illustrates the difference in the impacts on our sites depending on the risk concerned and their geographical location, and shows that the re-assessed risk is still material (see section 4.2.2.1 "Inherent climate-change risks" of this Universal Registration Document). Any adaptation plans will be defined with the plants.

Energy or commodity consumption could also be affected by measures imposed by authorities to address climate change and reduce companies' environmental footprint (see environmental and climate-change risks below).

The Group strives to strictly comply with these authorizations and, more generally, with environmental laws and regulations. Maintaining compliance with existing regulations and standards results in costs and expenses that could increase significantly in the future if new regulations or stricter standards were to be adopted.

In addition, the authorities and courts might require the Group to carry out investigations and cleanup operations, or even restrict its activities or close its facilities temporarily or permanently, and/or require it to pay fines. As regards its former activities, the Group could be held responsible in the event of damage to persons or property, which could adversely affect its earnings. Under applicable regulations, cleanup costs for the French sites concerned in the event of cessation of their activities were estimated at €3.58 million.

On January 8, 2022, following exceptional rainfall in the Brazilian state of Minas Gerais, part of a waste pile at Vallourec's Pau Branco iron ore mine slipped into the "Lisa" dam, causing the dam to overflow and block traffic on the highway below. The structure of the dam was not affected, and there were no casualties. As a result of this incident, operations at the mine were suspended. On January 21, 2022, Vallourec signed an agreement with the Public Prosecutor's Office regarding the consequences of the overflow of the Lisa dam. The agreement includes the implementation of emergency measures, many of which have already been completed, and a commitment to the environmental restoration of the affected area. It also includes the provision of BRL 200 million (approximately €35 million) as a guarantee in a bank account held by Vallourec.

On May 4, 2022, Vallourec announced that it had partially restarted iron ore mining operations after having obtained the approval of the mining authorities to resume activities on a temporary basis without using the waste pile. The use of alternative waste piles was permitted and Vallourec is targeting a progressive ramp-up from 70% to full production. Resumption of normal operations remains subject to validation of the stability of the waste pile by state mining and environmental authorities.

Measures to combat the effects of climate change may also be imposed by various authorities.

For example, the Brazilian authorities determined that the exceptional rainfall risk for a 100-year period should be substantially increased in relation to the dikes protecting the Santa-Barbara dam built in 1995 to collect the runoff from Vallourec's iron ore mine in Pau Branco. The corresponding work was defined in consultation with the competent environmental authority and then implemented in 2021. A safety spillway was built allowing the dam to withstand a millennial rainfall (occurring every 1,000 years on average). No equivalent request had been received from the authorities for the Lisa dam, which overflowed on January 8, 2022 after part of a waste pile at the mine slipped into the dam following exceptional rainfall in the Brazilian state of Minas Gerais (see section on environmental risks above).

The Group's supply chain is also exposed to climate risks. The Purchasing Department is responsible for working with the suppliers who are most affected to examine the measures to be adopted under the supplier risk assessment plan.

### Risks related to manufacturing or service defects

The Group's positioning in the market for premium tubular solutions requires the implementation of a demanding quality management system to guarantee product and service quality. However, despite the emphasis on manufacturing quality, it cannot be excluded totally that some of the Group's products or services may have production or manufacturing defects which could potentially cause damage to property, personnel or installations using the tubes, lead to business interruption for customers or third parties, or cause environmental damage. Defects in the Group's products or services may result in

compensation being due by the Group or in a fall in demand for its products and services, or adversely affect their reputation for safety and quality, or an increase in insurance premiums and a decrease in associated guarantees. This may in turn have a significant impact on the financial position, earnings and image of Company (Vallourec) and Group businesses. A major accident caused by defects in the products or services of players other than the Group might adversely affect the image of the entire Oil & Gas sector.

### Risks related to Group equipment failures

The Group's success in meeting orders depends on a high level of asset reliability. The Group could nevertheless suffer breakdowns of equipment or unavailability for other reasons such as damage, fire, explosion or a computer virus. Such failures could cause delays in the delivery of orders in progress or subsequent orders for which these assets were to be used.

Although the Group follows a regular maintenance and prevention program to keep all of its assets in good working order, breakdowns could nevertheless occur. Equipment failures may lead to dissatisfaction on the part of the Group's customers, have an impact on the cost of orders and, therefore, significantly affect the financial position, earnings and image of the Group.

### Risks related to information systems

The Group uses complex information systems (in particular to manage its sales, logistics, accounting and reporting), which are essential for conducting its commercial and industrial activity. Despite a policy to strengthen the contingency and back-up programs for its information systems, infrastructure (including providing access to service providers and partners), and customers, a failure of any such program could have a material adverse impact on the Group's operations, financial position, earnings or outlook.

The Group's launch of an ambitious strategy to digitize its production tools and the creation of new services for customers could increase the risk of theft or loss of data, including personal information.

Despite a certain number of proactive measures that have already been deployed, the Group could fall victim to complex targeted attacks on its IT networks. A growing number of companies have indeed recently been the victims of hacking or attempted hacking of their information systems. The techniques implemented to hack, disrupt, degrade the quality of, or sabotage information systems, are constantly evolving; they are often complex and not listed and it is sometimes impossible to identify them before an attack is launched. Despite all of the precautions taken and its multiple means of defense, the Group could potentially be unable to protect itself against such hacking techniques or to prevent them having any impact. Any breakdown or interruption in the Group's IT services that is linked to hacking or other factors could have a material adverse effect on the Group's operations, financial position, earnings or outlook. The Group cannot guarantee that it will not suffer an uninsured loss.

## 5.1.3 Legal and tax risks

### Risks related to business ethics and corruption

Vallourec operates in the Oil & Gas sector – a sector which is considered by the NGO Transparency International as greatly exposed to the risk of corruption – and in countries in which the risk of corruption may be perceived as high (according to Transparency International's ranking).

Vallourec has a presence in more than 20 countries, most of which have anti-corruption and competition laws in place. Infringement of such laws, even as a one-off occurrence, may lead to criminal, civil and/or administrative sanctions, including heavy fines, and may also harm Vallourec's image and reputation.

The risk of corruption is included in the Group's risk map.

As part of its global compliance program, Vallourec has introduced a number of internal procedures relating to gifts and invitations, the use of sales agents, and commercial sponsorship, based on the principles and fundamental values of the Group's Code of Ethics and Anti-Corruption Code of Conduct, which were updated in 2022.

Controls were tightened in 2022, with the establishment of a list of points to check during audits and the implementation of regular meetings with the Group audit and compliance departments. These controls will be further strengthened in 2023. The Group continued with the preliminary checks carried out when recruiting sales agents during the year, and tightened checks concerning suppliers and customers.



Also in 2022, the Group redoubled its communication, training and awareness-raising efforts with regard to its Code of Ethics, the Anti-Corruption Code of Conduct and internal procedures, notably with the release of a new required e-learning program for technical, supervisory and managerial staff. The program reminds participants of the Group's rules with regard to business ethics, anti-corruption and influence peddling.

### Risks related to intellectual property

Risks related to intellectual property primarily stem from:

- legal action by third parties against the Group;
- the appropriation of its technologies by competitors; and
- fraudulent use by third parties of its trademarks.

The Group has an Intellectual Property Department and a Legal Department staffed by qualified and experienced personnel who are responsible for (i) taking the necessary measures to protect and

In addition to more traditional communication channels, Vallourec has also rolled out a professional whistleblowing system, which is accessible to all employees and third parties and relayed across the Group. Internal communication and training initiatives also continued in 2022 and will be ongoing in 2023.

It cannot be ruled out, however, that the Group could be impacted by infringements of legislation that could lead to significant civil and/or criminal sanctions which might have an adverse effect on its financial position or its image.

enforce its intellectual property rights, while ensuring the rights of third parties are respected, and (ii) educating Group employees on the importance of better protecting and defending its intangible assets. However, the laws and regulations, as well as the legal system in some countries in which the Group operates, do not necessarily currently provide such extensive and effective protection for intellectual property rights, and/or the means to combat counterfeiting as in countries like France, Germany or the United States.

### Risks related to counterfeiting

Like other tubular products and accessories manufacturers, the Group has had to contend with the existence of counterfeit products for sale in the market, which use the trademarks of Vallourec and its subsidiaries, and are sometimes even accompanied by false certificates. Counterfeiting activities aim to confuse customers in terms of the source of products, thereby allowing the counterfeiters to unfairly derive a profit from the Group's investments and reputation. Multiple risks are therefore involved: in addition to the risk of losing customers drawn to cheaper products, there is a material risk of accidents if the counterfeit products have problems with quality and do not comply with the applicable standards. These risks could have an impact on the Group's image, and, indirectly on its earnings.

In 2015, the Group created a Counterfeiting Committee and increased its campaigns to raise awareness among the public authorities and market players concerned. In addition, websites of potential counterfeiters are monitored in order to identify any fraudulent sales, particularly for the Group's flagship connections brand, VAM®.

If, despite all of the measures taken, the Group was unable to successfully protect, maintain and defend its intellectual property, it would risk losing a portion of its technological edge, customers and sources of revenue; this could have a significant adverse effect on its operations, earnings and image.

Furthermore, the risk that competitors may access some of the Group's manufacturing secrets or certain innovations that are not yet patented or that are not eligible to be patented cannot be entirely ruled out. The procedures put in place by the Group's Security Department and IT Department, as well as the signing of confidentiality agreements, can limit this risk, although it cannot be completely eliminated. The Group's earnings and outlook could therefore be affected.

### Tax and tax evasion risks

The Group's entities conduct sales, industrial and/or financial activities in various countries and have the necessary personnel, equipment, and assets in those countries for that purpose. The contracts entered into by the Group's entities, with one another or with third parties, formalize these activities. As an international group that carries out its activities in numerous countries, Vallourec has organized its sales, industrial and financial activities, as well as its contracts, in compliance with the various regulatory and legal requirements to which it is subject, and according to its sales, industrial and financial objectives. Thanks to this organization, and to the regular monitoring of changes in these legal and regulatory requirements, the Group particularly aims to limit potential tax risks (including any tax evasion risks).

To the extent that the laws and regulations of the various countries in which the Group's entities are located or operate do not establish clear or definitive guidelines, the tax regime that is applied to its

activities, transactions or intragroup restructurings (whether past or future) is or may sometimes be based on interpretations of French or foreign tax regulations and laws. The Group cannot guarantee that these interpretations will not be challenged by the competent tax administrations in the jurisdictions concerned. More generally, any breach of current tax laws and regulations in the countries in which the Group or the Group's entities are located or operate could result in reassessments of taxes owed, or the payment of late interest, fines and penalties. Furthermore, the tax laws and regulations could change or be modified in terms of their interpretation and application by the jurisdictions or tax administrations concerned, in particular in the context of joint international or EU initiatives (OECD, G20, European Union).

Each of the above factors could result in an increase in the Group's tax burden, and have a material adverse impact on its financial position and earnings.

The Group has been and may in the future be subject to reassessment proceedings and tax disputes in some countries in which its entities are located or operate. When the Group considers that a loss relating to the tax disputes is probable, a provision is recognized according to the best estimate of foreseeable expenses. The outcome of the ongoing tax proceedings might, however, differ from the Group's forecasts and positions, or from the amount that may be provisioned in the consolidated financial statements. The Group cannot provide assurance that these provisions will be sufficient to cover the amounts to be actually disbursed at the end of these proceedings.

The Group's future earnings, French and foreign tax rules, and tax audits or disputes could limit its capacity to use its tax losses, and thereby impact its financial position.

The Group has significant tax losses (for which the accounting impacts are described in Note 3 to the consolidated financial statements for the year ended December 31, 2022 in section 6.1.7 of this Universal Registration Document).

The Group's ability to effectively use these losses will depend on a number of factors, including (i) the ability to generate tax income and the extent to which such income covers losses, (ii) the limits applicable to any tax losses imposed by French and/or foreign laws and regulations, (iii) the consequences of current or future tax audits or disputes, and (iv) any changes in the applicable laws and regulations.

The impact of these factors could increase the tax pressure to which the Group is subject, and thus have an adverse effect on its effective tax rate, financial position and earnings.

### 5.1.4 Financial and market risks

Given its financial structure, the Group is exposed to (i) liquidity risks and (ii) market risks, including interest rate, foreign exchange, credit and equity risks.

A description of market and liquidity risks is provided in Note 7 to the consolidated financial statements in section 6.1.7 of this Universal Registration Document.

#### Liquidity risk

As at December 31, 2022, the maturities of current loans and other borrowings totaled €314,127 thousand; the maturities of non-current loans and other borrowings totaling €1,367,194 thousand are shown in the table below:

#### BREAKDOWN BY MATURITY OF NON-CURRENT LOANS AND OTHER BORROWINGS (>1 YEAR)

<i>In € thousands</i>	>1 year	>2 years	>3 years	>4 years	5 years and more	Total
As at 31/12/2021	2,066	1,212	2,617	1,165,739	215,647	1,387,281
Non-current borrowings	1,102	3,310	1,136,889	221,546	4,347	1,367,194
<b>AS AT 31/12/2022</b>	<b>1,102</b>	<b>3,310</b>	<b>1,136,889</b>	<b>221,546</b>	<b>4,347</b>	<b>1,367,194</b>

The Group's financial resources are composed of bank and bond financing.

The vast majority of bank financing was arranged in Europe through Vallourec, and to a lesser extent through the Group's subsidiaries in Brazil, the United States and China.

Vallourec's €462 million credit facility is not subject to any securities or guarantees, and ranks *pari passu* with its State-guaranteed loans and bonds.

Bond financing is arranged by Vallourec.

#### BANK FINANCING

As at December 31, 2022, the Group had a committed undrawn bank credit facility of €462 million, a committed "Asset-Based" line of credit of USD 210 million and available cash of €552 million. The Group's liquidity therefore totaled €1,203 million.

In June 2021, Vallourec arranged a committed credit facility for an amount of €462 million, maturing in June 2026. As at December 31, 2022, no drawdowns had been made on this facility.

The €462 million revolving credit facility includes a covenant stipulating that Vallourec's gearing ratio (consolidated net debt to equity) must not exceed 100%. The gearing ratio is defined as the ratio of consolidated net debt (including financial lease debt) to consolidated equity, restated for gains and losses on derivatives and foreign currency translation differences (exchange differences on translating net assets of consolidated foreign subsidiaries).

The covenant will be tested on a trailing 12-month basis on December 31 of each year, with the first test scheduled for end-2023. A breach of the covenant could trigger the mandatory early repayment of the credit facility and redemption of the bonds.

In addition to this credit facility, Vallourec set up State-guaranteed loans ("PGE") for a total nominal drawn amount of €262 million. The initial maturity of the State-guaranteed loans was June 30, 2022, but Vallourec had an option to extend them to June 30, 2027. Vallourec exercised this extension option and the State-guaranteed loans now have a maturity date of June 30, 2027.

A change of control at Vallourec could trigger repayment of all or part of the credit facility or State-guaranteed loans, as decided by each participating bank. The agreements also stipulate that the entire debt will be immediately due and payable if the Group defaults on one of its debt obligations (cross default), or in case of a major event with consequences for the Group's business or financial position and/or its ability to repay its debt.

On November 7, 2022, a committed credit facility of USD 210 million maturing on November 7, 2027 was granted by four leading international banks to certain US subsidiaries of the Vallourec Group – Vallourec Star, VAM USA and Vallourec USA – all three of which are wholly and indirectly owned by Vallourec SA. This credit facility can also be used in the form of letters of credit up to a maximum aggregate amount of USD 20 million.

This “asset-based” credit facility is secured by inventories and trade receivables held by the borrowing companies. Vallourec SA also provides a parent company guarantee to the lenders.

As of December 31, 2022, USD 8.6 million of this facility had been used, exclusively in the form of letters of credit. However, no drawdowns had been made for financing purposes.

### MARKET FINANCING

In addition to this bank financing, the Group has sought to diversify its funding sources by using market financing. For example, Vallourec set up a commercial paper program on October 12, 2011 to meet its short-term needs. The program has a €1 billion ceiling. As at December 31, 2022, Vallourec had no outstanding commercial paper. This commercial paper program is rated B by Standard & Poor’s.

## Market risks

### FOREIGN EXCHANGE RISK

#### Foreign currency translation risk

The assets, liabilities, revenues and expenses of the Group’s subsidiaries are expressed in various currencies. The Group’s financial statements are presented in euros. The assets, liabilities, revenues and expenses denominated in currencies other than the euro are translated into euros at the applicable rate so that they can be consolidated.

If the euro rises (or falls) against another currency, the value in euros of the various assets, liabilities, revenues and expenses initially recognized in that other currency will fall (or rise). Therefore, changes in the value of the euro may have an impact on the euro value of assets, liabilities, revenues and expenses not denominated in euros, even if the value of these items in their original currency has not changed.

### FOREIGN CURRENCY TRANSLATION RESERVE – GROUP SHARE

<i>In € thousands</i>	31/12/2021	31/12/2022
USD	291,136	386,852
GBP	(11,747)	(12,938)
BRL	(1,259,048)	(1,132,280)
CNY	29,801	25,453
Other	(28,791)	(18,442)
<b>Total</b>	<b>(978,649)</b>	<b>(751,355)</b>

As far as the Group is aware, translation risk is unlikely to threaten its financial equilibrium.

#### Transaction risk

The Group is subject to foreign exchange risks owing to its exposure to sale and purchase transactions entered into by some of its subsidiaries in currencies other than their functional currency.

The main foreign currency concerned is the US dollar (USD), since a significant portion of the Group’s transactions (approximately 27% of consolidated revenue in 2022) is invoiced in US dollars by companies whose functional currency is not the US dollar. Exchange rate fluctuations between the euro, the Brazilian real and the US dollar may therefore affect the Group’s operating margin. However, the impact of such fluctuations is very difficult to quantify for two reasons:

On June 30, 2021 as part of its financial restructuring, Vallourec issued €1,023 million worth of bonds, maturing in June 2026 and paying a fixed annual coupon of 8.5%. As at December 31, 2022, this bond issue was rated BB- by the ratings agency Standard & Poor’s.

It was included in the financial statements for €1,135 million, as calculated in accordance with IFRS. For information, the fair value (mark-to-market) of the bonds was €1,024 million.

The bond indenture specifically includes a change of control clause that would trigger the mandatory early redemption of the bonds at the request of each bondholder in the event of a change of control of Vallourec (in favor of a person or a group of people acting in concert) leading to a downgrade in its credit rating.

In addition, the bonds may be subject to a request for early redemption by the bondholder or Vallourec, as appropriate, should any of the common default scenarios for this type of transaction occur, or if there is a change in Vallourec’s position or in tax regulations.

In 2022, a large portion of net income, Group share, was generated by subsidiaries that prepare their financial statements in currencies other than the euro (mainly in US dollars and Brazilian real). A 10% change in exchange rates would have increased or decreased net income Group share by around €46 million. In addition, the Group’s sensitivity to long-term foreign exchange rate risk is reflected by previous changes in the foreign currency translation reserves carried in equity (negative €751.3 million impact as at December 31, 2022) which, in recent years, have mainly been attributable to changes in the US dollar and Brazilian real.

- there is an adjustment mechanism on sales prices denominated in US dollars which is related to market conditions in the various industries in which Vallourec operates;
- certain sales and purchases are influenced by the price of the US dollar, even though they are denominated in euros. They are therefore indirectly, and at some time in the future, affected by movements in the US currency.

The Group actively manages its exposure to foreign exchange risk to reduce the sensitivity of its earnings to currency fluctuations. Forex exposure is managed by setting up hedges as soon as orders are placed and sometimes when a quotation is given.

Orders, receivables, payables and operating cash flows are hedged using financial instruments, mainly forward purchases and sales.

As at December 31, 2022 and 2021, forward foreign exchange contracts hedging purchases and sales denominated in foreign currencies concerned the following amounts:

### HEDGING CONTRACTS RELATED TO COMMERCIAL TRANSACTIONS – FOREIGN EXCHANGE RISK

<i>In € thousands</i>	31/12/2021	31/12/2022
Forward exchange contracts – forward sales	908,776	1,332,907
Forward exchange contracts – forward purchases	37,098	95,701
Currency options – sales	-	-
Currency options – purchases	-	-
Raw materials and energy – purchases, options	-	-
<b>Total</b>	<b>945,874</b>	<b>1,428,608</b>

### CONTRACT MATURITIES AS AT DECEMBER 31, 2022

<b>Contracts on commercial transactions</b> <i>In € thousands</i>	Total	1 year	1 to 5 years	> 5 years
Exchange contracts – forward sales	1,332,907	1,330,558	2,349	-
Exchange contracts – forward purchases	95,701	95,701	-	-
Currency options – sales	-	-	-	-
Currency options – purchases	-	-	-	-
Raw materials and energy – purchases, options	-	-	-	-
<b>Total</b>	<b>1,428,608</b>	<b>1,426,259</b>	<b>2,349</b>	<b>-</b>

Forward sales (€1,332 million of the €1,428 million total) correspond mainly to sales of US dollars. These contracts were entered into at an average forward EUR/USD rate of 1.10 and an average forward USD/BRL rate of 5.68. In 2022, as in 2021, the hedges entered into generally covered an average period of about 10 months and mainly hedged highly probable future transactions and foreign currency receivables.

In addition to hedges of commercial transactions, the Group has entered into hedging contracts for financial loans and receivables denominated in foreign currencies:

- forward purchases for USD 65.4 million (€61.4 million);
- forward sales for GBP 39.8 million (€44.9 million);
- forward purchases for RMB 425 million (€57.8 million);

Order cancellations could therefore result in the cancellation of existing hedges, leading to the recognition in the consolidated income statement of gains and losses with regard to these canceled hedges.

To be eligible for hedge accounting as defined under IFRS 9, the Vallourec Group has developed its cash management and invoicing systems to facilitate the traceability of hedged transactions throughout the term of the hedging instruments.

- forward purchases for MXN 230.6 million (€11.1 million);
- forward sales for BRL 145.0 million (€25.7 million).

These instruments are intended to hedge the foreign currency loans and advances put in place by the financial holding company Vallourec Tubes in the currency of the subsidiaries receiving or granting them. The forward purchases and sales mature at various times in 2023, as and when the hedged loans and borrowings mature. However, the Group cannot guarantee that it will be able to systematically hedge all its foreign currency denominated contracts. An absence of hedging for these contracts may have a significant adverse effect on the Group's earnings and financial position.

## 5.2 Risk management and internal control system

### 5.2.1 Risk management

Risk management and internal control are rolled out in all companies in which Vallourec directly or indirectly holds the majority of share capital and which it controls. Companies whose shares are listed or jointly controlled have an appropriate internal control system structure, consistent with applicable local legislation.

Internal control and internal audit rely on the results of the risk analysis in order to improve the Group's internal control system and define its internal audit plan, respectively.

#### 5.2.1.1 Objectives and general principles of risk management

Risk management is a key management focus for the Group, and primarily contributes to:

- securing the Group's decision-making processes and other procedures in order to promote the achievement of its objectives; and
- creating and preserving the Group's value, assets and reputation.

Furthermore, risk management aims to:

- promote consistency between the Group's actions and values; and
- rally the Group's employees around a common vision of key risks and raise their awareness of the risks inherent to their business.

The Audit and Internal Control Department provides methodological support for promoting and implementing the Group Risk Management policy. This favors the development of internal control by anticipating risks and reviewing best internal control practices.

Risks are managed by the Regions, the industrial and sales units and the corporate departments.

Each major entity and Region, along with the Executive Committee and Executive Management, assess the risks and determine the controls and action plans needed to limit the impact and/or the probability of these risks occurring.

### 5.2.2 Internal control

#### 5.2.2.1 Objectives and general principles of internal control

The Group's internal control system was developed and implemented with significant input from the Group's staff. It aims to provide reasonable assurance that the following four objectives can be achieved:

- compliance with laws and regulations in force;
- proper application of the instructions issued and compliance with the policies laid down by Executive Management;
- proper operation of internal processes (in particular those relating to achieving objectives and safeguarding assets); and
- accuracy of accounting and financial information.

#### 5.2.1.2 Risk management system

Identifying risks consists of determining the main risks the Group faces with its operational and functional departments. Together with the entity in question, the Audit and Internal Control Department analyzes and maps these risks, with the aim of establishing an agreed list of risks and determining how to mitigate, transfer, eliminate, or accept them. Priorities are determined not only according to probability of occurrence and/or risk impact and degree of control, but also to the progress of controls in relation to benchmark practices in this area.

Risk maps are in place for each of the Group's major entities, its Regions, and its Executive Committee. Each map incorporates key risks, along with their likely scenarios, internal and external past experience of such risks, controls in place and best practices.

Risk management is reviewed during the annual committee meetings in which the Audit and Internal Control Department participates in order to provide ideas. Each committee meeting is attended by the relevant entity manager and their main assistants. The heads of the corporate departments affected by specific risks may also be invited to attend, in particular those of the Legal, Group Industry and Eastern Hemisphere, Human Resources, Strategy and Development, One R&D, Purchasing and Information Systems departments. Each committee meeting handles the following matters:

- validation of diagnosis and follow-up of action plans for priority risks;
- validation of the key risk indicators, which ensures the relevance of new controls once the action plan has been completed along with the ongoing application of said controls.

The Group works together with its insurers to supplement this work of identifying and mitigating industrial operating risks and to roll out business continuity plans.

The Audit Committee reviews the high risks identified on a quarterly basis.

### ETHICS AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group's organization structure and actions in terms of ethics and compliance with laws and regulations are described more extensively in section 4.4. ("Our commitments to business ethics and compliance") of this Universal Registration Document.

### DELEGATION OF AUTHORITY

The level of authority given to each manager within the Group must remain compatible with an overall level of control, the Group's strategy, and the application of rules common to all Group entities.

To meet these requirements, the aim of the delegated authority procedure at Group level is to clearly define the prerequisite approval levels for the main commitments entered into by any Group entity. Delegations of authority may not contravene applicable legal and/or regulatory provisions.

This procedure is adapted as often as required and will be updated again in 2023 in view of the changes in the Group's organizational structure. It is implemented in each Region in the areas for which the sub-delegations have been authorized by the Group. The strict application of these delegations of authority is systematically verified during the internal audits of the Group's entities.

### CONFIDENTIALITY OF INFORMATION

Amid a fiercely competitive landscape, the Group needs to make all employees aware of their obligations as regards confidentiality. Accordingly, it has drawn up a Confidentiality Charter with the aim of (i) enabling it to carry out its business under the best possible conditions in the face of competition and (ii) protecting people working for Vallourec by informing them of the confidentiality obligations with which they must comply.

### PREVENTION OF INSIDER TRADING

Vallourec has a Code of Conduct on the prevention of insider trading that may occur in connection with trading in its shares. This Code concerns not only Vallourec's corporate officers, but all of the Group's employees and partners.

#### 5.2.2.2 Internal control system

Executive Management sets the internal control policy and ensures it is implemented by the management of each Group entity.

To ensure the consistency of the Group's procedures worldwide, Executive Management relies on the Regions and the corporate departments to draw up procedures, give instructions and monitor compliance.

In addition, when conducting their audits, the internal auditors may use the responses to the internal control self-assessment questionnaires submitted annually by each Group entity and approved by each subsidiary manager.

### INTERNAL CONTROL SYSTEM FOR FINANCIAL AND ACCOUNTING INFORMATION

#### Financial and accounting information

Preparation of financial and accounting information is centralized based on the subsidiaries' financial statements, adjusted to comply with Group standards. The information is collected via reporting and consolidation software at all the consolidated subsidiaries.

Its objective is to ensure compliance with a precautionary approach in order to (i) protect staff at all levels by making them aware of stock exchange regulations and applicable penalties, so as to enable them to avoid being the subject of legal proceedings, (ii) protect Vallourec and the Group, in particular from the risks of damage to its image and reputation and a decline in the value of its shares, and (iii) retain the confidence of investors and maintain equality of treatment between shareholders.

The Group Legal Officer is in charge of ethical matters, and is mainly responsible for overseeing compliance with the provisions of the Code of Conduct, even though each employee is ultimately responsible for complying with the applicable regulations. In particular, the Group Legal Officer updates the insider lists required by current regulations and keeps them available for the AMF.

### PROCEDURES FOR RELATIONS WITH THE MEDIA

Vallourec has defined procedures for relations with the media, as well as a series of best practices to be followed on social networking sites, which aim to safeguard the development of the Group's image and the promotion of its activities, while ensuring its messages are consistent and its reputation is protected.

All information intended for the media, both requested or supplied on the Group's own initiative and disclosed in a press release, conference, interview or telephone call, is subject to an internal approval process.

Likewise, all activity on social networking sites must be conducted in accordance with the best practices that have been formally adopted by the Communications Department and posted on Vallourec's Intranet.

### FINANCIAL REPORTING

Vallourec has drawn up a financial reporting procedure, which aims to ensure that the Group's system of reporting financial information to the public complies with applicable legal and regulatory provisions.

Annual and interim financial reports and quarterly financial information are the subject of an internal approval process prior to their release and filing with the French financial markets authority.

The subsidiaries report monthly in the following month. All accounts are consolidated each quarter and also completed within the same period of one month. The reporting of off-balance sheet commitments is an integral part of the quarterly consolidation process.

#### External financial information

Vallourec publishes quarterly information as at March 31 and September 30 each year. This notably includes a consolidated statement of financial position and consolidated income statement. Preparation of the quarterly, interim and annual consolidated information is the responsibility of Executive Management. The Statutory Auditors conduct an audit of the annual financial statements and a limited review of the interim financial statements. They do not generally audit the quarterly financial information.

## Cash management and financing

The Cash Management and Financing Department is in charge of the Group's financing strategy and manages banking liquidity and access to market financing.

The Cash Management and Financing Department ensures that cash flow is optimized and controlled through:

- cash flow forecasts prepared on a weekly basis by most Group companies;
- pooling euro, pound sterling, Chinese yuan, Canadian dollar, and US dollar cash flows relating to the main European and Middle Eastern companies with Vallourec Tubes;
- pooling Chinese yuan cash flows relating to the main Chinese companies with Vallourec Tubes, through an initial local pooling in China at the level of Vallourec Tianda (Anhui) Co. Ltd.;
- pooling US dollar cash flows relating to US companies with Vallourec Tubes, through an initial local pooling in the United States at the level of Vallourec Holding, Inc.; and
- preparing monthly cash monitoring reports for the Brazilian and Chinese entities.

Long-term (more than one year) financing and investment decisions are managed by the Cash Management and Financing Department. Financing and investments of less than one year are delegated to subsidiaries according to a specific Group procedure covering the quality of the banks involved, risk-free investments, and monitoring of the collateral given.

The Cash Management and Financing Department is also responsible for the foreign exchange and interest rate risk management strategy.

To this end, currency hedging operations for sales in US dollars, pound sterling, Brazilian real, Chinese yuan, Kuwaiti dinars, and Canadian dollars are centralized for the Group's main companies. For the Brazilian entities, currency hedging operations are carried out by the local cash management teams in coordination with the Group's Cash Management and Financing Department.

Currency and currency hedging operations are governed by rules established by the Cash Management and Financing Department and, more generally, all cash operations specific to each company are conducted within the framework of a general cash and risk management policy.

The Cash Management and Financing Department monitors subsidiaries' debts, investments and foreign exchange transactions. In this regard, it prepares a monthly report, which is sent to Group Executive Management.

## Procedures and instructions for reporting financial and accounting information

In order to produce high-quality financial and accounting information, Vallourec has drawn up procedures and instructions for its French and foreign subsidiaries. These procedures are classified by topic and deal mainly with accounting, cash, and reporting issues, and issues arising in relation to the IFRS framework.

Details of the procedures are available on an Intranet site that can be consulted by all of the Group's finance staff.

To ensure consistency between financial and accounting data on the one hand, and management tools and rules on the other, the Group has drawn up a Management Control Manual, which sets out the definitions, principles and rules for management control and the production of financial information. This document is disseminated among employees in charge of preparing and controlling management and financial information. Its purpose is to contribute to the quality and consistency of this information.

## OTHER KEY INTERNAL CONTROL PROCEDURES

### Capital expenditure

Executive Management reviews the Group's capital expenditure position presented by the Capital Expenditure and Insurance Department several times per year. It examines budgets, capital expenditure authorizations, and actual and forecast expenses.

According to the "Management of CAPEX projects" procedure, projects with an expected cost of over €1 million follow a specific qualification and authorization process through three stages of front-end loading.

The Qualification Committee includes the Group's experts and examines the fundamental aspects of the projects at each of the three stages (market assumptions, technical choices, budget, planning and risks), meeting once a month under the aegis of the Capital Expenditure and Insurance Department. The Authorization Committee brings together either the Director of Capital Expenditure and Insurance and the Director of Management Control for projects over €1 million, or Executive Management for projects worth more than €5 million. During these committee meetings, the projects are compared in terms of alignment with strategy, profitability and risks, all within the framework of the Group's budget.

The Capital Expenditure and Insurance Department participates as a member of the steering committees for major industrial projects in progress, in order to implement best governance and management practices. The goal is to ensure that these projects are completed in line with expected costs, quality and time frames. It also audits certain projects in progress, in order to ensure that best project management practices are effectively implemented.

The Capital Expenditure and Insurance Department carries out a monthly check on compliance with annual objectives and, in conjunction with the Regions concerned, ensures that corrective measures are taken if any discrepancy is noted.

Ex-post controls are carried out on expenses, expected objectives and the profitability of capital expenditure projects at the initiative of the Capital Expenditure and Insurance Department, and with the support of the Management Control Department. Such controls are performed on projects authorized in earlier years that are at the production phase.

### Management system

Vallourec has management systems (Vallourec Management Systems – VMS), which are implemented at all Group companies. VMS has been structured around seven main components:

- the HR management system, including, in particular, the Talent 360 system, which is used as a basis for performance management, annual appraisals and career appraisals;
- the safety management program, which coordinates all actions to continuously improve work safety;
- programs related to sustainable development, in line with the commitments set out in the Group's Sustainable Development Charter;
- management systems contributing to industrial excellence, which specifically comprise the quality management and lean management systems. Lean management aims to improve performance in terms of productivity, level of inventory and time to complete orders;

- systems that include activities related to excellence in sales, including marketing, key account management, and the implementation of value offers;
- Research and Development management systems, through the innovative project management system; and
- the major projects management system described in the Group's Qualification and Authorization Management Handbook, which coordinates the activities and deliverables required for managing capital expenditure.

In addition to the control of processes and continuous improvement, VMS is responsible for ensuring that initiatives are consistent with the aims of the Group's strategic plan.

The corporate departments assist the Group's entities in rolling out VMS, sharing and capitalizing on "best practices", and developing managers' expertise.

### Quality – Safety

The Group's Safety and Quality Departments are in charge of proposing Group guidelines and objectives in terms of quality and safety to Executive Management, and are also responsible for defining applicable standards on the subject for the Group as a whole. In addition to that, the Group's Safety and Quality Department interferes directly with operations when leading indicators are deviating or whenever necessary.

In the context of VMS, these standards define the appropriate systems, methods and tools to be implemented in order to consistently improve product quality and control over manufacturing processes, along with the safety of people and equipment. These standards are defined in compliance with quality management standards (ISO 9001 or IATF 16949, API, ASME, etc.) and with safety standards (OHSAS 18001, ISO 45001).

The Safety and Quality Departments promote these standards, assist with their implementation, set up the necessary training programs and oversee the sharing of best practices. Through the visits they make to all Group sites, in addition to the audits carried out by external certification bodies, they ensure these practices are well understood and properly applied to all processes which contribute to customer satisfaction.

The Vallourec Quality approach takes into account the requirements of the most stringent standards, in particular those relating to standardization, problem resolution, the control of variations in quality and risk prevention.

The safety management program, known as CAPTEN+ Safe, relies on the commitment of management as a whole, the involvement of all employees and the establishment of appropriate follow-up indicators.

Sharing General Management's concern regarding safety and quality, the Board of Directors starts each of its meetings with a progress review of the Group's safety and quality performance.

### Sustainable development

Sustainable development is managed within Vallourec by the Sustainable Development Department, which reports to the Chairman and Chief Executive Officer.

The Sustainable Development Department's main roles are to draw up and deploy the CSR strategy approved by the Group Executive Committee and to mobilize the Regions and corporate departments in making continuous improvements in sustainable development and meeting the set objectives, in particular by identifying the expectations of the Group's various stakeholders as well as the best practices to be developed.

Whenever necessary, the Sustainable Development Department submits to the new CSR Committee – comprising members of the Executive Committee – the decisions to be implemented by the Regions and corporate departments.

The Sustainable Development Department is also directly responsible for environmental initiatives. It coordinates and leads the work conducted by the environmental officers of the Regions and the business units, backed by two newly created committees – the Climate Committee and the Environment Committee. These environmental officers are tasked with ensuring that business operations are in compliance with applicable laws and regulations and with improving environmental performance pursuant to Vallourec's Sustainable Development Charter and the Group Environmental Policy covering water, waste, hazardous products, emissions and noise pollution. Annual or bi-annual audits, depending on the importance of the sites, are conducted locally. Climate and environmental performance reports are regularly sent to the environmental officers. The Group has an application for the management of environmental and safety data that facilitates the collection and verification of this data as well as the local reporting of sites.

The Sustainable Development Department also supervises the energy performance improvement program, designed to reduce greenhouse gas emissions and implemented by the sites with the assistance of the process communities. The department adjusts practices and ensures that the operational entities invest in new energy-efficient, "eco-designed" equipment.

### Innovation, Research and Development

All the Central Functions and Core Field Units have established procedures at Group level for the management of new business development projects, new products and industrial processes, the project portfolio for product lines, and the Group's idea generation process (front-end innovation). The defined processes and governance structure are consistently applied by the entities concerned. These procedures also incorporate aspects of intellectual property.

The product line innovation portfolios include ideas under investigation and projects under development. These portfolios are regularly reviewed by the Steering and Innovation Committee for decision-making purposes, so that projects can be prioritized based on relevant value and risk criteria.

Projects under development are selected according to various criteria, including the value they offer both to customers and Vallourec, their technical feasibility and turnaround times, as well as any related risks. The project steering committees analyze the risks of each project. In addition, key projects deemed to be of particular strategic importance to the business are reviewed by a Group Committee which, at each milestone, confirms that all the necessary elements are in place to ensure the product, service or solution is brought to market at the right time.

The project teams receive specific training and assistance from experienced professionals in order to speed up implementation and reduce the time required to bring the solutions to market.



The Group has also developed two new tools to accelerate project execution. The first, known as “Boosters”, is an execution tool that enables ideas for new solutions to be implemented with an agile approach to development. To achieve this, projects developed in Boosters are led by a Business Manager and Product Manager working together. The aim of Boosters is to develop our new technology-based solutions as quickly as possible and to enhance the associated new skills. The second tool consists of two innovation platforms. The first is a platform of ideas for employees, while the second is an outward-facing tool focused on developing partnerships with start-ups to increase our success with Open Innovation. These platforms are run as open challenges on specific themes.

### Purchasing

In 2022, the Purchasing Department pursued and consolidated its continuous improvement process for internal control. This process applies from the initial purchase (product specification, selection of suppliers and contracts) through to processing (receipt of the necessary quantities at the agreed price and under the specified delivery and payment conditions).

At the start of the process, the Purchasing Department centralizes the analysis of all purchases in order to have good visibility over the most strategic goods and services among the Group’s purchases. On this basis, purchase strategies are determined in cooperation with internal customers and validated by management. Taking business practices into account, it focuses on precisely formalizing contracts and orders to avoid later disputes.

In an effort to make competitive, high-quality, and responsible purchases, suppliers are selected based on analytical matrices. These consider the financial health of the suppliers, their level of social and environmental responsibility, and of course criteria in terms of quality, lead times and overall cost.

In order to prevent any conflicts of interest and any unethical relations between the Purchasing Department and suppliers, every major purchase has to be approved by both the internal client and the Purchasing Department. This decision is made based on a comparative analysis of offers and suppliers.

At the end of the purchase process, and in addition to checking supplier invoices, a quality control process is likewise conducted for certain products or services. Purchase orders, delivery inspections and supplier payments are rigorously carried out by different entities.

A process is in place to systematically assess supplier risk. In addition, quarterly reviews are carried out to ensure that every effort is being made to minimize and then eliminate these risks.

### Information systems

In 2022, the Information Systems Department continued to strengthen its capacity to detect attempts at hacking by putting in place and testing around-the-clock network observation and analysis mechanisms for all sites in all Regions and advanced support in the event of any suspicious activity or cyber attacks.

The IT systems security strategy plan was further strengthened and globally aligned, with significant progress made in terms of implementation in areas such as the classification and protection of sensitive information, and infrastructure development and support, including in relation to the cloud, digital transformation and user mobility.

IT security in the industrial environment was reassessed worldwide and significant progress made, for example in the early detection of suspicious activities and limiting their spread, and with the development of a strategy for managing upgrades.

The hard drive encryption solution for laptops has been fully rolled out and access to sensitive resources is based on multi-factor authentication.

Projects to better secure administrator and external support access are underway.

Initiatives to educate employees on the protection of information and support for major risk management and internal control projects include:

- performance and follow-up of the internal control campaign action plan for all the Group’s Regions;
- communication of a Group IT security policy designed to reinforce users’ best practices, including webinars and quizzes. A new compulsory e-learning module will be launched in 2023;
- sharing CNIL (French data privacy agency) practices with the Legal Department;
- a training program on protecting information, particularly with regard to internal phishing campaigns, in all Regions;
- updating IT security rules and procedures, which are published under the Group guidelines available on the Intranet.

### Human Resources

All aspects of the Human Resources Department’s work rely on an internal control process: duties, training and talent management, the working environment, compliance with the Vallourec Group’s internal regulations and applicable legal and regulatory provisions, remuneration and payroll management and the protection of private data and information in the corporate and personal fields.

Within the context of talent management, the Human Resources Department identifies key positions in the Group, analyzes the risks of misconduct, and prepares development and succession plans on this basis. Furthermore, Human Resources management ensures that people have the necessary expertise and abilities to perform the duties with which they have been entrusted.

Various control activities relating to the Human Resources process are monitored in cooperation with the Group HR Director.

### Business relations

With the aim of specifying and formalizing certain practices regarding contractual relations with its customers, Vallourec has developed a procedure for managing customer risk (limits regarding credit and delegation of authority, and credit insurance) and drawn up general sales terms to be applied by all Group entities, in order to make practices consistent throughout the Group and reduce risk exposure.

The Group has a tool to evaluate and summarize the legal risk associated with sales. This tool is used to analyze the legal conditions that apply to sales contracts signed by the Group’s subsidiaries with their customers, and allows any discrepancies with the Group’s standards to be precisely managed and the related statistics to be recovered. The general sales terms and templates are regularly updated in order to monitor changes in the market and regulations.

## Insurance

The main industrial risks are covered by two types of Group insurance:

- a general insurance policy (material damage to Group property that is direct and not explicitly excluded, as well as any resulting costs and consequential losses); and
- a third-party liability insurance policy (liability arising as a result of injury or loss caused to third parties during operations or after delivery or service).

## 5.2.3 Entities and persons involved in risk management and internal control

### 5.2.3.1 Executive Management

Executive Management, acting directly or under a delegation of authority, is responsible for the quality of the internal control and risk management systems. It designs and implements internal control and risk management systems tailored to the Group, its businesses and its organization, and in particular defines relevant roles and responsibilities within the Group.

Executive Management provides continuous oversight of internal control and risk management systems with the dual objective of

preserving their integrity and improving them, in particular by adapting them to structural changes and the business environment. It initiates any corrective measures needed to resolve issues that are identified and to remain within risk tolerance limits, and ensures that these measures are properly conducted.

Executive Management ensures that the appropriate information is communicated promptly to the Board of Directors and to the Audit Committee.

### 5.2.3.2 Board of Directors

The Board of Directors is informed of the basic characteristics of the internal control and risk management procedures adopted and implemented by the Board of Directors, including organization, roles and duties of the main players, approach, risk reporting structure and operational monitoring of control procedures. It acquires an overall understanding of procedures relating to the preparation and processing of accounting and financial information.

The Board of Directors ensures that the major risks identified for the Group are consistent with its strategies and objectives, and that these major risks are taken into account in the Group's management.

In particular, the Board of Directors ensures that the mechanism for managing the internal control and risk management systems is adequate to ensure the reliability of the Group's financial information and provide a true and fair view of its earnings and financial position.

### 5.2.3.3 Audit Committee

Pursuant to Article L.823-19 of the French Commercial Code (*Code de commerce*), the Audit Committee is responsible for:

- monitoring the process used to prepare the Group's financial information and, where applicable, making recommendations to ensure its integrity;
- monitoring the effectiveness of the internal control and risk management systems and, where applicable, the internal audit system as regards the procedures for the preparation and processing of accounting and financial information, without undermining its independence;
- making recommendations on the Statutory Auditors to be put forward for appointment or reappointment at the Shareholders' Meeting or by an equivalent governing body, according to the conditions set out in Article L.823-3-1 of the French Commercial Code. These recommendations to the administrative or supervisory body are prepared in accordance with the provisions of Article 16 of EU Regulation 537/2014;
- monitoring the Statutory Auditors in the conduct of their assignment, particularly the statutory audit of the parent company and consolidated financial statements;
- ensuring compliance with Statutory Auditors independence requirements and taking the necessary steps to comply with the rules on capping fees for non-audit services;
- approving the provision by the Statutory Auditors of services other than the statutory audit of the financial statements, where such services are not prohibited; and
- following, on a quarterly basis, the high risks identified through the risk mapping review.

The Audit Committee ensures that the internal control and risk management systems are effectively monitored, based on the information provided to it by Executive Management, or that it requests. It takes note of the results of internal and external audits conducted in this regard, in order to ensure that, in the event of any identified irregularities, appropriate action plans have been put in place and follow-up action has been taken. However, the Audit Committee is not involved in implementing said systems.

### 5.2.3.4 Head of Risk Management and Internal Control

The Head of Risk Management and Internal Control coordinates the risk management system. A map of the Group's risks is prepared once a year with the help of the heads of the Group's business lines and the heads of Insurance, Quality and Safety. He prepares a review to the attention of the Group Audit Committee on a quarterly basis.

### 5.2.3.5 Internal Audit Department

The Group's Internal Audit Department is an independent and objective unit reporting to the Chief Financial Officer (who is a member of the Executive Committee and the Group Audit Committee). Its remit covers all issues, without any restrictions.

The Internal Audit Department, whose duties, powers and responsibilities are formally set out in an internal audit policy, assesses whether or not the internal control and risk management systems are properly implemented, using a systematic and methodical approach. It contributes to identifying the weaknesses of these systems, issues proposals for corrective measures, and follows up on all audit issues identified until they are resolved.

The Internal Audit Department may also be required to participate in specific engagements, such as business acquisitions or disposals, project assistance, or investigations.

In order to prepare its annual audit plan, the Internal Audit Department notably takes into consideration the Group's risk mapping, as well as the requests of Executive Management and the

Heads of Regions and corporate departments. The purpose of this annual audit plan is to audit all entities in which the Group holds either a direct or indirect majority interest over a four-year period.

Upon completion of each audit, the Internal Audit Department issues a report. This gives rise to recommendations which are systematically followed up on. The Internal Audit Department also reports on its work and findings, as well as on the progress of action plans, by providing periodic executive summaries to the Audit Committee.

The Internal Audit Department is implementing a continuous improvement process, which aims to improve the internal audit process, in particular by adapting the detailed work programs to the most significant risks.

The Internal Audit Department adapted to China's ban on foreign travel due to Covid-19 by conducting its audits concerning this country on a remote basis. For these audits, the department sometimes called on local external auditors to assist them where possible.

### 5.2.3.6 Employees

Each employee concerned and particularly the functional heads, Regions and corporate departments, have the information needed to operate and oversee the internal control and risk management systems to the extent of their responsibilities and objectives.

Vallourec's core values also include an ethical component in terms of conduct, the requirements of which are relayed by the Group's Code of Ethics, applicable throughout the Company.

## 5.2.4 Role of the Statutory Auditors

The Statutory Auditors review the internal control and risk management systems, relying on internal audit work to obtain a greater understanding of those systems and form an independent opinion on their effectiveness.

They certify the financial statements and, as part of their work, may identify during the fiscal year significant risks and major internal control weaknesses which could have a significant impact on accounting and financial information.

The Statutory Auditors present their observations on the internal control procedures relating to the preparation and processing of financial and accounting information, and attest to the preparation of the other disclosures required by law.

## 5.2.5 Limits on risk management and internal control

In contributing to the effectiveness of its operations, the efficient use of its resources and the control of risk, the Group's internal control and risk management systems play a key role in the management and supervision of the Group's various activities. However, like any system of control, they cannot guarantee that the Group's objectives will be achieved or that all risks, particularly the risks of error or fraud, will be wholly eliminated or contained.

The Group's international profile requires complex processes within entities at different levels of internal control maturity, which evolve in different legal environments and operate different information systems. As China remained closed throughout the year due to the Covid-19 crisis, most audits of the Group's operations in the country had to be carried out remotely by the Group's internal auditors. As a result, discussions with local teams were more limited and harder to organize.

Vallourec's internal control system is based on a series of rules and procedures that are circulated among all subsidiaries and evaluated on a regular basis. These rules and procedures will be updated as a result of the changes underway in the Group's organizational structure.

The above factors increase the risk that erroneous, inappropriate or even fraudulent transactions and operations (theft, misappropriation, etc.) to which Vallourec could be subject may not be detected.

Lastly, Vallourec's core values also incorporate an ethical component in terms of conduct, the requirements of which are set out in the Group's Code of Ethics, effective since 2009 and widely circulated among all staff. This Code of Ethics applies at all levels of the organization.

## 5.3 Policy with regard to insurance

The Group's policy regarding protection against risks of accident is based on a managerial and operational program of developing, rolling out and managing preventative measures, supplemented by insurance policies. This policy is coordinated by the relevant departments in each field: the Human Resources Department for the life sector (life insurance, mutual health cover), the Quality and Safety Department for the safety of individuals, in particular, and the Risk Management and Insurance Departments for all other areas.

Industrial risks insured within the Vallourec Group are covered by two main types of insurance taken out with leading insurers:

- property-casualty insurance and insurance for business interruption;
- civil liability insurance.

The Group's policy with regard to establishing insurance coverage for industrial risks looks to meet the following objectives:

- taking out shared insurance policies to ensure that the risks transferred are consistent with the insurance coverage purchased, and that economies of scale are maximized while taking into account the specific characteristics of the Group's different businesses along with contractual and/or legal constraints;
- optimizing the thresholds and means of intervention in the insurance or reinsurance markets through appropriate deductibles.

The Group's insurance policy consists of defining the overall insurance coverage policy for its business activities based on an analysis of subsidiaries' requirements, selecting adequate insurance solutions with the help of external service providers such as brokers, consultants and insurers, and deciding whether to maintain the financial consequences of such events within the Group or transfer them to the insurance market.

### 5.3.1 Property-casualty insurance and insurance for business interruption

This insurance covers all direct damage to the Group's insured property, not subject to exclusions, as well as any costs and consequential losses.

Deductibles are provided for under property and casualty insurance according to the type and severity of the risk concerned.

Implementation of the insurance risk coverage policy takes into account the insurability of the risks associated with the Group's business activities, available capacity in the insurance and reinsurance markets, premiums proposed in light of the coverage offered, and exclusions, limits, sublimits and deductibles.

The basic principles of Vallourec's insurance policy consist of:

- pursuing an active policy of prevention and protection for industrial sites, aimed at reducing the frequency and scale of accidental risks of fire or explosion, as well as detecting and preventing the impact of other exposures to natural or environmental disasters. To date, more than 95% of insured values have been included in at least one multi-risk audit by the insurers' risk engineers as part of an annual schedule of visits to the Group's major industrial sites;
- establishing an active policy for the prevention of contractual risks, in particular through the quasi-systematic use of the CLEAR formula, which primarily aims to control contractual liability clauses that could have a financial impact on the Group's earnings;
- ensuring the Group's risk management policy is effectively communicated, through events such as awareness-raising sessions led by experts in certain areas;
- communicating detailed information on the Company to the insurance and reinsurance markets.

The Group takes out global insurance coverage for all its subsidiaries for third-party liability and property damage. The main insurance contracts covering all Regions and/or Central Departments are detailed below.

Insurance for business interruption and supplementary operating expenses is taken out on a case-by-case basis according to each risk analysis, taking into account the existing business continuity plans (BCPs).

## 5.3.2 Third-party liability insurance

### 5.3.2.1 General third-party liability insurance

This insurance covers the Group for any liability arising from damage caused to third parties, either resulting from the Group's operations or after delivery of goods or services, as well as for professional third-party liability.

The indemnity also includes a limit on liability.

In respect of both property and casualty and third-party liability insurance, policies are split between a main Group policy and local

policies integrated into the main contract. The Group policy prevails where terms or limits differ from those of the local policies issued by the partners of the lead insurer.

The insured cap for civil third-party and product liability was raised in 2011, 2012, 2014, and 2018 to take account of the increased size of the Group and the prevailing levels of compensation on the market in this area.

### 5.3.2.2 Repatriation assistance insurance

A repatriation assistance insurance policy for employees seconded abroad (business travelers, personnel under a site contract (rotators) and expatriates) covers all Vallourec Group subsidiaries.

### 5.3.2.3 Third-party liability of corporate officers

The Group has taken out third-party liability insurance covering corporate officers against the risk of claims made against them that could result in them being held personally, jointly and severally liable for losses suffered by third parties that could be attributed to a real or alleged professional error committed by them during the performance of their duties.

## 5.3.3 Insurance policy

The above-described policy with regard to insurance gives a picture of the Group's situation for prior periods at a given moment in time and cannot be considered representative of a permanent situation. The Group's policy with regard to insurance may change at any time depending on market conditions, opportunities that may arise, and Executive Management's assessment of the risks incurred and the adequacy of insurance coverage. The Group cannot guarantee that it will not suffer an uninsured loss.



# 6

## ASSETS, FINANCIAL POSITION, AND RESULTS



## **ASSETS, FINANCIAL POSITION, AND RESULTS**

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## 6.1 Consolidated financial statements

### 6.1.1 Vallourec Group consolidated income statement

<i>In € thousands</i>	Notes	2021	2022
<b>Revenue</b>		<b>3,441,743</b>	<b>4,882,700</b>
Cost of sales <sup>(a)</sup>	2.3	(2,605,163)	(3,807,143)
Selling, general and administrative expenses <sup>(a)</sup>	2.3	(315,553)	(349,279)
Other	2.3	(28,573)	(11,158)
<b>EBITDA</b>	<b>2.3</b>	<b>492,454</b>	<b>715,120</b>
Depreciation and amortization	2.4	(201,603)	(227,127)
Impairment of assets and goodwill	2.5	(5,239)	(36,172)
Asset disposals, restructuring costs and non-recurring items	2.6	88,718	(573,539)
<b>Operating income (loss)</b>		<b>374,330</b>	<b>(121,718)</b>
Interest income	7.1.6	4,225	7,002
Interest expense	7.1.6	(151,253)	(101,884)
<b>Net interest expense</b>	<b>7.1.6</b>	<b>(147,028)</b>	<b>(94,882)</b>
Other financial income and expenses	7.1.6	(47,914)	(16,569)
Net expense attributable to financial restructuring	7.1.6	(41,474)	-
<b>Net financial income (loss)</b>	<b>7.1.6</b>	<b>(236,416)</b>	<b>(111,451)</b>
<b>Pre-tax income (loss)</b>		<b>137,914</b>	<b>(233,169)</b>
Income tax	3.1	(101,136)	(112,926)
Share in net income (loss) of equity-accounted companies	5	(5,341)	(17,612)
<b>Net income (loss) from continuing operations</b>		<b>31,437</b>	<b>(363,707)</b>
<b>Net income (loss)</b>		<b>31,437</b>	<b>(363,707)</b>
Attributable to non-controlling interests	6.1.6	(8,108)	2,676
<b>Group share</b>		<b>39,545</b>	<b>(366,383)</b>
Basic earnings (loss) per share	6.4	0.3	(1.6)
Diluted earnings (loss) per share	6.4	0.3	(1.6)

(a) Before depreciation and amortization.



## 6.1.2 Statement of comprehensive income

<i>In € thousands</i>	2021	2022
<b>NET INCOME (LOSS)</b>	<b>31,437</b>	<b>(363,707)</b>
Actuarial gains and losses on post-employment benefits	41,141	6,909
Tax attributable to actuarial gains and losses on post-employment benefits	(5,286)	(473)
<b>Items that will not be reclassified to profit or loss</b>	<b>35,855</b>	<b>6,436</b>
Translation differences on translating net assets of foreign operations	132,907	224,335
Change in fair value of hedging instruments	(39,878)	12,674
Tax attributable to the change in fair value of hedging instruments	1,458	(2,472)
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>94,487</b>	<b>234,537</b>
<b>OTHER COMPREHENSIVE INCOME (NET OF TAX)</b>	<b>130,342</b>	<b>240,973</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>161,779</b>	<b>(122,734)</b>
Attributable to non-controlling interests	5,129	5,216
<b>Group share</b>	<b>156,650</b>	<b>(127,950)</b>

### 6.1.3 Statement of cash flows

<i>In € thousands</i>	Notes	2021	2022
<b>Net income (loss)</b>		<b>31,437</b>	<b>(363,707)</b>
Net additions to depreciation, amortization and provisions	2.7	144,101	644,737
Unrealized gains and losses on changes in fair value		(32,548)	(15,025)
Capital gains and losses on disposals of non-current assets and equity interests		(79,459)	31,090
Share in net income (loss) of equity-accounted companies		5,341	17,612
Other cash flows from operating activities		(1,081)	(712)
<b>Cash flow from operating activities after cost of net debt and taxes</b>		<b>67,791</b>	<b>313,995</b>
Cost of net debt	7.1.6	147,028	94,882
Tax expense (including deferred taxes)	3.1	101,136	112,926
Accelerated amortization of finance costs		14,334	-
Net expense attributable to financial restructuring		(29,301)	-
<b>Cash flow from operating activities before cost of net debt and taxes</b>		<b>300,988</b>	<b>521,803</b>
Interest paid		(99,373)	(119,188)
Tax paid		(179,609)	(79,228)
Interest received		4,223	6,998
<b>Cash flow from operating activities</b>		<b>26,229</b>	<b>330,385</b>
Change in operating working capital	2.8	(172,043)	(355,374)
<b>Net cash used in operating activities</b>		<b>(145,814)</b>	<b>(24,989)</b>
Acquisitions of property, plant and equipment, and intangible and biological assets	4.6	(137,659)	(190,676)
Disposals of property, plant and equipment and intangible assets		91,870	36,765
Impact of acquisitions (changes in consolidation scope)		383	(2,921)
Impact of disposals (changes in consolidation scope)		13,919	212
Other cash flows from investing activities		1,901	(5,465)
<b>Net cash used in investing activities</b>		<b>(29,586)</b>	<b>(162,085)</b>
Repayment of shareholder loan		(9,229)	-
Increase or decrease in equity		165,193	699
Cash dividends paid to owners of the parent		31	-
Dividends paid to non-controlling interests		(1,079)	(2,477)
Movements in treasury shares		(2,088)	-
Proceeds from new borrowings	7.1.7	65,229	141,942
Repayments of borrowings	7.1.7	(770,210)	(41,519)
Repayment of lease liabilities		(28,475)	(29,515)
Other cash flows from (used in) financing activities		(23,231)	21,794
<b>Net cash from (used in) financing activities</b>		<b>(603,859)</b>	<b>90,924</b>
<b>Impact of changes in exchange rates</b>		<b>8,969</b>	<b>28,290</b>
<b>Impact of reclassification to assets held for sale and discontinued operations</b>		<b>937</b>	<b>(2,417)</b>
<b>CHANGE IN NET CASH</b>		<b>(769,353)</b>	<b>(70,277)</b>
<b>Opening net cash</b>		<b>1,386,418</b>	<b>617,065</b>
<b>Closing net cash</b>		<b>617,065</b>	<b>546,788</b>
Change		(769,353)	(70,277)

The statement of cash flows has been prepared on the basis of cash and cash equivalents as defined in Note 7.1, net of overdrafts and other short-term bank facilities with an initial maturity of less than three months.

**RECONCILIATION OF NET CASH IN THE STATEMENTS OF CASH FLOWS AND FINANCIAL POSITION –  
DECEMBER 31, 2022 AND 2021**

<i>In € thousands</i>	Notes	12/31/2021	Change	12/31/2022
Cash and cash equivalents (1)	7.1	620,474	(68,871)	551,603
Short-term bank facilities (2)	7.1	3,409	1,406	4,815
<b>NET CASH (3) = (1) – (2)</b>		<b>617,065</b>	<b>(70,277)</b>	<b>546,788</b>

<i>In € thousands</i>		12/31/2020	Change	12/31/2021
Cash and cash equivalents (1)		1,389,533	(769,059)	620,474
Short-term bank facilities (2)		3,115	294	3,409
<b>NET CASH (3) = (1) – (2)</b>		<b>1,386,418</b>	<b>(769,353)</b>	<b>617,065</b>

**6.1.4 Vallourec Group statement of financial position**

<i>In € thousands</i>	Notes	12/31/2021*	12/31/2022
<b>NON-CURRENT ASSETS</b>			
Net intangible assets	4.3	45,583	36,820
Goodwill	4.1	37,549	39,600
Net property, plant and equipment	4.4	1,752,735	1,828,771
Biological assets	4.5	37,733	62,501
Investments in equity-accounted companies	5	35,311	15,969
Other non-current financial assets	7.3	77,549	82,474
Other non-current assets	2.8.3	91,022	105,573
Deferred taxes	3.2	239,467	237,725
<b>Total non-current assets</b>		<b>2,316,949</b>	<b>2,409,433</b>
<b>CURRENT ASSETS</b>			
Inventories	2.8.1	1,015,319	1,311,649
Trade and other receivables	2.8.2	571,325	824,462
Other current financial assets	7.3	20,379	40,783
Other current assets	2.8.3	152,101	210,536
Cash and cash equivalents	7.1	620,474	551,603
<b>Total current assets</b>		<b>2,379,598</b>	<b>2,939,033</b>
Assets held for sale and discontinued operations	10.1	51,674	9,414
<b>TOTAL ASSETS</b>		<b>4,748,221</b>	<b>5,357,880</b>

\* Vallourec Deutschland's assets and liabilities are no longer presented as held for sale in view of the discontinuation of the proposed sale (see Note 10).

<i>In € thousands</i>	<b>Notes</b>	<b>12/31/2021*</b>	<b>12/31/2022</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent	6.1.5	1,763,044	1,643,252
Non-controlling interests	6.1.6	44,663	42,356
<b>Total equity</b>		<b>1,807,707</b>	<b>1,685,608</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and other borrowings	7.1	1,387,281	1,367,194
Employee benefits	8	136,873	104,709
Long-term provisions	9	92,632	246,143
Deferred taxes	3.2	29,100	51,836
Other non-current financial liabilities	7.2	50,325	50,622
Other non-current liabilities	2.8.3	60,082	50,746
<b>Total non-current liabilities</b>		<b>1,756,293</b>	<b>1,871,250</b>
<b>CURRENT LIABILITIES</b>			
Overdrafts and other short-term bank facilities	7.1	189,662	314,127
Short-term provisions	9	68,926	354,725
Trade payables	2.8.4	601,000	786,918
Other current financial liabilities	7.2	43,450	55,279
Other current liabilities	2.8.3	258,667	286,163
<b>Total current liabilities</b>		<b>1,161,705</b>	<b>1,797,212</b>
Liabilities related to assets held for sale and discontinued operations	10.1	22,516	3,810
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,748,221</b>	<b>5,357,880</b>

\* Vallourec Deutschland's assets and liabilities are no longer presented as held for sale in view of the discontinuation of the proposed sale (see Note 10).

## 6.1.5 Statement of changes in equity

<i>In € thousands</i>	Share capital	Additional paid-in capital	Consolidated reserves	Foreign currency translation reserve	Revaluation reserve, net of tax	Treasury shares	Net income (loss) for the period	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<b>AS AT DECEMBER 31, 2020</b>	<b>229</b>	<b>2,333,644</b>	<b>(225,915)</b>	<b>(1,111,512)</b>	<b>22,629</b>	<b>(44)</b>	<b>(1,206,131)</b>	<b>(187,100)</b>	<b>320,777</b>	<b>133,677</b>
Change in foreign currency translation reserve	-	-	-	120,130	-	-	-	120,130	12,777	132,907
Financial instruments	-	-	-	-	(38,258)	-	-	(38,258)	(162)	(38,420)
Actuarial gains and losses on retirement commitments	-	-	35,233	-	-	-	-	35,233	622	35,855
Other comprehensive income (loss)	-	-	35,233	120,130	(38,258)	-	-	117,105	13,237	130,342
<b>Net income (loss) for 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,545</b>	<b>39,545</b>	<b>(8,108)</b>	<b>31,437</b>
Total comprehensive income (loss)	-	-	35,233	120,130	(38,258)	-	39,545	156,650	5,129	161,779
Appropriation of 2020 net income (loss)	-	-	(1,206,131)	-	-	-	1,206,131	-	-	-
Capital increase with pre-emptive subscription rights (52,954,807 shares at €5.66, net of costs)	1,059	298,665	-	-	-	-	-	299,724	-	299,724
Capital increase reserved for creditors (164,523,927 shares at €8.09, net of costs)	3,291	1,327,708	-	-	-	-	-	1,330,999	-	1,330,999
Fair value of gross debt	-	-	(74,034)	-	-	-	-	(74,034)	-	(74,034)
Issuance of share subscription warrants	-	303	58,607	-	-	-	-	58,910	-	58,910
Change in treasury shares	-	-	(1,263)	-	-	(825)	-	(2,088)	-	(2,088)
Dividends paid	-	-	-	-	-	-	-	-	(280)	(280)
Share-based payments	-	-	3,018	-	-	-	-	3,018	-	3,018
Changes in consolidation scope and other*	-	(8,791)	173,180	12,733	(156)	-	-	176,966	(280,963)	(103,997)
<b>AS AT DECEMBER 31, 2021</b>	<b>4,579</b>	<b>3,951,529</b>	<b>(1,237,306)</b>	<b>(978,649)</b>	<b>(15,785)</b>	<b>(869)</b>	<b>39,545</b>	<b>1,763,044</b>	<b>44,663</b>	<b>1,807,707</b>
Change in foreign currency translation reserve	-	-	-	222,187	-	-	-	222,187	2,148	224,335
Financial instruments	-	-	-	-	10,201	-	-	10,201	1	10,202
Actuarial gains and losses on retirement commitments	-	-	6,045	-	-	-	-	6,045	391	6,436
Other comprehensive income (loss)	-	-	6,045	222,187	10,201	-	-	238,433	2,540	240,973
<b>Net income (loss) for 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(366,383)</b>	<b>(366,383)</b>	<b>2,676</b>	<b>(363,707)</b>
Total comprehensive income (loss)	-	-	6,045	222,187	10,201	-	(366,383)	(127,950)	5,216	(122,734)
Appropriation of 2021 net income (loss)	-	-	39,545	-	-	-	(39,545)	-	-	-
Capital increase	57	(57)	-	-	-	-	-	-	-	-
Share-based payments	-	-	(312)	-	-	312	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(2,477)	(2,477)
Change in share-based	-	-	7,569	-	-	-	-	7,569	-	7,569
Changes in consolidation scope and other	-	-	(5,093)	5,107	575	-	-	589	(5,046)	(4,457)
<b>AS AT DECEMBER 31, 2022</b>	<b>4,636</b>	<b>3,951,472</b>	<b>(1,189,552)</b>	<b>(751,355)</b>	<b>(5,009)</b>	<b>(557)</b>	<b>(366,383)</b>	<b>1,643,252</b>	<b>42,356</b>	<b>1,685,608</b>

\* The "Changes in consolidation scope and other" line as at December 31, 2021 corresponds primarily to the acquisition of non-controlling interests in VSB in Brazil (exercise of the put option), VAM USA LLC and Vallourec Star LP.

**6.1.6 Statement of changes in non-controlling interests**

<i>In € thousands</i>	<b>Consolidated reserves</b>	<b>Foreign currency translation reserve</b>	<b>Revaluation reserve, net of tax</b>	<b>Net income (loss) for the period</b>	<b>Non-controlling interests</b>
<b>AS AT JANUARY 1, 2020</b>	<b>475,155</b>	<b>(33,005)</b>	<b>893</b>	<b>(122,266)</b>	<b>320,777</b>
Change in foreign currency translation reserve	-	12,777	-	-	12,777
Financial instruments	-	-	(162)	-	(162)
Actuarial gains and losses on retirement commitments	622	-	-	-	622
Other comprehensive income	622	12,777	(162)	-	13,237
<b>Net income (loss) for 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,108)</b>	<b>(8,108)</b>
Total comprehensive income	622	12,777	(162)	(8,108)	5,129
Appropriation of 2020 net income	(122,266)	-	-	122,266	-
Dividends paid	(280)	-	-	-	(280)
Changes in consolidation scope and other*	(304,950)	23,877	110	-	(280,963)
<b>AS AT DECEMBER 31, 2021</b>	<b>48,281</b>	<b>3,649</b>	<b>841</b>	<b>(8,108)</b>	<b>44,663</b>
<b>AS AT JANUARY 1, 2021</b>	<b>48,281</b>	<b>3,649</b>	<b>841</b>	<b>(8,108)</b>	<b>44,663</b>
Change in foreign currency translation reserve	-	2,148	-	-	2,148
Financial instruments	-	-	1	-	1
Actuarial gains and losses on retirement commitments	391	-	-	-	391
Other comprehensive income	391	2,148	1	-	2,540
<b>Net income (loss) for 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,676</b>	<b>2,676</b>
Total comprehensive income	391	2,148	1	2,676	5,216
Appropriation of 2021 net income	(8,108)	-	-	8,108	-
Dividends paid	(2,477)	-	-	-	(2,477)
Changes in consolidation scope and other	(4,794)	(252)	-	-	(5,046)
<b>AS AT DECEMBER 31, 2022</b>	<b>33,293</b>	<b>5,545</b>	<b>842</b>	<b>2,676</b>	<b>42,356</b>

\* The "Changes in consolidation scope and other" line as at December 31, 2021 corresponds primarily to the acquisition of non-controlling interests in VSB in Brazil (exercise of the put option), VAM USA LLC and Vallourec Star LP.

## 6.1.7 Notes to the consolidated financial statements for the year ended December 31, 2022

All amounts are expressed in thousands of euros (€ thousands) unless otherwise stated.

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## Note 1 • Accounting standards, basis for the preparation of the consolidated financial statements and key events during the period

### 1.1 Accounting standards

The consolidated financial statements for the year ended December 31, 2022, including the accompanying notes to the consolidated financial statements, were approved by Vallourec's Board of Directors on March 1, 2023 and will be submitted for approval at the Shareholders' Meeting.

In application of Regulation No. 1606/2002 of the European Commission which was adopted on July 19, 2002 for all listed companies in the European Union, Vallourec has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, using the standards and interpretations applicable as at December 31, 2022. These financial statements are available on the Company's website at [www.vallourec.com](http://www.vallourec.com).

International Financial Reporting Standards comprise the IFRS standards issued by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the related interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The accounting principles and measurement methods have been applied consistently to the periods presented, with the exception of the changes to the standards presented below:

#### 1.1.1 NEW MANDATORY STANDARDS

##### Main mandatory standards in 2022:

The new mandatory standards and amendments applicable to financial periods beginning on or after January 1, 2022 are as follows:

- Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use";
- Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract".

These amendments have no impact on the Group's consolidated financial statements.

#### 1.1.2 NEW STANDARDS NOT EARLY ADOPTED

The Group has not elected to early adopt any other standards or interpretations that are mandatory for financial periods beginning after January 1, 2022.

The main exchange rates used (euro/currency) are as follows:

	USD	GBP	BRL	CNY
<b>AS AT DECEMBER 31, 2021</b>				
Average rate	1.18	0.86	6.38	7.63
Closing rate	1.13	0.84	6.31	7.19
<b>AS AT DECEMBER 31, 2022</b>				
Average rate	1.05	0.85	5.44	7.05
Closing rate	1.07	0.89	5.64	7.36

### 1.2 Measurement basis and presentation of the consolidated financial statements

#### 1.2.1 HISTORICAL COST CONVENTION

The Group's consolidated financial statements are prepared using the historical cost convention, except for biological assets, derivative financial instruments that are measured at fair value, and financial assets measured at fair value through profit and loss or equity.

#### 1.2.2 FOREIGN CURRENCY TRANSACTIONS

##### Translation of the financial statements of subsidiaries whose functional currency is not the euro

The presentation currency of the consolidated financial statements is the euro.

Assets and liabilities of foreign subsidiaries, including goodwill, are translated at the official exchange rates on the reporting date. The income statements of foreign subsidiaries are translated at the average exchange rate for the period.

Any ensuing translation differences are recorded in equity. The portion of translation differences attributable to the Group is recorded separately within "Foreign currency translation reserve".

##### Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency. When the transaction is subject to a hedge, it is translated at the spot rate on the day the hedging instrument is implemented. In the absence of a hedge, foreign currency transactions are translated at the exchange rates prevailing on the transaction date.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at that date (the closing rate). Translation differences resulting from differences between these rates and the rates at which the transactions were initially recorded are included in net financial income (loss).



### 1.2.3 CONSOLIDATION PRINCIPLES

Subsidiaries are fully consolidated from the date on which control is acquired and cease to be consolidated when control is transferred outside the Group.

#### Definition

Control is deemed to exist when the Group (i) has power over an entity, (ii) is exposed to, or has rights to, variable returns from its involvement with the entity, and (iii) has the ability to use its power over the entity to affect the amount of the returns it obtains.

#### Accounting method

The consolidated financial statements include all of the assets, liabilities and comprehensive income of the subsidiary.

Non-controlling interests represent the share of interest which is not directly or indirectly attributable to the Group. Profits, losses and all components of other comprehensive income are divided between the Group and non-controlling interests. Subsidiaries' comprehensive income is divided between the Group and non-controlling interests, even when this results in allocating a loss to the non-controlling interests.

Changes in the ownership interest in subsidiaries that do not result in a change of control are treated as equity transactions (i.e., transactions with equity owners in their capacity as equity owners).

The effects of these transactions are recorded in equity for the amount net of tax and do not therefore impact the Group's consolidated income statement.

They are presented in the statement of cash flows within financing or investing operations, as applicable.

Profits and losses of acquired companies are included in the income statement from the date the Group effectively gains control. Profits and losses of companies sold are included until the date control ceases.

All intra-Group assets and liabilities and income and expenses relating to commercial and financial transactions between members of the Group are eliminated on consolidation.

The consolidation scope is presented in Note 10.2.

### 1.2.4 USE OF ESTIMATES AND JUDGMENT

#### Estimates

The preparation of IFRS consolidated financial statements requires Vallourec's management to use estimates and assumptions that affect the carrying amounts of certain assets and liabilities, income and expenses, as well as certain information in the explanatory notes.

Such assumptions are inherently uncertain, and actual results could differ from these estimates. The Group regularly reviews its estimates and assumptions in order to take into account past experience and any factors deemed relevant in prevailing economic conditions. In the current economic climate (uncertainty about the economic outlook, a highly competitive international environment and volatility in the costs of raw materials and energy), the uncertain nature of some estimates may be more pronounced.

Significant estimates made with respect to accounting items and disclosures concern the measurement of:

- the recoverable amount of property, plant and equipment, intangible assets and goodwill (see Notes 4.1, 4.3 and 4.4);

- provisions for disputes, onerous contracts, restructuring and contingent liabilities (see Note 9);
- accounting treatment of the financial restructuring and determining the fair value of new debt and equity instruments (see Note 2.1);
- deferred tax assets recognized on tax loss carryforwards (see Note 3.2).

#### Judgment

The Group has to use assumptions and judgments to determine the extent to which it controls certain investments, notably to define relevant activities and identify substantive rights, as well as the type of joint arrangement that exists in the event of jointly controlled businesses. These judgments are revised if facts and circumstances change.

### 1.3 Key events during the period

#### FOUNDATIONS OF THE NEW VALLOUREC

##### Reshape industrial footprint

In May 2022, Vallourec announced a large-scale transformation plan for the Group. It has begun the process of closing its German tube plants and relocating the German production for Oil & Gas markets to Brazil. The process will take place over the next two years and will include the sale of land and buildings. The relocation will require around €120 million of capex for our Brazilian operations to support the transfer of premium tubular volumes from Europe by end-2023.

The closure of the German plants will lead to a further rationalization of other European operations involved in the finishing of tubes rolled in Germany. This rationalization will entail the consolidation of all the European threading activities in a single location at Aulnoye, France. The Group has launched the closure process for the heat treatment line in Saint-Saulve (France) and the threading line in Bellshill (Scotland). In addition, Vallourec completed the sale of Vallourec Bearing Tubes in 2022. The Aulnoye Competence Center will lead the Group's new "One R&D" organization.

##### Streamline overheads to lower breakeven and increase efficiency

Vallourec will simplify its organization by streamlining its structure in all regions (North America, South America and Eastern Hemisphere) and by further downsizing its headquarter functions, which will be primarily focused on strategy and expertise.

During the third quarter of 2022, the Group finalized agreements for workforce reduction plans in Germany, France and the United Kingdom. The New Vallourec plan initiatives will also be extended to other regions, starting with Brazil, while production will be increased in the United States and Saudi Arabia.

The overall workforce reduction<sup>(1)</sup> is expected to affect approximately 2,950 posts.

All of these measures led to a net €495 million provision for restructuring costs in 2022 (see Note 2.6).

#### CHANGES IN VALLOUREC'S EXECUTIVE MANAGEMENT

- Vallourec's Board of Directors met on March 20, 2022 and appointed Philippe Guillemot as Chairman and Chief Executive Officer of Vallourec, for a four-year term, effective immediately.
- As at the reporting date, the Group's Executive Committee was made up of the following members: Sascha Bibert, Chief Financial Officer; Ulrika Wising, Senior Vice-President Energy Transition; Enrico Schiappacasse, Senior Vice-President Strategy and Development; Nathalie Joannes, Group Legal Officer;

Naila Giovanni, Group Chief Digital and Information Officer, Ludovic Oster, Group Chief Human Resources Officer; Pierre d'Archemont, Senior Vice-President South America; Bertrand Frischman, Senior Vice-President North America; Laurent Dubedout, Senior Vice-President, OCTG Services and Accessories Business Line; Jacky Massaglia, Senior Vice-President, Business Line Project Line Pipe and Process, and Philippe Carlier, Senior Vice-President Industry, Group and Eastern Hemisphere.

#### MINE

- On January 8, 2022, following exceptionally heavy rainfall in Minas Gerais State (Brazil), some material from a waste pile associated with the operations of Vallourec's Pau Branco mine slid into a rainwater dam (the "Lisa Dam"), causing it to overflow and resulting in the interruption of traffic on a nearby highway. The structure of the dam was not affected, and there were no casualties. As a result of this incident, however, the operations of the mine were temporarily suspended.
- On May 4, 2022, Vallourec partially restarted operations, after obtaining the approval of the mining authorities to resume activities using an alternative waste pile. Under these conditions, volumes extracted in 2022 amounted to approximately 4 million metric tons.
- In parallel, Vallourec completed the necessary work to restore the minimum safety level required for the use of the original Cachoeirinha waste pile and has requested official authorization to resume full operation. Normal operations are not expected to resume until the second quarter of 2023, following the full rehabilitation of the Cachoeirinha waste pile.
- On December 12, 2022, Vallourec signed an agreement with the local authorities concerning the site clean-up costs and related penalties (see Note 2.6).

(1) Permanent employees.

## Note 2 • Operating activities

### 2.1 Segment information

The Vallourec Group is a world leader in premium tubular solutions, primarily for the Oil & Gas, Industry, and Energy markets. Originally based in France and Germany, Vallourec now has frontline positions in the United States, Brazil, Europe, the Middle East and Asia. The Group provides a wide range of premium tubular solutions – high-performance solutions whose manufacturing requires significant technological and industrial expertise – in addition to related specialized services that provide customers with a comprehensive range of innovative solutions. The Group's customer-focused organizational structure is designed to provide a growing number of integrated services for delivery of comprehensive turnkey solutions and involves analysis of financial information according to a number of areas (markets, regions, sites, and products). None of these areas taken independently can comprehensively measure profits and losses or assets and liabilities for individual segments.

Until the first half of 2022, Vallourec presented segment information based on three operating segments: "Seamless Tubes", "Specialty Products", and "Holding companies and other".

During the year, the new Executive Committee – which is the Group's Chief Operating Decision Maker (CODM) – set up a new internal organization to implement the New Vallourec transformation plan and decided to separately monitor the performance and profitability of the "Mine & Forests" activity, previously included in the "Seamless Tubes" segment, in addition to the "Tubes" activity. Moreover, following the disposal of its Nuclear activities, Vallourec no longer operates in the Specialty Products sector. The new segments comply with the definition of operating segments identified and aggregated according to IFRS 8.

Vallourec presents geographical information for the Tubes segment for Europe, North America, South America, Asia, the Middle East and the Rest of the World. The information reported for revenue is broken down by customer location and the breakdown for non-current assets is based on the location of the assets.

In view of the above, the Group now presents its segment information based on the following operating segments:

#### Tubes

This segment covers all entities with production and marketing facilities dedicated to the Group's main business, i.e., the production of hot-rolled seamless carbon and alloy steel tubes, both smooth and threaded, for the Oil & Gas industry. The activity is characterized by a highly integrated manufacturing process, from production of the steel and hot-rolling to the final stages, facilitating the production of articles that are suitable for a variety of markets (Oil & Gas, Industry, etc.).

The Tubes business is highly dependent on the level of investment undertaken by Oil & Gas companies in the exploration, production and development of oil and natural gas reserves.

Decisions to allocate customer orders are managed centrally by a Group S&OP team, based on criteria such as available production capacity and margin optimization at Group level, while taking into account supply chain constraints (lead times required from customers) and required factory certifications.

The CODM's decisions on capital/resource allocation are made at this level and performance is monitored at this level based on various indicators, including EBITDA/metric ton, Days in Inventory (DI).

#### Mine & Forests

The iron ore mine and the forests (which supply charcoal to the blast furnace located in Jeceaba in the Brazilian state of Minas Gerais) now constitute a separate segment in the Group's internal reporting.

The expansion of the mine's production capacity was completed in late 2021, with total targeted production of 8.7 Mt per year. Surplus production that exceeds internal consumption is sold on the market. The profitability of this activity is strongly correlated with international iron ore market prices, in particular the Iron Ore CFR China index published by Platts.

The following tables provide information on the revenue and results of each operating segment, as well as on assets, liabilities and capital expenditure for 2022. Information for 2021 has been restated in order to enable year-on-year comparisons.

**RESULTS, ASSETS AND LIABILITIES BY OPERATING SEGMENT**

<b>As at December 31, 2022</b>	<b>Tubes</b>	<b>Mine &amp; Forests</b>	<b>Holding companies &amp; Other</b>	<b>Inter-segment transactions</b>	<b>Total</b>
<b>INCOME STATEMENT</b>					
Revenue	4,662,513	244,851	210,086	(234,750)	4,882,700
EBITDA	638,183	112,692	(36,725)	970	715,120
Depreciation of industrial assets	(192,770)	(16,715)	(17,642)	-	(227,127)
Impairment of assets and goodwill	(36,172)	-	-	-	(36,172)
Asset disposals, restructuring costs and non-recurring items	(452,726)	(76,615)	(44,198)	-	(573,539)
<b>OPERATING INCOME (LOSS)</b>	<b>(43,485)</b>	<b>19,362</b>	<b>(98,565)</b>	<b>970</b>	<b>(121,718)</b>
Unallocated income	-	-	-	-	7,003
Unallocated expenses	-	-	-	-	(118,454)
Pre-tax income (loss)	-	-	-	-	(233,169)
Income tax	-	-	-	-	(112,926)
Share in net income (loss) of equity-accounted companies	-	-	-	-	(17,612)
Net income (loss)	-	-	-	-	(363,707)
<b>STATEMENT OF FINANCIAL POSITION</b>					
Non-current assets	1,986,131	335,067	88,235	-	2,409,433
Current assets	2,296,588	93,576	142,582	(145,316)	2,387,430
Cash and cash equivalents	820,313	13,327	777,773	(1,059,810)	551,603
Assets held for sale and discontinued operations	-	9,415	-	(1)	9,414
<b>TOTAL ASSETS</b>	<b>5,103,032</b>	<b>451,385</b>	<b>1,008,590</b>	<b>(1,205,127)</b>	<b>5,357,880</b>
<b>CASH FLOWS</b>					
Investments in property, plant and equipment, intangible assets and biological assets	141,608	44,471	4,597	-	190,676
Non-Group revenue	4,609,318	159,969	113,414	-	4,882,700

<b>As at December 31, 2021</b>	<b>Tubes</b>	<b>Mine &amp; Forests</b>	<b>Holding companies &amp; Other</b>	<b>Inter-segment transactions</b>	<b>Total</b>
<b>INCOME STATEMENT</b>					
Revenue	3,030,301	468,811	185,841	(243,210)	3,441,743
EBITDA	148,494	357,534	(15,625)	2,051	492,454
Depreciation of industrial assets	(177,756)	(9,899)	(13,948)	-	(201,603)
Impairment of assets and goodwill	(5,239)	-	-	-	(5,239)
Asset disposals, restructuring costs and non-recurring items	52,345	40,035	(3,662)	-	88,718
<b>OPERATING INCOME (LOSS)</b>	<b>17,844</b>	<b>387,670</b>	<b>(33,235)</b>	<b>2,051</b>	<b>374,330</b>
Unallocated income	-	-	-	-	4,225
Unallocated expenses	-	-	-	-	(240,641)
Pre-tax income	-	-	-	-	137,914
Income tax	-	-	-	-	(101,136)
Share in net income (loss) of equity-accounted companies	-	-	-	-	(5,341)
Net income	-	-	-	-	31,437
<b>STATEMENT OF FINANCIAL POSITION</b>					

As at December 31, 2021	Tubes	Mine & Forests	Holding companies & Other	Inter-segment transactions	Total
Non-current assets	1,973,007	264,827	79,115	-	2,316,949
Current assets	1,679,835	142,258	100,890	(163,859)	1,759,124
Cash and cash equivalents	451,785	36,857	658,292	(526,460)	620,474
<b>TOTAL ASSETS</b>	<b>4,115,248</b>	<b>455,258</b>	<b>868,034</b>	<b>(690,319)</b>	<b>4,748,221</b>
<b>CASH FLOWS</b>					
Investments in property, plant and equipment, intangible assets and biological assets	87,201	41,364	9,094	-	137,659
Non-Group revenue	2,994,975	328,125	118,643	-	3,441,743

## GEOGRAPHIC AREAS

The tables below present information on (i) revenue by geographic area (based on customer location) and (ii) non-current assets by geographic area. The main areas are Europe (European Economic Union), North America (mainly the United States) and South America (mainly Brazil).

	Revenue		Non-current assets	
	2021	2022	2021	2022
Europe	537,208	606,304	214,202	87,942
North America	827,673	2,093,952	963,244	957,508
South America	726,338	855,039	623,759	764,092
Asia	401,953	388,661	108,695	99,456
Middle East	334,443	433,880	62,167	76,290
Rest of the world	202,686	284,677	941	843
<b>Total – Tubes</b>	<b>3,030,301</b>	<b>4,662,513</b>	<b>1,973,008</b>	<b>1,986,130</b>
<b>Mine &amp; Forests</b>	<b>468,811</b>	<b>244,851</b>	<b>264,827</b>	<b>335,067</b>
<b>Holding companies &amp; Other</b>	<b>185,841</b>	<b>210,086</b>	<b>79,114</b>	<b>88,235</b>
<b>Inter-segment transactions</b>	<b>(243,210)</b>	<b>(234,750)</b>	-	-
<b>TOTAL</b>	<b>3,441,743</b>	<b>4,882,700</b>	<b>2,316,949</b>	<b>2,409,433</b>

## 2.2 Revenue

Revenue is generated from sales of finished products and services. The Group uses the following five-step approach to determine the principle for revenue recognition:

1. identify contract;
2. identify distinct performance obligations within the contract;
3. determine contract (transaction) price;
4. allocate overall price to each performance obligation in proportion to their stand-alone selling price;
5. recognize revenue when a performance obligation has been satisfied.

Revenue is recognized either at a point in time, when the Group has satisfied the performance obligation by transferring control of the asset, or over time based on the percentage of completion, as calculated by reference to costs incurred at the reporting date.

No revenue is recognized if there are significant uncertainties as to the recovery of the amount due.

Revenue corresponds primarily to tube sales and is recognized in full at a point in time, i.e., when the Group has satisfied the performance obligation by transferring control of the asset. In most cases, this is determined by the Incoterms. Long-term contracts that mainly relate to welding activities are recognized over time using the percentage-of-completion method. A smaller proportion of revenue derives from royalties and sales of iron ore.

A breakdown of revenue by segment, market and geographical area is shown in Note 2.1.

### ORDER BOOK

As required by IFRS 15, the order book reflects fixed revenue contracts with customers for which the services have not yet been delivered or have only been partially delivered at the reporting date. The Group's order book corresponds mainly to revenue from contracts of less than 12 months, and primarily concerns sales of tubes. This revenue is not presented, in accordance with the practical expedient provided for in paragraph 121 of IFRS 15.

**REVENUE BY BUSINESS**

The following table shows the breakdown of the Group's revenue by business in 2021 and 2022:

	2021	2022
Oil & Gas	1,950,149	3,418,475
Industry	908,344	1,063,317
Other	171,808	180,721
<b>Total – Tubes</b>	<b>3,030,301</b>	<b>4,662,513</b>
<b>Mine &amp; Forests</b>	<b>468,811</b>	<b>244,851</b>
<b>Holding companies &amp; Other</b>	<b>185,841</b>	<b>210,086</b>
<b>Inter-segment transactions</b>	<b>(243,210)</b>	<b>(234,750)</b>
<b>TOTAL</b>	<b>3,441,743</b>	<b>4,882,700</b>

**2.3 EBITDA**

EBITDA is an important indicator for the Group, enabling it to measure its performance from continuing operations. It is calculated by taking operating income (loss) before depreciation and amortization, and excluding certain operating revenues and expenses that are unusual in nature or occur rarely, such as:

- impairment of goodwill and non-current assets as determined within the scope of impairment tests carried out in accordance with IAS 36;
- significant restructuring expenses, particularly resulting from headcount reorganization measures, in respect of major events or decisions;
- capital gains or losses on disposals;
- income and expenses resulting from major litigation, significant rollouts or capital transactions (e.g., costs of integrating a new activity).

The Group's income statement is presented by function.

EBITDA breaks down as follows:

	2021	2022
<b>Revenue</b>	<b>3,441,743</b>	<b>4,882,700</b>
<b>Cost of sales</b>	<b>(2,605,163)</b>	<b>(3,807,143)</b>
• Of which direct cost of sales	(181,760)	(311,365)
• Of which cost of raw materials consumed	(1,227,520)	(1,691,423)
• Of which labor costs	(563,338)	(698,915)
• Of which other manufacturing costs <sup>(a)</sup>	(742,215)	(1,122,153)
• Of which change in non-raw-material inventories	109,670	16,713
<b>Selling, general and administrative expenses</b>	<b>(315,553)</b>	<b>(349,279)</b>
• Of which research and development costs	(38,238)	(39,274)
• Of which selling and marketing costs	(59,132)	(67,734)
• Of which general and administrative costs	(218,183)	(242,271)
<b>Other</b>	<b>(28,573)</b>	<b>(11,158)</b>
• Of which employee profit-sharing, bonuses and other	(35,194)	(25,454)
• Of which other income and expenses	6,621	14,296
<b>Total gross operating expenses</b>	<b>(2,949,289)</b>	<b>(4,167,580)</b>
<b>EBITDA</b>	<b>492,454</b>	<b>715,120</b>

(a) "Other manufacturing costs" mainly include energy and consumables, subcontracting and maintenance expenditure, and provisions.

## PERSONNEL EXPENSES

	2021	2022
Wages and salaries	(594,979)	(708,903)
Employee profit-sharing and bonuses	(35,550)	(29,486)
Expenses related to stock options and performance shares	(3,018)	(7,569)
Social security costs	(148,694)	(163,861)
<b>TOTAL</b>	<b>(782,241)</b>	<b>(909,819)</b>

See Note 8 for information about retirement commitments.

Headcount of consolidated companies at December 31	2021	2022
Managers	2,808	2,708
Technical and supervisory staff	2,136	1,981
Production staff	11,081	11,077
<b>TOTAL</b>	<b>16,025</b>	<b>15,766</b>

Group headcount as at December 31, 2022 was 15,766 people, compared with 16,025 people as at December 31, 2021.

## 2.4 Depreciation and amortization

Depreciation and amortization breaks down as follows:

	2021	2022
Depreciation of industrial assets	(159,949)	(183,107)
Depreciation of right-of-use assets	(16,832)	(23,587)
Amortization of capitalized research and development costs	(4,942)	(3,103)
Depreciation and amortization – contract and selling and marketing costs	(1,135)	(1,268)
Depreciation and amortization – general and administrative costs	(18,745)	(16,062)
<b>TOTAL DEPRECIATION AND AMORTIZATION</b>	<b>(201,603)</b>	<b>(227,127)</b>

## 2.5 Impairment of assets and goodwill

	2021	2022
Impairment of property, plant and equipment	-	(35,135)
Impairment of right-of-use assets	-	(1,037)
Impairment of assets held for sale	(5,239)	-
<b>TOTAL</b>	<b>(5,239)</b>	<b>(36,172)</b>

Impairment of property, plant and equipment and right-of-use assets was measured based on the recoverable amounts of the assets impacted by the industrial transformation plans being implemented mainly in Germany, Scotland, France and Nigeria.

## 2.6 Asset disposals, restructuring costs and non-recurring items

	2021	2022
Reorganization measures (net of expenses and provisions)	(6,454)	(406,245)
Gains and losses on disposals of non-current assets and other non-recurring items	95,172	(167,294)
<b>TOTAL</b>	<b>88,718</b>	<b>(573,539)</b>

During the third quarter of 2022, the Group finalized agreements for workforce reduction plans in Germany, France and the United Kingdom. The New Vallourec plan initiatives will also be extended to other regions, starting with Brazil, while production will be increased in the United States and Saudi Arabia. The overall workforce reduction<sup>(1)</sup> is expected to affect approximately 2,950 posts.

In this context, the Group terminated certain contracts during the year and recognized provisions for the associated costs.

Taken together, the reorganization measures that have been implemented resulted in a €406 million net cost for 2022.

Other non-recurring items in 2022 (corresponding to €167 million) mainly arose from the following:

- consequences of the Mine incident in Brazil. On January 8, 2022, following the exceptionally heavy rainfall in Minas Gerais State (Brazil), some material from a waste pile associated with the operations of Vallourec's Pau Branco mine slid into a rainwater dam (the "Lisa Dam"), causing it to overflow and resulting in the

interruption of traffic on a nearby highway. The structure of the dam was not affected, and there were no casualties. As a result of this incident, operations at the mine were temporarily suspended, until May 2022 when operations partially restarted. On December 12, Vallourec signed an agreement with the local authorities allowing the Group to continue to use alternative waste piles. The costs incurred by lost production time, site clean-up and penalties following this incident amounted to €72 million;

- other non-recurring items relate to capital losses on disposals, scrapped assets and other restructuring costs (fees and operating expenses related to the discontinuation of manufacturing operations).

The New Vallourec transformation program measures led to a total loss of €495 million which includes reorganization measures social plans, contract terminations) and restructuring fees, operating expenses related to discontinuation of manufacturing operations and disposal of assets.

## 2.7 Reconciliation of net additions to provisions with the statement of cash flows

	Notes	2021	2022
<b>Depreciation and amortization</b>	<b>2.4</b>	<b>(201,603)</b>	<b>(227,127)</b>
<b>Impairment of assets and goodwill</b>	<b>2.5</b>	<b>(5,239)</b>	<b>(36,172)</b>
Additions to provisions net of reversals included in EBITDA		34,328	53,008
Additions to provisions net of reversals included in asset disposals, restructuring costs and non-recurring items		30,722	(416,894)
Additions to provisions net of reversals included in net financial income (loss)		(2,309)	(17,551)
<b>TOTAL</b>		<b>(144,101)</b>	<b>(644,737)</b>
<b>Net depreciation, amortization and provisions recorded in the statement of cash flows</b>		<b>144,101</b>	<b>644,737</b>

## 2.8 Working capital

### 2.8.1 INVENTORIES AND WORK-IN-PROGRESS

Inventories are valued at the lower of cost and net realizable value, and provisions for impairment are recognized if necessary.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories of raw materials, goods for resale and other supplies corresponds to the purchase price excluding taxes, less any discounts, rebates and other payment reductions obtained, plus any incidental costs of purchase (transportation, unloading expenses, customs duties, purchase commissions, etc.). These inventories are measured at weighted average cost.

The cost of work-in-progress, semi-finished and finished goods consists of the production cost excluding financial expenses.

Production costs comprise raw materials, plant supplies and labor, and direct and indirect industrial overheads attributable to processing and production, based on normal capacity. General and administrative expenses are excluded from production cost.

With the exception of security stocks recorded in property, plant and equipment, spare parts and consumables are included in inventory, including if they are expected to be used over more than one year.

The cost of any idle capacity is excluded from the value of inventories. Where appropriate, the unallocated portion of made-to-order products is written down and valued at scrap prices (if applicable). Inventories are written down based on their net realizable values.

(1) Concerns permanent contracts.



	12/31/2021			12/31/2022		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and goods for resale	406,777	(58,521)	348,256	474,080	(73,564)	400,516
Work-in-progress	342,018	(26,703)	315,315	358,913	(7,453)	351,460
Semi-finished and finished goods	379,299	(27,551)	351,748	576,871	(17,198)	559,673
<b>TOTAL</b>	<b>1,128,094</b>	<b>(112,775)</b>	<b>1,015,319</b>	<b>1,409,864</b>	<b>(98,215)</b>	<b>1,311,649</b>
Additions to provisions		(50,575)			(49,167)	
Reversals of provisions		37,839			67,201	

Raw materials and goods for resale mainly comprise ferrous alloys, electrodes, refractories, steel rounds/billets, scrap and consumables. Work-in-progress represents products and services at intermediate stages of processing. Semi-finished goods are products that have reached a point of completion but require subsequent finishing.

## 2.8.2 TRADE AND OTHER RECEIVABLES

Receivables are recorded at the transaction price. The Group bases its measurement of expected credit losses on the default rates previously observed by customer, current conditions, and forecasts of future economic conditions.

The Group derecognizes a financial asset when the contractual rights to the cash flows generated by the asset expire, or, in the case of transactions involving receivables factored without recourse, when the rights to receive contractual cash flows and substantially all of the risks and rewards of ownership of the asset have been transferred.

	12/31/2021			12/31/2022		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Advances and partial payments on orders	13,070	-	13,070	69,585	-	69,585
Trade and other receivables	570,507	(12,252)	558,255	768,536	(13,660)	754,876
<b>TOTAL</b>	<b>583,577</b>	<b>(12,252)</b>	<b>571,325</b>	<b>838,121</b>	<b>(13,660)</b>	<b>824,462</b>
Additions to provisions		(8,802)			(6,774)	
Reversals of provisions		1,864			7,278	

The majority of the Group's business is with companies with sound credit quality, namely national and international oil companies or their subcontractors. A residual portion of revenue is generated with industrial customers which may have higher risk profiles and for which credit insurance arrangements are in place.

In the event of country risk, the Group makes specific arrangements when the order is placed to protect itself from any financial loss (for example, it may set up a confirmed letter of credit, or payment in advance). The amount of trade receivables covered by insurance or a letter of credit as at December 31, 2022 was less than 20% of total outstanding trade receivables. Reversals of surplus provisions are not material at Group level. The Group did not incur any significant losses on trade receivables during the year.

The Group considers that it has low credit risk, although the trade receivables portfolio has been impacted by heightened political risk, particularly following the international sanctions relating to Russia. The consolidated analysis shows a low loss rate, with the five-year average representing 0.3% of revenue.

Trade receivables net of impairment are analyzed by maturity in the "Credit risk" section of Note 7.4.4.

In 2022, the Group factored receivables without recourse with financial institutions in an amount of €33 million. Based on an analysis of risks and rewards as defined by IFRS 9, the Group derecognized the factored receivables, notably in view of the associated insolvency risk of the factored receivables. Under the factoring agreements signed, Vallourec undertakes to transfer all cash flows to the bank, and no longer has any contractual rights with regard to the banks or the customers concerned. The amount of the corresponding receivables therefore no longer appears in the Group's consolidated statement of financial position at the reporting date.

### 2.8.3 OTHER ASSETS AND LIABILITIES

	12/31/2021				12/31/2022			
	Assets		Liabilities		Assets		Liabilities	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Tax receivables/liabilities	28,949	57,901	6,595	32,722	46,540	99,977	8,227	58,686
Social security receivables/liabilities	-	4,621	-	172,933	-	4,141	-	167,697
Other	65,006	97,435	53,487	53,012	61,984	123,494	42,519	59,780
Provisions	(2,933)	(7,856)	-	-	(2,951)	(17,076)	-	-
<b>TOTAL</b>	<b>91,022</b>	<b>152,101</b>	<b>60,082</b>	<b>258,667</b>	<b>105,573</b>	<b>210,536</b>	<b>50,746</b>	<b>286,163</b>

Other assets (current and non-current) consist primarily of tax receivables in Brazil and the United States, deposits and a surety bond paid in Brazil in respect of tax litigation (see Note 9), and prepaid expenses.

### 2.8.4 RECONCILIATION OF WORKING CAPITAL

Changes in working capital during 2022 were as follows:

Gross amounts <i>In € thousands</i>	12/31/2021	Translation difference	Change	Reclassification and other	Items held for sale	12/31/2022
Inventories	1,128,094	52,166	224,435	(24,996)	30,165	1,409,864
Trade receivables and supplier advances	583,577	34,665	214,543	(4,194)	9,530	838,121
Trade payables	(601,000)	(18,921)	(162,684)	8,583	(12,896)	(786,918)
<b>Working capital</b>	<b>1,110,671</b>	<b>67,910</b>	<b>276,294</b>	<b>(20,607)</b>	<b>26,799</b>	<b>1,461,067</b>
Other receivables and payables	(73,838)	(4,585)	67,844	10,294	(5,062)	(5,347)
<b>OPERATING WORKING CAPITAL</b>	<b>1,036,833</b>	<b>63,325</b>	<b>344,138</b>	<b>(10,313)</b>	<b>21,737</b>	<b>1,455,720</b>
Impact of hedging instruments			11,236			
<b>TOTAL</b>			<b>355,374</b>			
Change in operating working capital in the statement of cash flows			(355,374)			

Changes in working capital during 2021 were as follows:

Gross amounts <i>In € thousands</i>	12/31/ 2020	Translation difference	Change	Reclassification and other	Items held for sale	12/31/2021
Inventories	768,012	39,093	324,766	(17,826)	14,049	1,128,094
Trade receivables	474,351	22,132	83,014	(2,368)	6,448	583,577
Trade payables	(426,097)	(25,280)	(149,274)	13,566	(13,915)	(601,000)
<b>Working capital</b>	<b>816,266</b>	<b>35,945</b>	<b>258,506</b>	<b>(6,628)</b>	<b>6,582</b>	<b>1,110,671</b>
Other receivables and payables	49,203	1,128	(71,190)	(49,305)	(3,674)	(73,838)
<b>OPERATING WORKING CAPITAL</b>	<b>865,469</b>	<b>37,074</b>	<b>187,317</b>	<b>(55,933)</b>	<b>2,908</b>	<b>1,036,833</b>
Impact of hedging instruments			(15,274)			
<b>TOTAL</b>			<b>172,043</b>			
Change in operating working capital in the statement of cash flows			(172,043)			

## Note 3 • Income tax

Income tax expense comprises current tax and deferred tax.

In accordance with IAS 12, deferred taxes are recognized, using the liability method, for temporary differences existing at the reporting date between the tax bases of assets and liabilities and their carrying amounts, as well as for tax losses, under the conditions set out below.

The main types of deferred tax recognized are:

- long-term deferred tax assets (provisions for French company retirement commitments) which are likely to be recovered in the foreseeable future;
- deferred tax assets for short-term recurring items (provision for paid leave, etc.) or non-recurring items (employee profit-sharing, provisions for liabilities that are not deductible for tax purposes, etc.) when they are likely to be recovered in the foreseeable future;
- deferred tax arising on adjustments resulting from the reconciliation of statutory financial statements with IFRS financial statements and on consolidation adjustments;
- tax loss carryforwards.

The rates used to calculate deferred taxes are the tax rates expected to apply during the period in which the asset will be realized or the liability settled, based on tax regulations that have been enacted or substantively enacted at the reporting date.

Deferred taxes are not discounted to present value.

Current and deferred tax expenses are recognized as income or expenditure in the income statement unless they relate to a transaction or event that is recognized under other comprehensive income or directly in equity (see Note 7.4.3 dealing with hedge accounting and Note 8 dealing with actuarial gains and losses on post-employment benefit obligations).

Deferred taxes are presented on separate lines in the statement of financial position under non-current assets and non-current liabilities.

Net deferred tax assets are recognized only for those companies and tax groups that, based on a review at each reporting date, appear reasonably likely to recover these assets in the foreseeable future.

### 3.1 Reconciliation of theoretical and effective tax expense

	2021	2022
Current tax expense	(136,652)	(74,430)
Deferred taxes	35,516	(38,496)
<b>Net expense (-), Net benefit (+)</b>	<b>(101,136)</b>	<b>(112,926)</b>
Consolidated net income (loss)	36,778	(346,095)
Tax expense	(101,136)	(112,926)
<b>Pre-tax income (loss)</b>	<b>137,914</b>	<b>(233,169)</b>
Statutory tax rate applicable to the parent	28.40%	25.83%
Theoretical tax	(39,167)	60,228
Impact of main tax loss carryforwards	(16,419)	(153,794)
Impact of permanent differences	1,713	(69,922)
Other impacts	(12,584)	-
Impact of differences in tax rates	(34,679)	50,662
<b>Net expense (-), Net benefit (+)</b>	<b>(101,136)</b>	<b>(112,926)</b>
<b>Effective tax rate</b>	<b>73%</b>	<b>-48%</b>

The -48% effective tax rate can be analyzed as follows:

- the impact of tax loss carryforwards and temporary differences mainly concerns the non-recognition of deferred tax assets (DTAs) for the year in Germany and France;
- permanent differences reflect the add-back of financial expenses in France and restatements that primarily concern Brazil;
- differences in tax rates mainly reflect the diverse range of tax rates applied in the Group's various countries (Germany 31.6%, United States 21%, Brazil 34.0%, China 25.0%, and Saudi Arabia 20%);
- the decrease in the French corporate income tax rate has no impact on the Group's deferred taxes in France as deferred taxes on tax losses and temporary differences were not recognized.

### 3.2 Deferred tax assets and liabilities

Deferred taxes are recognized using the liability method.

The rates used are the recovery rates known at the reporting date.

	12/31/2021	12/31/2022
Deferred tax assets	239,467	237,725
Deferred tax liabilities	29,100	51,836
<b>NET DEFERRED TAX ASSETS/(DEFERRED TAX LIABILITIES)</b>	<b>210,367</b>	<b>185,889</b>

12/31/2022	Assets	Liabilities	Net deferred tax assets/(liabilities)
Non-current assets	-	36,050	-
Other assets and liabilities	16,430	-	-
Inventories	13,067	-	-
Employee benefits	9,179	-	-
Derivatives	1,409	-	-
<b>Net balance</b>	<b>40,085</b>	<b>36,050</b>	<b>4,035</b>
Recognition of tax losses	181,854	-	181,854
<b>TOTAL</b>	<b>221,939</b>	<b>36,050</b>	<b>185,889</b>

12/31/2021	Assets	Liabilities	Net deferred tax assets/(liabilities)
Non-current assets	-	128,078	-
Other assets and liabilities	46,390	-	-
Inventories	10,870	-	-
Employee benefits	5,186	-	-
Derivatives	-	846	-
<b>Net balance</b>	<b>62,446</b>	<b>128,924</b>	<b>(66,478)</b>
Recognition of tax losses	276,845	-	276,845
<b>TOTAL</b>	<b>339,291</b>	<b>128,924</b>	<b>210,367</b>

Deferred taxes (gross values) as at December 31, 2022 and December 31, 2021 break down as follows:

12/31/2022	Gross value	Corresponding deferred tax	Recognized deferred tax	Unrecognized deferred tax
Tax loss carryforwards	4,772,510	1,333,255	181,854	1,151,401
Other tax assets	-	-	55,871	153,375
<b>Total tax assets</b>	<b>-</b>	<b>1,333,255</b>	<b>237,725</b>	<b>1,304,776</b>
Tax liabilities	-	-	(51,836)	-
<b>Total tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(51,836)</b>	<b>-</b>
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>185,889</b>	<b>1,304,776</b>

12/31/2021	Gross value	Corresponding deferred tax	Recognized deferred tax	Unrecognized deferred tax
Tax loss carryforwards	3,327,805	845,454	276,845	568,609
Other tax assets	-	-	(37,380)	595,344
<b>Total tax assets</b>	-	<b>845,454</b>	<b>239,467</b>	<b>1,163,953</b>
Tax liabilities	-	-	(29,100)	-
<b>Total tax liabilities</b>	-	-	<b>(29,100)</b>	-
<b>TOTAL</b>	-	-	<b>210,367</b>	<b>1,163,953</b>

Deferred tax assets are recognized when there is reasonable assurance that they will be recovered in the foreseeable future (within 5 to 10 years). When the allocation of these carryforwards to future taxable profits is considered to be uncertain, no deferred tax asset is recognized and any deferred tax assets existing at the opening date are written down where applicable. Recognized deferred taxes as at December 31, 2022 mainly relate to Brazil, representing €136 million that the Group expects to recover within 10 years.

Unrecognized deferred taxes as at December 31, 2022 relate primarily to France, Germany and China due to recent losses and the lack of near-term prospects of recovery.

Tax loss carryforwards not recognized as at December 31, 2022 correspond to companies which are structurally loss-making and will not return to profit during the period covered by the business plan or the period during which the losses can be utilized:

- for the French tax consolidation group, losses can be carried forward indefinitely, but cannot be offset against more than 50% of annual taxable income in excess of €1 million;
- in Germany, losses can be carried forward indefinitely, but cannot be offset against more than 40% of annual taxable income in excess of €1 million;
- in China, losses can only be carried forward for a period of five years, but are fully deductible from annual taxable income.

Changes in deferred taxes break down as follows:

	2021	2022
<b>As at January 1</b>	<b>166,657</b>	<b>210,366</b>
Impact of changes in exchange rates	4,430	16,666
Recognized in profit or loss	35,516	(38,496)
Recognized in other comprehensive income (loss)	(3,846)	(2,945)
Changes in consolidation scope	(1,604)	(180)
Other	9,213	478
Assets held for sale and discontinued operations	1	-
<b>AS AT DECEMBER 31</b>	<b>210,367</b>	<b>185,889</b>

The amount of the deferred tax recognized in other comprehensive income corresponds mainly to the change in deferred taxes arising on derivatives, and actuarial gains and losses on post-employment benefit obligations.

## Note 4 • Property, plant and equipment, intangible assets, goodwill and biological assets

### 4.1 Goodwill

Goodwill is measured as the difference between:

- the aggregate of:
  - the fair value of the consideration transferred,
  - the amount of any non-controlling interests in the acquired entity,
  - in the case of a business combination achieved in stages (step acquisition), the fair value at the acquisition date of the acquirer's previously held interest in the acquiree; and
- the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed.

For major acquisitions, fair value measurements are made with the help of independent experts and reflect the best estimates of management. Non-controlling interests may be valued either at the share of the identifiable net assets of the acquired company, or at fair value.

For transactions with non-controlling interests, the Group recognizes within equity attributable to owners of the parent the difference between the price paid and the carrying amount of the share of non-controlling interests acquired or sold in controlled companies. Acquisition costs incurred by the Group in carrying out the business combination, such as referral agents' commissions, legal and due diligence fees and other professional or consultancy fees, are expensed when they are incurred.

Impairment risks: Pursuant to IAS 36 "Impairment of Assets", goodwill is tested for impairment at least once a year, or more frequently if there is an indication of impairment. The testing procedures are designed to ensure that the recoverable amount of the cash-generating unit (CGU) to which the goodwill is assigned or allocated is at least equal to its net carrying amount (see Note 4.2). If an impairment loss is identified, an irreversible provision is recorded in operating income (loss) under "Impairment of assets and goodwill".

	12/31/2021			12/31/2022		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Goodwill	562,037	(524,488)	37,549	590,236	(550,636)	39,600

#### BREAKDOWN OF GOODWILL BY CASH-GENERATING UNIT

	Vallourec do Brasil Tubes	Vallourec Eastern Hemisphere Tubes	Total
<b>As at December 31, 2020</b>	<b>24,815</b>	<b>-</b>	<b>24,815</b>
Impact of changes in exchange rates	340	34	374
Impairment during the year	-	-	-
Impact of changes in consolidation scope	10,902	1,458	12,360
<b>As at December 31, 2021</b>	<b>36,057</b>	<b>1,492</b>	<b>37,549</b>
Impact of changes in exchange rates	4,019	101	4,120
Impairment during the year	-	-	-
Impact of changes in consolidation scope	(2,069)	-	(2,069)
<b>AS AT DECEMBER 31, 2022</b>	<b>38,007</b>	<b>1,593</b>	<b>39,600</b>

## 4.2 Impairment tests

### Impairment of assets

To perform impairment tests, goodwill was allocated to cash-generating units (CGUs). CGUs are groups of assets whose continuing use generates cash inflows that are largely independent of the cash inflows from other groups of assets.

When an asset within a CGU is discontinued or put up for sale and no longer contributes to the cash flows of the CGU, it is tested separately.

The recoverable amount of an asset or CGU is the higher of:

- its value in use, which corresponds to the present value of the forecast future cash flows it generates, without taking into account planned capacity investments and expected gains in terms of productivity; and
- its fair value less the costs of disposal.

The carrying amount of a CGU comprises net current and non-current operating assets.

An impairment test is carried out:

- at least once a year for CGUs with indefinite useful lives, a category that, for the Vallourec Group, comprises goodwill; and
- for the other CGUs, if there is an indication of impairment. The external and internal impairment indicators monitored are mainly reduction in Oil & Gas demand, reduction in forecast investments by Oil & Gas players analyzed by geographical area, loss of a major contract, non-use or destruction of industrial assets, and restructurings of activities.

A stock market value for the Group that is less than the value of its consolidated net assets during a business cycle, or a negative outlook associated with the economic, legislative or technological environment or with the business sector, represent general indications of impairment liable to result in impairment tests on all the Group's CGUs.

When the recoverable amount of a CGU is less than its net carrying amount, an impairment loss is recognized and presented on the "Impairment of assets and goodwill" line in operating income (loss). When a CGU includes goodwill, the impairment loss is first deducted from goodwill and then, where applicable, from the CGU's other assets.

### CASH-GENERATING UNITS

The Group has four main CGUs which group together the assets of several subsidiaries involved in the production cycle of the products sold by these CGUs, and represent 99% of the Group's net assets and all of its goodwill:

- Vallourec Eastern Hemisphere Tubes, comprising a tube mill (China) and finishing lines (in France, the Middle East and Asia);
- Vallourec North America Tubes, comprising a steel mill and tube mills in the United States as well as finishing lines (in the United States and Mexico).

Following the changes in segment information in 2022, the Group has split out its former Vallourec Do Brazil CGU into two separate CGUs:

- Vallourec do Brasil Tubes in Brazil, comprising a steel mill, tube mills and the finishing lines that these mills supply; and
- Vallourec do Brasil Mine & Forests, comprising the iron ore mine and the eucalyptus forests which supply charcoal to the blast furnace located in Jeceaba in the Brazilian state of Minas Gerais.

### IMPAIRMENT INDICATORS

As at December 31, 2022, impairment tests were carried out on the Eastern Hemisphere Tubes and Vallourec do Brasil Tubes CGUs in view of the goodwill associated with these CGUs.

As regards the Vallourec North America Tubes CGU, no indicator was identified that this CGU may be impaired. The CGU is benefiting from higher business levels and prices on the Oil & Gas market in North America, as well as from the recovery in investments by oil operators in 2022, and the consensus on a favorable outlook for the coming years. As a reminder, in 2020, only the goodwill associated with this CGU was impaired.

Impairment tests were also carried out on individual assets, in particular the assets of Vallourec Tubes France, Valinox, Vallourec Oil & Gas UK, and Vallourec Deutschland, as well as non-strategic biological assets in Brazil.

### RECOVERABLE AMOUNT

For each CGU tested, the recoverable value is considered equal to the value in use, which corresponds to the present value of the forecast future cash flows it generates.

The recoverable amount of individual assets was deemed to represent the higher of fair value less costs of disposal or value in use, defined as the present value of forecast future cash flows generated by the asset.

The forecasts used are those contained in the five-year strategic business plan, which is based on macroeconomic assumptions per market relying on external sources (E&P Oil & Gas investment forecasts by region, Oil & Gas prices, currencies, raw materials, inflation, etc.). In particular, several external sources including IEA, IHS and Wood Mackenzie were taken into account to estimate the volume of E&P Oil & Gas investments by region. On the basis of these elements, the regions, under the coordination of the central departments, establish their sales forecasts (volumes and prices). The assumptions of the strategic plan are aligned with Vallourec's climate change commitments.

It should be noted that the bulk of our revenue comes from the sale of seamless tubes and connections for the Oil & Gas industry (tubing and casing for oil and gas wells, pipelines, refining tubes and petrochemicals, etc.). The buying patterns of our customers may differ based on their own business model and how they adapt structurally to price trends (cost structure, stock policy, risk aversion, project portfolio, financing capacity). The experience and know-how of our teams are key elements in the preparation of our forecasts.

All forecast information is derived from the budget and from the forecasts approved by the Group Executive Committee in December 2022.

Vallourec considers that over the term of the strategic plan, there should be a gradual increase in investment by oil companies and expects to see the benefits from the competitiveness plans and new industrial routes launched by the Group.

In addition to the five-year strategic plan, cash flows are extrapolated over three years to take account of the cyclical effects impacting oil investments and therefore Vallourec's business. The normative level corresponds to the levels of investment by oil operators consistent with the long-term outlook for the Oil & Gas market (depletion of existing fields and increased demand for Oil & Gas). These may vary from one year to the next depending on the economic climate.

This period also enables the revenue growth rates for the final year of the strategic plan to converge towards the perpetuity growth rate.

### PERPETUITY GROWTH RATE

The projected long-term earnings growth rate (LTGR) assumption for each CGU was calculated for the years beyond 2030 taking into account the following outlooks:

- sales growth for Oil & Gas tubes, which is based on the Oil & Gas production assumption stated in the Sustainable Development Scenario (SDS) of the International Energy Agency (IEA) published in 2021. The SDS factors in the measures required to limit the rise in global temperatures to well below 2°C by 2050, as well as the energy goals set in the 2030 Agenda for Sustainable Development adopted in 2015 by the United Nations Member States and which are inextricably linked with the goals set in the Paris Agreement. The SDS is an integrated pathway to meeting the Paris Agreement targets and is in line with the Group's environmental commitments;
- sales growth for tubes designed for renewable energies, such as hydrogen, geothermal energy, carbon capture and storage, and carbon reuse;
- inflation by region, using forecasts by the International Monetary Fund (IMF).

The growth rates used are 0.4% for the Vallourec Eastern Hemisphere Tubes CGU and 3.2% for the Vallourec do Brasil Tubes CGU.

These rates take into account the long-term outlook of the Oil & Gas market.

CGUs are tested in the main currency in which the future cash flows will be derived, namely:

- in EUR for the Eastern Hemisphere Tubes CGU;
- in BRL for the Vallourec do Brasil Tubes CGU.

### DISCOUNT RATES

The perpetuity growth rates were reviewed on December 31, 2022 in order to make them consistent with the currency in which the weighted average cost of capital (WACC) and the future cash flows were calculated. These rates result from long-term inflation forecasts for the currency used for each CGU.

The CGUs' discount rates correspond to their weighted average cost of capital (WACC), which is defined as the weighted average cost of equity and the cost of debt after tax. Discount rates are estimated using the capital asset pricing model (CAPM).

The main components of the cost of equity are:

- a risk-free rate estimated by reference to the 10-year yield on French treasury bonds (OAT);
- a systematic risk premium obtained by multiplying the CGU's equity market risk premium by a beta calculated using stock market data from a sample of listed companies with a similar business;
- a specific risk premium linked to the CGU's country risks.

The cost of debt after tax of each CGU is calculated by increasing the risk-free rate by a credit spread calculated based on the average data of the listed companies in the sample mentioned above.

Gearing (or debt-to-equity ratio) makes it possible to weight the cost of equity and the cost of debt after tax. Gearing corresponds to the net debt/market capitalization median of the companies in the sample of listed companies selected for reference purposes.

The parameters above are calculated over an average period of two years.

The discount rate for each CGU is calculated in line with the main currency in which future cash flows will be denominated.

The use of this approach results in discount rates of 10.6% for the Vallourec Eastern Hemisphere Tubes CGU and 13.8% for the Vallourec do Brasil Tubes CGU.

### CLIMATE RISKS

Vallourec is standing by its ambitions to reduce its direct and indirect carbon footprint by 2025 in line with the Paris Agreement. Reaching these objectives will be possible partly through the transfer of production from Germany to Brazil, the plans to reduce methane emissions in carbonization furnaces in Brazil, and the higher proportion of steel purchased from the electricity industry in China. The Group took these factors into account when drawing up its strategic plan.

Regarding challenges related to climate change and sustainable development, the impairment tests also take into account the growth outlooks of the Oil & Gas sector as set out in the "Perpetuity growth rate" section above due to the associated climate change risks.

In addition to the above factors, the Group has identified physical climate risks (e.g. risk of cyclones, heavy rain etc.) These risks are climate events that may occur and the probability of which is not known at the reporting date. If these risks do occur, that climate event will constitute an impairment indicator for the assets concerned and the Group will include it in its impairment tests and in the useful lives of the related assets.

### IMPAIRMENT TEST RESULTS

The impairment tests carried out as at December 31, 2022 did not result in the recognition of any impairment losses, notably for the Vallourec Eastern Hemisphere Tubes CGU.

The value in use of the Vallourec do Brasil Tubes CGU exceeds its carrying amount and no reasonably possible change (+200 pts for WACC, -200 pts for the growth rate or a 20% change per year in EBITDA) in the test assumptions would result in impairment as at December 31, 2022.



Impairment losses amounting to €36 million were also recognized against individual assets related to discontinued operations and that were tested separately.

The CGU with the highest sensitivity to assumptions is the Eastern Hemisphere Tubes CGU and a sensitivity analysis is presented below.

### SENSITIVITY ANALYSIS

The sensitivity analyses presented in the table below were calculated by changing a single parameter.

Analysis (in € millions)	Vallourec Eastern Hemisphere Tubes
Net assets	
• Of which current	296
• Of which non-current	178
Base tested as at 12/31/2022	474
<b>CGU value in use</b>	<b>474</b>
<b>Impairment loss</b>	<b>-</b>
• Of which loss on goodwill	
• Of which loss on property, plant and equipment	-

### Sensitivity analysis (in € millions)

Sensitivity to the discount rate	+0.5 pts	(21)
	-0.5 pts	32
EBITDA sensitivity	+10% per year	96
	-10% per year	(88)
EUR/USD foreign exchange rate sensitivity	+5 cts	(228)
	-5 cts	259
Sensitivity to the perpetuity growth rate	+0.5 pts	17
	-0.5 pts	(8)

The table above shows that CGU flows are sensitive to changes in the value of their export transactions denominated in a currency other than the currency of the country where they are based (mainly USD).

## 4.3 Intangible assets

Intangible assets acquired separately are recognized at cost. They are mainly patents and trademarks, which are amortized on a straight-line basis over their useful lives.

Intangible assets acquired as part of a business combination are recorded separately from goodwill if their fair value can be measured during the acquisition phase. Those with a finite life are amortized over their estimated useful lives for the Company.

	12/31/2021			12/31/2022		
	Gross value	Amortization and impairment	Net value	Gross value	Amortization and impairment	Net value
Intangible assets	354,512	(308,929)	45,583	369,023	(332,203)	36,820

Intangible assets include technology, software, patents and licenses, as well as know-how and customer relations acquired mainly in connection with business combinations.

Other than goodwill, there are no intangible assets with indefinite useful lives.

## 4.4 Property, plant and equipment

### Measurement at cost net of depreciation and impairment

Except when acquired as part of a business combination, property, plant and equipment are recognized at their acquisition or production cost. They are not subject to remeasurement. At each reporting date, their cost is reduced by accumulated depreciation and any provisions for impairment determined in accordance with IAS 36 "Impairment of Assets".

### Component approach

The main components of an asset with a useful life different from that of the main asset (furnaces, heavy industrial equipment, etc.) are identified by the technical departments and depreciated over their own useful lives.

Subsequent expenditure on replacement of the component (i.e., the cost of the new component) is capitalized, provided that future economic benefits are still expected to be derived from the main asset.

The components approach is also applied to expenditure on major overhauls that are planned and carried out at intervals of over one year. Such expenditure is identified as a component of the asset's acquisition price, and is depreciated over the period between two overhauls.

### Maintenance and repair costs

Recurring maintenance and repair costs that do not meet the criteria for the components approach are expensed when they are incurred.

### Property, plant and equipment acquired as part of a business combination

Property, plant and equipment acquired as part of a business combination are measured at fair value on the acquisition date. They are depreciated using the straight-line method over the remaining useful life at the acquisition date.

### Right-of-use assets

Lease agreements, as defined by IFRS 16 "Leases", are carried in the statement of financial position, resulting in the recognition of:

- an asset that corresponds to the right to use the leased asset for the term of the lease;
- a liability representing the obligation to make lease payments.

The Group's leases are primarily for property and industrial equipment used to manufacture and transport products.

The Group uses the exemptions permitted by the standard and does not recognize within right-of-use assets:

- short-term leases (with a term of less than 12 months);
- leases with a low-value underlying asset (unit value when new under USD 5,000);
- leases of intangible assets.

### Measurement of right-of-use assets

At the inception of a lease agreement, the right to use the leased asset is measured at cost and includes:

- the initial amount of the lease liability, plus any advance payments made to the lessor, less any lease incentives received from the lessor;
- any initial direct costs incurred by the lessee in concluding the agreement and any estimated site clean-up costs.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

### Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis over the useful lives indicated below. Land is not depreciated.

Main categories of property, plant and equipment	Useful life
<b>BUILDINGS</b>	
Buildings	30-40
Fixtures and fittings	10
<b>TECHNICAL PLANT, EQUIPMENT AND TOOLS</b>	
Industrial plant	20-25
Other (automated equipment, etc.)	5-10
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>	
Vehicles and office furniture	5-10
Computer equipment	3

Depreciation of new industrial sites in the start-up stage is calculated according to the production-units method for assets used directly in the production process, and the straight-line method for other assets.

	12/31/2021			12/31/2022		
	Gross value	Depreciation and impairment	Net value	Gross value	Depreciation and impairment	Net value
Land	111,850	(41,933)	69,917	125,039	(49,041)	75,998
Buildings	828,104	(574,520)	253,584	881,643	(604,842)	276,801
Technical installations, industrial equipment and tools	3,799,856	(2,627,877)	1,171,980	4,037,566	(2,838,840)	1,198,726
Property, plant and equipment in progress	166,113	(2,409)	163,704	155,984	(2,715)	153,269
Other property, plant and equipment	281,411	(187,860)	93,551	326,234	(202,257)	123,977
<b>TOTAL</b>	<b>5,187,334</b>	<b>(3,434,599)</b>	<b>1,752,735</b>	<b>5,526,466</b>	<b>(3,697,695)</b>	<b>1,828,771</b>

Property, plant and equipment (excluding right-of-use assets)	Gross value	Depreciation and impairment	Net value
<b>As at December 31, 2020</b>	<b>4,813,245</b>	<b>(3,162,120)</b>	<b>1,651,126</b>
Acquisitions	132,687	-	132,687
Disposals <sup>(a)</sup>	(186,981)	168,571	(18,410)
Net depreciation expense for the year	-	(166,365)	(166,365)
Impairment	-	(4,855)	(4,855)
Impact of changes in exchange rates	233,635	(150,171)	83,464
Reclassifications and other changes <sup>(b)</sup>	(44,200)	53,406	9,205
Assets held for sale and discontinued operations	126,090	(96,006)	30,084
<b>As at December 31, 2021</b>	<b>5,074,476</b>	<b>(3,357,540)</b>	<b>1,716,936</b>
Acquisitions	190,323	-	190,323
Disposals	(190,626)	144,130	(46,496)
Net depreciation expense for the year	-	(192,042)	(192,042)
Impairment	-	(35,135)	(35,135)
Impact of changes in exchange rates	237,458	(112,628)	124,830
Reclassifications and other changes	(76,396)	75,447	(949)
Assets held for sale and discontinued operations <sup>(c)</sup>	157,947	(138,021)	19,926
<b>AS AT DECEMBER 31, 2022</b>	<b>5,393,182</b>	<b>(3,615,789)</b>	<b>1,777,393</b>

(a) Including the sale of the Reisholz assets in Germany.

(b) Mainly the disposal of Valinox Nucléaire SAS (Montbard plant in France) and the impact of the purchase option on a lease for water treatment facilities at Vallourec Soluções Tubulares do Brasil.

(c) In 2022, the Group sold Vallourec Bearing Tubes and the assets of its nuclear business in China.

In 2022, acquisitions of PPE (€190 million) were mainly in Brazil and the United States.

**RIGHT-OF-USE ASSETS**

	Gross value	Impairment	Net value
<b>As at December 31, 2020</b>	<b>181,850</b>	<b>(114,717)</b>	<b>67,133</b>
Acquisitions	21,871	-	21,871
Disposals	(27,892)	25,840	(2,052)
Net depreciation expense for the year	-	(16,832)	(16,832)
Impairment	-	(47)	(47)
Impact of changes in exchange rates	3,824	(2,189)	1,635
Other	(69,600)	33,624	(35,976)
Assets held for sale and discontinued operations	2,804	(2,737)	67
<b>As at December 31, 2021</b>	<b>112,857</b>	<b>(77,058)</b>	<b>35,799</b>
Acquisitions	37,883	-	37,883
Disposals	(19,589)	12,984	(6,606)
Net depreciation expense for the year	-	(15,060)	(15,060)
Impairment	-	(1,037)	(1,037)
Impact of changes in exchange rates	3,904	(2,690)	1,214
Other	(2,672)	1,856	(815)
Assets held for sale and discontinued operations	900	(900)	-
<b>AS AT DECEMBER 31, 2022</b>	<b>133,283</b>	<b>(81,905)</b>	<b>51,378</b>

**4.5 Biological assets**

The Group owns biological assets in Brazil, which mainly consist of eucalyptus plantations cultivated for the Group's coke requirements. These assets are valued according to the principles defined by IAS 41 "Agriculture". The existence of an active market in Brazil requires the Group to measure these assets at fair value less the costs of disposal upon initial recognition and at each reporting date.

	2021	2022
<b>As at January 1</b>	<b>30,236</b>	<b>37,733</b>
Investments	5,527	8,525
Measurement at fair value	10,158	32,963
Net depreciation expense for the year	(2,848)	(4,969)
Reclassification to inventory	(5,483)	(9,748)
Impact of changes in exchange rates	382	3,748
Other changes	(3,718)	(5,751)
Assets held for sale and discontinued operations	3,479	-
<b>AS AT DECEMBER 31</b>	<b>37,733</b>	<b>62,501</b>

The Group's Brazilian subsidiary Vallourec Florestal cultivates eucalyptus plantations mainly to produce the charcoal used in the blast furnaces of Vallourec Soluções Tubulares do Brasil.

As at December 31, 2022, the company cultivated approximately 100,062 hectares of eucalyptus over a total area of 211,686 hectares.

In 2022, Vallourec Florestal posted revenue of €38.1 million, versus €31.8 million in 2021.

#### 4.6 Reconciliation of outflows related to acquisitions of non-current assets with the statement of cash flows

	2021		2022	
	Property, plant and equipment and intangible assets	Biological assets	Property, plant and equipment and intangible assets	Biological assets
Acquisitions of intangible assets	1,153	-	1,016	-
Acquisitions of property, plant and equipment	132,687	5,527	190,323	8,525
<b>Total capital expenditure</b>	<b>133,840</b>	<b>5,527</b>	<b>191,339</b>	<b>8,525</b>
Changes in liabilities on non-current assets and partner contributions	(1,708)	-	(9,188)	-
<b>TOTAL</b>	<b>132,132</b>	<b>5,527</b>	<b>182,151</b>	<b>8,525</b>
Statement of cash flows: cash outflows for acquisitions of property, plant and equipment and intangible and biological assets:		137,659		190,676

#### 4.7 Operating off-balance sheet commitments

Off-balance sheet commitments received amounted to €8 million as at December 31, 2022, compared with €6 million as at December 31, 2021, and primarily corresponded to orders for non-current assets.

##### COMMITMENTS GIVEN BY MATURITY

	12/31/2021	12/31/2022	< 1 year	1 to 5 years	> 5 years
Trade receivables	6,281	473	473	-	-
Other commitments	80,569	223,855	66,126	132,600	23,129
<b>TOTAL</b>	<b>86,850</b>	<b>224,328</b>	<b>66,599</b>	<b>132,600</b>	<b>23,129</b>

**Note 5 • Investments in equity-accounted companies****Definition**

Associates are companies in which the Group exercises significant influence over operating and financial policies without having control.

A joint venture is a joint arrangement whereby the parties that have joint control of the entity have rights to its net assets.

The Group's investments in joint ventures and associates are accounted for using the equity method.

**Equity method**

Under the equity method, the Group's investment in the entity is initially recognized at cost, which is then subsequently adjusted for the change in the Group's share in its income (loss) and other comprehensive income (loss).

An investment is accounted for under the equity method as of the date the entity becomes an associate or joint venture. When an associate or joint venture is acquired, the difference between the cost of the investment and the Group's share in the net fair value of its identifiable assets and liabilities is recorded under goodwill. In the event that the net fair value of the identifiable assets and liabilities of the entity is higher than the cost of the investment, the difference is recorded in the income statement.

The Group's share in the net income (loss) of equity-accounted companies is included in net income (loss) from continuing operations, irrespective of whether or not the investee's activities are an extension of the Group's activities.

**Impairment testing**

If there is an indication of impairment, the total carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets".

**Loss of significant influence or joint control**

When an investment no longer meets the definition of an associate or joint venture, the equity method is no longer applied. Any continuing interest in the associate or joint venture that represents a financial asset is measured at fair value on the date the investment ceases to be an associate or joint venture.

**Acquisition of control of a joint operation or equity-accounted company**

Pursuant to IFRS 3, previously held equity interests are remeasured at fair value, with the related gain or loss recognized as a disposal gain or loss in "Asset disposals, restructuring costs and non-recurring items", and the assets acquired and liabilities assumed are accounted for at fair value at the date control is obtained.

The Group's main equity-accounted companies (individual carrying amount greater than €20 million) are listed below.

	<b>HKM</b>	<b>Other</b>	<b>Total associates</b>	<b>Total joint ventures</b>	<b>Total</b>
Activity	Steel mill				
Location	Germany				
<b>As at December 31, 2021</b>	<b>-</b>	<b>16,222</b>	<b>16,222</b>	<b>19,089</b>	<b>35,311</b>
Net income (loss) for the year	-	(1,013)	(1,013)	(3,069)	(4,082)
Dividends paid	(6)	(338)	(344)	-	(344)
Impairment	-	-	-	(13,530)	(13,530)
Impact of changes in exchange rates	6	998	1,004	(19)	985
Reclassifications and other changes	-	100	100	(2,471)	(2,371)
<b>AS AT DECEMBER 31, 2022</b>	<b>-</b>	<b>15,969</b>	<b>15,969</b>	<b>-</b>	<b>15,969</b>

Hüttenwerke Krupp Mannesmann (HKM) is an associate that produces steel rounds exclusively for its shareholders. It primarily supplies European tube mills and is part of the Vallourec Eastern Hemisphere Tubes CGU. Its value in use was determined on the same basis as that used to carry out the impairment test (in accordance with IAS 36) on the Vallourec Eastern Hemisphere Tubes CGU.

In 2021, based on the business outlook, Vallourec decided that it would be unable to absorb the volumes to which it is entitled and therefore decided to terminate the cooperation and supply agreements, effective December 31, 2028, i.e., at the end of the contractually agreed seven-year notice period.

## 5.1 Data relating to associates

Condensed financial data (100%) for HKM is presented below.

HKM	12/31/2021	12/31/2022
Non-current assets	561,989	560,005
Current assets	860,725	748,675
Non-current liabilities	404,518	445,714
Current liabilities	614,758	459,545
<b>Net assets</b>	<b>403,438</b>	<b>403,421</b>
Sales	3,135,990	3,786,868
Operating income	12,769	1,385
Total comprehensive income	31	14

The reconciliation of the condensed financial data relating to the HKM associate with the carrying amount of the Group's interest in this associate is as follows:

HKM	12/31/2021	12/31/2022
Net assets	403,438	403,421
Vallourec Group percentage interest in HKM	20%	20%
Value of equity-accounted investment	-	-
HKM net income	31	14
Vallourec Group percentage interest in HKM	20%	20%
Share of net income	6	3

The Group also holds interests in other associates (which, considered individually, are not material), representing an aggregate carrying amount of €16 million as at December 31, 2022 and December 31, 2021.

## 5.2 Data related to joint ventures

The Group has announced the closure of the Vallourec Umbilicals joint venture and a conciliation procedure was opened in December 2022. The purpose of this conciliation period – which will last for a maximum of five months – is to allow time to carry out the information and consultation process with Vallourec Umbilicals' employee representation bodies on the proposed closure of the

business, as well as to negotiate employee support measures in accordance with the Group's practices, while seeking a potential buyer as required under France's Florange law. As a result, the investment has been fully written down in an amount of €13 million, as have the €7 million in financial receivables owed by the company.

## 5.3 Related-party transactions

	Associates HKM
Sales to related parties	2,467
Purchases from related parties	518,037
Receivables from related parties	65
Payables to related parties	94,994

Purchases mainly concern steel rounds purchased from HKM, which are used as manufacturing raw materials by Vallourec Deutschland's European rolling mills.

## 5.4 Executive compensation

Total compensation for members of the Executive Committee based on its membership structure as at December 31, 2022, as well as retirement commitments at the reporting date, can be analyzed as follows:

	2021	2022
Compensation and benefits in kind	6,799	11,533
Share-based payments <sup>(a)</sup>	6,044	30,318
Retirement commitments	835	524
Supplementary retirement commitments	2,904	2,398

(a) Information provided based on the 2020 stock option and performance share plans and the 2022 Management Equity Plans.

There is no specific plan in terms of retirement commitments for executive management. Executive management is covered by the Vallourec Group's supplementary pension plan (a defined-benefit plan introduced in 2005 and closed to new entrants on December 31, 2015), as well as by plans set up on April 1, 2016 under Articles 82 and 83 of the French Tax Code (*Code général des impôts*). These plans do not give rise to any commitments.

As at December 31, 2022, no loans or guarantees had been granted to executive management by Vallourec as the parent company or by its controlled subsidiaries.

The amount of attendance fees and other compensation received by members was €0.8 million in 2022, compared with €0.9 million in 2021.

## Note 6 • Equity, share-based payment and earnings per share

### 6.1 Equity attributable to owners of the parent

#### SHARE CAPITAL

At December 31, 2022, Vallourec's share capital comprised 231,777,627 ordinary shares with a par value of €0.02 per share, all fully paid up, versus 228,928,428 ordinary shares at December 31, 2021. The Group issued 2,849,199 new shares during the year to cover the award of free shares under the Management Equity Plan.

Changes in the Company's share capital over the year are shown below:

<i>(in euros, except for number of shares)</i>	Number of shares	Par value	Share capital in euros
Share capital at December 31, 2021	228,928,428	0.02	4,578,569
Capital increase without pre-emptive subscription rights by issuance of new shares	2,849,199	0.02	56,984
<b>SHARE CAPITAL AT DECEMBER 31, 2022</b>	<b>231,777,627</b>	<b>0.02</b>	<b>4,635,553</b>

As at December 31, 2022, the price of the Vallourec share was €12.27.

#### RESERVES AND FINANCIAL INSTRUMENTS

Reserves for changes in the fair value of hedging instruments net of tax (revaluation reserves) arise primarily from two types of transaction:

- effective currency hedges assigned to the order book and commercial tenders, for which changes in the currency impact at the reporting date are recognized in equity;

- variable-rate borrowings for which interest rate swaps (fixed rate) have been contracted, and which are accounted for in accordance with the cash flow hedge method. changes in the fair value of swaps attributable to fluctuations in interest rates, which are recognized in equity.

#### FOREIGN CURRENCY TRANSLATION RESERVE

This reserve arises as a result of translating the equity of subsidiaries outside the eurozone into euros. The change in the reserve corresponds to fluctuations in exchange rates used to translate the equity and net income (loss) of these subsidiaries. Components of the reserve are only written back to income in the case of a partial or total disposal and loss of control of the foreign entity.

	USD	GBP	BRL	CNY	Other	Total
<b>As at December 31, 2020</b>	<b>196,633</b>	<b>(14,821)</b>	<b>(1,270,157)</b>	<b>11,780</b>	<b>(34,947)</b>	<b>(1,111,512)</b>
Change	94,503	3,074	11,109	18,021	6,156	132,863
<b>As at December 31, 2021</b>	<b>291,136</b>	<b>(11,747)</b>	<b>(1,259,048)</b>	<b>29,801</b>	<b>(28,791)</b>	<b>(978,649)</b>
Change	95,716	(1,191)	126,768	(4,348)	10,349	227,294
<b>AS AT DECEMBER 31, 2022</b>	<b>386,852</b>	<b>(12,938)</b>	<b>(1,132,280)</b>	<b>25,453</b>	<b>(18,442)</b>	<b>(751,355)</b>



## 6.2 Non-controlling interests

Non-controlling interests mainly correspond to Incotep's stake in Vallourec Tubos para Industria Ltda.

## 6.3 Share-based payments (stock options and performance shares)

IFRS 2 "Share-based Payment", requires the measurement and recognition of awards arising from stock option and performance share plans that are equivalent to compensation of the beneficiaries: these are recognized as personnel expenses over the vesting period of the instruments, with a corresponding increase in equity.

Changes in value after the award date have no impact on the option's initial measurement. The number of options taken into account in measuring the plan is adjusted at each reporting date to reflect the probability of the beneficiaries' continued service at the end of the vesting period.

Some members of executive management and employees benefit from stock options that entitle them to purchase an existing share or to subscribe to a capital increase at an agreed price.

Options are measured using a binomial model on the date they are awarded.

Some members of executive management and employees benefit from performance share plans where vesting conditions are related to performance criteria (percentage of consolidated EBITDA). These plans are measured using a binomial model to project share prices.

Vallourec operates shareholding plans reserved for its employees. These plans are measured using a binomial model to project share prices.

The impact on the income statement of employee share ownership plans is presented in Note 2.3.

## Stock option plans

### CHARACTERISTICS OF THE PLANS

Vallourec's Management Board authorized stock option plans from 2010 to 2022 for some of the Group's senior executives, corporate officers and employees.

It should be noted that the characteristics of the 2011 to 2020 plans were revised to take account of the decision of the Chairman of the

The characteristics of the plans are as follows:

Management Board on June 30, 2021 to adjust the number and exercise price of the options concerned in order to protect the rights of the holders following the capital increase of June 30, 2021 (adjustment factor of 1.89929156 applied to the number of options awarded and to the exercise price).

	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan
Award date	April 15, 2014	April 15, 2015	May 18, 2016	May 18, 2017	June 15, 2018
Maturity date	April 15, 2018	April 15, 2019	May 18, 2020	May 18, 2021	June 15, 2022
Expiration date	April 15, 2022	April 15, 2023	May 18, 2024	May 18, 2025	June 15, 2026
Exercise price (in euros)	832.03	488.14	140.29	216.55	197.84
Number of options awarded	16,977	17,656	15,216	8,135	9,851

	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Award date	June 17, 2019	June 15, 2020	Oct. 13, 2021	June 4, 2022
Maturity date	June 17, 2023	June 15, 2024	Oct. 13, 2025	June 4, 2026
Expiration date	June 17, 2027	June 15, 2030	Oct. 13, 2031	June 4, 2032
Exercise price (in euros)	79.14	33.60	7.26	12.65
Number of options awarded	9,851	89,462	123,518	58,425

### CHANGE IN NUMBER OF UNEXPIRED OPTIONS

For all of these plans, the change in the number of unexpired options is as follows:

In number of options	2021	2022
<b>Options outstanding as at January 1</b>	<b>143,877</b>	<b>254,288</b>
Options exercised	-	-
Options lapsed	(22,782)	(8,776)
Options canceled	(7,396)	(8,763)
Options distributed	123,518	58,425
Impact of the capital increase on plans awarded prior to 2020	17,071	-
<b>OPTIONS OUTSTANDING AS AT DECEMBER 31</b>	<b>254,288</b>	<b>295,174</b>
Of which exercisable options	25,607	18,745

The reported figures correspond to the number of options, with a performance factor of 1 for plans not yet vested, and to the actual number of shares awarded for plans that have matured.

As at December 31, 2022, the average exercise price was €35.30.

### VALUATION<sup>(a)</sup>

	2021 Plan	2022 Plan
Share price on the award date	€7.53	€12.88
Volatility <sup>(b)</sup>	35%	40%
Risk-free rate <sup>(c)</sup>	-0.03%	1.42%
Exercise price	€7.26	€12.65
Dividend rate <sup>(d)</sup>	3.00%	3.00%
Fair value of the option <sup>(e)</sup>	€1.89	€4.67

(a) The binomial pricing model has been used to measure the fair value of the options awarded.

(b) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(c) The risk-free rate corresponds to the zero-coupon rate (source: French Institute of Actuaries – Institut des Actuaires).

(d) The expected dividend rates have been determined on the basis of analysts' expectations and the Group's dividend policy.

(e) The fair value for the members of the Management Board and the Operational Committee is €4.67 for the 2022 plan.

## Performance share plans

### CHARACTERISTICS OF THE PLANS

Vallourec's Management Board authorized performance share plans from 2017 to 2022 for some employees and corporate officers of the Group.

It should be noted that the characteristics of the 2017 to 2020 plans were revised to take account of the decision of the Chairman of the Management Board on June 30, 2021 to adjust the number and exercise price of the shares in order to protect the rights of the holders following the capital increase of June 30, 2021 (adjustment factor of 1.89929156 applied to the number of shares awarded).

The characteristics of the plans are as follows:

Performance share plans	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Award date	June 15, 2018	June 17, 2019	June 15, 2020	October 13, 2021	June 4, 2022
Vesting period	3 years (French residents) or 4 years (non-French residents)	3 years (French residents) or 4 years (non-French residents)	3 years	3 years	3 years
Holding period	2 years (French residents) or none (non-French residents)	2 years (French residents) or none (non-French residents)	None	None	None
Performance conditions	Yes <sup>(a)</sup>	Yes <sup>(b)</sup>	Yes <sup>(c)</sup>	Yes, only for management above grade 20 <sup>(d)</sup>	Yes, only for management above grade 20 <sup>(e)</sup>
Theoretical number of shares awarded	39,756	39,595	64,747	289,396	231,410

(a) For all beneficiaries (excluding members of the Management Board and the Executive Committee), vesting will depend on cost reductions in 2018, 2019 and 2020, in comparison with the planned performance in the Group's medium-term plan for the same period, and on the Group's cumulative free cash flow (FCF) for 2018, 2019 and 2020. The actual number is determined by applying a performance factor, calculated for the three years concerned, to the theoretical number of shares awarded. This factor may range from 0 to 2. For members of the Management Board and the Executive Committee, vesting will depend on the following two criteria: cost reductions in 2018, 2019 and 2020, in comparison with the planned performance in the Group's medium-term plan over the same period, and the increase in the EBITDA margin between 2018 and 2020 compared with a panel of comparable companies. The actual number is determined by applying a performance factor, calculated for the two years concerned, to the theoretical number of shares awarded. This factor may range from 0 to 2.

(b) For all beneficiaries (excluding members of the Management Board and the Executive Committee), vesting will depend on cost reductions in 2019, 2020 and 2021, in comparison with the planned performance in the Group's medium-term plan for the same period, and on the Group's cumulative free cash flow (FCF) for 2019, 2020 and 2021. The actual number is determined by applying a performance factor, calculated for the three years concerned, to the theoretical number of shares awarded. This factor may range from 0 to 2. For members of the Management Board and the Executive Committee, vesting will depend on the following two criteria: cost reductions in 2019, 2020 and 2021, in comparison with the planned performance in the Group's medium-term plan over the same period, and the increase in the EBITDA margin between 2019 and 2021 compared with a panel of comparable companies. The actual number is determined by applying a performance factor, calculated for the two years concerned, to the theoretical number of shares awarded. This factor may range from 0 to 2.

(c) For all beneficiaries, vesting will depend on two "absolute" internal criteria:

- Group cost reductions (gross savings as a % of the Y-1 baseline and excluding DCOS) for 2020, 2021 and 2022;
- the ratio of carbon emissions from Vallourec's industrial processes and purchases of electricity generated by fossil fuels to sales volumes, in metric tons (emissions of non-biogenic carbon) between 2020 and 2022.

A further external criterion will be applied: growth in the EBITDA margin between 2020 and 2022 compared to a panel of comparable companies comprising Hunting PLC, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

(d) The conditional rights to receive performance shares granted to management (cadres) at grade 20 or below are not subject to any performance conditions. For beneficiaries at grade 21 or above, the award is based on two "absolute" internal criteria:

- Group cost reductions (gross savings as a % of the Y-1 baseline and excluding DCOS) for 2021, 2022 and 2023;
- the ratio of carbon emissions from Vallourec's industrial processes and purchases of electricity generated by fossil fuels to sales volumes, in metric tons (emissions of non-biogenic carbon) between 2021 and 2023.

A further external criterion will be applied: growth in the EBITDA margin between 2021 and 2023 compared to a panel of comparable companies comprising Hunting PLC, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

(e) The conditional rights to receive performance shares granted to management (cadres) at grade 20 or below are not subject to any performance conditions. For beneficiaries at grade 21 or above, the award is based on two "absolute" internal criteria:

- Group cost reductions (gross savings as a % of the Y-1 baseline and excluding DCOS) for 2022, 2023 and 2024;
- the ratio of carbon emissions from Vallourec's industrial processes and purchases of electricity generated by fossil fuels to sales volumes, in metric tons (emissions of non-biogenic carbon) between 2022 and 2024.

A further external criterion will be applied: growth in the EBITDA margin between 2022 and 2024 compared to a panel of comparable companies comprising Hunting PLC, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

## CHANGE IN NUMBER OF SHARES

For all of these plans, the change in the number of shares not yet vested is as follows:

In number of shares	2021	2022
<b>Number of shares not yet vested as at January 1</b>	<b>78,664</b>	<b>398,664</b>
Shares delivered over the year	(24,923)	(38,739)
Shares awarded for outperformance		9,447
Shares canceled	(9,434)	(22,695)
Shares awarded over the year	289,396	231,410
Impact of the capital increase on plans awarded prior to 2020	64,961	-
<b>NUMBER OF SHARES NOT YET VESTED AS AT DECEMBER 31</b>	<b>398,664</b>	<b>578,087</b>

The reported figures correspond to the number of shares, with a performance factor of 1 for plans not yet vested, and to the actual number of shares awarded for plans that have matured.

Valuation <sup>(a)</sup>	2021 Plan	2022 Plan
Share price on the award date	€7.53	€12.88
Risk-free rate <sup>(b)</sup>	-0.44%	0.62%
Dividend rate <sup>(c)</sup>	3%	3%
Fair value of the share	€6.87	€11.76
Number of shares awarded	289,396	231,410

(a) The binomial pricing model has been used to measure the fair value of the shares awarded. The employee benefit corresponds to the fair value of the shares awarded, taking into account the loss of dividend rights during the vesting period and the cost to the employee of the non-transferability of shares during the holding period.

(b) The risk-free rate corresponds to the zero-coupon rate (source: French Institute of Actuaries – Institut des Actuaire).

(c) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

## Management Equity Plans

During 2022, the Vallourec Group set up new Management Equity Plans (MEP) for its employees and executive corporate officers.

## JUNE 4, 2022 MEP

Under the MEP set up on June 4, 2022, 3,800,447 free shares were awarded to the Group's employees and executive corporate officers. This free share award comprises 57,359 ordinary shares and 3,743,088 preferred shares.

### Characteristics of the plan

The characteristics of the plan awarding ordinary shares are as follows:

Valuation	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Share price on the award date	€12.88	€12.88	€12.88	€12.88	€12.88
Vesting date <sup>(a)</sup>	30% 06/04/2023 70% 06/04/2027	30% 06/04/2024 70% 06/04/2027	30% 06/04/2025 70% 06/04/2027	30% 06/04/2026 70% 06/04/2027	30% 06/04/2027 70% 06/04/2027
Holding period	5 years	5 years	5 years	5 years	5 years
Performance conditions <sup>(b)</sup>	Yes	Yes	Yes	Yes	Yes
Volatility <sup>(c)</sup>	51%	52%	50%	48%	45%
Risk-free rate <sup>(d)</sup>	-0.08%	0.38%	0.62%	0.80%	0.94%
Dividend rate <sup>(e)</sup>	3.00%	3.00%	3.00%	3.00%	3.00%
Fair value of the share	€9.20	€8.96	€8.93	€8.85	€8.80
Number of shares awarded	11,472	11,472	11,472	11,472	11,471

(a) The statutory vesting period is between one and five years, depending on the tranche. At the end of this period, if Apollo still holds at least 5% of the capital, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the statutory vesting period and 70% at the end of the lock-up period, estimated at five years.

(b) Each tranche will only vest if, on the vesting date, the Vallourec share price is above €8.09.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

The characteristics of the performance share plan are as follows:

Valuation	Tranche 1	Tranche 2	Tranche 3
Share price on the award date	€12.88	€12.88	€12.88
Vesting period <sup>(a)</sup>	30%: 1.60 years 70%: 4.07 years	30%: 1.96 years 70%: 4.07 years	30%: 2.43 years 70%: 4.07 years
Holding period <sup>(a)</sup>	4.07 years	4.07 years	4.07 years
Performance conditions <sup>(b)</sup>	Yes	Yes	Yes
Volatility <sup>(c)</sup>	48%	48%	48%
Risk-free rate <sup>(d)</sup>	0.80%	0.80%	0.80%
Dividend rate <sup>(e)</sup>	3.00%	3.00%	3.00%
Fair value of the share	€7.55	€5.96	€4.01
Number of shares awarded	1,723,917	1,723,918	295,253

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 4.07 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 4.07 years.

(b) The tranche 1, 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19, €20.22 and €28.32 for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.60 years, 1.96 years and 2.43 years, respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

**JULY 4, 2022 MEP**

Under the MEP set up on July 4, 2022, 276,458 preferred shares were awarded free of consideration to the Group's employees and executive corporate officers.

**Characteristics of the plan**

The characteristics of the performance share plan are as follows:

<b>Valuation</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>
Share price on the award date	€10.46	€10.46	€10.46
Vesting period <sup>(a)</sup>	30%: 1.89 years 70%: 4 years	30%: 2.19 years 70%: 4 years	30%: 2.57 years 70%: 4 years
Holding period <sup>(a)</sup>	4 years	4 years	4 years
Performance conditions <sup>(b)</sup>	Yes	Yes	Yes
Volatility <sup>(c)</sup>	49%	49%	49%
Risk-free rate <sup>(d)</sup>	1.22%	1.22%	1.22%
Dividend rate <sup>(e)</sup>	3.00%	3.00%	3.00%
Fair value of the share	€5.70	€4.33	€2.67
Number of shares awarded	124,896	124,896	26,666

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 4.0 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 4.0 years.

(b) The tranche 1, 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19, €20.22 and €28.32 for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.89 years, 2.19 years and 2.57 years, respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

**JULY 14, 2022 MEP**

Under the MEP set up on July 14, 2022, 810,416 preferred shares were awarded free of consideration to the Group's employees and executive corporate officers.

**Characteristics of the plan**

The characteristics of the performance share plan are as follows:

<b>Valuation</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>
Share price on the award date	€8.95	€8.95	€8.95
Vesting period <sup>(a)</sup>	30%: 2.08 years 70%: 4 years	30%: 2.37 years 70%: 4 years	30%: 2.77 years 70%: 4 years
Holding period <sup>(a)</sup>	4 years	4 years	4 years
Performance conditions <sup>(b)</sup>	Yes	Yes	Yes
Volatility <sup>(c)</sup>	49%	49%	49%
Risk-free rate <sup>(d)</sup>	1.22%	1.22%	1.22%
Dividend rate <sup>(e)</sup>	3.00%	3.00%	3.00%
Fair value of the share	€3.96	€2.93	€1.66
Number of shares awarded	374,652	374,652	61,112

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 4.0 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 4.0 years.

(b) The tranche 1, 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19, €20.22 and €28.32 for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 2.08 years, 2.37 years and 2.77 years, respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

## JULY 26, 2022 MEP

Under the MEP set up on July 26, 2022, 429,166 preferred shares were awarded free of consideration to the Group's employees and executive corporate officers.

### Characteristics of the plan

The characteristics of the performance share plan are as follows:

Valuation	Tranche 1	Tranche 2	Tranche 3
Share price on the award date	€8.74	€8.74	€8.74
Vesting period <sup>(a)</sup>	30%: 2.09 years 70%: 3.9 years	30%: 2.38 years 70%: 3.9 years	30%: 2.7 years 70%: 3.9 years
Holding period <sup>(a)</sup>	3.9 years	3.9 years	3.9 years
Performance conditions <sup>(b)</sup>	Yes	Yes	Yes
Volatility <sup>(c)</sup>	50%	50%	50%
Risk-free rate <sup>(d)</sup>	0.62%	0.62%	0.62%
Dividend rate <sup>(e)</sup>	3.00%	3.00%	3.00%
Fair value of the share	€3.71	€2.74	€1.55
Number of shares awarded	196,527	196,527	36,112

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 3.9 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 3.9 years.

(b) The tranche 1, 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19, €20.22 and €28.32 for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 2.09 years, 2.38 years and 2.7 years, respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

## SEPTEMBER 12, 2022 MEP

Under the MEP set up on September 12, 2022, 16,168 preferred shares were awarded free of consideration to the Group's employees and executive corporate officers.

### Characteristics of the plan

The characteristics of the performance share plan are as follows:

Valuation	Tranche 1	Tranche 2
Share price on the award date	€10.60	€10.60
Vesting period <sup>(a)</sup>	30%: 1.72 years 70%: 3.8 years	30%: 2 years 70%: 3.8 years
Holding period <sup>(a)</sup>	3.8 years	3.8 years
Performance conditions <sup>(b)</sup>	Yes	Yes
Volatility <sup>(c)</sup>	51%	51%
Risk-free rate <sup>(d)</sup>	1.54%	1.54%
Dividend rate <sup>(e)</sup>	3.00%	3.00%
Fair value of the share	€5.66	€4.44
Number of shares awarded	8,084	8,084

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 3.8 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 3.8 years.

(b) The tranche 1 and 2 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19 and €20.22 respectively, for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.72 years and 2 years respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

**DECEMBER 14, 2022 MEP**

Under the MEP set up on December 14, 2022, 95,502 preferred shares were awarded free of consideration to the Group's employees and executive corporate officers.

**Characteristics of the plan**

The characteristics of the performance share plan are as follows:

<b>Valuation</b>	<b>Tranche 1</b>	<b>Tranche 2</b>
Share price on the award date	€10.70	€10.70
Vesting period <sup>(a)</sup>	30%: 1.76 years 70%: 3.5 years	30%: 2 years 70%: 3.5 years
Holding period <sup>(a)</sup>	3.5 years	3.5 years
Performance conditions <sup>(b)</sup>	Yes	Yes
Volatility <sup>(c)</sup>	50%	50%
Risk-free rate <sup>(d)</sup>	2.11%	2.11%
Dividend rate <sup>(e)</sup>	3.00%	3.00%
Fair value of the share	€5.61	€4.26
Number of shares awarded	47,751	47,751

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 3.5 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 3.5 years.

(b) The tranche 1 and 2 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19 and €20.22 respectively, for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.76 years and 2 years respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

**CHANGE IN NUMBER OF SHARES**

The change in the number of shares not yet vested under the 2022 Management Equity Plans is as follows:

<b>In number of shares</b>	<b>Ordinary shares</b>	<b>Performance shares</b>
<b>Number of shares not yet vested as at January 1, 2022</b>	<b>1,595,700</b>	<b>3,575,621</b>
Shares delivered over the year	(300,571)	(2,548,628)
Shares canceled	(367,000)	(1,026,993)
Shares awarded over the year	57,359	5,370,798
<b>NUMBER OF SHARES NOT YET VESTED AS AT DECEMBER 31, 2022</b>	<b>985,488</b>	<b>5,370,798</b>

**6.4 Earnings per share**

Basic earnings per share are calculated by dividing net income (loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in the same period.

Diluted earnings per share are calculated by taking into account the maximum impact of the conversion of dilutive instruments into ordinary shares (options, performance shares) and using the "share repurchase" method as defined in IAS 33 "Earnings per Share".

Details of the net income (loss) and numbers of shares used to calculate basic and diluted earnings (loss) per share are presented below:

	<b>2021</b>	<b>2022</b>
<b>Net income (loss) attributable to ordinary shareholders for basic earnings (loss) per share</b>	<b>39,545</b>	<b>(366,383)</b>
Weighted average number of ordinary shares for basic earnings (loss) per share	120,189,061	229,552,910
Weighted average number of treasury shares for basic earnings (loss) per share	(77,446)	(166,796)
Weighted average number of shares for basic earnings (loss) per share	120,111,615	229,386,114
<b>EARNINGS (LOSS) PER SHARE (in euros)</b>	<b>0.3</b>	<b>(1.6)</b>



Dividends paid during the year	2021	2022
in respect of the prior year ( <i>in euros</i> )	-	-
interim dividend for the current year ( <i>in euros</i> )	-	-

## Note 7 • Financing and financial instruments

### 7.1 Net debt

Loans and other borrowings include interest-bearing bank loans, bonds and bonds convertible and/or exchangeable into new or existing shares (OCEANE).

Borrowings are classified as current liabilities for the portion to be repaid within 12 months of the reporting date and as non-current liabilities for payments due in more than 12 months.

Borrowings are initially recorded at fair value less any directly attributable transaction costs. These costs (loan issue expenses and premiums) are taken into account in the calculation of the amortized cost using the effective interest rate method, and are recognized in net financial income or loss on an actuarial basis over the term of the liability.

At each reporting date, financial liabilities are then measured at amortized cost using the effective interest rate method, and also subject to specific procedures associated with hedge accounting (see below).

Cash and cash equivalents consist of current bank account balances and marketable securities (units in short-term cash UCITS and mutual and investment funds) that are immediately available (i.e., not pledged), risk-free and have extremely low volatility.

	12/31/2021			12/31/2022		
	Total	Non-current	Current	Total	Non-current	Current
<b>Bonds</b>	1,164,259	1,164,259	-	1,135,486	1,135,486	-
Bank borrowings	223,912	222,485	1,427	233,016	230,257	2,759
Other borrowings	185,363	537	184,826	308,004	1,451	306,553
Short-term bank facilities	3,409	-	3,409	4,815	-	4,815
<b>Total current and non-current loans and borrowings</b>	<b>1,576,943</b>	<b>1,387,281</b>	<b>189,662</b>	<b>1,681,321</b>	<b>1,367,194</b>	<b>314,127</b>
Marketable securities	293,729	-	293,729	299,822	-	299,822
Cash at bank and in hand	326,744	-	326,744	251,782	-	251,782
<b>Cash and cash equivalents</b>	<b>620,474</b>	<b>-</b>	<b>620,474</b>	<b>551,603</b>	<b>-</b>	<b>551,603</b>
<b>NET DEBT</b>	<b>956,469</b>	<b>1,387,281</b>	<b>(430,812)</b>	<b>1,129,718</b>	<b>1,367,194</b>	<b>(237,476)</b>

#### 7.1.1 BONDS

<i>In € millions</i>	Nominal amount	Maturity	Face rate	Effective rate	Amount in the SOFP as at December 31, 2022
Bond issue – June 2021 <sup>(a)</sup>	1,023	June 2026	8.500%	5.00%	1,135
<b>TOTAL</b>	<b>1,023</b>				<b>1,135</b>

(a) Includes a redemption option for the borrower exercisable from June 30, 2023.

The bonds were issued on the date of the financial restructuring by way of set-off against a portion of the Restructured Residual Claims. For information, the fair value (mark-to-market) of this bond was €1,024 million as at December 31, 2022.

The bond indenture specifically includes a change-of-control clause that could trigger mandatory early redemption of the bonds at the request of each bondholder in the event of a change of control of Vallourec (in favor of a person or a group of people acting in concert) leading to a downgrade in its credit rating.

In addition, this bond may be subject to a request for early redemption by the bondholder or Vallourec, as appropriate, should any of the common default scenarios for this type of transaction occur, or when there has been a change in Vallourec's situation or in tax regulations.

#### 7.1.2 BANK BORROWINGS

Bank borrowings consist mainly of drawdowns on the State-guaranteed loans granted to Vallourec SA for €220 million (see Note 7.1.5).

### 7.1.3 OTHER BORROWINGS

Other financial liabilities primarily correspond to an ACC (Advance on Exchange Contract) and ACE (Advance on Deposits) program in Brazil.

The ACC and ACE program was arranged in relation to Vallourec Soluções Tubulares do Brasil and is used to finance its export operating requirements. As at December 31, 2022, this program represented €282 million.

### 7.1.4 BREAKDOWN BY CURRENCY, INTEREST RATE AND MATURITY OF LOANS AND OTHER BORROWINGS

#### Debt by currency

	12/31/2021	%	12/31/2022	%
USD	134,643	9%	228,490	14%
EUR	1,430,546	91%	1,439,781	86%
BRL	10,349	1%	11,629	1%
Other	1,405	0%	1,421	0%
<b>TOTAL</b>	<b>1,576,943</b>	<b>100%</b>	<b>1,681,321</b>	<b>100%</b>

#### Breakdown by maturity of loans and other borrowings

	12/31/2021	12/31/2022
< 3 months	43,047	274,183
> 3 months and < 1 year	146,615	39,944
> 1 year	2,066	1,102
> 2 years	1,212	3,310
> 3 years	2,617	1,136,889
> 4 years	1,165,739	221,546
5 years and beyond	215,647	4,347
<b>TOTAL</b>	<b>1,576,943</b>	<b>1,681,321</b>

#### Debt by interest rate

	12/31/2021	%	12/31/2022	%
Fixed rate	1,572,859	100%	1,677,552	100%
Variable rate	4,083	0%	3,769	0%
<b>TOTAL</b>	<b>1,576,943</b>	<b>100%</b>	<b>1,681,321</b>	<b>100%</b>

### 7.1.5 CREDIT FACILITIES AND COVENANTS

#### Vallourec SA credit facilities

Confirmed credit facilities (in € millions)	Nominal amount	Maturity	Face rate	Effective rate	Amount drawn as at 12/31/2022	IFRS value as at 12/31/2022
State-guaranteed loans – June 2021 <sup>(a)</sup>	262	June 2027	1.837%	6.00%	262	220
Committed credit facility – June 2021	462	June 2026	5.00%	5.00%	-	-
<b>TOTAL</b>	<b>724</b>				<b>262</b>	<b>220</b>

(a) The initial maturity of the State-guaranteed loans was June 30, 2022, but Vallourec had an option to extend them to June 30, 2027. Vallourec exercised this extension option and the State-guaranteed loans now have a maturity date of June 30, 2027. The face interest rate of these loans is 1.8370% (including the fee for the guarantee).

A change of control at Vallourec could trigger repayment of all or part of its committed credit facility and its State-guaranteed loans ("the credit"), as decided by each participating bank. The agreements also stipulate that the entire credit will be immediately due and payable if

the Group defaults on one of its debt obligations (cross default), or in case of a major event with consequences for the Group's business or financial position and/or its ability to repay its debt.

## Covenant

The €462 million committed credit facility includes a banking covenant stipulating that Vallourec's gearing ratio must not exceed 100%. The gearing ratio is defined as the ratio of consolidated net debt (including financial lease debt) to consolidated equity, adjusted for gains and losses on derivatives and foreign currency translation differences (exchange differences on translating net assets of consolidated foreign subsidiaries).

The adjusted debt covenant ("banking covenant") will be tested on a trailing 12-month basis on December 31 of each year, with the first test scheduled for end-2023.

A breach of the banking covenant could trigger the mandatory early repayment of the credit facility and redemption of the bonds (see Note 11.2).

## Credit facility set up for certain US subsidiaries

On November 7, 2022, a confirmed credit facility of USD 210 million maturing on November 7, 2027 was granted by four leading international banks to certain US subsidiaries of the Vallourec Group – Vallourec Star, VAM USA and Vallourec USA – all three of which are wholly and indirectly owned by Vallourec SA. This credit facility can also be used in the form of letters of credit up to a maximum aggregate amount of USD 20 million.

This "asset-based" credit facility is secured by inventories and trade receivables held by the borrowing companies. Vallourec SA also provides a parent company guarantee to the lenders.

As of December 31, 2022, USD 8.6 million of this facility had been used, exclusively in the form of letters of credit. However, no drawdowns had been made for financing purposes.

### 7.1.6 NET FINANCIAL INCOME (LOSS)

	2021	2022
<b>INTEREST INCOME</b>		
Income from marketable securities	6,496	6,187
Proceeds from disposals of marketable securities	(2,271)	815
<b>Total</b>	<b>4,225</b>	<b>7,002</b>
<b>Interest expense</b>	<b>(151,253)</b>	<b>(101,884)</b>
<b>Net interest expense</b>	<b>(147,028)</b>	<b>(94,882)</b>
<b>OTHER FINANCIAL INCOME AND EXPENSES</b>		
Income from securities, loans and receivables	1,340	1,237
Exchange (losses) and gains and impact of contango/backwardation	(6,666)	(7,798)
Additions to provisions, net of reversals	(157)	(16,860)
Other financial income and expenses	(39,799)	9,735
Net expense attributable to financial restructuring	(41,474)	0
<b>Total</b>	<b>(86,756)</b>	<b>(13,686)</b>
<b>Interest expenses on leases</b>	<b>(23,890)</b>	<b>(8,986)</b>
<b>OTHER DISCOUNTING EXPENSES</b>		
Financial expense on discounting pension obligations	(2,152)	(460)
Financial income on discounting assets and liabilities	23,410	6,563
<b>Total</b>	<b>21,258</b>	<b>6,103</b>
<b>NET FINANCIAL INCOME (LOSS)</b>	<b>(236,416)</b>	<b>(111,451)</b>

The addition to provisions for financial risks mainly covers the impairment recognized against the financial receivable owed by Vallourec Umbilicals.

## 7.1.7 RECONCILIATION WITH FINANCIAL LIABILITIES IN THE STATEMENT OF CASH FLOWS

	12/31/ 2021	Translation difference	Proceeds from new borrowings	Repayments of borrowings	Financial restructuring	Current/ non-current reclassifications and other	12/31/ 2022
Non-current financial liabilities	1,387,281	2,152	23,456	(29,443)	-	(16,252)	1,367,194
Current financial liabilities	189,662	16,512	120,260	(12,076)	-	(231)	314,127
<b>Financial liabilities (1)</b>	<b>1,576,943</b>	<b>18,664</b>	<b>143,716</b>	<b>(41,519)</b>	<b>-</b>	<b>(16,483)</b>	<b>1,681,321</b>
<b>Impact of hedging instruments and other (2)</b>			<b>(1,774)</b>	<b>-</b>			
<b>TOTAL (1) + (2)</b>			<b>141,942</b>	<b>(41,519)</b>			
Change in financial liabilities in the statement of cash flows			141,942	(41,519)			

	12/31/ 2020	Translation difference	Proceeds from new borrowings	Repayments of borrowings	Financial restructuring	Current/ non-current reclassifications and other	12/31/ 2021
Non-current financial liabilities	1,750,527	1,508	7,329	(307,946)	(1,326,833)	1,262,696	1,387,281
Current financial liabilities	1,852,984	4,555	57,302	(462,264)	(54,037)	(1,208,878)	189,662
<b>Financial liabilities (1)</b>	<b>3,603,511</b>	<b>6,063</b>	<b>64,631</b>	<b>(770,210)</b>	<b>(1,380,870)</b>	<b>53,818</b>	<b>1,576,943</b>
<b>Impact of hedging instruments and other (2)</b>	<b>-</b>	<b>-</b>	<b>599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (1) + (2)</b>	<b>-</b>	<b>-</b>	<b>65,230</b>	<b>(770,210)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in financial liabilities in the statement of cash flows			65,229	(770,210)	-		

Cash inflows and outflows related to financial liabilities in 2022 and 2021 mainly concerned drawdowns and repayments of short-term credit lines such as the ACC ACE lines (Note 7.1.3).

## 7.1.8 FINANCIAL OFF-BALANCE SHEET COMMITMENTS

Financial off-balance sheet commitments received amounted to €8 million as at December 31, 2022, compared with €4 million as at December 31, 2021, and primarily corresponded to guarantees received.

	12/31/2021	12/31/2022	< 1 year	1 to 5 years	> 5 years
Market guarantees and letters of credit given	92,008	199,700	73,237	122,468	3,995
<b>TOTAL</b>	<b>92,008</b>	<b>199,700</b>	<b>73,237</b>	<b>122,468</b>	<b>3,395</b>

## 7.2 Other financial liabilities

Other financial liabilities consist primarily of lease liabilities and derivatives (see Note 7.5.3 for a description of the related accounting principles).

At the inception of a lease, a lease liability is recognized in an amount equal to the present value of the lease payments over the term of the lease. The amounts included in measuring the lease liability are:

- fixed lease payments (including in-substance fixed payments);
- variable lease payments that depend on a rate or an index, initially measured using the rate or index at lease inception;
- payments to be made by the lessee under residual value guarantees;

- penalties to be paid for terminating or not renewing the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Discount rates are calculated individually over the ultimate term of the lease.

Lease liabilities are increased by interest expense as determined by applying the discount rate to the liabilities at the start of the period, less any payments made.

	12/31/2021			12/31/2022		
	Total	Non-current	Current	Total	Non-current	Current
Lease liabilities	67,728	50,325	17,403	70,379	50,622	19,757
Call option on non-controlling interests	-	-	-	-	-	-
Derivatives	26,047	-	26,047	35,522	-	35,522
<b>TOTAL</b>	<b>93,775</b>	<b>50,325</b>	<b>43,450</b>	<b>105,901</b>	<b>50,622</b>	<b>55,279</b>

#### MATURITY SCHEDULE

	> 1 year	> 2 years	> 3 years	> 4 years	5 years and beyond	Total
Lease liabilities	19,806	11,331	5,867	4,806	8,812	50,622

### 7.3 Other financial assets

	12/31/2021			12/31/2022		
	Total	Non-current	Current	Total	Non-current	Current
Loans	3,032	2,750	282	2,852	2,621	231
Other	85,444	69,936	15,508	68,836	62,093	6,743
Derivatives	4,253	-	4,254	33,731	-	33,731
Other financial assets	5,199	4,863	335	17,838	17,760	78
<b>TOTAL</b>	<b>97,928</b>	<b>77,549</b>	<b>20,379</b>	<b>123,257</b>	<b>82,474</b>	<b>40,783</b>

### 7.4 Financial instruments

#### 7.4.1 FINANCIAL ASSET AND LIABILITY ACCOUNTING MODEL

Financial assets include:

- non-current financial assets: other equity interests and associated receivables, construction participation loans, and guarantees;
- current financial assets, including trade and other operating receivables, short-term derivative instruments and cash and cash equivalents (marketable securities).

#### Initial measurement

Non-derivative financial assets are initially measured at fair value plus transaction costs on the transaction date, except for financial assets measured at fair value through profit or loss.

In most cases, fair value on the transaction date represents the historical cost, (i.e., the acquisition cost of the asset).

#### Classification and measurement at the end of each reporting period

Financial assets (excluding hedging derivatives) are classified according to IFRS 9 in one of the following three categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through profit or loss.

Classification is based on:

- the Group's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

## Financial assets at amortized cost

These financial assets meet the following two conditions:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In the Group, this category includes:

- receivables associated with participating interests, long-term loans and construction participation loans;
- trade and other operating receivables.

The amortized cost of short-term receivables such as trade receivables is usually equal to their historical cost.

Loans to employees are measured using the effective interest rate method applied to estimated future cash flows until the maturity dates of the loans.

## Financial assets at fair value through other comprehensive income

This concerns the following financial assets:

1. Instruments resulting in cash flows that correspond solely to payments of principal and interest on the principal amount outstanding (SPPI instruments) and which are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

This line item essentially includes bonds and futures.

When a financial asset is derecognized, the cumulative loss or gain that was previously recorded under other comprehensive income (loss) is reclassified from equity to the income statement.

Interest as calculated according to the amortized cost method along with impairment losses are recorded in the income statement.

2. Equity instruments classified as at fair value through other comprehensive income using the fair value option.

Changes in the fair value of such instruments are recorded directly in equity and may not be recycled to income. Interest as calculated according to the amortized cost method along with impairment losses are recorded in the income statement.

In the Group, the main assets in this category are investments in equity instruments, generally:

- unlisted shares whose fair value cannot be reliably estimated. These are recorded at cost and tested for impairment at the end of each reporting period;
- listed shares which are measured at their fair value at the reporting date. This fair value is determined based on the stock market price at the reporting date.

## Financial assets at fair value through profit or loss

This category includes financial assets that are not measured at amortized cost or through other comprehensive income.

They are primarily certain cash assets (marketable securities, cash and cash equivalents, etc.) and derivatives with a positive fair value that have not been expressly designated as hedging instruments (security deposits and guarantees).

These cash assets are measured at fair value at the reporting date, and changes in fair value are recognized in net financial income (loss). Accordingly, they are not tested for impairment. Fair value is determined mainly by reference to market quotations.

## Impairment assessment model for financial assets

At initial recognition, financial assets at amortized cost and at fair value through other comprehensive income (debt instruments) are written down according to the credit losses expected over the life of the asset. At each reporting date, the Group assesses whether there has been a significant increase in the credit risk associated with a financial instrument since initial recognition. This assessment is based on the change in credit risk over the expected term of the financial instrument.

Vallourec uses several criteria to determine whether the credit risk has increased, including the counterparty credit rating and an assessment of the level of risk.

The amounts recognized in the statement of financial position are based on the measurement methods used for each financial instrument.

December 31, 2022	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value of hedging instruments	Total	Fair value
<b>ASSETS</b>						
Trade and other receivables	768,536	-	-	-	768,536	768,536
Other current and non-current financial assets	71,557	-	17,969	33,731	123,257	123,257
Other current and non-current assets	316,109	-	-	-	316,109	316,109
Cash and cash equivalents	-	551,603	-	-	551,603	551,603
<b>Total financial assets</b>	<b>1,156,202</b>	<b>551,603</b>	<b>17,969</b>	<b>33,731</b>	<b>1,759,505</b>	<b>1,759,505</b>
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,598,375</b>	<b>3,598,375</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,357,880</b>	<b>5,357,880</b>
<b>LIABILITIES</b>						
Borrowings	1,681,321	-	-	-	1,681,321	1,569,508
Trade payables	786,918	-	-	-	786,918	786,918
Other current and non-current financial liabilities	70,379	-	-	35,522	105,901	105,901
Other current and non-current liabilities	336,909	-	-	-	336,909	336,909
<b>Total financial liabilities</b>	<b>2,875,527</b>	<b>-</b>	<b>-</b>	<b>35,522</b>	<b>2,911,049</b>	<b>2,799,236</b>
<b>Total non-financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,446,832</b>	<b>2,446,832</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,357,880</b>	<b>5,246,068</b>

December 31, 2021	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value of hedging instruments	Total	Fair value
<b>ASSETS</b>						
Trade and other receivables	570,507	-	-	-	570,507	570,507
Other current and non-current financial assets	88,669	-	5,006	4,253	97,928	97,928
Other current and non-current assets	243,123	-	-	-	243,123	243,123
Cash and cash equivalents	-	620,474	-	-	620,474	620,474
<b>Total financial assets</b>	<b>902,299</b>	<b>620,474</b>	<b>5,006</b>	<b>4,253</b>	<b>1,532,032</b>	<b>1,532,032</b>
<b>Total non-financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,216,189</b>	<b>3,216,189</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,748,221</b>	<b>4,748,221</b>
<b>LIABILITIES</b>						
Borrowings	1,576,943	-	-	-	1,576,943	1,425,232
Trade payables	601,000	-	-	-	601,000	601,000
Other current and non-current financial liabilities	67,727	-	-	26,047	93,775	93,775
Other current and non-current liabilities	318,749	-	-	-	318,749	318,749
<b>Total financial liabilities</b>	<b>2,564,420</b>	<b>-</b>	<b>-</b>	<b>26,047</b>	<b>2,590,467</b>	<b>2,438,756</b>
<b>Total non-financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,157,754</b>	<b>2,157,754</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,748,221</b>	<b>4,596,510</b>

### 7.4.2 FAIR VALUE HIERARCHY

Financial instruments measured at fair value are classified by category on the basis of their measurement method. Fair value is measured as follows:

- level 1: on the basis of prices quoted on an active market;
- level 2: on the basis of observable financial market inputs other than quoted prices (yield curve, forward prices, etc.);
- level 3: on the basis of an internal model using unobservable inputs.

	12/31/2021			12/31/2022		
	Carrying amount	Fair value	Level	Carrying amount	Fair value	Level
<b>ASSETS</b>						
Other current and non-current financial assets (other investments in equity instruments)	5,215	5,215	2	17,969	17,969	2
Other current and non-current financial assets (derivative instruments)	4,253	4,253	2	33,731	33,731	2
Cash and cash equivalents	620,474	620,474	1	551,603	551,603	1
<b>LIABILITIES</b>						
Other current and non-current financial liabilities (derivative instruments)	26,047	26,047	2	35,522	35,522	2

### 7.4.3 HEDGE ACCOUNTING

The measurement and recognition of financial instruments are governed by IFRS 9.

#### Group exposure to foreign exchange risk on commercial transactions

In addition to the hedging of certain financial liabilities, the Group enters into hedging contracts mainly to manage its exposure to foreign exchange risks arising from orders taken and sales made by certain subsidiaries in currencies other than their functional currency. In particular, a significant portion of Vallourec's revenue is invoiced by European companies in US dollars. Fluctuations in the EUR/USD exchange rate may therefore affect the Group's operating margin.

The Group manages its exposure to foreign exchange risk by setting up hedges based on regularly updated forecasts of customer orders. Operating receivables and revenue that will be generated by the orders are therefore hedged by financial instruments, mainly forward currency sales.

To a lesser extent, the Group also enters into forward currency purchases to hedge its foreign currency purchase commitments.

#### Measurement and presentation of derivatives

Changes in the value of derivatives since they were initially put in place are measured at each reporting date.

The fair value of forward currency contracts is calculated on the basis of market data and conditions. Since they hedge commercial transactions, these derivatives are presented on the statement of financial position under current assets and current liabilities.

#### Hedge accounting

Hedges of commercial transactions fall within the category of cash flow hedges.

The Group applies hedge accounting in strict compliance with the criteria of IFRS 9:

- documentation of the hedging relationship: nature of the underlying hedged item, term of the hedge, hedging instrument used, spot rate of the hedge, forward points, etc.; and
- in the case of cash flow hedges, an effectiveness test is carried out at hedge inception and at least at each quarter-end.

Hedge accounting within the Group is as follows:

At the reporting date, changes in the hedging instrument since inception are measured at fair value and recognized in the statement of financial position as derivatives with a positive or negative fair value.

The currency impact (difference between the spot rate on the date the hedge is set up and the spot rate at the measurement date, i.e., the period-end) is presented separately.



If the hedge is effective, and as long as the hedged revenue (or purchase) is not recognized, the change in the fair value of the hedging instrument attributable to the currency impact is recognized under other comprehensive income in accordance with the principles of cash flow hedge accounting.

If the hedge is ineffective (a rare occurrence, given the procedures introduced by the Group), the change in the fair value of the hedging instrument attributable to the currency impact is recognized in the income statement, under net financial income or loss.

### Change in the fair value of the hedging instrument attributable to the interest rate impact (premium/discount)

The Group has chosen to recognize this change in net financial income or loss, since this component is not included in the hedging relationship.

The revenue (purchase) corresponding to the sales forecasts (purchase orders) hedged is recognized at the spot rate at hedge inception. The trade receivable (trade payable) is initially recognized at the same spot rate.

At the end of each reporting period, hedged foreign currency trade receivables and payables are recognized and measured at the exchange rate applicable on the reporting date. The difference between that rate and the rate used on initial recognition (spot rate at hedge inception) or the rate applicable on the last reporting date constitutes an exchange gain or loss which is recognized in net financial income or loss for the period.

Once the hedged item (foreign currency receivable or payable) is recorded on the statement of financial position, the change in the fair value of the hedging instrument attributable to the currency impact and previously recognized in equity is recorded in net financial income or loss. Changes in the fair value of the hedging instrument and the receivable or payable hedged have a symmetrical impact on net financial income or loss.

During 2022, the Group did not make any significant changes to the classification of financial instruments, and there were no significant transfers between different levels of the fair value hierarchy.

As at December 31, 2022, hedging instruments had a net negative fair value of €1.8 million, versus a net negative fair value of €21.8 million as at December 31, 2021.

Fluctuations in the euro against the US dollar in 2022 account for most of the positive €13.3 million change in the currency impact of hedges of forecast sales and purchases in foreign currencies.

Financial instruments of a speculative nature remain exceptional and are only entered into when a hedging relationship is ineffective under the terms of IFRS 9. Changes in the fair value of these instruments do not have a material impact on foreign exchange gains or losses.

	Accounting classification	OCI reserves <sup>(a)</sup>	12/31/2022	12/31/2021
Currency forward contracts on commercial transactions	Cash flow hedge	13,353	(1,454)	(14,810)
Currency forward contracts on commercial transactions	Fair value hedge	(22)	(2,250)	(7,063)
Currency forward contracts on financial transactions	Fair value hedge	-	1,573	(201)
Hedging instruments set up in the context of employee share ownership plans	Fair value hedge	12	342	279
<b>Sub-total derivatives</b>		<b>13,344</b>	<b>(1,789)</b>	<b>(21,795)</b>
<i>Of which derivatives – positive fair value</i>		-	33,731	4,253
<i>Of which derivatives – negative fair value</i>		-	(35,522)	(19,056)
<i>Of which net derivatives – reclassified as held for sale</i>		-	0	(6,992)
Receivables (payables) used for commercial hedges	Cash flow hedge	(670)	(4,390)	(3,720)
Receivables (payables) used for commercial hedges	Fair value hedge	-	(785)	(1,848)
<b>TOTAL</b>		<b>12,674</b>	<b>(6,964)</b>	<b>(27,363)</b>

(a) Assets and liabilities presented in this table are offset: + = positive fair value, () = negative fair value.

The change in the fair value of financial instruments hedging foreign exchange risk, which affected equity as at December 31, 2021, was a negative €14.8 million. In 2022, around 66% of the negative change in fair value associated with the order book and commercial tenders at the end of 2021 was transferred from equity to the income statement,

under “Group translation gain/loss”. This amount represents the impact of the changes in the fair value of foreign exchange hedges on the order book and commercial tenders as at December 31, 2021, which were fully or partially unwound or converted into receivables during 2022.

This impact corresponds mainly to hedges of US dollar receivables.

	Accounting classification	OCI reserves <sup>(a)</sup>	12/31/2021	12/31/2020
Currency forward contracts on commercial transactions	Cash flow hedge	(35,920)	(14,810)	20,885
Currency forward contracts on commercial transactions	Fair value hedge	33	(7,063)	1,187
Currency forward contracts on financial transactions	Fair value hedge	-	(201)	398
Hedging instruments set up in the context of employee share ownership plans	Fair value hedge	17	279	398
<b>Sub-total derivatives</b>		<b>(35,870)</b>	<b>(21,795)</b>	<b>22,868</b>
<i>Of which derivatives – positive fair value</i>		-	4,253	36,947
<i>Of which derivatives – negative fair value</i>		-	(19,056)	14,079
		-	(6,992)	-
Receivables (payables) used for commercial hedges	Cash flow hedge	(4,008)	(3,720)	289
Receivables (payables) used for commercial hedges	Fair value hedge	-	(1,848)	(524)
<b>TOTAL</b>		<b>(39,878)</b>	<b>(27,363)</b>	<b>22,633</b>

(a) Assets and liabilities presented in this table are offset: + = positive fair value, () = negative fair value.

The change in the fair value of financial instruments hedging foreign exchange risk, which affected equity as at December 31, 2020, was a positive €20.9 million. In 2021, around 88% of the positive change in fair value associated with the order book and commercial tenders at the end of 2020 was transferred from equity to the income statement, under “Group translation gain/loss”. This amount represents the

impact of the changes in the fair value of foreign exchange hedges on the order book and commercial tenders as at December 31, 2020, which were fully or partially unwound or converted into receivables during 2021. This impact corresponds mainly to hedges of receivables in US dollars, which represented nearly all of the hedges with an impact on equity as at December 31, 2021.

#### 7.4.4 FINANCIAL RISK MANAGEMENT

Market risk is comprised of interest rate, foreign exchange (translation and transaction risk), liquidity, credit and equity risk.

##### Foreign currency translation risk

The assets, liabilities, income and expenses of the Group’s subsidiaries are expressed in various currencies. The Group’s financial statements are presented in euros. The assets, liabilities, income and expenses denominated in currencies other than the euro have to be translated into euros at the applicable rate so that they can be consolidated.

If the euro rises (or falls) against another currency, the value in euros of the various assets, liabilities, income and expenses initially recognized in that other currency will fall (or rise). Therefore, changes in the value of the euro may have an impact on the euro value of assets, liabilities, income and expenses not denominated in euros, even if the value of these items in their original currency has not changed.

##### Liquidity risk

The Group’s financial resources include financing with banks and on the capital markets.

The vast majority of bank financing was arranged in Europe through Vallourec SA, and to a lesser extent through the Group’s subsidiaries in Brazil and China.

As part of its financial restructuring, Vallourec SA restructured all of its financial liabilities on June 30, 2021. The financial restructuring

In 2022, a large portion of net income Group share was generated by subsidiaries that prepare their financial statements in currencies other than the euro (mainly in US dollars and Brazilian real). A 10% change in exchange rates would have increased or decreased net income Group share by around €47 million.

In addition, the Group’s sensitivity to long-term foreign exchange rate risk is reflected by previous changes in the foreign currency translation reserves deducted from equity (€751.4 million negative impact as at December 31, 2022) which, in recent years, were mainly attributable to changes in the US dollar and Brazilian real.

Foreign currency translation reserves are detailed in Note 6.1.

reduced gross debt by €1.7 billion and refinanced the residual debt by means of new debt instruments with a maturity of five years (or a maturity of less than five years that can be extended until June 30, 2027 at the initiative of the borrower).

Vallourec SA’s €462 million credit facility, which remained undrawn as at December 31, 2022, is not subject to any securities or guarantees, and ranks *pari passu* with its State-guaranteed loans and bonds. Bond financing is arranged exclusively by Vallourec SA.

In addition, on November 7, 2022, confirmed financing of USD 210 million maturing on November 7, 2027 was put in place for the benefit of the main US subsidiaries – Vallourec Star, VAM USA and Vallourec USA Corp – which are all wholly and indirectly owned by Vallourec SA. This asset-based loan is secured by (i) trade receivables and inventories held by these companies and (ii) a parent company guarantee given to the lenders by Vallourec SA. A total of USD 20 million can be used in the form of letters of credit. As of December 31, 2022, USD 8.6 million of this asset-based loan had been used in the form of letters of credit but no drawdowns had been made for financing purposes.

## Transaction risk

The Group is subject to foreign exchange risks owing to its exposure to the sale and purchase transactions entered into by some of its subsidiaries in currencies other than their functional currency.

The main foreign currency concerned is the US dollar (USD), since a significant portion of the Group's transactions (approximately 26.51% of consolidated revenue in 2022) is invoiced in US dollars by companies whose functional currency is not the US dollar.

Exchange rate fluctuations between the euro, the Brazilian real (BRL) and the US dollar may therefore affect the Group's operating margin. However, the impact of such fluctuations is very difficult to quantify for two reasons:

1. there is an adjustment mechanism on sales prices denominated in US dollars which is related to market conditions in the various industries in which Vallourec operates;
2. certain sales and purchases are influenced by the price of the US dollar, even though they are denominated in euros or Brazilian real. They are therefore indirectly, and at some point in the future, affected by movements in the US currency.

The Group actively manages its exposure to foreign exchange risk to reduce the sensitivity of its earnings to currency fluctuations. Forex exposure is managed by setting up hedges as soon as orders are placed and sometimes when a quotation is given.

As at December 31, 2022, forward foreign exchange contracts hedging purchases and sales denominated in foreign currencies concerned the following amounts:

Hedging contracts with regard to commercial transactions – Foreign exchange risk	12/31/ 2021	12/31/2022
Forward exchange contract – forward sales	908,776	1,332,907
Forward exchange contract – forward purchases	37,098	95,701
<b>TOTAL</b>	<b>945,874</b>	<b>1,428,608</b>

## Contract maturities as at December 31, 2022

Contracts on commercial transactions	Total	< 1 year	1 to 5 years	> 5 years
Forward exchange contract – forward sales	1,332,907	1,330,558	2,349	-
Forward exchange contract – forward purchases	95,701	95,701	-	-
<b>TOTAL</b>	<b>1,428,608</b>	<b>1,426,259</b>	<b>2,349</b>	<b>-</b>

In 2022, forward sales – corresponding mainly to sales of US dollars (€1,332 million out of €1,428 million) – were carried out at an average short and medium-term forward rate of EUR/USD 1.1 and USD/BRL of 5.68.

In addition to bank financing, the Group has sought to diversify its funding sources by using market financing. For example, Vallourec SA launched a commercial paper program on October 12, 2011 to meet its short-term needs. The program has a €1 billion ceiling. Vallourec SA did not issue any commercial paper during the year.

As at December 31, 2022, Vallourec SA had no outstanding commercial paper. This commercial paper program has a short-term rating of B from Standard & Poor's.

Orders, receivables, payables and operating cash flows are hedged using financial instruments, mainly forward purchases and sales.

Order cancellations could therefore result in the cancellation of existing hedges, leading to the recognition in the consolidated income statement of gains and losses with regard to these canceled hedges.

We estimate that a 10% rise or fall in the currencies used in all hedges arranged by the Group would result in a €74 million decrease or increase in the currency impact recognized in consolidated equity as at December 31, 2022. Most of these amounts would be due to changes in the US dollar against the euro.

To be eligible for hedge accounting as defined under IFRS 9, the Group has developed cash management and invoicing systems to facilitate the traceability of hedged transactions throughout the term of the hedging instruments.

In addition to hedges of commercial transactions, the Group has entered into hedging contracts for financial loans and receivables denominated in foreign currencies:

- forward purchases for USD 65.4 million (€61.4 million);
- forward sales for GBP 39.8 million (€44.9 million);
- forward purchases for RMB 425 million (€57.8 million);
- forward purchases for MXN 230.6 million (€11.1 million);
- forward sales for BRL 145.0 million (€25.7 million).

### Interest rate risk

Management of medium- and long-term financing within the eurozone is centralized at Vallourec SA.

The breakdown of debt between fixed and variable rates is presented in Note 7.1.4.

Loans initially contracted at fixed rates primarily consist of the bonds issued by Vallourec SA (see Note 7.1), and the State-guaranteed loans granted to Vallourec SA.

### Credit risk

The Group is subject to credit risk on unimpaired financial assets whose non-recovery could affect the Company's earnings and financial position.

The Group has identified four main types of receivables that have these characteristics:

- loans granted to Group employees as part of the 1% construction lending scheme;
  - security deposits paid in connection with tax disputes and tax receivables due to the Group in Brazil;
  - trade and other receivables;
  - derivatives with a positive fair value.
1. Loans granted to Group employees as part of the 1% construction lending scheme: these loans do not expose the Group to any credit risk since the full amount of the loan is written off as soon as there is any delay in the collection of the amounts due. It should be noted that these loans are valued using the effective interest rate method applied to the cash flows expected through to maturity (contractual interest rates may be lower).
  2. Security deposits and tax receivables due to the Group in Brazil: there is no specific risk in respect of these receivables even if the outcome of the disputes is unfavorable, since the risk has already been assessed and a provision recognized in respect of the related receivables; the funds have already been paid in full or in part.

These instruments are intended to hedge either debt denominated in USD, or the foreign currency loans set up by the financial holding company Vallourec Tubes in the currency of the subsidiaries receiving them. The forward purchases and sales mature at various times in 2023, as and when the hedged loans and borrowings mature.

Other than its foreign-currency-denominated borrowings, the Group does not hedge any of the other foreign currency assets and liabilities in its consolidated statement of financial position (foreign currency translation risks).

Debt contracted at an interest rate higher than 6% corresponds to the €1,023 million bond issue.

Debt initially contracted at a fixed rate of less than 3% relates to the €262 million State-guaranteed loan.

As at December 31, 2022, borrowings exposed to changes in variable interest rates amounted to €3.8 million (around 0.2% of total gross debt).

3. Derivatives with a positive fair value: the Group only deals with highly-rated counterparties and the credit risk is therefore not considered to be significant.
4. Trade and other receivables: the Group's impairment policy is to recognize a provision whenever there is an indication of impairment. The impairment loss is equal to the difference between the carrying amount of the asset and the present value of expected future cash flows, taking into account the situation of the counterparty.

The Group considers that, as at December 31, 2022, there is no reason to assume that there is any risk in respect of unimpaired receivables which are less than 90 days past due. Unimpaired trade receivables more than 90 days past due amounted to €156 million as at December 31, 2022, or 21% of the Group's total net trade receivables.

The Group considers that the risk is limited given its existing customer risk management procedures, which include:

- the use of credit insurance and documentary credits;
- the long-standing nature of its commercial relations with its major customers;
- the collection policy for its trade receivables.

The Group remains subject to country risk, which could impact the payment of some of its receivables.

As at December 31, 2022, trade receivables not yet due amounted to €614 million, or 81.3% of total net trade receivables.

The maturities of these trade receivables are as follows In € thousands:

As at December 31, 2022	0 to 30 days	30 to 60 days	60 to 90 days	90 to 180 days	>180 days	Total
Gross	522,936	136,990	13,525	24,342	72,100	769,893
Impairment	(4,139)	(7,955)	(214)	(735)	(1,973)	(15,016)
<b>Total net trade receivables</b>	<b>518,797</b>	<b>129,035</b>	<b>13,311</b>	<b>23,607</b>	<b>70,127</b>	<b>754,877</b>
Advances and prepayments to suppliers						69,585
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>						<b>824,462</b>

## Equity risk

Treasury shares held by the Group are recognized at their acquisition cost as a deduction from equity. Proceeds from the sale of these shares are recognized directly as an increase in equity such that the corresponding disposal gains or losses do not affect consolidated net income (loss).

Treasury shares held by the Group as at December 31, 2022 include shares allocated for share awards to certain members of the Group's staff, executive management or corporate officers.

Vallourec holds 148,925 treasury shares acquired after the definitive allocation of 38,739 shares in 2022 under the various performance share plans.

To the best of its knowledge, the Group had no other exposure to equity risk as at December 31, 2022.

## Note 8 • Employee benefits

The Group participates in the funding of supplementary retirement plans and other long-term employee benefits in accordance with obligations under law or usual practice. The Group offers these benefits by means of either defined contribution or defined benefit plans.

In the case of defined contribution plans, the Group's only obligation is the payment of premiums. Contributions paid into the plans are recognized as expenses for the period. Where applicable, provisions are recognized for outstanding contributions at the reporting date.

Provisions are recognized for retirement commitments and similar obligations arising from defined benefit plans and are measured based on an actuarial calculation performed at least once a year by independent actuaries. The projected unit credit method is applied as follows: each period of service creates an additional unit of benefit entitlement, and each of these units is measured separately to determine the Group's employee benefit obligations.

The calculations take into account the specific features of the various plans and assumptions as to the retirement date, career advancement, salary increases, as well as the probability of the employee still being employed by the Group at retirement age (turnover rates, mortality tables, etc.). The obligation is discounted based on the yield on long-term **bonds** of prime issuers.

Retirement commitments and similar obligations mainly relate to the Group's French subsidiaries and its subsidiaries in Germany, the United Kingdom, the United States and Brazil. Other employee and similar benefits for which the Group recognizes provisions are:

- in the case of French and foreign subsidiaries, benefits in connection with long-service awards;
- in the case of certain subsidiaries in the United States and Brazil, coverage of medical expenses. The obligation is presented in the statement of financial position, net of the fair value of plan assets, if any.

	Germany		France		United Kingdom		Other		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Retirement benefits	258,253	195,506	22,751	14,178	101,766	66,157	85,881	82,177	468,651	358,018
Early retirement commitments	37,000	26,255	-	-	-	-	-	-	37,000	26,255
Long-service awards and medical benefits	14,419	-	1,173	657	-	-	12,961	3,438	28,553	4,095
<b>Present value of the obligation</b>	<b>309,672</b>	<b>221,761</b>	<b>23,924</b>	<b>14,835</b>	<b>101,766</b>	<b>66,157</b>	<b>98,842</b>	<b>85,615</b>	<b>534,204</b>	<b>388,368</b>
Fair value of plan assets	(187,270)	(147,605)	(1,816)	(1,858)	(152,027)	(87,554)	(54,223)	(46,642)	(395,336)	(283,659)
Reclassification as assets/liabilities held for sale	-	-	(1,995)	-	-	-	-	-	(1,995)	-
<b>PROVISIONS</b>	<b>122,402</b>	<b>74,156</b>	<b>20,113</b>	<b>12,977</b>	<b>(50,261)</b>	<b>(21,397)</b>	<b>44,619</b>	<b>38,973</b>	<b>136,873</b>	<b>104,709</b>

Changes in the obligation	Germany		France		United Kingdom		Other		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
<b>As at January 1</b>	<b>339,216</b>	<b>309,672</b>	<b>32,281</b>	<b>23,924</b>	<b>114,597</b>	<b>101,766</b>	<b>94,927</b>	<b>98,842</b>	<b>581,021</b>	<b>534,204</b>
Current service cost	6,580	3,911	1,395	1,064	321	339	2,385	2,688	10,681	8,002
Interest cost	1,154	2,346	127	157	1,655	1,791	3,707	4,581	6,643	8,875
Employee contributions	-	-	-	-	-	-	30	-	30	-
Remeasurements	-	-	-	-	-	-	-	-	-	-
Experience adjustments	3,964	4,142	(892)	(330)	(6,679)	16,875	1,258	(805)	(2,349)	19,882
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-	-	(7,360)	(83)	195	(1,346)	(7,165)	(1,429)
Actuarial gains and losses arising from changes in financial assumptions	(9,061)	(62,270)	(751)	(3,216)	(4,126)	(40,534)	(5,755)	(20,872)	(19,693)	(126,892)
Acquisitions/disposals	-	-	-	-	-	-	-	-	-	-
Benefit payments	(32,036)	(29,347)	(1,024)	(1,032)	(4,180)	(8,850)	(3,891)	(4,630)	(41,131)	(43,859)
Plan amendments	(2,077)	-	-	-	-	-	55	825	(2,022)	825
Foreign exchange differences	-	-	-	-	7,538	(4,133)	6,349	7,087	13,887	2,954
Other <sup>(a)</sup>	1,932	(6,693)	(7,212)	(5,732)	-	(1,114)	(418)	(755)	(5,698)	(14,294)
<b>AS AT DECEMBER 31</b>	<b>309,672</b>	<b>221,761</b>	<b>23,924</b>	<b>14,835</b>	<b>101,766</b>	<b>66,057</b>	<b>98,842</b>	<b>85,615</b>	<b>534,204</b>	<b>388,268</b>

(a) Primarily relating to restructuring in Germany (increase in early retirement plan).

Changes in plan assets are as follows:

	Germany		France		United Kingdom		Other		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
<b>Value of plan assets</b>	<b>192,835</b>	<b>187,270</b>	<b>1,903</b>	<b>1,816</b>	<b>135,951</b>	<b>152,027</b>	<b>47,697</b>	<b>54,224</b>	<b>378,386</b>	<b>395,337</b>
Actual return on plan assets	5,987	(31,307)	86	37	6,101	(53,015)	4,606	(9,884)	16,780	(94,169)
Contributions	-	-	-	-	4,510	3,115	939	1,106	5,449	4,220
Benefits paid	(11,552)	(8,358)	(173)	-	(4,180)	(8,850)	(2,069)	(2,337)	(17,974)	(19,544)
Acquisitions, disposals, settlements	-	-	-	5	-	-	(875)	-	(875)	5
Foreign exchange differences	-	-	-	-	9,645	(5,722)	3,925	3,533	13,570	(2,190)
<b>VALUE OF PLAN ASSETS</b>	<b>187,270</b>	<b>147,605</b>	<b>1,816</b>	<b>1,858</b>	<b>152,027</b>	<b>87,554</b>	<b>54,223</b>	<b>46,642</b>	<b>395,336</b>	<b>283,659</b>

EXPENSE FOR THE YEAR

	Germany		France		United Kingdom		Other		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Current service cost	6,580	3,859	1,395	943	321	355	2,385	2,692	10,681	7,849
Interest cost	1,154	2,346	127	151	1,655	1,875	3,707	4,573	6,643	8,945
Long-term return on plan assets	(964)	(1,498)	(9)	(14)	(1,997)	(2,857)	(1,266)	(1,627)	(4,236)	(5,996)
Net actuarial losses (+)/ gains (-) for the year	(156)	(2,439)	(145)	(208)	-	-	(125)	(29)	(426)	(2,676)
Past service cost	(2,077)	-	-	-	-	-	55	-	(2,022)	-
Gains/(losses) on plan curtailments or settlements	1,575	(6,695)	(4,787)	(2,608)	-	-	454	-	(2,757)	(9,303)
<b>NET EXPENSE RECOGNIZED</b>	<b>6,112</b>	<b>(4,427)</b>	<b>(3,419)</b>	<b>(1,736)</b>	<b>(21)</b>	<b>(626)</b>	<b>5,210</b>	<b>5,608</b>	<b>7,882</b>	<b>(1,181)</b>
<b>ACTUAL RETURN ON PLAN ASSETS</b>	<b>5,987</b>	<b>(31,307)</b>	<b>86</b>	<b>37</b>	<b>6,101</b>	<b>(53,015)</b>	<b>4,606</b>	<b>(9,884)</b>	<b>16,780</b>	<b>(94,169)</b>

Movements during the year in the net benefit obligation recognized on the statement of financial position were as follows:

	Germany		France		United Kingdom		Other		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
<b>Net obligation/(surplus) at Jan. 1</b>	<b>146,381</b>	<b>122,402</b>	<b>30,378</b>	<b>20,113</b>	<b>(21,354)</b>	<b>(50,261)</b>	<b>47,230</b>	<b>44,619</b>	<b>202,635</b>	<b>136,873</b>
Total expenses for the year	6,112	(4,427)	(3,419)	(1,736)	(21)	(626)	5,210	5,608	7,882	(1,181)
Amount recognized in other comprehensive income – Remeasurement	(9,785)	(22,858)	(1,667)	(3,373)	(22,268)	31,016	(7,418)	(11,480)	(41,138)	(6,695)
Benefits or contributions to funds	(20,306)	(20,963)	(851)	(1,032)	(4,510)	(3,115)	(2,732)	(3,399)	(28,399)	(28,509)
Reclassification as assets/liabilities held for sale	-	-	(1,995)	-	-	-	-	-	(1,995)	-
Foreign exchange differences	-	-	-	-	(2,108)	1,589	2,424	4,017	317	5,606
Changes in scope and other	-	-	(2,333)	(995)	-	-	(95)	(391)	(2,428)	(1,386)
<b>NET OBLIGATION/(SURPLUS) AT DEC. 31</b>	<b>122,402</b>	<b>74,154</b>	<b>20,113</b>	<b>12,977</b>	<b>(50,261)</b>	<b>(21,397)</b>	<b>44,619</b>	<b>38,974</b>	<b>136,875</b>	<b>104,708</b>

The main actuarial assumptions used for the measurement of post-employment benefit obligations, taking account of the duration of the plans, are as follows:

Main actuarial assumptions	Germany	France	United Kingdom	Other
<b>AS AT DECEMBER 31, 2021</b>				
Discount rate	0.80%	0.80%	1.90%	from 2.7% to 9.59%
Expected return on plan assets	0.80%	0.80%	1.90%	from 0% to 9.59%
Salary increase rate	2.00%	1.10%	N/A	from 4% to 8.5%
<b>AS AT DECEMBER 31, 2022</b>				
Discount rate	3.65%	3.65%	4.80%	from 4.23% to 9.8%
Expected return on plan assets	3.65%	3.65%	4.80%	from 0% to 9.8%
Salary increase rate	2.00%	2.51%	N/A	from 4% to 7.5%

Benefit obligations are valued by the Group's independent actuaries. The assumptions used take account of the specific characteristics of the plans and companies concerned.

Experience adjustments in 2022 represented €19.9 million in losses for the Group (gains of €2.3 million in 2021).

In 2023, the Group expects to pay €39 million in benefits under defined benefit plans, including €25.8 million in Germany, €3.8 million in the United Kingdom, €2.1 million in France and €1.5 million in Brazil.

Plans that are fully or partially outsourced represented a total obligation of €334 million as at December 31, 2022 and plan assets of €283 million.

In the eurozone, the discount rate is based on the iBoxx index (AA-rated corporate bonds with a maturity of 10 or more years, as estimated on the date the obligation is measured). This index uses a basket of bonds issued by financial and non-financial companies. The rates have not been restated to reflect credit risk not factored into the selected bond baskets.

Actual returns on plan assets were lower than the estimate of €97.7 million. In 2022, a general increase in discount rates resulted in an overall decrease in the obligation, generating actuarial gains for the year of €126.9 million.

### France

Benefit obligations in France correspond to statutory retirement bonuses, supplementary pension plans and long-service awards.

As at December 31, 2022, based on a sensitivity analysis of the discount rate, a 1% increase in the discount rate would result in a decrease of around €1.2 million in these benefit obligations.

On September 14, 2005, a supplementary pension plan along with corresponding plan assets was set up for executive management. Management of the plan is partially outsourced to an insurance company. As a defined benefit plan, it is valued on an actuarial basis and recognized in accordance with IAS 19 in the case of active employees. The plan was closed in 2016 and the rights frozen.

As at December 31, 2022, the benefit obligation represented €3.6 million and plan assets €1.8 million.

### Germany

The Group's employees in Germany benefit from various schemes (retirement benefits, deferred compensation, long-service awards and early retirement) which constitute long-term obligations for the Group.

Plan assets break down as follows:

	United Kingdom		United States		Germany	
	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022
	Allocation	Allocation	Allocation	Allocation	Allocation	Allocation
Equities	26.00%	19.37%	55.65%	51.55%	20.67%	21.33%
Bonds	0.00%	0.00%	37.96%	40.36%	79.33%	78.67%
Real estate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	74.00%	80.63%	6.39%	8.09%	0.00%	0.00%

The "Other" item for the United Kingdom relates to cash and index-linked gilts.

In France, all assets are invested in the general assets of an insurance company.

As at December 31, 2022, based on a sensitivity analysis of the discount rate, a 1% increase in the discount rate would result in a decrease of around €15.2 million in these benefit obligations.

### United Kingdom

The Group participates in the funding of a defined benefit pension plan for Group employees. The obligations are outsourced and managed by leading institutions in the financial markets.

As at December 31, 2022, based on a sensitivity analysis of the discount rate, a 1% increase in the discount rate would result in a decrease of around €8.7 million in these benefit obligations.

### Brazil

In Brazil, the Group participates in the funding of statutory retirement bonuses, long-service awards and a retirement healthcare plan (closed to new entrants).

Management of retirement benefits is partially outsourced to a fund with total assets of €0.3 million in 2022 (€0.3 million in 2021). The Group did not pay any contributions for these benefit plans in 2022 or 2021.

### Mexico/Indonesia/Saudi Arabia

Benefit obligations in Mexico, Indonesia and Saudi Arabia are not material for the Group.

### United States

The Group's employees in the United States are eligible for pension plans that represent long-term commitments for the Group. These plans are partially funded by plan assets.

### Other countries

Provisions are made for obligations in other countries in accordance with local laws and regulations. These obligations are not considered material at Group level.

Expenses recognized during the year relate to additional entitlement obtained for an additional year of service, the change in existing entitlement at the beginning of the year due to discounting, past service costs recorded in the period, the expected return on plan assets, the effects of plan curtailments or settlements, and the amortization of actuarial gains and losses. The portion of expenses relating to discounting is recognized in net financial income (loss) and the return on plan assets is recorded in interest income.



## SENSITIVITY ANALYSIS

The Group's obligation under defined benefit plans is sensitive to the above assumptions.

A change of 1 percentage point in the respective assumptions would have the following impacts on the defined benefit obligation at the reporting date:

<i>In € millions</i>	<b>One percentage-point increase</b>	<b>One percentage-point decrease</b>
Discount rate	(33)	39
Salary increase rate	3	(2)
Pension increase rate	12	(10)

## Note 9 • Provisions for contingencies and charges and contingent liabilities

A provision is recognized when, at the reporting date, the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying future economic benefits will be required to settle the obligation.

Provisions are discounted if the impact of discounting is material (for example, in the case of provisions for environmental risks or site clean-up costs). The increase in the provisions associated with the passage of time is recognized as a financial expense.

In the case of restructuring, a provision may be recognized if, and only if, the Company has announced the restructuring and drawn up a detailed plan or started to implement the plan at the reporting date.

Provisions are booked for disputes (technical, warranties, tax audits, etc.) whenever the Group has an obligation to a third party at the reporting date. They are determined based on the best estimate of the expense required to settle the obligation.

	12/31/2021			12/31/2022		
	Total	Non-current	Current	Total	Non-current	Current
Disputes and commercial commitments	14,231	8,653	5,578	13,230	8,601	4,629
Backlog – losses on completion	34,633	-	34,633	49,673	548	49,125
Reorganization and restructuring measures	55,923	32,934	22,989	421,840	160,676	261,164
Tax risks (income tax, other levies, inspections, etc.)	9,580	9,580	-	11,691	11,681	10
Environmental provisions	20,253	19,553	700	24,888	24,188	700
Other	26,938	21,912	5,026	79,546	40,449	39,097
<b>TOTAL</b>	<b>161,558</b>	<b>92,632</b>	<b>68,926</b>	<b>600,868</b>	<b>246,143</b>	<b>354,725</b>
<b>As at January 1</b>	<b>214,600</b>	<b>110,328</b>	<b>104,272</b>	<b>161,558</b>	<b>92,632</b>	<b>68,926</b>
Additions	54,090	17,408	36,682	558,812	149,115	409,697
Utilizations	(94,704)	(18,997)	(75,707)	(130,602)	(21,053)	(109,549)
Reversals of surplus provisions	(13,594)	(6,078)	(7,516)	(2,558)	-	(2,558)
Impact of changes in exchange rates	1,568	689	879	6,096	6,032	64
Reclassifications and other changes	(498)	(11,048)	10,550	7,466	19,417	(11,951)
Liabilities related to assets held for sale and discontinued operations	96	330	(234)	96	-	96
<b>AS AT DECEMBER 31</b>	<b>161,558</b>	<b>92,632</b>	<b>68,926</b>	<b>600,868</b>	<b>246,143</b>	<b>354,725</b>

### 9.1 Provisions for disputes, commercial commitments and losses on the backlog

Provisions are booked for disputes whenever the Group has an obligation to a third party at the reporting date. They are determined based on the best estimate of the expense required to settle the obligation.

### 9.2 Provisions for reorganization and restructuring measures

Provisions are recognized for the cost of redundancy plans and reorganization measures when a detailed formal plan exists and an announcement has been made or the plan has begun to be implemented before the reporting date. They include the following costs:

- severance and compensation paid to personnel no longer required by the Company;
- costs of maintaining personnel after a business has been discontinued and until the site closure (e.g., compensation for unworked notice periods);

- contract termination compensation paid to suppliers;
- outstanding rents payable after the business has been discontinued and until the end of the lease agreement.

The provision amounted to €422 million as at December 31, 2022, compared with €56 million as at December 31, 2021. The year-on-year change was primarily due to the implementation of reorganization measures, mainly in France and Germany.

### 9.3 Provision for tax risks

This provision mainly relates to risks in connection with tax disputes in Brazil, some of which are covered by security deposits (see Note 2.8.3).

### 9.4 Environmental provisions

These provisions cover the future costs of decommissioning the Pau Branco mine and other environmental liability claims.

### 9.5 Other short-term and long-term provisions

Other long-term provisions mainly related to the following as at December 31, 2022:

- compensation and penalties to be paid for damage caused by exceptional rainfall in January at the Pau Branco mine in the state of Minas Gerais (Brazil);
- costs related to Vallourec Umbilicals being placed under a conciliation procedure by the Dijon Commercial Court in December 2022 for a four-month period, in order for the company to find a buyer to enable it to continue its operations;
- other costs related to the closure of manufacturing sites (dismantling costs, site clean-up costs etc.);

- customer discounts, late payment penalties and other contingencies identified at the reporting date, none of which are material taken individually;
- employee-related disputes.

For 2022, the CO<sub>2</sub> quotas allocated by the French State will cover the Group's carbon emissions. However, following the closure of two sites in France, the Group will be in deficit compared with its forecast actual emissions for 2024, although this will represent a relatively low amount (around 2,000 metric tons).

### 9.6 Contingent liabilities

The European rolling mills are mainly supplied with raw materials by European steel mills and in particular, as regards ordinary steels, by the Huckingen mill operated by Hüttenwerke Krupp Mannesmann (HKM), in which Vallourec Tubes holds a 20% stake in the capital.

HKM produces steel rounds and slabs intended exclusively for its shareholders, who are committed to take or pay annually defined volumes.

Vallourec terminated the cooperation and supply agreements with HKM at the end of 2021, effective December 31, 2028, at the end of the contractually agreed seven-year notice period. Vallourec has initiated several legal actions against HKM and its shareholders, including an antitrust arbitration concerning the interpretation and application of these agreements.

Following the decision in 2022 to close its German operations by the end of 2023, Vallourec needs less volume for its own operations than it is entitled to.

As a result, Vallourec is setting up alternative outlets for the excess steel supply, which it intends to take mainly in the form of slabs. These external steel sales should be at least profit neutral over the remaining period covered by the supply agreements but depending on market conditions which are difficult to forecast, periodical negative margins cannot be ruled out.

This estimate will be regularly revised until the effective termination of the supply agreements.

## Note 10 • Assets held for sale and consolidation scope

### 10.1 Assets held for sale, liabilities related to assets held for sale, and discontinued operations

When the Group expects to recover the value of an asset or group of assets through a sale transaction rather than through continuing use, the assets concerned are presented separately on the "Assets held for sale and discontinued operations" line of the statement of financial position in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Liabilities related to assets held for sale are also shown on a separate line of the statement of financial position ("Liabilities related to assets held for sale and discontinued operations").

An asset classified as held for sale is valued at the lower of its carrying amount and its fair value less the costs of disposal, and is therefore no longer depreciated/amortized.

The disposal process launched in 2021 for the Group's German manufacturing assets has been completed and no credible buyer has been identified. As a result, in May 2022 Vallourec launched a process to close its German operations and therefore the related assets and liabilities are no longer presented as held for sale. Consequently, the opening consolidated statement of financial position has been restated for the impact of IFRS 5 as at December 31, 2021.

The Group has decided to discontinue the operations of Valinox Nucléaire in China and accordingly, the related assets and liabilities are no longer presented as held for sale.

These operations have not been accounted for as discontinued operations within the meaning of IFRS 5, as they do not represent a separate major line of business or geographical area of operations, nor do they represent a CGU or a subsidiary acquired exclusively with a view to resale.

Assets and liabilities held for sale at December 31, 2022 are presented in the table below:

	12/31/ 2021	12/31/2022
Assets held for sale and discontinued operations	51,674	9,414
Liabilities related to assets held for sale and discontinued operations	(22,516)	(3,810)
<b>NET ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	<b>29,158</b>	<b>5,604</b>

RECONCILIATION OF REPORTED FIGURES WITH RESTATED FIGURES IN THE STATEMENT OF FINANCIAL POSITION

	12/31/2021 (reported)	Stop of the sale process in Germany	12/31/2021 (restated)
<b>NON-CURRENT ASSETS</b>			
Net intangible assets	44,517	1,066	45,583
Goodwill	37,549	0	37,549
Net property, plant and equipment	1,665,905	86,830	1,752,735
Biological assets	37,733	-	37,733
Investments in equity-accounted companies	35,311	-	35,311
Other non-current financial assets	70,803	6,746	77,549
Other non-current assets	91,022	-	91,022
Deferred taxes	239,467	-	239,467
<b>Total non-current assets</b>	<b>2,222,307</b>	<b>94,642</b>	<b>2,316,949</b>
<b>CURRENT ASSETS</b>			
Inventories	856,136	159,183	1,015,319
Trade and other receivables	541,333	29,992	571,325
Other current financial assets	12,499	7,880	20,379
Other current assets	124,860	27,241	152,101
Cash and cash equivalents	619,358	1,116	620,474
<b>Total current assets</b>	<b>2,154,186</b>	<b>225,412</b>	<b>2,379,598</b>
Assets held for sale and discontinued operations	371,728	(320,054)	51,674
<b>TOTAL ASSETS</b>	<b>4,748,221</b>	<b>-</b>	<b>4,748,221</b>

	12/31/2021 (reported)	Stop of the sale process in Germany	12/31/2021 (restated)
<b>EQUITY</b>			
Equity attributable to owners of the parent	1,763,044	-	1,763,044
Non-controlling interests	44,663	-	44,663
<b>Total equity</b>	<b>1,807,707</b>	<b>-</b>	<b>1,807,707</b>
<b>Shareholder loan</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and other borrowings	1,387,281	-	1,387,281
Employee benefits	14,471	122,402	136,873
Long-term provisions	80,998	11,634	92,632
Deferred taxes	29,100	-	29,100
Other non-current financial liabilities	33,389	16,936	50,325
Other non-current liabilities	58,607	1,475	60,082
<b>Total non-current liabilities</b>	<b>1,603,846</b>	<b>152,447</b>	<b>1,756,293</b>
<b>CURRENT LIABILITIES</b>			
Overdrafts and other short-term bank facilities	189,662	-	189,662
Short-term provisions	40,356	28,570	68,926
Trade payables	456,854	144,146	601,000
Other current financial liabilities	34,495	8,955	43,450
Other current liabilities	241,144	17,523	258,667
<b>Total current liabilities</b>	<b>962,511</b>	<b>199,194</b>	<b>1,161,705</b>
Liabilities related to assets held for sale and discontinued operations	374,157	(351,641)	22,516
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,748,221</b>	<b>-</b>	<b>4,748,221</b>

## 10.2 Scope of consolidation

The Group consists of the holding company Vallourec SA and its subsidiaries consolidated in accordance with the principles described in Note 1.2.3.

	12/31/2021	12/31/2022
Fully consolidated companies	55	50
Joint ventures	3	1
Associates	2	2
<b>TOTAL</b>	<b>60</b>	<b>53</b>

The sale of Vallourec Bearing Tubes was completed on May 31, 2022.

Non-material entities were deconsolidated as at January 1, 2022 (with no impact on net equity).

The table below presents the list of consolidated companies:

	Business activity	% interest	Country
<b>FULLY CONSOLIDATED COMPANIES</b>			
<b>Europe</b>			
Serimax Angola Ltd	Services	80.0	United Kingdom
Serimax Field Joint Coating Ltd	Services	80.0	United Kingdom
Serimax Holdings SAS	Services	80.0	France
Serimax Ltd	Services	80.0	United Kingdom
Serimax SAS	Services	80.0	France
Vallourec Deutschland GmbH	Manufacturing and sales of products, services	100.0	Germany
Vallourec Oil & Gas France SAS	Manufacturing and sales of products, services	100.0	France
Vallourec Oil & Gas UK Ltd	Manufacturing and sales of products, services	100.0	United Kingdom
Vallourec One SAS	Holding company	100.0	France
Vallourec SA	Holding company	100.0	France
Vallourec Services SA	Holding company	100.0	France
Vallourec Tubes France SAS	Manufacturing and sales of products, services	100.0	France
Vallourec Tubes SAS	Holding company	100.0	France
<b>North America</b>			
Serimax North America LLC	Services	80.0	United States
Vallourec Canada Inc.	Sales of products, services	100.0	Canada
Vallourec Holdings Inc.	Holding company	100.0	United States
Vallourec Industries Inc.	Holding company	100.0	United States
Vallourec Oil and Gas Mexico SA de CV	Manufacturing and sales of products, services	100.0	Mexico
Vallourec Star, LP	Manufacturing and sales of products, services	100.0	United States
Vallourec Tube-Alloy LP	Manufacturing and sales of products, services	100.0	United States
Vallourec USA Corporation	Sales of products, services	100.0	United States
VAM USA	Manufacturing and sales of products, services	100.0	United States
Vallourec Digital Solutions	Sales of products, services	100.0	United States
<b>South America</b>			
Serimax Do Brasil Serviços de Soldagem e Fabricação Ltda	Services	100.0	Brazil
Tubos Soldados Atlântico	Manufacturing and sales of products, services	100.0	Brazil
Vallourec Florestal Ltda	Manufacturing and sales of products	100.0	Brazil
Vallourec Soluções Tubulares do Brasil	Manufacturing and sales of products, services	100.0	Brazil
Vallourec Transportes e Serviços do Brasil Ltda	Services	100.0	Brazil
Vallourec Tubos do Brasil SA	Manufacturing and sales of products, services	100.0	Brazil
Vallourec Uruguay SA	Sales of products, services	100.0	Uruguay
Vallourec Tubos para Industria Ltda	Manufacturing and sales of products, services	75.0	Brazil

	Business activity	% interest	Country
<b>Asia</b>			
Kestrel Wave Investment Ltd	Holding company	100.0	Hong Kong
P.T. Citra Tubindo Tbk	Manufacturing and sales of products, services	81.72	Indonesia
Serimax South East Asia Pte Ltd	Services	80.0	Singapore
Serimax Welding Services Malaysia sdn bhd	Services	80.0	Malaysia
Serimax Saudi Arabia Corp.	Services	80.0	Saudi Arabia
Valinox Nucléaire Tubes Guangzhou Co. Ltd	Manufacturing and sales of products, services	100.0	China
Vallourec Al Qahtani Tubes Llc	Sales of products, services	75.0	Saudi Arabia
Vallourec Asia Pacific Corp Pte Ltd	Manufacturing and sales of products, services	100.0	Singapore
Vallourec Changzhou Co. Ltd	Manufacturing and sales of products, services	100.0	China
Vallourec Middle East FZE	Sales of products, services	100.0	United Arab Emirates
Vallourec Oil & Gas (China) Co., Ltd	Sales of products, services	100.0	China
Vallourec Saudi Arabia Ltd	Manufacturing	80.0	Saudi Arabia
Vallourec Tianda (Anhui) Co., Ltd.	Manufacturing and sales of products, services	99.73	China
Vallourec Tubular Services AD	Services	49.0	United Arab Emirates
<b>Rest of the World</b>			
Serimax Australia Pty Ltd	Services	80.0	Australia
Serimax OOO	Services	80.0	Russia
Vallourec Nigeria Ltd	Manufacturing and sales of products, services	100.0	Nigeria
Vallourec Oil and Gas Nigeria Ltd	Sales of products, services	49	Nigeria
Vallourec Oil and Gas Uganda	Manufacturing and sales of products, services	100	Uganda
<b>JOINT VENTURES</b>			
Vallourec Umbilicals SAS	Manufacturing and sales of products	51.0	France
<b>ASSOCIATES</b>			
Hüttenwerke Krupp Mannesmann (HKM)	Manufacturing	20.0	Germany
Ascoval	In liquidation	40.0	France

## Note 11 • Other information and subsequent events

### 11.1 Fees paid to Statutory Auditors and members of their networks

	KPMG		Deloitte	
	Amount (excl. tax)		Amount (excl. tax)	
	2021	2022	2021	2022
<b>STATUTORY AUDIT OF PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS</b>				
Issuer	336	263	336	263
%	17%	16%	24%	26%
Fully consolidated subsidiaries	1,149	1,163	753	722
%	59%	72%	54%	70%
<b>Sub-total</b>	<b>1,485</b>	<b>1,426</b>	<b>1,088</b>	<b>985</b>
<b>OTHER NON-AUDIT SERVICES <sup>(a)</sup></b>				
Issuer	376	85	283	13
%	19%	5%	20%	1%
Fully consolidated subsidiaries	88	110	33	34
%	5%	7%	3%	3%
<b>Sub-total</b>	<b>464</b>	<b>195</b>	<b>316</b>	<b>46</b>
<b>TOTAL</b>	<b>1,948</b>	<b>1,621</b>	<b>1,404</b>	<b>1,031</b>

(a) The services provided cover the non-audit services required by applicable laws and regulations, as well as those services provided at the Group's request. For Deloitte & Associés for 2022, these services primarily relate to procedures conducted within the framework of compliance reviews of tax returns for subsidiaries outside the European Union. For KPMG for 2022, these services primarily relate to procedures conducted within the framework of (i) the engagement of an independent third-party entity in relation to CSR information in the management report, and (ii) compliance reviews of tax returns for subsidiaries outside the European Union.

### 11.2 Subsequent events

No significant events occurred after the end of the reporting period.

## 6.2 Statutory Auditors' Report on the Consolidated Financial Statements

For the year ended December 31, 2022

*This is a free translation into English of the Statutory Auditor's Report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.*

*The Statutory Auditor's Report includes information required by European regulations and French law, such as information regarding the appointment of the Statutory Auditor or verification of the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Annual General Meeting of Vallourec,

### Opinion

In compliance with the engagement entrusted to us at your Annual Meeting of Shareholders, we have audited the accompanying consolidated financial statements of Vallourec (hereinafter, "the Company") for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31<sup>st</sup>, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### Basis for Opinion

#### AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

#### INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1<sup>st</sup>, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

### Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

## Valuation of goodwill, intangible assets and property, plant and equipment of cash generating unit ("CGU") "Vallourec Eastern Hemisphere Tubes"

Note 4.2 "Impairment tests" to the consolidated financial statements

Key Audit Matter	Audit approach
<p>As at December 31<sup>st</sup>, 2022, the carrying amount of cash generating unit ("CGU") "Vallourec Eastern Hemisphere Tubes" was €474 million.</p> <p>The Group carries out impairment tests on assets as soon as an indication of impairment has been identified, and at least once a year for assets with infinite useful life, meaning on CGU to which goodwill had been allocated. Net book value of assets includes both non-current and current assets, i.e. €178 million, including €2 million of goodwill, and €296 million respectively.</p> <p>As at December 31<sup>st</sup>, 2022, an impairment tests was in particular performed on CGU "Vallourec Eastern Hemisphere Tubes" to which a goodwill had been allocated.</p> <p>Impairment testing methods and assumptions are described in Note 4.2 to the consolidated financial statements.</p> <p>As described in paragraph "long-term growth" of the Note 4.2. to the consolidated financial statements, the perpetual growth rate used takes into account of Oil &amp; Gas production outlook in line with the sustainable development scenario (SDS) published in 2021, by the International Energy Agency (IEA) and compatible with the Paris Agreement.</p> <p>Cash forecasts used to determine recoverable amounts are based on available data at the date of the closing of the accounts, in the context of an upturn in the oil and gas market. However, uncertainties remain when considering future outlook, particularly in connection with the inflationary context which may adversely impact raw materials and energy prices as well as the impact of climate change on Company's business model.</p> <p>Consequently, actual figures may differ significantly from these estimates and the random nature of certain estimates may be increased.</p> <p>We believe that the valuation of goodwill, intangible assets and property, plant and equipment of CGU "Vallourec Eastern Hemisphere Tubes" is a key audit matter, given the materiality of these assets on the consolidated financial statements of the Group, and also given the fact that determining their recoverable amounts requires management to make judgements and use estimates to forecast the discounted future cash flows used in the tests.</p>	<p>During our work, we gained an understanding of:</p> <ul style="list-style-type: none"> <li>the process used to prepare and approve the estimates and assumptions made by Management for the impairment tests,</li> <li>procedures for approving the results of these tests by the governance entities.</li> </ul> <p>We also assessed the appropriateness of the model adopted to determine the recoverable amounts of the CGUs and reconciling the net book value of assets to consolidated financial statements.</p> <p>We have obtained the cash flow and operating forecasts prepared by the Group for each CGU tested and have assessed their consistency with 2023 budget, approved by the Board of Directors, and mid-long term Management's estimates as set out in the business plan.</p> <p>With the assistance of our valuation experts, we assessed the appropriateness of the various assumptions underlying the cash flow forecasts, particularly with respect to the Group's internal data and external industry and macroeconomic data analyses, including:</p> <ul style="list-style-type: none"> <li>prices and volumes assumptions by region that depend, in particular, on investments in exploration and production of oil and natural gas,</li> <li>forecasts of changes in costs in the context of the "New Vallourec" strategic plan, and</li> <li>exchange rates, growth rates and discount rates used.</li> </ul> <p>We also assessed:</p> <ul style="list-style-type: none"> <li>the consistency of cash flow forecasts with past performance used in the previous impairment tests, market outlook, and the forward-looking data presented to the Company's Board of Directors;</li> <li>compared the long-term pipe growth sales assumptions with the publicly available Oil &amp; Gas segment information, in particular assumptions relating to "SDS" scenario from the IEA considered to be compatible with the Paris Agreement.</li> </ul> <p>Lastly, we performed our own sensitivity analyses and verified the arithmetical accuracy of the calculations as well as the appropriateness of the information presented in Note 4.2 to the consolidated financial statements.</p>

### Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance report required under Article L.225-102-1 of the French Commercial Code (Code de commerce) is included in the information on the Group provided in the management report. In accordance with the provisions of Article L.823-10 of the French Commercial Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in the non-financial performance report, for which a report is issued by an independent third party.

## Report on other Legal and Regulatory Requirements

### FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic reporting format, that the presentation of the consolidated financial statements to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation N° 2019/815 of December 17th, 2018.

As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the aforementioned delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the inherent technical limitations of block tagging the consolidated financial statements as required by the European Single Electronic Format, the content in the notes to which certain block tags have been applied maybe not be displayed in exactly the same way as in the statements accompanying this report.

However, it is not our responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the French financial markets authority (AMF) are in agreement with those on which we have performed our work.

### APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of Vallourec at the Annual General Meeting held on June 1st, 2006 for both audit firms.

As at December 31st, 2022, KPMG S.A. was in its 17th year of uninterrupted engagement and Deloitte & Associés in its 21st year of uninterrupted engagement given the succession of mandates between legal entities of the Deloitte network.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, the internal audit, regarding accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

### OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;



- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion on these consolidated financial statements.

### REPORT TO THE AUDIT COMMITTEE

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We submit a report to the Audit Committee, which includes a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore key audit matters that we are required to describe in this audit report.

We also provide the Audit Committee with the statement required under Article 6 of Regulation (EU) no. 537/2014 confirming our independence within the meaning of the rules applicable in France as set out in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee any risks that may bear on our independence, and the related safeguards.

Paris-La-Défense, April 6<sup>th</sup>, 2023

The Statutory Auditors

KPMG S.A.  
Alexandra Saastamoinen

Deloitte & Associés  
Véronique Laurent

## 6.3 Vallourec SA parent company financial statements

### 6.3.1 Statement of financial position

#### ASSETS

<i>In € thousands</i>	12/31/2021	12/31/2022
<b>NON-CURRENT ASSETS</b>		
Intangible assets	414	414
Property, plant and equipment	88	88
Equity interests	2,308,429	3,969,429
Receivables, loans and other financial fixed assets	1,700,875	1,700,732
<b>Total I</b>	<b>4,009,806</b>	<b>5,670,663</b>
<b>CURRENT ASSETS</b>		
Operating receivables	1,107	1,359
Other receivables	412,180	415,750
Marketable securities	5,879	700
Cash at bank and in hand	58	57
Prepaid expenses	467	410
Translation differences	-	2
<b>Total II</b>	<b>419,691</b>	<b>418,278</b>
<b>TOTAL ASSETS (I + II)</b>	<b>4,429,497</b>	<b>6,088,941</b>

#### EQUITY AND LIABILITIES

<i>In € thousands</i>	12/31/2021	12/31/2022
<b>EQUITY</b>		
Share capital	4,579	4,636
Additional paid-in capital	3,955,219	3,955,162
Revaluation reserve	634	634
Other reserves	85,886	85,886
Retained earnings (accumulated losses)	(1,446,291)	(935,528)
Net income	510,764	1,657,926
<b>Total I</b>	<b>3,110,791</b>	<b>4,768,716</b>
Provisions for contingencies and charges	1,981	1,090
Borrowings	1,306,196	1,309,766
Operating liabilities	4,568	4,680
Other liabilities	5,961	4,689
Translation differences	-	-
<b>Total II</b>	<b>1,318,706</b>	<b>1,320,225</b>
<b>TOTAL EQUITY AND LIABILITIES (I + II)</b>	<b>4,429,497</b>	<b>6,088,941</b>

### 6.3.2 Income statement

<i>In € thousands</i>	2021	2022
Revenue	2,933	2,086
Provision reversals and expenses transferred	919	1,257
Other operating income	8	-
External services	(7,275)	(9,136)
Taxes other than on income	(310)	(455)
Personnel expenses	(3,898)	(5,366)
Other	(1,478)	(1,135)
Depreciation, amortization and provisions	(10,164)	(346)
<b>Operating income (loss)</b>	<b>(19,265)</b>	<b>(13,095)</b>
<b>Financial income</b>	<b>567,163</b>	<b>1,773,344</b>
Other marketable securities and non-current receivables	112,035	112,035
Other interest income	18	293
Foreign exchange gains	1,110	16
Provision reversals and financial expenses transferred	454,000	1,661,000
<b>Financial expenses</b>	<b>(149,534)</b>	<b>(102,597)</b>
Depreciation, amortization and provisions – financial items	(1)	(1)
Interest expense	(148,346)	(102,582)
Foreign exchange losses	(1,187)	(14)
<b>Net financial income</b>	<b>417,629</b>	<b>1,670,747</b>
<b>Net income from recurring operations before tax</b>	<b>398,364</b>	<b>1,657,652</b>
Non-recurring income	168,807	-
Non-recurring expenses	(56,442)	101
<b>Net non-recurring income</b>	<b>112,365</b>	<b>101</b>
Income tax	35	173
<b>NET INCOME</b>	<b>510,764</b>	<b>1,657,926</b>

### 6.3.3 Notes to the parent company financial statements for the year ended December 31, 2022

In € thousands unless stated otherwise.

Notes to the statement of financial position (before allocation) as at December 31, 2022, which shows total assets of €6,089 million, and to the income statement for the year then ended, which shows net income of €1,658 million.

The reporting period runs for 12 months, from January 1 to December 31.

Vallourec SA prepares consolidated financial statements.

## A – Significant events, basis of measurement and comparability of financial statements

### Basis of measurement and comparability of financial statements

The bases of presentation and measurement used in the preparation of the financial statements for the year under review are the same as those used for the previous year.

Impairment of equity interests is recorded under financial items.

## B - Accounting principles

The parent company financial statements are prepared in accordance with French GAAP (ANC Regulation No. 2014-03) and the fundamental accounting principles (accrual basis, no offset, historical cost, prohibition to restate the opening balance sheet, going concern, true and fair view, prudence and consistency of accounting methods).

### Property, plant and equipment

In accordance with ANC Regulation No. 2014-03, the Company uses the components approach, which relies on technical analyses to individually account for significant parts of an item of property, plant and equipment based on their specific respective uses and patterns of consumption.

The carrying amount of property, plant and equipment reflects:

- the acquisition or production cost, except for assets acquired before December 31, 1976, which were remeasured. These assets are stated at their transfer value;
- any discounts, rebates and other payment reductions;

- costs directly attributable to putting the assets in place;
- any dismantling costs;
- excluding financial expenses (e.g., borrowing costs) related to the asset's acquisition.

Depreciation of property, plant and equipment for accounting purposes is calculated on a straight-line or accelerated basis over the expected useful life of the asset.

Depreciation for tax purposes is calculated using the declining balance method over the shorter of the useful life and the duration of use, except for components depreciated over their actual lives.

### Equity interests

The gross value of equity interests comprises their purchase cost, excluding incidental expenses, and the amount of any capital increases.

Securities acquired in foreign currencies are recognized at their acquisition price translated into euros at the exchange rate applicable as at the date of the transaction.

At each reporting date, the Company compares the net carrying amount of its equity interests with their value in use and recognizes a provision in financial expenses when value in use is less than the net carrying amount.

Value in use is based on forecast cash flows for the first five years, corresponding to the period of the Group's strategic plan, projected cash flows for the next three years and a terminal value.

### Treasury shares

Treasury shares acquired and available to be allocated to employees are classified as marketable securities. Surplus shares not allocated to specific plans are classified as non-current financial assets.

Pursuant to CRC Regulation No. 2008-15 dated December 4, 2008 relating to the accounting treatment of stock option and performance share plans for employees, shares allocated to these plans are not impaired based on market value due to the obligation to allocate such shares to employees and the provision recognized as a liability (see below in the section relating to provisions for contingencies and charges).

### Receivables and payables

Receivables and payables are measured at their nominal value.

Trade receivables are impaired when there is a risk of non-recovery.

Impairment ratios are applied to each receivable based on probabilities of recovery.

### Marketable securities

Marketable securities are measured at acquisition cost plus accrued income for the period, or at market value if lower.

Treasury shares acquired and available to be allocated to employees are classified as marketable securities.

## Translation of transactions in foreign currencies and financial instruments

Receivables, cash and cash equivalents and payables in foreign currencies on the statement of financial position are translated into euros at the exchange rate applicable as at the reporting date.

Hedged transactions denominated in foreign currencies and eligible for hedge accounting are recorded at the spot rate.

The aggregate amount of the change in time value (i.e., the difference between the forward price of the hedge as at the reporting date and the initial spot rate) is recognized in the statement of financial position at each reporting date within derivative instruments. The change in the premium/discount between the beginning and the end of the period impacts net income for that period. Since January 1, 2017, these changes have been recorded under operating income (loss) (see ANC Regulation 2015-05). They were previously recognized in financial items.

The change in time value (premium/discount) is recognized separately from revenue.

In application of ANC Regulation No. 2015-05, the change in the value of isolated open positions is recorded in the statement of financial position, with an adjusting entry to suspense accounts:

- within assets for changes that correspond to an unrealized loss;
- within liabilities for changes that correspond to an unrealized gain.

Unrealized gains are not included in the income statement. When a transaction results in an unrealized loss, a provision is recognized in financial expenses for the amount of the unrealized loss.

## Provisions for contingencies and charges

### RETIREMENT PENSIONS

Pensions are paid by an external organization and the Company therefore has no obligations in this respect.

### RETIREMENT BENEFITS

Commitments in respect of benefits paid upon the retirement of employees are measured based on an actuarial calculation and covered by a provision carried in liabilities in the statement of financial position.

Following the publication of a decision by the IFRS IC in May 2021 aimed at clarifying the period for provisioning retirement benefits, the ANC updated its recommendation on the rules for measuring and recognizing retirement commitments in November 2021. Pursuant to ANC Regulation No. 2013-02 of July 13, 2013 as amended on November 5, 2021, the cost of these benefits should be attributed to the final years of service needed for them to vest before retirement age (and no longer recognized over the entire career of the employee).

The amount of the provision for vested retirement benefits was modified in the 2021 financial statements to take account of this interpretation, which represents a change in accounting policy. The amount recognized is not material.

As at December 31, 2022, the discount rate was based on the iBoxx eurozone index (AA-rated corporate bonds with a maturity of more than 10 years). This index uses a basket of bonds issued by financial and non-financial companies. Commitments are calculated based on the assumption that all employees leaving the Group will do so on a voluntary basis.

Actuarial gains or losses are amortized using the corridor method over the average remaining working lives of employees.

The actuarial assumptions used vary depending on the specific arrangements of the Company's retirement plan(s) and collective agreement(s).

## Non-recurring income and expenses

In general, non-recurring income and expenses comprise amounts of an extraordinary nature, i.e., those that arise outside the scope of the Company's continuing operations.

The following assumptions are used:

- discount rate of 3.65% (including inflation);
- inflation rate of 2%;
- variable staff turnover rate according to age and category;
- generational mortality table TPGF05/TPGH05.

### PROVISIONS FOR IMPAIRMENT OF SHARES EARMARKED FOR EMPLOYEE SHARE AWARDS

Pursuant to CRC Regulation No. 2008-15 dated December 4, 2008 relating to the accounting treatment of stock option and performance share plans for employees, the Company recognizes a provision related to these plans as soon as an outflow of resources becomes probable. This provision is measured based on:

- the acquisition cost of the shares or, if they were already owned prior to the date they were allocated to the plan, their net carrying amount less the price likely to be paid by the beneficiaries; multiplied by
- the number of shares that are expected to be awarded given the terms of the plan (satisfaction of conditions regarding continuous service and performance) as assessed at the reporting date.

A provision for contingencies and charges has been recognized on a pro rata basis at each reporting date since these plans were put in place, in an amount representing the cost of the awards of performance shares to employees, executive management and corporate officers of Vallourec and its subsidiaries.

### OTHER PROVISIONS

Provisions have been recognized for all disputes (technical, tax, etc.) and other risks at the amount of the estimated probable risk at the reporting date.

## C - Notes to the statement of financial position

### 1 Movements in non-current assets

Movements in non-current assets were as follows during the year:

Non-current assets - Net values	12/31/2021	Increases/ Additions	Decreases/ Reversals	12/31/ 2022	Of which revaluation reserve	Of which related parties
<b>Intangible assets</b>	<b>414</b>	-	-	<b>414</b>	-	-
Trademarks	414	-	-	414	-	-
<b>Property, plant and equipment</b>	<b>88</b>	-	-	<b>88</b>	-	-
Land	88	-	-	88	-	-
<b>Equity interests</b>	<b>2,308,429</b>	<b>- 1,661,000</b>		<b>3,969,429</b>	-	-
Equity interests	4,856,429	-	-	4,856,429	-	-
Provision for impairment of equity interests	(2,548,000)	-	1,661,000	(887,000)	-	-
<b>Long-term securities and treasury shares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Receivables, loans, other investments</b>	<b>1,700,875</b>	<b>502</b>	<b>645</b>	<b>1,700,732</b>	<b>-</b>	<b>-</b>
Loans	1,700,875	502	645	1,700,732	-	-
Accrued interest	-	-	-	-	-	-
<b>TOTAL</b>	<b>4,009,806</b>	<b>502</b>	<b>1,661,645</b>	<b>5,670,663</b>	<b>-</b>	<b>-</b>

#### EQUITY INTERESTS

As at December 31, 2022, the shares in Vallourec Tubes SAS, the holding company for all the Vallourec Group's investments, were carried at their value in use. This value was determined on the basis of forecast cash flows for the first five years, corresponding to the period of the Group's strategic plan, projected cash flows for the next three years and a terminal value.

All forecast information is derived from the budget and from the forecasts approved by the Group Executive Committee in December 2022. Following the valuation as at December 31, 2022, €1.7 billion was reversed from the provision for impairment in value of these shares.

#### RECEIVABLES, LOANS AND OTHER FINANCIAL FIXED ASSETS

##### Loans

Vallourec SA arranged a €1.7 billion loan for its subsidiary Vallourec Tubes to finance its long-term requirements. The interest rate on the loan is 6.50% and it matures on December 31, 2023.

### 2 Marketable securities

Marketable securities include:

#### MUTUAL AND INVESTMENT FUNDS

	12/31/2021	12/31/2022	Increases (Decreases)	Additions to provisions	Reversals of provisions
Time deposit account	5,010	-	(5,010)	-	-
Mutual and investment funds	-	-	-	-	-
<b>TOTAL</b>	<b>5,010</b>	<b>-</b>	<b>(5,010)</b>	<b>-</b>	<b>-</b>

Vallourec SA centralizes cash in euros and US dollars for its main European companies as well as hedges of US dollar sales set up at the level of Vallourec Tubes.

Cash is invested in risk-free money market funds. Vallourec SA only enters into financial transactions with leading financial institutions.

## TREASURY SHARES

	12/31/2021	Increases	Decreases	12/31/2022
Treasury shares	869	645	815	699
Provision for impairment	-	-	-	-
<b>TOTAL</b>	<b>869</b>	<b>-</b>	<b>-</b>	<b>699</b>

Treasury shares recorded in marketable securities are allocated to members of the Group's staff, executive management and corporate officers under performance and free share plans for Vallourec Group employees.

## 3 Statement of receivables and payables

Total	Gross value	Of which accrued income	Of which related parties	Gross value <1 year	Gross value >1 year
<b>Receivables, loans and other financial fixed assets</b>	<b>1,700,000</b>	<b>-</b>	<b>1,700,000</b>	<b>700,000</b>	<b>1,000,000</b>
<b>Operating receivables</b>	<b>1,359</b>	<b>286</b>	<b>1,029</b>	<b>1,359</b>	<b>-</b>
Trade and other receivables	1,006	286	1,006	1,006	-
Other operating receivables	330	-	-	330	-
Amounts due from suppliers/Prepayments	23	-	23	23	-
<b>Other receivables</b>	<b>415,750</b>	<b>-</b>	<b>411,134</b>	<b>415,750</b>	<b>-</b>
Income tax receivables	4,616	-	-	4,616	-
Intercompany cash advance	411,134	-	411,134	411,134	-
<b>TOTAL</b>	<b>2,117,109</b>	<b>286</b>	<b>2,112,163</b>	<b>1,117,109</b>	<b>1,000,000</b>

Loans allocated during the year: none.

Loans repaid during the year: none.

Receivables under commercial paper: none.

Payables	Gross value	Of which accrued income	Of which related parties	<1 year	>1 year	>5 years
<b>Borrowings</b>	<b>1,309,766</b>	<b>24,407</b>	<b>-</b>	<b>1,045,707</b>	<b>2,059</b>	<b>262,000</b>
Non-convertible bonds	1,023,359	-	-	1,023,359	-	-
Convertible bonds	-	-	-	-	-	-
Bank loans and borrowings	24,407	24,407	-	22,348	2,059	-
Other loans and borrowings	262,000	-	-	-	-	262,000
<b>Operating liabilities</b>	<b>4,680</b>	<b>2,739</b>	<b>857</b>	<b>4,511</b>	<b>169</b>	<b>-</b>
Trade payables	2,256	474	857	2,087	169	-
Tax and social security liabilities	2,424	2,264	-	2,424	-	-
<b>Other liabilities</b>	<b>4,689</b>	<b>51</b>	<b>4,554</b>	<b>4,600</b>	<b>89</b>	<b>-</b>
Other non-operating liabilities	4,689	51	4,554	4,600	89	-
<b>TOTAL</b>	<b>1,319,135</b>	<b>27,197</b>	<b>5,411</b>	<b>1,054,818</b>	<b>2,317</b>	<b>262,000</b>

**BORROWINGS**
**Bonds**

Bonds (in € millions)	Nominal amount	Maturity	Face rate	Amount in statement of financial position as at December 31, 2022
Bond issue – June 2021 <sup>(a)</sup>	1,023	June 2026	8.500%	1,023
<b>TOTAL</b>	<b>1,023</b>			<b>1,023</b>

(a) Includes a redemption option for the borrower exercisable from June 30, 2023.

The bonds were issued on the date of the financial restructuring by way of set-off against a portion of the restructured residual claims.

The bond indenture specifically includes a change-of-control clause that would trigger the mandatory early redemption of the bonds at the request of each bondholder in the event of a change of control of Vallourec (in favor of a person or a group of people acting in concert) leading to a downgrade in its credit rating.

In addition, they may be subject to a request for early redemption by the bondholder or Vallourec, as appropriate, should any of the common default scenarios for this type of transaction occur, or if there is a change in Vallourec's situation or in regulations.

**Bank borrowings**

In € millions	Nominal amount	Maturity	Face rate	Amount in statement of financial position as at December 31, 2022
State-guaranteed loans – June 2021 <sup>(a)</sup>	262	June 2027	1.837%	262
Committed credit facility – June 2021	462	June 2026	5.000%	
<b>TOTAL</b>	<b>724</b>			<b>262</b>

(a) The initial maturity of the State-guaranteed loans was June 30, 2022, but Vallourec had an option to extend them to June 30, 2027. Vallourec exercised this extension option and the State-guaranteed loans now have a maturity date of June 30, 2027. The State-guaranteed loans are presented at an effective interest rate of 1.8370%, including the underwriting fee.

A change of control at Vallourec could trigger repayment of all or part of its committed credit facility and its State-guaranteed loans ("the credit"), as decided by each participating banks. The agreements also stipulate that the entire credit will be immediately due and payable if the Group defaults on one of its debt obligations (cross default), or in case of a major event with consequences for the Group's business or financial position and/or its ability to repay its debt.

**Bank covenant**

The €462 million committed credit facility includes a banking covenant stipulating that Vallourec's gearing ratio must not exceed 100%. The gearing ratio is defined as the ratio of consolidated net debt (including financial lease debt) to consolidated equity, adjusted for gains and losses on derivatives and foreign currency translation differences (exchange differences on translating net assets of consolidated foreign subsidiaries).

The adjusted debt covenant ("banking covenant") will be tested on a trailing 12-month basis on December 31 of each year, with the first test scheduled for end-2023.

A breach of the banking covenant could trigger the mandatory early repayment of the credit facility and redemption of the bonds.

**Liquidity risk**

The Group's financial resources include financing with banks and on the capital markets.

The vast majority of bank financing was arranged in Europe through Vallourec SA, and to a lesser extent through the Group's subsidiaries in Brazil and China.

As part of its financial restructuring, Vallourec SA restructured all of its financial liabilities on June 30, 2021. The financial restructuring reduced gross debt by €1.7 billion and refinanced the residual debt by means of new debt instruments with a maturity of five years (or a maturity of less than five years that can be extended until June 30, 2027 at the initiative of the borrower in accordance with the related contractual provisions).

Vallourec SA's €462 million credit facility, which remained undrawn as at December 31, 2022, is not subject to any securities or guarantees, and ranks *pari passu* with its State-guaranteed loans and bonds. Bond financing is arranged exclusively by Vallourec SA.

In addition to bank and bond financing, the Group has sought to diversify its funding sources by using market financing. For example, Vallourec SA launched a commercial paper program on October 12, 2011 to meet its short-term needs. The program has a €1 billion ceiling. Vallourec SA did not issue any commercial paper during the year.

As at December 31, 2022, Vallourec SA had no outstanding commercial paper. This commercial paper program has a short-term rating of B from Standard & Poor's.



## 4 Bond issue costs

In accordance with the method recommended by the French Accounting Board (*Conseil National de la Comptabilité*), bond issue costs are recognized on a straight-line basis over the life of the bonds concerned.

	12/31/2021	Increase	Decrease	12/31/2022
Bond issue costs	-	-	-	-

## 5 Equity

Changes in equity were as follows:

	Number of shares	Share capital	Net income (loss) for the period	Additional paid-in capital and reserves	Equity
<b>Position as at December 31, 2020</b>	<b>11,449,694</b>	<b>229</b>	<b>(3,093,524)</b>	<b>4,071,075</b>	<b>977,780</b>
Appropriation of 2020 net income (loss)	-	-	3,093,524	(3,093,524)	-
Capital increase	217,478,734	4,350	-	1,617,886	1,622,236
Change of accounting policy for retirement benefits – IFRIC 21	-	-	-	11	11
Dividends paid	-	-	-	-	-
2021 net income (loss)	-	-	510,764	-	510,764
Change	217,478,734	4,350	3,604,288	(1,475,627)	2,133,011
<b>Position as at December 31, 2021</b>	<b>228,928,428</b>	<b>4,579</b>	<b>510,764</b>	<b>2,595,448</b>	<b>3,110,791</b>
Appropriation of 2021 net income (loss)	-	-	(510,764)	510,764	-
Capital increase	-	57	-	(57)	-
Dividends paid	-	-	-	-	-
2022 net income (loss)	-	-	1,657,926	-	1,657,926
Change	-	57	1,147,162	510,707	1,657,926
<b>POSITION AS AT DECEMBER 31, 2022</b>	<b>228,928,428</b>	<b>4,636</b>	<b>1,657,926</b>	<b>3,106,155</b>	<b>4,768,717</b>

At December 31, 2022, Vallourec's share capital comprised 231,777,627 ordinary shares with a par value of €0.02 per share, fully paid up.

Changes in the Company's share capital over the year are shown below:

(in euros, except for number of shares)	Number of shares	Par value	Share capital in euros
Share capital at December 31, 2021	228,928,428	0.02	4,578,569
Capital increase with pre-emptive subscription rights by issuance of new shares	2,849,199	0.02	56,984
<b>SHARE CAPITAL AT DECEMBER 31, 2022</b>	<b>231,777,627</b>	<b>0.02</b>	<b>4,635,553</b>

Equity totaled €4,769 million as at December 31, 2022, compared with €3,111 million as at December 31, 2021.

## 6 Employee share ownership

### STOCK OPTION PLANS

#### Characteristics of the plans

Vallourec's Management Board authorized stock option plans from 2010 to 2022 for some of the Group's senior executives, corporate officers and employees.

It should be noted that the characteristics of the 2011 to 2020 plans were revised to take account of the decision of the Chairman of the Management Board on June 30, 2021 to adjust the number and exercise price of the options in order to protect the rights of the holders following the capital increase of June 30, 2021 (adjustment factor of 0.89929516 applied to the number of options awarded and to the exercise price).

The characteristics of the plans are as follows:

	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan
Award date	04/15/2014	04/15/2015	05/18/2016	05/18/2017	06/15/2018
Maturity date	04/15/2018	04/15/2019	05/18/2020	05/18/2021	06/15/2022
Expiration date	04/15/2022	04/15/2023	05/18/2024	05/18/2025	06/15/2026
Exercise price in euros	832.03	488.14	140.29	216.55	197.84
Number of options awarded	16,977	17,656	15,216	8,135	9,851

	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Award date	06/17/2019	06/15/2020	10/13/2021	06/04/2022
Maturity date	06/17/2023	06/15/2024	10/13/2025	06/04/2026
Expiration date	06/17/2027	06/15/2030	10/13/2031	06/04/2032
Exercise price in euros	79.14	33.60	7.26	12.65
Number of options awarded	9,851	89,462	123,518	58,425

### Change in number of unexpired options

For all of these plans, the change in the number of unexpired options is as follows:

In number of options	2021	2022
<b>Options outstanding as at January 1</b>	<b>143,877</b>	<b>254,288</b>
Options exercised	-	-
Options lapsed	(22,782)	(8,776)
Options canceled	(7,396)	(8,763)
Options distributed	123,518	58,425
Impact of the capital increase on plans awarded prior to 2020	17,071	-
<b>OPTIONS OUTSTANDING AS AT DECEMBER 31</b>	<b>254,288</b>	<b>295,174</b>
Of which exercisable options	25,607	18,745

The reported figures correspond to the number of options, with a performance factor of 1 for plans not yet vested, and to the actual number of shares awarded for plans that had matured.

As at December 31, 2022, the average exercise price was €35.3.

Valuation <sup>(a)</sup>	2021 Plan <sup>(a)</sup>	2022 Plan
Share price on the award date	€7.53	€12.88
Volatility <sup>(b)</sup>	35%	40%
Risk-free rate <sup>(c)</sup>	-0.03%	1.42%
Exercise price	€7.26	€12.65
Dividend rate <sup>(d)</sup>	3.00%	3.00%
Fair value of the option <sup>(e)</sup>	€1.89	€4.67

(a) The binomial pricing model has been used to measure the fair value of the options awarded.

(b) Volatility corresponds to historical volatility observed over a period corresponding to the duration of the plans.

(c) The risk-free rate corresponds to the zero-coupon rate (source: French Institute of Actuaries – Institut des Actuares).

(d) The expected dividend rates have been determined on the basis of analysts' expectations and the Group's dividend policy.

(e) The fair value for members of the Management Board and the Operational Committee is €4.67 for the 2022 plan.

## PERFORMANCE SHARE PLANS

### Characteristics of the plans

Vallourec's Management Board authorized performance share plans from 2017 to 2022 for some employees and corporate officers of the Group.

It should be noted that the characteristics of the 2017 to 2020 plans were revised to take account of the decision of the Chairman of the Management Board on June 30, 2021 to adjust the number and exercise price of the shares in order to protect the rights of the holders following the capital increase of June 30, 2021 (adjustment factor of 1.89929156 applied to the number of shares awarded).

The characteristics of the plans are as follows:

Performance share plans	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Award date	06/15/2018	06/17/2019	06/15/2020	10/13/2021	06/04/2022
Vesting period	3 years (French residents) or 4 years (non-French residents)	3 years (French residents) or 4 years (non-French residents)	3 years	3 years	3 years
Holding period	2 years (French residents) or none (non-French residents)	2 years (French residents) or none (non-French residents)	None	None	None
Performance conditions	Yes <sup>(a)</sup>	Yes <sup>(b)</sup>	Yes <sup>(c)</sup>	Yes, only for management (cadres) above grade 20 <sup>(d)</sup>	Yes, only for management (cadres) above grade 20 <sup>(e)</sup>
Theoretical number of shares awarded	39,756	39,595	64,747	289,396	231,410

(a) For all beneficiaries (excluding members of the Management Board and the Executive Committee), vesting will depend on cost reductions in 2018, 2019 and 2020, in comparison with the planned performance in the Group's medium-term plan for the same period, and on the Group's cumulative free cash flow (FCF) for 2018, 2019 and 2020. The actual number is determined by applying a performance factor, calculated for the three years concerned, to the theoretical number of shares awarded. This factor may range from 0 to 2. For members of the Management Board and the Executive Committee, vesting will depend on the following two criteria: cost reductions in 2018, 2019 and 2020, in comparison with the planned performance in the Group's medium-term plan over the same period, and the increase in the EBITDA margin between 2018 and 2020 compared with a panel of comparable companies. The actual number is determined by applying a performance factor, calculated for the two years concerned, to the theoretical number of shares awarded. This factor may range from 0 to 2.

(b) For all beneficiaries (excluding members of the Management Board and the Executive Committee), vesting will depend on cost reductions in 2019, 2020 and 2021, in comparison with the planned performance in the Group's medium-term plan for the same period, and on the Group's cumulative free cash flow (FCF) for 2019, 2020 and 2021. The actual number is determined by applying a performance factor, calculated for the three years concerned, to the theoretical number of shares awarded. This factor may range from 0 to 2. For members of the Management Board and the Executive Committee, vesting will depend on the following two criteria: cost reductions in 2019, 2020 and 2021, in comparison with the planned performance in the Group's medium-term plan over the same period, and the increase in the EBITDA margin between 2019 and 2021 compared with a panel of comparable companies. The actual number is determined by applying a performance factor, calculated for the two years concerned, to the theoretical number of shares awarded. This factor may range from 0 to 2.

(c) For all beneficiaries, vesting will depend on two "absolute" internal criteria:

- Group cost reductions (gross savings as a % of the Y-1 baseline and excluding DCOS) for 2020, 2021 and 2022;
- the ratio of carbon emissions from Vallourec's industrial processes and purchases of electricity generated by fossil fuels to sales volumes, in metric tons (emissions of non-biogenic carbon) between 2020 and 2022.

A further external criterion will be applied: growth in the EBITDA margin between 2020 and 2022 compared to a panel of comparable companies comprising Hunting Plc, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

(d) The conditional rights to receive performance shares granted to management (cadres) at grade 20 or below are not subject to any performance conditions. For beneficiaries at grade 21 or above, the award is based on two "absolute" internal criteria:

- Group cost reductions (gross savings as a % of the Y-1 baseline and excluding DCOS) for 2021, 2022 and 2023;
- the ratio of carbon emissions from Vallourec's industrial processes and purchases of electricity generated by fossil fuels to sales volumes, in metric tons (emissions of non-biogenic carbon) between 2021 and 2023.

A further external criterion will be applied: growth in the EBITDA margin between 2020 and 2022 compared to a panel of comparable companies comprising Hunting Plc, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

(e) The conditional rights to receive performance shares granted to management (cadres) at grade 20 or below are not subject to any performance conditions. For beneficiaries at grade 21 or above, the award is based on two "absolute" internal criteria:

- Group cost reductions (gross savings as a % of the Y-1 baseline and excluding DCOS) for 2022, 2023 and 2024;
- the ratio of carbon emissions from Vallourec's industrial processes and purchases of electricity generated by fossil fuels to sales volumes, in metric tons (emissions of non-biogenic carbon) between 2022 and 2024.

A further external criterion will be applied: growth in the EBITDA margin between 2022 and 2024 compared to a panel of comparable companies comprising Hunting Plc, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

### Change in number of shares

For all of these plans, the change in the number of shares not yet vested is as follows:

In number of shares	2021	2022
<b>Number of shares not yet vested as at January 1</b>	<b>78,664</b>	<b>398,664</b>
Shares delivered over the year	(24,923)	(38,739)
Shares awarded for outperformance		9,447
Shares canceled	(9,434)	(22,695)
Shares awarded over the year	289,396	231,410
Impact of the capital increase on plans awarded prior to 2020	64,961	-
<b>NUMBER OF SHARES NOT YET VESTED AS AT DECEMBER 31</b>	<b>398,664</b>	<b>578,087</b>

The reported figures correspond to the number of shares, with a performance factor of 1 for plans not yet vested, and to the actual number of shares awarded for plans that had matured.

Valuation <sup>(a)</sup>	2021 Plan <sup>(1)</sup>	2022 Plan
Share price on the award date	€7.53	€12.88
Risk-free rate <sup>(b)</sup>	-0.44%	0.62%
Dividend rate <sup>(c)</sup>	3%	3%
Fair value of the share	€6.87	€11.76
Number of shares awarded	289,396	231,410

(a) The binomial pricing model has been used to measure the fair value of the shares awarded. The employee benefit corresponds to the fair value of the shares awarded, taking into account the loss of dividend rights during the vesting period and the cost to the employee of the non-transferability of shares during the holding period.

(b) The risk-free rate corresponds to the zero-coupon rate (source: French Institute of Actuaries – Institut des Actuaires).

(c) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

(1) The figures shown for the 2020 plan were revised to take account of the division of the par value of the shares by 1.89929156, and the subsequent multiplication of the number of shares by 1.89929156, further to the decision of the Chairman of the Management Board on June 30, 2021.

## MANAGEMENT EQUITY PLAN

During 2022, the Group set up new Management Equity Plans (MEPs) for its employees and executive corporate officers.

### June 4, 2022 MEP

Under the MEP set up on June 4, 2022, 3,800,447 free shares were awarded to the Group's employees and executive corporate officers. This free share award comprises 57,359 ordinary shares and 3,743,088 preferred shares.

### Characteristics of the plan

The characteristics of the plan awarding ordinary shares are as follows:

Valuation	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Share price on the award date	€12.88	€12.88	€12.88	€12.88	€12.88
Vesting date <sup>(a)</sup>	30% 06/04/2023	30% 06/04/2024	30% 06/04/2025	30% 06/04/2026	30% 06/04/2027
	70% 06/04/2027	70% 06/04/2027	70% 06/04/2027	70% 06/04/2027	70% 06/04/2027
Holding period	5 years	5 years	5 years	5 years	5 years
Performance conditions <sup>(b)</sup>	Yes	Yes	Yes	Yes	Yes
Volatility <sup>(c)</sup>	51%	52%	50%	48%	45%
Risk-free rate <sup>(d)</sup>	-0.08%	0.38%	0.62%	0.80%	0.94%
Dividend rate <sup>(e)</sup>	3.00%	3.00%	3.00%	3.00%	3.00%
Fair value of the share	€9.20	€8.96	€8.93	€8.85	€8.80
Number of shares awarded	11,472	11,472	11,472	11,472	11,471

(a) The statutory vesting period is between one and five years, depending on the tranche. At the end of this period, if Apollo still holds at least 5% of the capital, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of the beneficiaries' rights are considered as vesting at the end of the statutory vesting period and 70% at the end of the lock-up period, estimated at five years.

(b) Each tranche will only vest if, on the vesting date, the Vallourec share price is above €8.09.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

The characteristics of the performance share plan are as follows:

Valuation	Tranche 1	Tranche 2	Tranche 3
Share price on the award date	€12.88	€12.88	€12.88
Vesting period <sup>(a)</sup>	30%: 1.60 years	30%: 1.96 years	30%: 2.43 years
	70%: 4.07 years	70%: 4.07 years	70%: 4.07 years
Holding period <sup>(a)</sup>	4.07 years	4.07 years	4.07 years
Performance conditions <sup>(b)</sup>	Yes	Yes	Yes
Volatility <sup>(c)</sup>	48%	48%	48%
Risk-free rate <sup>(d)</sup>	0.80%	0.80%	0.80%
Dividend rate <sup>(e)</sup>	3.00%	3.00%	3.00%
Fair value of the share	€7.55	€5.96	€4.01
Number of shares awarded	1,723,917	1,723,918	295,253

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 4.07 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 4.07 years.

(b) The tranche 1, 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19, €20.22 and €28.32 for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.60 years, 1.96 years and 2.43 years, respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

**July 4, 2022 MEP**

Under the MEP set up on July 4, 2022, 276,458 preferred shares were awarded free of consideration to the Group's employees and executive corporate officers.

**Characteristics of the plan**

The characteristics of the performance share plan are as follows:

<b>Valuation</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>
Share price on the award date	€10.46	€10.46	€10.46
Vesting period <sup>(a)</sup>	30%: 1.89 years 70%: 4 years	30%: 2.19 years 70%: 4 years	30%: 2.57 years 70%: 4 years
Holding period <sup>(a)</sup>	4 years	4 years	4 years
Performance conditions <sup>(b)</sup>	Yes	Yes	Yes
Volatility <sup>(c)</sup>	49%	49%	49%
Risk-free rate <sup>(d)</sup>	1.22%	1.22%	1.22%
Dividend rate <sup>(e)</sup>	3.00%	3.00%	3.00%
Fair value of the share	€5.70	€4.33	€2.67
Number of shares awarded	124,896	124,896	26,666

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 4.0 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 4.0 years.

(b) The tranche 1, 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19, €20.22 and €28.32 for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.89 years, 2.19 years and 2.57 years, respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

**July 14, 2022 MEP**

Under the MEP set up on July 14, 2022, 810,416 preferred shares were awarded free of consideration to the Group's employees and executive corporate officers.

**Characteristics of the plan**

The characteristics of the performance share plan are as follows:

<b>Valuation</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>
Share price on the award date	€8.95	€8.95	€8.95
Vesting period <sup>(a)</sup>	30%: 2.08 years 70%: 4 years	30%: 2.37 years 70%: 4 years	30%: 2.77 years 70%: 4 years
Holding period <sup>(a)</sup>	4 years	4 years	4 years
Performance conditions <sup>(b)</sup>	Yes	Yes	Yes
Volatility <sup>(c)</sup>	49%	49%	49%
Risk-free rate <sup>(d)</sup>	1.22%	1.22%	1.22%
Dividend rate <sup>(e)</sup>	3.00%	3.00%	3.00%
Fair value of the share	€3.96	€2.93	€1.66
Number of shares awarded	374,652	374,652	61,112

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 4.0 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 4.0 years.

(b) The tranche 1, 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19, €20.22 and €28.32 for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 2.08 years, 2.37 years and 2.77 years, respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

## July 26, 2022 MEP

Under the MEP set up on July 26, 2022, 429,166 preferred shares were awarded free of consideration to the Group's employees and executive corporate officers.

### Characteristics of the plan

The characteristics of the performance share plan are as follows:

Valuation	Tranche 1	Tranche 2	Tranche 3
Share price on the award date	€8.74	€8.74	€8.74
Vesting period <sup>(a)</sup>	30%: 2.09 years 70%: 3.9 years	30%: 2.38 years 70%: 3.9 years	30%: 2.7 years 70%: 3.9 years
Holding period <sup>(a)</sup>	3.9 years	3.9 years	3.9 years
Performance conditions <sup>(b)</sup>	Yes	Yes	Yes
Volatility <sup>(c)</sup>	50%	50%	50%
Risk-free rate <sup>(d)</sup>	0.62%	0.62%	0.62%
Dividend rate <sup>(e)</sup>	3.00%	3.00%	3.00%
Fair value of the share	€3.71	€2.74	€1.55
Number of shares awarded	196,527	196,527	36,112

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 3.9 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 3.9 years.

(b) The tranche 1, 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19, €20.22 and €28.32 for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 2.09 years, 2.38 years and 2.7 years, respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

## September 12, 2022 MEP

Under the MEP set up on September 12, 2022, 16,168 preferred shares were awarded free of consideration to the Group's employees and executive corporate officers.

### Characteristics of the plan

The characteristics of the performance share plan are as follows:

Valuation	Tranche 1	Tranche 2
Share price on the award date	€10.60	€10.60
Vesting period <sup>(a)</sup>	30%: 1.72 years 70%: 3.8 years	30%: 2 years 70%: 3.8 years
Holding period <sup>(a)</sup>	3.8 years	3.8 years
Performance conditions <sup>(b)</sup>	Yes	Yes
Volatility <sup>(c)</sup>	51%	51%
Risk-free rate <sup>(d)</sup>	1.54%	1.54%
Dividend rate <sup>(e)</sup>	3.00%	3.00%
Fair value of the share	€5.66	€4.44
Number of shares awarded	8,084	8,084

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 3.8 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 3.8 years.

(b) The tranche 1 and 2 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19 and €20.22 respectively, for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.72 years and 2 years respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

**December 14, 2022 MEP**

Under the MEP set up on December 14, 2022, 95,502 preferred shares were awarded free of consideration to the Group's employees and executive corporate officers.

**Characteristics of the plan**

The characteristics of the performance share plan are as follows:

<b>Valuation</b>	<b>Tranche 1</b>	<b>Tranche 2</b>
Share price on the award date	€10.70	€10.70
Vesting period <sup>(a)</sup>	30%: 1.76 years 70%: 3.5 years	30%: 2 years 70%: 3.5 years
Holding period <sup>(a)</sup>	3.5 years	3.5 years
Performance conditions <sup>(b)</sup>	Yes	Yes
Volatility <sup>(c)</sup>	50%	50%
Risk-free rate <sup>(d)</sup>	2.11%	2.11%
Dividend rate <sup>(e)</sup>	3.00%	3.00%
Fair value of the share	€5.61	€4.26
Number of shares awarded	47,751	47,751

(a) The statutory vesting period is one year for all tranches. If Apollo still holds at least 5% of the capital at the end of a period of 3.5 years, the shares will be subject to a lock-up. During the lock-up period, they will be bought back from the beneficiaries in the event of their departure (excluding in the case of retirement, death or disability) only up to a maximum of 30% of their market value. In light of these rules, under IFRS 2, 30% of beneficiaries' rights are considered as vesting at the end of the average vesting period (see performance conditions) and 70% at the end of the lock-up period, estimated at 3.5 years.

(b) The tranche 1 and 2 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19 and €20.22 respectively, for 90 consecutive trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.76 years and 2 years respectively.

(c) Volatility corresponds to historical volatility observed over a period corresponding to the life of the plans.

(d) The risk-free rate used was determined based on the maturity of each of the tranches (French Bond Association [CNO] zero-coupon yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

**Change in number of shares**

The change in the number of shares not yet vested under the 2022 Management Equity Plans is as follows:

<b>In number of shares</b>	<b>Ordinary shares</b>	<b>Performance shares</b>
<b>Number of shares not yet vested as at January 1, 2022</b>	<b>1,595,700</b>	<b>3,575,621</b>
Shares delivered over the year	(300,571)	(2,548,628)
Shares canceled	(367,000)	(1,026,993)
Shares awarded over the year	57,359	5,370,798
<b>NUMBER OF SHARES NOT YET VESTED AS AT DECEMBER 31, 2022</b>	<b>985,488</b>	<b>5,370,798</b>

**7 Provisions for contingencies and charges**

The change in provisions for contingencies and charges is shown below:

	<b>12/31/2021</b>	<b>Additions</b>	<b>Utilizations</b>	<b>12/31/2022</b>
Provisions for foreign exchange losses	1	1	-	2
Provisions for retirement commitments	235	-	235	-
Provisions for supplementary pension obligations	593	-	114	479
Provisions for performance share expenses	1,137	345	888	594
Provisions for claims and litigation	15	-	-	15
<b>TOTAL</b>	<b>1,981</b>	<b>347</b>	<b>1,237</b>	<b>1,090</b>
Of which recognized in operating income (loss)	-	347	1,237	-
Of which recognized in financial income (expense)	-	-	-	-



Provisions are booked for disputes according to the estimated probable risk at each reporting date, in application of CRC Regulation No. 2000-06 on liabilities.

The balance of the provision for expenses relating to performance share plans (2015, 2016, 2017, 2018, 2019, and 2020 plans) totaled €0.6 million.

#### PROVISIONS FOR RETIREMENT COMMITMENTS

Total retirement commitments, net of plan assets, were a nil amount as at December 31, 2022, compared with €0.2 million as at December 31, 2021.

#### PROVISIONS FOR SUPPLEMENTARY PENSION OBLIGATIONS

As at December 31, 2022, the total supplementary pension obligation, net of plan assets, amounted to €0.5 million.

Actuarial losses and unrecognized past service costs were a nil amount. Commitments not recognized in the statement of financial position would correspond to changes in assumptions or to the failure of assumptions to materialize, the effect of which is amortized over time using the corridor method.

#### INFORMATION ON INTEREST RATE RISK

Vallourec SA may at times use swaps, to convert variable-rate interest on its debt into a fixed rate. As at December 31, 2022 Vallourec SA had no variable-rate debt and therefore has not set up any interest-rate swaps.

#### INFORMATION ON FOREIGN EXCHANGE RISK

As at December 31, 2022, Vallourec SA had no significant exposure to foreign exchange risk and therefore has not set up any currency hedging instruments.

## D – Notes to the income statement

### 1 Operating income (loss)

#### REVENUE

The Company's 2022 revenue – amounting to €2.1 million – mainly corresponds to services rebilled to the subsidiary Vallourec Tubes (€1.8 million), and the costs of employee performance share award plans rebilled to Group subsidiaries.

#### OPERATING EXPENSES

Operating expenses amounted to €16.4 million, consisting mainly of fees, personnel costs, and the impact of free share plans and commissions, loan issue fees and additions to provisions.

### 2 Financial income and expenses concerning related companies

Financial expenses: none.

Financial income: €112 million.

### 3 Net financial income

	2021	2022
Interest income <sup>(a)</sup>	112,052	112,328
Interest expense	(148,346)	(102,583)
<b>Net interest expense</b>	<b>(36,294)</b>	<b>9,745</b>
Change in provisions for equity interests	454,000	1,661,000
Other financial income and expenses	(77)	1
<b>NET FINANCIAL INCOME</b>	<b>417,629</b>	<b>1,670,746</b>

(a) Of which €112.0 million corresponding to interest on loans to Vallourec Tubes SAS.

The Company reported net financial income of €1,671 million in 2022 compared to €418 million in 2021. The increase was attributable to the higher reversal from a provision for impairment of shares in its subsidiary Vallourec Tubes (€1,661 million in 2022 versus €454 million in 2021) and the decrease in interest expense for the

year (€102.6 million in 2022 versus €148.3 million in 2021). Net interest expense consists of fees and interest on bonds and commercial paper, commitment fees on medium-term bank lines of credit and interest income from parent company loans to Vallourec Tubes.

### 4 Net non-recurring income

None.

## E – Other information

### 1 Breakdown of average headcount

The Company had an average headcount of three people in 2022, including one corporate officer (the Chairman of the Board of Directors).

### 2 Taxation

#### TAX CONSOLIDATION

Since January 1, 1988, the Company has been a member of a tax consolidation group formed under the provisions of Article 223-A of the French Tax Code.

The tax consolidation agreement has been renewed automatically for five-year periods since 1999.

In 2022, the tax consolidation group comprised Vallourec SA, Vallourec Université France, Vallourec Tubes, Vallourec Tubes France, Vallourec Oil & Gas France, Vallourec One, and Vallourec Services.

The tax consolidation agreement requires subsidiaries of the tax group to record a tax expense equivalent to the amount they would have borne in the absence of tax consolidation.

Any income resulting from tax consolidation recorded by Vallourec SA corresponds mainly to the charge to income of the losses generated by Vallourec SA and the tax loss carryforwards recognized by Vallourec SA.

The Vallourec tax consolidation group reported a loss in 2022 and its tax loss carryforwards represented €2,339.2 million at the end of 2022.

#### INCREASE AND DECREASE IN FUTURE TAX LIABILITIES

Nature of temporary differences	Amount (base) as at 12/31/2021	Amount (base) as at 12/31/2022
<b>Increase</b>	-	-
<b>Decrease</b>	<b>1,312</b>	<b>676</b>
Provision for retirement commitments	839	489
Provision for employee share ownership plans	468	187
Provision for paid leave	5	-
Provision for tax on passenger vehicles	-	-

As at December 31, 2022, the amount of tax loss carryforwards relating to Vallourec SA stood at €149.4 million.

#### BREAKDOWN OF INCOME TAX BETWEEN RECURRING AND NON-RECURRING ITEMS

	Pre-tax income (loss)	Tax due	Net income (loss)
Recurring	1,657,652	-	1,657,652
Non-recurring	101	-	101
<b>Sub-total</b>	<b>1,657,753</b>	<b>-</b>	<b>1,657,753</b>
Expense relating to Vallourec (tax credit)	-	173	173
Income from tax consolidation	-	-	-
<b>TOTAL VALLOUREC</b>	<b>1,657,753</b>	<b>173</b>	<b>1,657,926</b>

### 3 Executive compensation

#### ADMINISTRATIVE BODIES

Attendance fees and other compensation paid to members of the administrative bodies during the year amounted to €0.8 million.

#### MANAGEMENT BODIES

This information is not provided as it is not relevant in relation to the assets and liabilities, financial position and earnings of Vallourec SA.

### 4 Off-balance sheet commitments

The commitments given to third parties as collateral for commercial, financial and social commitments amount to:

Off-balance sheet commitments are as follows:

- retirement benefits: none;

- supplementary pension benefits: none;
- long-term vehicle leases: €14 thousand.

None of the Company's debt is secured by collateral.

## 5 Subsequent events

None.

## 6 Vallourec subsidiaries and directly-held equity interests as at December 31, 2022

Company	Share capital	Other equity before appropriation of net income (loss)	Percentage of capital held (%)	Carrying amount of the securities held		Outstanding loans and advances granted by the Company	Securities and guarantees given by the Company	Prior-year revenue excluding taxes <sup>(1)</sup>	Prior-year net income (loss) <sup>(2)</sup>	Dividends received by the Company during the year
				Gross	Net					
<b>A) SUBSIDIARIES AND EQUITY INTERESTS WITH A CARRYING AMOUNT IN EXCESS OF 1% OF VALLOUREC'S CAPITAL</b>										
<b>I. Subsidiaries (at least 50%-owned)</b>										
French company										
Vallourec Tubes 12, rue de la Verrerie, 92190 Meudon	622,643	1,105,916	100%	4,856,429	3,969,429	2,111,295		63,540	130,326	-
<i>(1) at 12.31.2021</i>										
<i>(2) at 12.31.2021</i>										

## 7 Five-year financial summary

<i>In euros, except number of shares and number of employees</i>	2018	2019	2020	2021	2022
<b>SHARE CAPITAL</b>					
<b>Share capital</b>	<b>915,975,520</b>	<b>915,975,520</b>	<b>228,994</b>	<b>4,578,569</b>	<b>4,635,552</b>
Number of ordinary shares in issue	457,987,760	457,987,760	11,449,694	228,928,428	231,777,627
Number of preferred non-voting shares in issue	-	-	-	-	-
Maximum number of new shares to be issued:		-			
• via bond conversions	-				
• via exercise of subscription rights	3,674,986	3,180,339	-		
• via bond redemptions	-				
Revenue, excluding taxes	2,335,242	5,381,501	2,706,419	2,932,804	2,086,313
Income (loss) before tax, employee profit-sharing, depreciation, amortization, and provisions	(70,504,334)	(59,277,273)	(88,504,562)	66,001,676	(4,174,959)
Income tax	37,169,694	566,787	56,340	35,360	172,726
Employee profit-sharing for the year	-	-	-	-	-
Income (loss) after tax, employee profit-sharing, depreciation, amortization, and provisions	(34,718,136)	(63,647,530)	(3,093,523,915)	510,763,663	1,657,926,018
<b>Distributed earnings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EARNINGS PER SHARE</b>					
Income (loss) after tax and employee profit-sharing but before depreciation, amortization and provisions	(0.07)	(0.13)	(7.73)	0.29	(0.02)
Income (loss) after tax, employee profit-sharing, depreciation, amortization, and provisions	(0.08)	(0.14)	(270.18)	2.23	7.15
<b>Dividend allotted to each existing share</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>HEADCOUNT</b>					
Average number of employees during the year	5	5	4	4	3
Total payroll costs for the year	2,309,412	2,313,936	1,532,830	2,359,910	3,679,977
Payroll-related costs (social security, employee benefits, etc.)	1,069,659	1,312,316	1,102,907	1,330,544	1,448,593

## 6.4 Statutory Auditors' Report on the Financial Statements

For the year ended December 31, 2022

*This is a free translation into English of the Statutory Auditors' Report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.*

*This Statutory Auditors' Report includes information required by European regulations and French law, such as information regarding the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Annual General Meeting of Vallourec,

### Opinion

In compliance with the engagement entrusted to us at your Annual General Shareholders' Meeting, we have audited the accompanying financial statements of Vallourec S.A. (hereafter, "the Company") for the year ended December 31<sup>st</sup>, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31<sup>st</sup>, 2022 and of the results of its operations for the year then ended in accordance with French generally accepted accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

### Basis for opinion

#### AUDIT FRAMEWORK

We conducted our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

#### INDEPENDENCE

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1<sup>st</sup>, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

### Justification of assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

## Measurement of equity interests and Loans from Vallourec Tubes

Notes B "Accounting policies – Equity interests", C.1 "Equity Interest and Receivables, loans, other financial assets" and E.6 "Subsidiaries and equity investments" to the financial statements

Key Audit Matter	Audit Approach
<p>Equity interests on the balance sheet amounted to €3.969 million as at December 31st, 2022, and represent the most significant balance sheet item. They correspond to shares in Vallourec Tubes, a sub-holding of the Vallourec Group. Loans from Vallourec Tubes amount to €1.701 million.</p>	<p>Our work consisted in gaining an understanding of:</p> <ul style="list-style-type: none"> <li>the process for preparing and approving the estimates and assumptions used by Management to estimate the value in use of Vallourec Tubes equity interests, and</li> <li>procedures for approving the results by the governance entities.</li> </ul>
<p>As described in the Note "Equity interests" to the financial statements, the Company recognizes a provision for impairment when the value in use of equity interests falls below their net carrying amount. Similarly, the related receivables are, where applicable, impaired when the risk is greater than the value of the equity interest and when the latter have already been impaired.</p>	<p>We also assessed the appropriateness of the model used to determine the utility value of these equity interests and related receivables.</p>
<p>Value in use is based on expected cash flows, estimated based on the Group's strategic plan for the first five years, extrapolated over the following three years and a terminal value.</p>	<p>We obtained the cash flows and operating forecasts for the Vallourec Group prepared by the Company, and verified their consistency with the 2023 budget, as approved by the Board of Directors, assessment made by the Management on business forecasts.</p>
<p>The measurement prepared as at December 31st, 2022 leads to, as indicated in the section "Equity interests" of the C.1 of financial statements, a reversal of €1.661 million for the period.</p>	<p>With the assistance of our valuation experts, we assessed, with regards to the Group's internal and external industry and macroeconomic data, the appropriateness of the various underlying assumptions used in preparing cash flow forecasts, including:</p>
<p>Cash forecasts used to identify recoverable values are based on available data at the date of the closing of the accounts, in a context of recovery in the Oil and Gas business, particularly in North America.</p>	<ul style="list-style-type: none"> <li>regional price and volume assumptions, which are dependent on investments in the exploration and production of oil and natural gas,</li> <li>forecasts of changes in costs in the context of the "New Vallourec" strategic plan, and</li> <li>exchange rates, growth rates and discount rates.</li> </ul>
<p>However, uncertainties remain when considering future outlook, particularly in connection with the inflationary context which may adversely impact raw materials and energy prices as well as the impact of climate change on Company's business model.</p>	<p>We also assessed the consistency of cash flow forecasts with past performances, market outlook, and forecast data presented to the Company's Board of Directors.</p>
<p>In this context, realization could digress these estimations and the variable nature of some estimation could be strengthened.</p>	<p>Lastly, we (i) performed our own sensitivity analysis, (ii) verified the arithmetic accuracy of the calculations and (iii) verified that the value resulting from the cash flow forecasts has been adjusted to take the Vallourec Group's net debt into account.</p>
<p>We considered that Vallourec Tubes equity interests' valuation and related Loans is a key audit matter due to its importance in the financial statements assets and the fact that the determination of the value in use of these interests require judgement and estimations calculation from Management to build future cash flow previsions, used to identify its value.</p>	

### Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

### INFORMATION PROVIDED IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS WITH RESPECT TO THE FINANCIAL POSITION AND THE FINANCIAL STATEMENTS PROVIDED TO SHAREHOLDERS

We have no matters to report as to the fair presentation and consistency with the financial statements of the information provided in the Management Report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest to the fair presentation and consistency with the financial statements of the information relating to payment terms, required under Article D.441-6 of the French Commercial Code.

## REPORT ON CORPORATE GOVERNANCE

We attest that the corporate governance section of the Board of Directors' management report sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remuneration and benefits paid or awarded to corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L.22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

## OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

## Report on other legal and regulatory requirements

### FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

### APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of Vallourec at the Annual General Shareholders' Meeting held on June 1<sup>st</sup>, 2006 for both audit firms.

As at 31 December 2022, KPMG S.A. was in the 17<sup>th</sup> year of an uninterrupted engagement and Deloitte & Associés in the 21<sup>st</sup> year of an uninterrupted engagement, given the succession of mandates between legal entities of the Deloitte network.

## Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Financial and Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, internal audit, regarding accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

## Statutory Auditors' responsibilities for the audit of the financial statements

### OBJECTIVES AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

### REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant in the audit of the financial statements of the current period and which are therefore key audit matters. We describe these matters in this audit report.

We also provide the Audit Committee with the statement required under Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in Articles L.822-10 to L.822-14 of the French Commercial Code and the French Code of Ethics applicable to Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may bear on our independence, and the related safeguards.

Paris-La-Défense, April 6<sup>th</sup>, 2023

The Statutory Auditors,

KPMG S.A.  
Alexandra Saastamoinen

Deloitte & Associés  
Véronique Laurent



**7**

**CORPORATE  
GOVERNANCE**





## **CORPORATE GOVERNANCE**

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## 7.1 Corporate governance

### 7.1.1 Governance structure

Following the change in the Company's governance structure decided at the April 20, 2021 Ordinary and Extraordinary Shareholders' Meeting – which took effect on July 1, 2021 – the two-tier structure consisting of a Management Board and Supervisory Board was replaced by a single-tier structure with a Board of Directors.

At its meeting on July 1, 2021, the Board of Directors decided to combine, as from that date, the roles of the Chairman of the Board of Directors and the Chief Executive Officer, and appointed Édouard Guinotte as Chairman and Chief Executive Officer for the duration of his directorship, i.e., four years. Olivier Mallet was appointed by the Board as Deputy Chief Executive Officer of the Company for a four-year term.

On March 20, 2022, further to the completion of an external selection process by a special committee of the Board of Directors, Philippe Guillemot was appointed to succeed Édouard Guinotte as Chairman

and Chief Executive Officer of Vallourec, with immediate effect and for the duration of his term of office as director, i.e. four years. In accordance with the French Commercial Code, the duties of Olivier Mallet as Deputy Chief Executive Officer expired on March 20, 2022 upon the appointment of Philippe Guillemot as the new Chairman and Chief Executive Officer. Olivier Mallet was not replaced.

At the time of Philippe Guillemot's appointment, the Board of Directors elected to maintain the combination of the roles of Chairman and Chief Executive Officer.

The Board of Directors considered that combining these roles is well suited to Vallourec and makes the Company's governance and the execution of its strategy more agile and effective. The combination of these roles, together with the lower number of Board members, has improved governance.

An Executive Committee steers the Group's operational management.

### 7.1.2 Membership and operating procedures of the Board of Directors

#### 7.1.2.1 Membership of the Board of Directors

##### 7.1.2.1.1 POLICY ON THE MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS

The Board of Directors' policy on its membership structure is based on the following four fundamental objectives:

##### **Selection of skilled members**

Aware that its overriding quality reflects that of its members, the Board of Directors makes every effort to ensure that it has members who have performed managerial duties with a high-level of responsibility and/or who have recognized operational, financial, strategic, international, industrial or legal expertise.

##### **Balanced membership structure based on diversity**

Like all of the Company's stakeholders, the Board of Directors is committed to the value-creating process. The Company's directors come from a variety of backgrounds and have diverse experience and skills that reflect the Group's global presence and its various long-term strategic goals.

The balance sought in terms of the Board's membership also takes into account the structure of and changes in the Company's shareholder base, as well as the proportion of men and women directors required under the applicable regulations, and the proportion of independent directors recommended in the AFEP-MEDEF Code.

The diversity and complementary skills and experience of the directors on the Board as at March 31, 2023 can be seen in their profiles and the tables and images below.

As at March 31, 2023, the Board of Directors had four women members: Corine de Bilbao, Angela Minas, Maria Silvia Marques and Hera Siu, representing 57% of the total number of directors (excluding the employee representative directors, in accordance with Article L.225-27-1 of the French Commercial Code [*Code de commerce*]). The Company therefore complies with French Law 2011-103 of January 27, 2011 concerning gender balance on boards of directors and supervisory boards, and equality in the workplace. It also complies with Articles L.225-18-1 and L.22-10-3 of the French Commercial Code which require women to account for at least 40% of the members of a board of directors.

As at March 31, 2023, five nationalities were represented on the Board, reflecting the Group's international presence, particularly in Brazil, the United States, China and Europe.

The Board also includes an employee representative appointed by the Group Employees' Committee.

### Acting in the best interests of the Company

The Board considers that each member is responsible for looking after the Company's interests and must accomplish their duties objectively and independently, in order to gain and maintain the trust of all the shareholders.

Consequently, as well as ensuring it has independent directors, the Board ensures that it puts forward candidates of integrity for appointment at the Shareholders' Meeting, with strong ethical standards that lead them to act in the best interests of the Company and all of its shareholders and in such a way as to avoid any conflicts of interest. To that end, each member is required to inform the Board of any actual or potential conflicts of interest, and to refrain from taking part in discussions or voting on any issues at Board meetings where such conflicts of interest exist, and to leave the Board meeting if a subject is discussed that places the member in such a situation.

### Lean membership structure

Under French law, a board of directors can comprise up to 18 members. However, Vallourec's Board deliberately limits the number of its members in order to facilitate a seamless exchange of views and to allow each member to express themselves, thereby encouraging each person's participation and involvement.

#### 7.1.2.1.2 COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors is assisted by specialized committees, which have an advisory role and provide the Board with preparatory material for certain decisions. These committees issue proposals, make recommendations and provide advice in their respective areas of expertise.

As at March 31, 2023, the Board of Directors had five specialized committees:

- the Audit Committee;
- the Remuneration Committee;
- the Nomination and Governance Committee;
- the Strategic and Finance Committee; and
- the Corporate Social Responsibility (CSR) Committee.

## 7.1.2.1.3 MEMBERSHIP OF THE BOARD OF DIRECTORS

## Board of Directors

MEMBERS  
OF THE BOARD  
OF DIRECTORS

**Philippe Guillemot** ◆  
Chairman and Chief  
Executive Officer



**Pierre Vareille** ◇  
Vice-Chairman of the  
Board and Lead  
Independent Director

- Chairman of the NG\*  
Committee
- Chairman of the  
Remuneration  
Committee
- SF\*\* Committee



**Corine de Bilbao** ◇

- Chair of the CSR  
Committee
- SF\*\* Committee
- Audit Committee



**Maria Silvia Marques** ◇

- CSR Committee
- Audit Committee



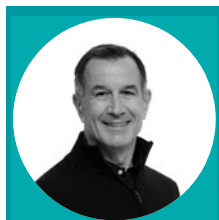
**Angela Minas** ◇

- Chair of the Audit  
Committee
- Remuneration  
Committee
- CSR Committee
- NG\* Committee



**Hera Siu** ◇

- Audit Committee
- CSR Committee
- NG\* Committee
- Remuneration  
Committee



**Gareth Turner** ◆

- Chairman of the SF\*\*  
Committee
- Audit Committee



**Patrick Poulin** ◆ ✱

- Non-independent  
member
- Director representing  
employees
- Remuneration  
Committee

## OBSERVER



◇ Independent member    ◆ Non-independent member    ✱ Director representing employees

\* NG Committee: Nomination and Governance Committee

\*\* SF Committee: Strategic and Finance Committee

## Summary presentation of the Board of Directors

	PERSONAL INFORMATION				EXPERIENCE	POSITION ON THE BOARD				PARTICIPATION ON BOARD COMMITTEES				
	Age	Gender	Nationality	Number of shares	Number of directorships in listed companies*	Independence	Date of first appointment	Term expires	Seniority on the Board (in years)	Audit Committee	SF Committee	CSR Committee	Remuneration Committee	NG Committee

### DIRECTORS

<b>Philippe Guillemot</b>	63	♂	French	463,000	2	◆	March 20, 2022	2026 OSM	1					
<b>Pierre Vareille</b>	65	♂	French	70,000	4	◇	April 20, 2021	2025 OSM	1		○		●	●
<b>Corine de Bilbao</b>	56	♀	French	1,300	2	◇	March 21, 2019	2025 OSM	3	○	○	●		
<b>Maria Silvia Marques</b>	66	♀	Brazilian	500	1	◇	July 1, 2021	2023 OSM <sup>(a)</sup>	1	○	○			
<b>Angela Minas</b>	59	♀	Greek-American	13,827	3	◇	July 1, 2021	2026 OSM	1	●	○	○	○	
<b>Hera Siu</b>	63	♀	Chinese	500	3	◇	July 1, 2021	2026 OSM	1	○	○	○	○	
<b>Gareth Turner</b>	59	♂	Canadian	500	1	◆	April 20, 2021	2025 OSM	1	○	●			

### EMPLOYEE DIRECTOR

<b>Patrick Poulin</b>		♂	French	494		◆	March 6, 2023	2025 OSM	<1				○	
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### OBSERVERS

<b>Austin Anton</b>	43	♂	British	0	0	◆	July 1, 2021	July 1, 2025	1					
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\* Including Vallourec SA.

(a) Maria Silvia Marques decided not to seek renewal of her term of office.

● Chairman

○ Member

◇ Independent within the meaning of the AFEP-MEDEF Code as assessed by the Board of Directors

◆ Non-independent within the meaning of the AFEP-MEDEF Code as assessed by the Board of Directors

NG Committee: Nomination and Governance Committee

SF Committee: Strategic and Finance Committee

CSR Committee: Corporate Social Responsibility Committee



INDEPENDENCE  
RATE\*  
**71.4%**



GENDER EQUALITY\*\*  
**57.1%**  
4 members of the Board  
are women



DIVERSITY  
**4** members  
of the Board are  
non-French  
and **5 nationalities**  
are represented  
on the Board



AVERAGE AGE  
**61**



EMPLOYEE  
REPRESENTATION  
**1**  
1 employee director,  
appointed by the Group  
Committee



AVERAGE  
ATTENDANCE  
RATE  
**95.3%**

\* In accordance with the AFEP-MEDEF Code, the employee director is not included in the calculation.

\*\* In accordance with French law, the employee director is not included in the calculation.

#### 7.1.2.1.4 DIVERSITY AND EXPERTISE OF EACH BOARD MEMBER

	Industry/ Oil & Gas	Executive/ operational management posts held within major groups	International experience	Financial/ audit expertise	Governance of listed companies	Corporate social responsibility
<b>Philippe Guillemot</b>	X	X	X	X	X	X
<b>Pierre Vareille</b>	X	X	X	X	X	X
<b>Corine de Bilbao</b>	X	X	X		X	X
<b>William de Wulf<sup>(1)</sup></b>			X	X		
<b>Maria Silvia Marques</b>	X	X	X	X	X	X
<b>Angela Minas</b>	X	X	X	X	X	X
<b>Hera Siu</b>		X	X	X	X	X
<b>Gareth Turner</b>	X		X	X		
<b>Guillaume Wolf<sup>(2)</sup></b>	X					
<b>Patrick Poulin<sup>(3)</sup></b>	X		X			

(1) Member of the Board of Directors until October 7, 2022.

(2) Employee director until March 3, 2023.

(3) Employee director as from March 6, 2023.

#### 7.1.2.1.5 CHANGES IN THE BOARD'S MEMBERSHIP STRUCTURE DURING 2022 AND FIRST-QUARTER 2023

Further to the completion of an external selection process by a special committee of the Board of Directors, the Nomination and Governance Committee decided to select Philippe Guillemot to succeed Édouard Guinotte as Chairman and Chief Executive Officer of Vallourec. Vallourec's Board of Directors met on March 20, 2022 and appointed Philippe Guillemot for a four-year term, effective immediately.

SVPGlobal's announcement on October 7 of the disposal of its holding in Vallourec ended the Shareholders' Agreement between SVPGlobal and Vallourec. Consequently, William Wulf – the director

appointed by SVPGlobal under the Shareholders' Agreement – stepped down. For further information about the Shareholders' Agreement with SVPGlobal and its termination see section 2.3.3 of this Universal Registration Document.

On March 3, 2023, Guillaume Wolf stepped down as an employee director. He has been replaced by Patrick Poulin.

As at March 31, 2023, the Board of Directors comprised eight members, including five members who the Board has qualified as independent in accordance with the criteria in the AFEP-MEDEF Code, and one employee director.

### 7.1.2.1.6 PRESENTATION OF THE MEMBERS OF THE BOARD OF DIRECTORS



#### PHILIPPE GUILLEMOT CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Date of birth:** May 6, 1959 – French  
**Date of first appointment:** March 20, 2022  
**Term expires:** 2026 OSM  
**Number of Vallourec shares held:** 463,000

#### Summary of main areas of expertise and experience

- Graduate of Harvard Business School (MBA) and of French engineering school, École des Mines de Nancy
- Chief Executive Officer of Elior Group, one of the world leaders in contract catering and services with front-ranking positions in five countries, where he undertook a root-and-branch overhaul and put the group on a sound financial footing, implemented a value-creation strategy and built a robust organization, which proved decisive in the extremely challenging environment prompted by the Covid-19 crisis (2017-2022)
- Chief Operating Officer at Alcatel-Lucent, where he devised a business recovery and transformation plan and subsequently oversaw Alcatel-Lucent's integration into Nokia (2013-2016)
- Chief Executive Officer and member of the Board of Directors of Europcar (2010-2012)
- Chairman and Chief Executive Officer of Areva Transmission and Distribution (T&D) (2004-2010)
- Member of the Executive Committees of automotive suppliers Forvia (formerly Faurecia) (2001-2003) and Valeo (1998-2000)
- Held various positions at Michelin (1983-1989 and 1993-1998) where he was appointed to the Executive Committee in 1996
- Chairman and Chief Executive Officer of Vallourec since March 20, 2022

#### Main positions and roles outside the Company

- Director of Sonoco\*

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#### MAIN AREAS OF EXPERTISE

- Industry/Oil & Gas
- Executive/operational management posts held within major groups
- International experience
- Financial/audit expertise
- Governance of listed companies
- Corporate social responsibility

#### OFFICES HELD BY PHILIPPE GUILLEMOT

##### OFFICES CURRENTLY HELD

- Chairman and Chief Executive Officer of Vallourec SA<sup>(a)\*</sup> (since March 20, 2022)
- Director of Sonoco\*
- **Chairman of:**
  - Vallourec Tubes SAS<sup>(a)</sup> (since 2022)
  - Vallourec Tubes France SAS<sup>(a)</sup> (since 2022)
  - Vallourec Oil and Gas France SAS<sup>(a)</sup> (since 2022)

##### OFFICES THAT HAVE EXPIRED IN THE LAST FIVE YEARS

- Chief Executive Officer of Elior Group (until March 2022)

Philippe Guillemot does not receive any remuneration as a corporate officer of any of Vallourec's direct or indirect subsidiaries.

(a) Offices held in relation to the Vallourec Group.

\* Listed company (for offices currently held).

**PIERRE VAREILLE**

**VICE-CHAIRMAN OF THE BOARD OF DIRECTORS**  
**LEAD INDEPENDENT DIRECTOR**  
**CHAIRMAN OF THE REMUNERATION COMMITTEE**  
**CHAIRMAN OF THE NOMINATION AND GOVERNANCE COMMITTEE**  
**MEMBER OF THE STRATEGIC AND FINANCE COMMITTEE**

**Date of birth:** September 8, 1957 – French

**Date of first appointment:** April 20, 2021

**Term expires:** 2025 OSM

**Number of Vallourec shares held:** 70,000

**Summary of main areas of expertise and experience**

- Graduate of École Centrale Paris (now CentraleSupélec), SciencesPo Paris, Paris Sorbonne University (Economics), and Institut de Contrôle de Gestion
- Began his career in 1982 at Vallourec, holding various positions in manufacturing, management control, sales and strategy before being appointed CEO of several subsidiaries
- Chief Executive Officer, then Chairman and Chief Executive Officer of GFI Aerospace (1995-2000)
- Director of the Exhaust Systems business group and member of the Executive Committee at Faurecia (2000-2002)
- Member of the Executive Committee at Pechiney, in charge of the Aluminum Transformation Sector, and Chairman and Chief Executive Officer of Pechiney Rhenalu (2002-2004)
- Chief Executive Officer of Wagon PLC, a company listed on the London Stock Exchange (2004-2007)
- Chairman and Chief Executive Officer of FCI (2008-2011)
- Chief Executive Officer of Constellium, a company listed on the New York Stock Exchange (2012-2016)

**Main positions and roles outside the Company**

- Investor in Internet and Tech companies
- Director of companies
- Co-Chairman of the Vareille Foundation, the main objective of which is to develop the cognitive skills of children from disadvantaged backgrounds through intensive violin lessons as part of the school curriculum

6

**MAIN AREAS OF EXPERTISE**

Industry/Oil &amp; Gas



Executive/operational management posts held within major groups



International experience



Financial/audit expertise



Governance of listed companies



Corporate social responsibility

**OFFICES HELD BY PIERRE VAREILLE****OFFICES CURRENTLY HELD**

- Director of the London Metal Exchange (LME) since February 7, 2023\*
- Vice-Chairman of the Board of Directors and Lead Independent Director of Vallourec SA\*
- Director, member of the Strategic Committee and the Nomination and Compensation Committees at Verallia\*
- Director and member of the Remuneration Committee at Outokumpu Oyj\*

**OFFICES THAT HAVE EXPIRED IN THE LAST FIVE YEARS**

- Chairman of the Board of Directors of Bic SA (until 2021)
- Director of Etex (until 2019)
- Director of Ferroglobe (until 2019)
- Vice-Chairman of the Board of Directors and Lead Independent Director of Bic SA (until 2018)
- Director of Vectra (until 2018)

\* Listed company (for offices currently held).





## CORINE DE BILBAO

**INDEPENDENT DIRECTOR**  
**CHAIR OF THE CSR COMMITTEE**  
**MEMBER OF THE AUDIT COMMITTEE**  
**MEMBER OF THE STRATEGIC AND FINANCE COMMITTEE**

**Date of birth:** October 16, 1966 – French  
**Date of first appointment:** March 21, 2019  
**Date of reappointment:** 2020 OSM  
**Term expires:** 2024 OSM  
**Number of Vallourec shares held:** 1,300

### Summary of main areas of expertise and experience

- Graduate of Sciences-Po Bordeaux and holder of an MBA in Sourcing and Supply Chain Management from the MAI Institute of Purchasing Management
- Sourcing Manager and Service Manager at GE Medical Systems, medical imaging equipment sector (1989-2000)
- European Sourcing Director at GE Power Gas Turbines (2000-2003)
- Upstream Sales Director at GE Oil & Gas (2003-2008)
- Sales Vice-President, Products at Areva T&D (2008-2010)
- Head of GE Energy Services (2010-2011), General Manager for Europe then, Vice-President of Sales of the Subsea Division of General Electric Oil & Gas (2011-2016)
- President of General Electric (GE) France (2016-2019)
- Vice-President of AmCham, the American Chamber of Commerce in France (2016-2019)
- Chief Executive Officer of Segula Technologies International (2019-2021)

### Main positions and roles outside the Company

- President of Microsoft France



### MAIN AREAS OF EXPERTISE

- Industry/Oil & Gas
- Executive/operational management posts held within major groups
- International experience
- Governance of listed companies
- Corporate social responsibility

## OFFICES HELD BY CORINE DE BILBAO

### OFFICES CURRENTLY HELD

- Director of Vallourec SA\*
- Director of Orpea\*

### OFFICES THAT HAVE EXPIRED IN THE LAST FIVE YEARS

- Chief Executive Officer of Segula Technologies International (until 2021)
- Member of the Supervisory Board of Vallourec SA (until June 2021)
- President of Microsoft France (until 2021)
- President of General Electric (GE) France (until 2019)
- President of General Electric (GE) Industrial France (until 2019)
- Member of the Supervisory Board of Segula Technologies (until 2019)
- Director of GEAST (GE Alstom nuclear joint venture) (until 2019)
- Vice-President of AmCham, the American Chamber of Commerce in France (until 2019)

\* Listed company (for offices currently held).

**MARIA SILVIA MARQUES**

**INDEPENDENT DIRECTOR**  
**MEMBER OF THE AUDIT COMMITTEE**  
**MEMBER OF THE CSR COMMITTEE**

**Date of birth:** December 27, 1956 – Brazilian

**Date of first appointment:** July 1, 2021

**Term expires:** 2023 OSM

**Number of Vallourec shares held:** 500

**Summary of main areas of expertise and experience**

- Bachelor's degree in public administration, PhD in Economics from Fundação Getúlio Vargas, Rio de Janeiro
- President of Companhia Siderúrgica Nacional (CSN) (1996-2002)
- Associate Director of MS & CR2 (2002-2006)
- President of Icatu Seguros (2006-2011)
- Secretary of Finance for the City of Rio de Janeiro (2011-2014) – Head of Urban Planning for the Rio Olympic Games
- President of the Brazilian National Bank for Economic and Social Development (BNDES) (2016-2017)
- President and Chief Executive Officer of Goldman Sachs Brazil (2018-2019)
- Director of companies, including: Vale (1997-2001), Petrobras (1999-2001), Anglo American (2003-2006), Marsh McLennan (2015-2016)

**Main positions and roles outside the Company**

- Director of companies

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**MAIN AREAS OF EXPERTISE**

Industry/Oil &amp; Gas



Executive/operational management posts held within major groups



International experience



Financial/audit expertise



Governance of listed companies



Corporate social responsibility

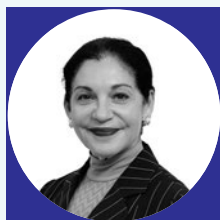
**OFFICES HELD BY MARIA SILVIA MARQUES****OFFICES CURRENTLY HELD**

- Director of Vallourec SA\*
- Director of Igua Saneamento
- Director of Grupo Cataratas
- Director of Ebanx

**OFFICES THAT HAVE EXPIRED IN THE LAST FIVE YEARS**

- President and Chief Executive Officer of Goldman Sachs Brazil (until 2019)

\* Listed company (for offices currently held).



## ANGELA MINAS

**INDEPENDENT DIRECTOR  
CHAIR OF THE AUDIT COMMITTEE  
MEMBER OF THE REMUNERATION COMMITTEE  
MEMBER OF THE NOMINATION AND GOVERNANCE COMMITTEE  
MEMBER OF THE CSR COMMITTEE**

**Date of birth:** March 23, 1964 – Greek-American

**Date of first appointment:** July 1, 2021

**Term expires:** 2026 OSM

**Number of Vallourec shares held:** 13,827

### Summary of main areas of expertise and experience

- Master of Business Administration (majoring in Finance and Accounting) from Rice University
- Consultant at Sterling Consulting Group (1986-1992), and Partner at Arthur Andersen LLP (1997-2022) in charge of the Oil & Gas sector for North America
- Senior Vice-President of Science Applications International Corp. (2002-2006)
- Chief Financial Officer, Chief Accounting Officer and Treasurer of Constellation Energy Partners (2006-2008)
- Vice-President and Chief Financial Officer of DCP Midstream Partners (2008-2012)
- Vice-President and Chief Financial Officer of Nemaha Oil & Gas (2013-2014)
- Independent director of companies and Audit Committees chair including Ciner Resources (2013-2018), Weatherford International (2018-2019), CNX Midstream (2014-2020), Westlake Chemical Partners, and Crestwood Equity Partners LP
- Member of the Council of Overseers of the Rice University Graduate Business School

### Main positions and roles outside the Company

- Director of companies



### MAIN AREAS OF EXPERTISE



Industry/Oil & Gas



Executive/operational management posts held within major groups



International experience



Financial/audit expertise



Governance of listed companies



Corporate social responsibility

## OFFICES HELD BY ANGELA MINAS

### OFFICES CURRENTLY HELD

- Director of Vallourec SA\*
- Director, chair of the Audit Committee and member of the Compensation Committee of Crestwood Equity Partners LP\*
- Director, Woodside Energy<sup>\*(1)</sup>

### OFFICES THAT HAVE EXPIRED IN THE LAST FIVE YEARS

- Director of CNX Midstream (until 2020)
- Director of Weatherford International (until 2019)
- Director of Ciner Resources (until 2018)

\* Listed company (for offices currently held)

(1) Following the vote of the Annual General Meeting of the shareholders of Woodside Energy convened on April 28, 2023.

**PATRICK POULIN**

**DIRECTOR REPRESENTING EMPLOYEES  
MEMBER OF THE REMUNERATION COMMITTEE**

**Date of birth:** December 27, 1966 – French  
**Date of first appointment:** March 6, 2023  
**Term expires:** 2025 OSM  
**Number of Vallourec shares held:** 494

**Summary of main areas of expertise and experience**

- Engineering graduate from École Catholique des Arts et Métiers de Lyon (1989).
- Led the nuclear laser welding unit at the French atomic energy agency (CEA) in Bruyères-le-Chatel (1989-1990).
- Head of IT systems and then supply chain developer for the Michelin group in Clermont Ferrand (1990-1998).
- Supply chain manager for the Asia-Pacific region based in Singapore for the Michelin group (1998-2001).
- Joined the Vallourec Group in 2001.
- Supply chain manager at Valti (2003-2007) and Vallourec Précision Etirage (2001-2003).
- Supply chain and sourcing manager for Vam Drilling in Houston, United States (2007-2011).
- Global sourcing manager for Group logistics services (2011-2016).
- Group director responsible for managing inventories of consumables and spare parts (2017-2019).
- Procurement director at Serimax (2019-2020).
- Supply chain manager at Line Pipe Project (2020-2022).
- Senior project manager in the Group's supply chain department responsible for inventory management (since 2022).

**Main positions and roles outside the Company**

- None

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**MAIN AREAS  
OF EXPERTISE**

Industry/Oil &amp; Gas



International experience



Automotive

**OFFICES HELD BY PATRICK POULIN****OFFICES CURRENTLY HELD**

- Director of Vallourec SA\*

**OFFICES THAT HAVE EXPIRED IN THE LAST FIVE YEARS**

None

\* Listed company (for offices currently held).



## HERA SIU

**INDEPENDENT DIRECTOR**  
**MEMBER OF THE AUDIT COMMITTEE**  
**MEMBER OF THE CSR COMMITTEE**  
**MEMBER OF THE REMUNERATION COMMITTEE**  
**MEMBER OF THE NOMINATION AND GOVERNANCE COMMITTEE**

**Date of birth:** September 16, 1959 – Chinese

**Date of first appointment:** July 1, 2021

**Term expires:** 2026 OSM

**Number of Vallourec shares held:** 500

### Summary of main areas of expertise and experience

- Master of Business Administration and Bachelor of Science in Finance from the University of Nevada, Reno
- Marketing Specialist at Northern Telecom in the United States (1988-1992)
- Managing Director at Hong Kong Telecom (1994-2000)
- Vice-President in charge of China at Computer Associates (2001-2005)
- Vice-President and General Manager at Nokia in China (2005-2010)
- Senior Vice-President of APAC e-commerce at SAP (2010-2014)
- Senior Vice-President and Managing Director, China at Pearson (2014-2016)
- Managing Director, China at Cisco Systems (2016-2020)

### Main positions and roles outside the Company

- Director of companies
- Co-founder of B&H Consulting Ltd, based in Beijing, China

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### MAIN AREAS OF EXPERTISE



Executive/operational management posts held within major groups



International experience



Financial/audit expertise



Governance of listed companies



Corporate social responsibility

## OFFICES HELD BY HERA SIU

### OFFICES CURRENTLY HELD

- Director of Vallourec SA\*
- Director, member of the Finance Committee and the Committee on Corporate Responsibility and Compliance of Goodyear Tires & Rubber\*
- Member of the Supervisory Board of TeamViewer AG\*
- Director and member of the Audit Committee at ASMT\*

### OFFICES THAT HAVE EXPIRED IN THE LAST FIVE YEARS

- Director of AlInnovation (until 2021)
- Director of ASTRI (until 2019)

\* Listed company (for offices currently held).

**GARETH TURNER**

**DIRECTOR**  
**CHAIRMAN OF THE STRATEGIC AND FINANCE COMMITTEE**  
**MEMBER OF THE AUDIT COMMITTEE**

**Date of birth:** February 11, 1964 – Canadian

**Date of first appointment:** April 20, 2021

**Term expires:** 2025 OSM

**Number of Vallourec shares held:** 500

**Summary of main areas of expertise and experience**

- Master of Business Administration with Distinction (1991) from the University of Western Ontario, and Bachelor's degree from the University of Toronto (1986)
- Employed at RBC Dominion Securities (1986-1989), Salomon Brothers (1991-1992) and Lehman Brothers (1992-1997)
- Managing Director of Goldman Sachs, based in London, in the Industrial and Natural Resources investment banking group (1997-2005)
- Director of Ceva, Phoenix Services, Warrior Met Coal, Constellium, Monier and Noranda Aluminum
- Senior partner of Apollo Global Management, based in New York, where he oversees the firm's investments in the Metals and Mining Industry

**Main positions and roles outside the Company**

- Senior partner at Apollo Global Management, New York

**3****MAIN AREAS  
OF EXPERTISE**

Industry/Oil &amp; Gas



International experience



Financial/audit expertise

**OFFICES HELD BY GARETH TURNER****OFFICES CURRENTLY HELD**

- Director of Vallourec SA\*
- Director of Phoenix Services

**OFFICES THAT HAVE EXPIRED IN THE LAST FIVE YEARS**

- Chairman of the Finance Committee and member of the Compensation Committee of Warrior Met Coal (until November 2021)

\* Listed company (for offices currently held).

## Observers

### AUSTIN ANTON

#### OBSERVER

**Date of birth:** October 18, 1980 – British

**Date of first appointment:** July 1, 2021

#### Summary of main areas of expertise and experience

- Graduated *magna cum laude* from Princeton University with an A.B. in Economics and a Certificate in Finance
- Investment banking analyst at Crédit Suisse from July 2014 to June 2016
- Associate at Kohlberg & Company from August 2016 to April 2018
- Joined Apollo Global Management in 2018

#### Main positions and roles outside the Company

- Principal, Private Equity at Apollo Global Management

## 7.1.2.2 Operating procedures of the Board of Directors

### 7.1.2.2.1 DUTIES OF THE BOARD OF DIRECTORS

The members of the Board of Directors are appointed by the Shareholders' Meeting to which the Board reports, in accordance with the applicable laws and regulations.

The Board determines the orientations of the operations of the Company and ensures that they are implemented in compliance with the corporate interest of the Company, taking into consideration the environmental and social issues related to the Company's activity. In all circumstances, it acts in the corporate interests of the Company, seeking to promote long-term value creation.

For the purpose of performing its duties, the Board has the following rights, powers and obligations:

- (i) to be kept informed of any important event affecting the affairs of the Company, and more generally of trends in the markets, in the competitive environment, and the main challenges faced by the Company, including its social and environmental responsibilities;
- (ii) to determine the strategic orientations of the Company and its subsidiaries (the "Group") after consulting with and taking into consideration the advice, proposals, recommendations and opinions (if any) from the Strategic and Finance Committee;
- (iii) to appoint and dismiss the Chairman of the Board of Directors and the Chief Executive Officer;
- (iv) to decide on the separation or combination of the roles of Chairman and Chief Executive Officer;
- (v) to establish any Committee and assess the appropriateness of establishing other special Committees on a permanent or temporary basis; to determine the composition of such Committees with regard to the issues they will examine, and ensure they function properly;
- (vi) to examine on a regular basis, consistently with the strategy determined by the Board and, taking into consideration the advice, proposals, recommendations and opinions (if any) of the Committees, the opportunities and risks (in particular of a financial, legal, operational, social or environmental nature) to which the Group is exposed, and the measures taken in response;
- (vii) to ensure that the necessary mechanisms are in place to prevent and detect corruption and influence peddling, and obtain all necessary information to that effect;
- (viii) to set the remuneration of the Chairman and Chief Executive Officer and the directors, after consulting with and taking into consideration the advice, proposals, recommendations and opinions (if any) from the Remuneration Committee;
- (ix) to determine, upon the Chairman and Chief Executive Officer's proposal, and taking into consideration the advice, proposals, recommendations and opinions (if any) of the Nomination and Governance Committee and the CSR Committee, targets in terms of gender balance in the Group's management bodies and ensure that the Chairman and Chief Executive Officer implements an overall non-discrimination and diversity policy within the Group;
- (x) to exercise control over the way the Company is managed and oversee the quality of information provided to the public including establishing the Company's financial communication policy;
- (xi) to be kept regularly informed by the Chairman and Chief Executive Officer of the financial position, cash position and commitments of the Group; and
- (xii) to convene shareholders' meetings and determine their agenda.

The prior authorization of the Board is required in the cases provided for by law, in particular for (i) sureties, endorsements and guarantees, it being understood that the Board may delegate authority to the Chairman and Chief Executive Officer to grant such sureties, endorsements and guarantees in accordance with applicable laws, and (ii) the related-party agreements referred to in Article L.225-38 *et seq.* of the French Commercial Code. The Board regularly assesses whether related-party agreements relating to routine transactions and entered into at arm's length conditions meet these conditions.

For the purpose of the Company's internal organization, certain decisions listed in the Board of Directors' Internal Rules must also be approved by the Board before they are implemented by the Chief Executive Officer and/or Executive Management (see section 7.1.3.1.3 "Restrictions on the Chief Executive Officer's powers set by the Board of Directors").

### 7.1.2.2.2 ORGANIZATION OF THE BOARD OF DIRECTORS

The Board holds at least five meetings per year and decides on the frequency and timing of its meetings. In order to best ensure that Board members are able to attend meetings, the schedule of meetings for the year is prepared approximately one year in advance.

The Chairman of the Board of Directors sets the agenda of each Board meeting after consultation with the Vice-Chairman. Each meeting is confirmed on average one week in advance through a notice of meeting, along with the agenda and, except in certain cases, a file containing all the supporting documents relating to the items on the agenda. This information is sent via a secure platform, which only members of the Board can access, using individual personal logins. Where necessary, the Board of Directors draws on preliminary work carried out by the Committees.

All oral discussions and written materials, documents and/or communication, of any kind, are in English (except for documentation which has to be in French in accordance with the applicable laws and regulations).

Members of the Board may take part in Board discussions via video conferencing or via telecommunication systems, except where such means are prohibited by law or regulation (i.e., under currently applicable laws and regulations, for the approval of the parent company and consolidated financial statements, parent company management report and group management report). Such members are deemed to be present for the purposes of calculating the quorum and the majority.

The Board may only make decisions if at least half of its members are present or deemed to be present, without regard to represented members. Decisions are taken by a simple majority vote, apart from decisions for which the Board's Internal Rules provide for a qualified majority (see section 7.1.3.1.3 below, "Restrictions on the Chief Executive Officer's powers set by the Board of Directors"). The Board's Internal Rules set out the procedure to follow in the event of a tied vote for a decision subject to a simple majority (i.e., the same number of votes for and against the decision).



Meetings are chaired by the Chairman of the Board (or in his absence by the Vice-Chairman), who ensures that everyone has the opportunity to express their opinion on important matters. Any conflicts of interest are handled in accordance with the principles described in section 7.4.3 ("Management of conflicts of interest") of this Universal Registration Document.

The Company's Statutory Auditors attend the Board meetings at which the annual and half-year financial statements are reviewed.

In accordance with Article 10.4 of the Company's Articles of Association, the Board has the power to take certain decisions by written consultation, by electronic mail and/or via the Board's remote communication system, such as:

- (i) the provisional appointment of members of the Board in the event of a vacancy on the Board as a result of death or resignation;
- (ii) the authorization of sureties, endorsements and guarantees given by the Company;
- (iii) the transfer of the registered office in the same *département*;
- (iv) and, more generally, any decision falling within the Board's own powers expressly referred to by the laws or regulations in force, as being able to be made through written consultation.

#### 7.1.2.2.3 ROLE OF THE LEAD INDEPENDENT DIRECTOR: GUARANTEEING A BALANCED GOVERNANCE STRUCTURE

The Board of Directors pays particular attention to the balance of powers. With this in mind, the Board's Internal Rules provide for the appointment of a Lead Independent Director.

Therefore on July 1, 2021, the Board of Directors appointed Pierre Vareille, an independent director, as Vice-Chairman of the Board and Lead Independent Director.

The Lead Independent Director's roles and responsibilities are as follows:

- he ensures that there are no conflicts of interest between directors;
- he ensures compliance with the Company's corporate governance rules and the Board's Internal Rules;
- he ensures that the members of the Board are in a position to perform their duties under the best possible conditions;
- he participates in shareholder relations as required;
- he can communicate with the Company's shareholders by organizing formal meetings to listen to their questions and suggestions;
- he maintains a regular open dialogue with each Board member and, if necessary, may act as a spokesperson for any requests and/or suggestions made to the Chairman and Chief Executive Officer;
- he is in regular contact with the Chairman and Chief Executive Officer and ensures that any relevant information is reported to the Board;
- he reports to the Board on the execution of his duties on a semi-annual basis;
- he may also convene Board sessions without the presence of the executive directors;
- he may attend and participate in the meetings of any Committee, including Committees of which he is not a member.

In 2022, Pierre Vareille's work in his role as Lead Independent Director notably included:

- holding regular discussions with the Chairman and Chief Executive Officer and the Executive Management teams about the governance and organization of the Board and relaying comments and remarks made by the directors;
- regularly organizing meetings with the directors without Executive Management in attendance;
- participating in most meetings of committees of which he is not a member.

#### 7.1.2.2.4 BOARD OF DIRECTORS' INTERNAL RULES

The Board of Directors has adopted, and regularly updates, a set of Internal Rules, which are a formal documentation of the Board's operating and organizational rules, and its work methods. These Internal Rules are strictly intended for the Company's internal use and are not intended to and do not replace its Articles of Association or the applicable laws and regulations governing commercial companies. They may be amended or added to at any time by way of a decision made by the Board of Directors. They are regularly revised to ensure that their terms are consistent with any new legal and/or regulatory provisions.

In accordance with their ethical obligations, each member of the Board of Directors is required to:

- familiarize themselves with their general or specific duties prior to assuming their role, including relevant laws and regulations, the Company's Articles of Association, the recommendations of the AFEP-MEDEF Code which may be supplemented by the Board, as well as the Board's Internal Rules;
- participate in person, unless specifically prevented from doing so, in Board meetings and, as appropriate, the Committee(s) they sit on, as well as shareholders' meetings;
- keep themselves abreast of affairs, for which they must request any information required to effectively contribute to the items included on the Board's agenda and, as appropriate, the Committee(s) they sit on;
- comply with the legal and regulatory obligations attached to their office, and in particular, comply with the law and the recommendations of the AFEP-MEDEF Code on holding multiple directorships;
- conduct themselves as a representative of all shareholders and act in the Company's best interests at all times;
- notify the Board in the event of any actual or potential conflict of interest situation, and refrain from attending the debates or participating in the vote whenever it discusses a matter that would place them in such a conflict of interest situation;
- be a Company shareholder in a personal capacity for the duration of their term of office, holding at least 500 Vallourec shares, as specified in the Company's Articles of Association and the Board's Internal Rules<sup>(1)</sup>;

(1) Directors must hold at least 50 Vallourec shares within three months of their appointment. The 450 additional shares must be acquired by December 31 of the year following the year they take up office, in order to allow them to purchase shares using their directors' remuneration. These provisions do not apply to Board members representing employees or employee shareholders.

- concerning the confidential information obtained in the course of their duties, consider themselves a person discharging managerial responsibilities within the meaning of the EU market abuse regulation (Regulation (EU) 516/2014 dated April 16, 2014) and as such to respect in particular the closed periods (*fenêtres négatives*) set by the Company during which such persons may not purchase, sell or take positions in the Company's shares or in any other stock market instrument associated with the Company's shares (options, warrants, etc.), i.e., in the thirty calendar days prior to the publications of annual and half-yearly results, and fifteen calendar days prior to the publications of first- and third-quarter financial releases, as well as on the day of these publications, and the following day, without prejudice to the legal and regulatory provisions in force on insider trading;
- consider themselves bound by a strict duty of confidentiality in relation to any non-public information, whatever the format (written or oral), obtained as part of their duties;
- declare, under the conditions set forth by legal and regulatory provisions, to the French financial markets authority (*Autorité des marchés financiers* – AMF) and to the Company, the transactions carried out in financial instruments issued by the Company;
- comply with the “Code of Good Practice on Transactions in Vallourec Shares and Insider Trading”;
- comply with the ethical rules set out in Article 19 of the AFEP-MEDEF Code.

Board members' compliance with the above rules will be taken into consideration before recommending their reappointment to the Shareholders' Meeting. When they are first appointed, the members of the Board of Directors receive a guide containing a set of documents related to the Group's governance (the Company's Articles of Association, the Board's Internal Rules, the AFEP-MEDEF Corporate Governance Code, the Code of Good Practice, etc.) and its activities. At the request of Board members, visits are arranged to plants in France and abroad.

The members also have the opportunity, if they so wish, to learn about specific aspects concerning the Group, its businesses, industry sector and organization. If the members so request, the Group may also organize in-house and external training sessions specific to the duties they are required to carry out on the Board. In-house training is provided by the Group Legal Officer. It is supplemented by external training provided by an independent organization specialized in training company directors.

The directors are able to meet with the Group's top executives, including in meetings where Executive Management is not in attendance. In the latter case, Executive Management must be informed in advance.

#### 7.1.2.2.5 ORGANIZATIONAL STRUCTURE OF THE BOARD COMMITTEES

Each Committee has a set of Internal Rules, which specify its roles, membership structure and operating rules. These Internal Rules are strictly intended for the Company's internal use and are not intended to and do not replace its Articles of Association or the applicable laws and regulations governing commercial companies.

For each Committee meeting, a preparatory file is sent to Committee members a few days in advance. All presentations at Committee meetings are given by the senior executive specialized in the topic concerned and are followed by discussion and debate. A report of the meetings is drawn up for the members of the Board.

In order to perform their duties, the Committees may carry out any research or analyses they deem appropriate, or may commission any such research or analyses from external specialists, in which case the related fees are charged to the Board of Directors' operating budget. The Committees may also invite any external persons of their choice to their meetings. Where a Committee uses the services of external consultants, it must ensure that the consultants concerned are independent, objective and have the required skills.

#### 7.1.2.2.6 INDEPENDENCE OF MEMBERS OF THE BOARD OF DIRECTORS

The annual review of the independence of directors was conducted by the Board on March 1, 2023, based on the recommendations of the Nomination and Governance Committee. The Board took into account all of the criteria set out in the AFEP-MEDEF Code when assessing the independence of its members, namely:

##### Criterion 1: Employee, corporate officer or director in the past five years

Not to be and not to have been in the previous five years:

- an employee or executive corporate officer of the Company;
- an employee, executive corporate officer or director of an entity that the Company consolidates;
- an employee, executive corporate officer or director of the Company's parent company or of a company consolidated by that parent company.

##### Criterion 2: Cross-directorships

Not to be an executive corporate officer of an entity in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such, or an executive corporate officer of the Company (currently in office or having held such office during the last five years), is a director.

##### Criterion 3: Significant business relationships

Not to be a customer, supplier, commercial banker, investment banker, or consultant (or be directly or indirectly linked to such persons or entities):

- that is material to the Company or its Group; or
- for which the Company or its Group represents a significant portion of business.

##### Criterion 4: Family ties

Not to have close family ties with a corporate officer.

##### Criterion 5: Statutory Auditor

Not to have been a Statutory Auditor of the Company in the past five years.

##### Criterion 6: Period of office exceeding 12 years

Not to have been a director of the Company for more than twelve years (loss of the status of independent director occurs on the date on which the twelve-year threshold is reached).

##### Criterion 7: Non-executive director status

A non-executive director cannot be considered independent if they receive variable remuneration in cash or in the form of shares or any other remuneration linked to the performance of the Company or Group.

### Criterion 8: Major shareholder status

Members representing major shareholders of the Company or its parent company may be considered as being independent, provided that these shareholders do not participate in the control of the Company. Nevertheless, if such a shareholder holds over 10% of the Company's capital or voting rights, the Board, based on a report from the Nomination and Governance Committee, systematically reviews the qualification of a director as independent, taking into account the Company's capital structure and whether any potential conflicts of interest exist.

The Board of Directors conducted a thorough review and reached the following conclusions:

- the Chairman and Chief Executive Officer could not be considered an independent director;
- Gareth Turner, Senior Partner at Apollo Management – which is a major shareholder owning 28.5% of the Company's capital and voting rights as at December 31, 2022 – could not be considered an independent director;
- the situation of Pierre Vareille, a director whose appointment was put forward by Apollo, was analyzed in depth by an independent law firm in March 2021. Pierre Vareille had been formerly put forward by Apollo as a corporate officer of Constellium and Verallia, companies in which Apollo held a minority or controlling interest. However, he is not bound by any contract or agreement with Apollo. Based on this analysis and in accordance with its findings, the Supervisory Board at that time decided that Pierre Vareille could be considered as an independent director. The Board of Directors has since confirmed that as Pierre Vareille's situation has not changed, he still qualifies as an independent director;

- Guillaume Wolf, an employee director until March 3, 2023, has been an employee of the Vallourec Group since 2013 and should therefore be considered as a non-independent director based on the criteria in the AFEP-MEDEF Code. However, the Board of Directors noted that the AFEP-MEDEF Code provides that employee directors should be excluded when calculating the proportion of independent members on the Board, so Guillaume Wolf was therefore not included in this calculation;
- Patrick Poulin, who has been an employee director since March 6, 2023, has been an employee of the Vallourec Group since 2001 and should therefore be considered as a non-independent director based on the criteria in the AFEP-MEDEF Code. However, the Board of Directors noted that the AFEP-MEDEF Code provides that employee directors should be excluded when calculating the proportion of independent members on the Board, so Patrick Poulin was therefore not included in this calculation.

The business relationships between (i) the companies (outside the Vallourec Group) in which the other Board members hold offices, and (ii) the Group, were not deemed to be significant, either in terms of the quantitative amounts involved as they represent less than 1% of the Group's overall revenue, or in qualitative terms regarding the continuity, importance, and organization of the relationship.

On the basis of these conclusions, at the publication date of this Universal Registration Document, the proportion of independent directors – as calculated in accordance with the AFEP-MEDEF Code – was 71.4%.

Criteria <sup>(1)</sup>	1: Employee, corporate officer or director in the past five years	2: Cross-directorships	3: Significant business relationships	4: Family ties	5: Statutory Auditor	6: Period of office exceeding 12 years	7: Non-executive director status	8: Major shareholder status
Philippe Guillemot	●	○	○	○	○	○	○	○
Pierre Vareille	○	○	○	○	○	○	○	○
Corine de Bilbao	○	○	○	○	○	○	○	○
Maria Silvia Marques	○	○	○	○	○	○	○	○
Angela Minas	○	○	○	○	○	○	○	○
Hera Siu	○	○	○	○	○	○	○	○
Gareth Turner	○	○	○	○	○	○	○	●
Patrick Poulin	●	○	○	○	○	○	○	○

(1) In this table, ○ signifies that the independence criterion has been met and ● signifies that it has not been met.

**7.1.2.2.7 ACTIVITY OF THE BOARD AND COMMITTEES IN 2022****Activity of the Board**

The Board of Directors met ten times in 2022.

The average duration of the ordinary meetings was approximately three hours.

The work of the Board of Directors, concerning the Group's business activity primarily related to:

- a review of the annual, half-year and quarterly financial statements, and the budget;
- negotiations with Édouard Guinotte about reaching a settlement agreement in the context of the termination of his duties as Chairman and Chief Executive Officer;
- oversight of the New Vallourec plan;
- adaptation measures, particularly the launch of the asset disposal process in Germany;
- strategic projects;
- safety developments at the Group's plants;
- market and competition trends;
- risk mapping;
- the system for preventing and detecting corruption and influence peddling;
- the carbon policy;
- the Group's audit and internal control policy;
- the Group's Corporate Social Responsibility goals.

In regards to the governance plan, the Board's work particularly related to the following issues:

- the appointment of Philippe Guillemot as Chairman and Chief Executive Officer of the Company, replacing Édouard Guinotte;
- the membership structure of the Board of Directors and its Committees following the resignation of William de Wulf due to SVPGlobal's disposal of its holding in the Company;
- the independence of the members of the Board of Directors;
- corporate officers' remuneration, with the introduction of a new remuneration policy for directors and a new share-based compensation system for executive corporate officers;
- compliance of the Group's governance with the recommendations of the AFEP-MEDEF Code;
- the policy and action plans on gender equality and improving the gender balance in the Group's management bodies.

**Succession plan of the Board of Directors**

The succession plan covers several time periods: a short-term plan in case of an unexpected vacancy; a medium-term plan that takes into account the expiration of terms of office; and a long-term plan focused on the existing pool of potential candidates.

Assisted by the Nomination and Governance Committee, the Board of Directors helps prepare for the future by drawing up and reviewing the Executive Management succession plan.

The people involved in this process are bound by a strict duty of confidentiality.

**Attendance of the members of the Board of Directors in 2022**

Attendance	Board of Directors	Audit Committee	Nomination, Remuneration and Governance Committee	Remuneration Committee	Nomination and Governance Committee	Strategic and Finance Committee	CSR Committee
Édouard Guinotte (Chairman of the Board) <sup>(1)</sup>	100% (3/3)	–	–	–	–	–	–
Philippe Guillemot (Chairman of the Board) <sup>(2)</sup>	100% (7/7)	–	–	–	–	–	–
Pierre Vareille (Vice-Chairman of the Board and Lead Independent Director)	100% (10/10)	–	100% (1/1)	100% (6/6)	100% (6/6)	100% (1/1)	–
Corine de Bilbao	100% (10/10)	100% (4/4)	–	–	–	100% (4/4)	100% (5/5)
William de Wulf <sup>(3)</sup>	83% (5/6)	66% (2/3)	100% (1/1)	80% (4/5)	80% (4/5)	66% (2/3)	–
Maria Silvia Marques	90% (9/10)	100% (4/4)	–	–	–	–	100% (5/5)
Angela Minas	100% (10/10)	100% (4/4)	100% (1/1)	100% (6/6)	100% (6/6)	–	100% (5/5)
Hera Siu	90% (9/10)	100% (4/4)	–	100% (1/1) <sup>(4)</sup>	100% (1/1) <sup>(5)</sup>	–	100% (5/5)
Gareth Turner	90% (9/10)	100% (4/4)	–	–	–	100% (4/4)	–
Guillaume Wolf	100% (10/10)	–	100% (1/1)	100% (6/6)	–	–	–
<b>AVERAGE ATTENDANCE RATE</b>	<b>95.3%</b>	<b>94.4%</b>	<b>100%</b>	<b>96%</b>	<b>95%</b>	<b>94.33%</b>	<b>100%</b>

(1) Until March 20, 2022.

(2) From March 20, 2022.

(3) Until October 7, 2022.

(4) Hera Siu replaced William de Wulf on the Remuneration Committee after he stepped down on October 7, 2022.

(5) Hera Siu replaced William de Wulf on the Nomination and Governance Committee after he stepped down on October 7, 2022.

### 7.1.2.3 Presentation of the Board Committees

#### 7.1.2.3.1 AUDIT COMMITTEE

##### Membership

The Board of Directors' Audit Committee comprises at least three and no more than six members, selected from among the members of the Board of Directors. All of the Audit Committee's members have specific skills in finance, accounting and/or statutory audit, and have the necessary expertise, experience and qualifications to effectively perform their duties within the Committee. At least two thirds of the Committee's members must be independent. As at March 31, 2023, it had five members: Angela Minas (Chairman), Corine de Bilbao, Maria Silvia Marques, Hera Siu and Gareth Turner, all of whom are independent apart from Gareth Turner. The proportion of independent members on the Audit Committee is therefore 80%.

The Committee Chairman – Angela Minas – has over twenty years' experience of working in major groups (DCP Midstream Partners, Constellation Energy Partners and Arthur Andersen LLP), particularly in the areas of finance and management control and has already chaired audit committees in several listed companies (see section 7.1.2.1.6 above for a description of the expertise and experience of the Audit Committee members).

When they are first appointed, the members of the Audit Committee are sent detailed information on the Group's specific accounting, financial and operating processes.

The Vice-Chairman and Lead Independent Director may attend and participate in all Audit Committee meetings even if he is not a member of the Committee (in which case he is not entitled to vote at the meetings). He is in regular contact with the Committee Chairman, whom he can contact at any time.

The Observers may also attend all Audit Committee meetings, but they may not participate in any votes.

##### Roles and responsibilities

The Audit Committee's role is to (i) prepare and facilitate the Board of Directors' deliberations concerning the monitoring of issues relating to the preparation and verification of accounting and financial information, and (ii) ensure the effectiveness of Vallourec's risk management and internal control systems and, where applicable, its internal audit systems, in accordance with Article L.823-19 of the French Commercial Code. To this end, it issues opinions, proposals and recommendations in its areas of expertise. The Audit Committee reports regularly to the Board, informing it of the results of the statutory audit, how the audit contributed to the integrity of the financial information, and the role the Committee played in the overall process. It immediately informs the Board of any difficulties it may encounter while executing its duties. The Audit Committee cannot take the place of the Board of Directors, which (i) is the only governance body that has decision-making power for the issues addressed by the Audit Committee, and (ii) remains responsible for the execution of the Committee's tasks.

Within this context, the Audit Committee's duties are to:

- verify the process used to prepare the Group's financial information;
- monitor the effectiveness of the internal control and risk management systems as well as the internal audit procedures related to the preparation and processing of accounting and financial information, without compromising the independence of the internal audit system;

- make recommendations to the Board on the Statutory Auditors to be put forward for appointment at the Shareholders' Meeting, having prepared such recommendation in accordance with the provisions of Article 16 of EU Regulation 537/2014;
- monitor the work carried out by the Statutory Auditors, particularly the audit of the parent company and consolidated financial statements;
- ensure that the Statutory Auditors respect the applicable independence requirements and that the audit fees are capped in line with the relevant regulatory framework;
- approve any non-audit services provided by the Statutory Auditors where such services are permitted.

##### Operating procedures

The Audit Committee meets at least four times a year to review the interim and annual financial statements before they are presented to the Board of Directors. Aside from these mandatory meetings, it decides on the frequency and timing of its meetings in agreement with the Chairman and Chief Executive Officer.

Audit Committee meetings are convened by the Committee Chairman and have a specific agenda.

For the purpose of its work (and only for that purpose), the Committee may also meet with those responsible for finance, accounting, treasury, internal audit, internal control and risk management, as well as with the Group Compliance Officer and the Statutory Auditors, including, at the request of the Committee, without the presence of the Chairman and Chief Executive Officer.

##### Activities of the Audit Committee in 2022

The Audit Committee met four times in 2022, with a 94.4% attendance rate, and held regular discussions with the Statutory Auditors. During these meetings the Audit Committee examined and issued opinions on the following subjects:

- the annual, half-yearly and quarterly financial statements;
- the Group's draft financial communications;
- the organization of risk management and internal control within the Group, and the anti-corruption risk mapping process;
- the ethics and compliance policy within the Group and the results of this policy;
- the Group's tax practices;
- the organization of internal audit within the Group and the audit plan.

The Statutory Auditors attended all Committee meetings in 2022. They reported to the Committee on their statutory audit work, highlighting the key findings of their audit and the accounting options selected.

### 7.1.2.3.2 NOMINATION, REMUNERATION AND GOVERNANCE COMMITTEE

On January 11, 2022, the Board of Directors decided to split the Nomination, Remuneration and Governance Committee into two separate committees – a Nomination and Governance Committee and a Remuneration Committee. Until it was split, the Nomination, Remuneration and Governance Committee carried out the roles of both these new committees, as described below, and operated in the same way as them.

#### Membership

Until its split on January 11, 2022, the Nomination, Remuneration and Governance Committee comprised four members: Pierre Vareille (Chairman), William de Wulf, Angela Minas and Guillaume Wolf (employee representative).

#### Activities of the Nomination, Remuneration and Governance Committee in 2022

Before its split, the Nomination, Remuneration and Governance Committee met once in 2022, on January 10, with a 100% attendance rate.

At that meeting the Committee examined and issued opinions on the following subjects:

- the split of the Nomination, Remuneration and Governance Committee;
- the membership structure of the Board of Directors and its Committees;
- the independence of the members of the Board of Directors;
- the self-assessment of the Board of Directors;
- the preparation of the report on corporate governance.

### 7.1.2.3.3 REMUNERATION COMMITTEE

The Remuneration Committee was set up by the Board of Directors on January 11, 2022.

#### Membership

The Remuneration Committee comprises a minimum of three and a maximum of five members. As at March 31, 2023, it had four members: Pierre Vareille (Chairman), Hera Siu, Angela Minas and Guillaume Wolf<sup>(1)</sup> (employee representative). Out of these members only Guillaume Wolf is not independent, it being specified that as an employee director, Guillaume Wolf was not included in the calculation of the independence rate<sup>(2)</sup>.

The Observers may attend all Remuneration Committee meetings, but they may not participate in any votes.

#### Roles and responsibilities

The Remuneration Committee is responsible for preparing and facilitating the Board of Directors' work on (i) the remuneration of the Company's directors and executive corporate officers (the Chairman of the Board of Directors, the Chairman and Chief Executive Officer or Chief Executive Officer (together the "**corporate officers**")). To this end, it formulates opinions, proposals and recommendations in

its areas of expertise. It reports to the Board and informs it of any difficulties it may encounter while performing its duties. The Remuneration Committee cannot take the place of the Board of Directors, which (i) is the only governance body that has decision-making power for the issues addressed by the Remuneration Committee, and (ii) remains responsible for the performance of the Committee's tasks.

The responsibilities of the Remuneration Committee are as follows:

- proposing the amounts of directors' remuneration and the rules for allocating said remuneration among the Board members, particularly taking into account their actual attendance at meetings of the Board and its Committees and whether they serve as Chairman of a Committee;
- putting forward proposals to the Board regarding the remuneration policies for the corporate officers, as well as the structure and level of their remuneration (fixed portion, variable portion, benefits in kind, performance shares and stock options);
- proposing a policy for granting performance shares and stock options to the Group's executives, managers and/or other staff;
- reviewing significant changes in pension/profit-sharing plans.

In addition, the Committee must be kept informed of the remuneration policy applicable to Executive Committee members who are not executive corporate officers (with executive corporate officers meaning the Chairman and Chief Executive Officer or the Chief Executive Officer – together, the **executive corporate officers** [*dirigeants exécutifs*]), in which case the executive corporate officers must be involved in the Committee's work.

#### Operating procedures

The Remuneration Committee meets at least twice a year and always before any meeting held to approve corporate officers' remuneration or the allocation of directors' remuneration. Aside from these mandatory meetings, it decides on the frequency and timing of its meetings.

The Committee's decisions are only valid if at least half of its members are present or deemed to be present (when participating by videoconference or conference call).

#### Activities of the Remuneration Committee in 2022

The Remuneration Committee met six times in 2022, with a 96% attendance rate. At these meetings the Committee examined and issued opinions on the following subjects:

- the remuneration of the executive corporate officers, including an assessment of their variable remuneration for 2021, the negotiation of a settlement agreement with Édouard Guinotte in relation to the termination of his duties as Chairman and Chief Executive Officer, and the formulation of a new remuneration policy for Philippe Guillemot for his duties as Chairman and Chief Executive Officer;
- the free share and stock option plans subject to performance conditions, and the allocation of shares under the Company's Management Equity Plans (MEP) for Group employees and managers;
- directors' remuneration.

(1) Guillaume Wolf has been replaced by Patrick Poulin as employee director, as from April 1, 2023.

(2) In accordance with the recommendations of the AFEP-MEDEF Code.

### 7.1.2.3.4 NOMINATION AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee was set up by the Board of Directors on January 11, 2022.

#### Membership

The Nomination and Governance Committee comprises a minimum of three and a maximum of five members. As at March 31, 2023, it had three members: Pierre Vareille (Chairman), Hera Siu and Angela Minas, all of whom are independent.

The Observers may attend all Nomination and Governance Committee meetings, but they may not participate in any votes.

#### Roles and responsibilities

The Nomination and Governance Committee is responsible for preparing and facilitating the Board of Directors' work concerning (i) the appointment of directors and executive corporate officers, and (ii) the Group's governance. To this end, it formulates opinions, proposals and recommendations in its areas of expertise. It reports to the Board and informs it of any difficulties it may encounter while performing its duties. The Nomination and Governance Committee cannot take the place of the Board of Directors, which (i) is the only governance body that has decision-making power for the issues addressed by the Nomination and Governance Committee, and (ii) remains responsible for the performance of the Committee's tasks.

The responsibilities of the Nomination and Governance Committee are as follows:

#### Nominations

- Preparing the procedure for selecting members of the Board of Directors, particularly independent members, as well as the Chairman and Chief Executive Officer, and deciding on the selection criteria to be used.
- Submitting to the Board of Directors proposals for appointing and reappointing members of the Board of Directors (by the Shareholders' Meeting or by the Board, with subsequent ratification by the Shareholders' Meeting), the Chairman and Chief Executive Officer and Board Observers.
- Keeping an up-to-date succession plan for corporate officers and the members of the Board of Directors, in order to be able to put forward succession solutions to the Board, particularly in the event of an unexpected vacancy or in cases where there is a risk of non-compliance with requirements related to gender equality and the proportion of independent members.
- Regularly reviewing the membership structure of the Board and its Committees and making recommendations on changes to this structure where appropriate.

The Committee must also (i) organize a procedure for selecting future members and independent members and (ii) carry out research on potential candidates before contacting them.

#### Governance

- Reviewing each year, prior to the publication of the report on the Company's corporate governance, the situation of each member of the Board of Directors with respect to the independence criteria adopted by the Company, and submitting its opinions to the Board with a view to the Board's examination of the situation of each member in the light of those criteria.

- Preparing (i) the annual assessment of the Board of Directors and the recommendations resulting from the assessment, and (ii) the meetings held without Executive Management in attendance.
- Reviewing and following up on any situation involving a conflict of interest between a Board member and the Company or its Group, and recommending what information should not be shared with the member in question as a result of that situation.
- Reviewing requests from Board members concerning new offices or duties outside the Company.
- Reviewing the operating procedures of the management bodies, particularly as regards changes in French regulations concerning the governance of listed companies and in the recommendations of the AFEP-MEDEF Code and, where applicable, making proposals to the Board on updating the Company's corporate governance rules.
- Based on proposals put forward by the Chairman and Chief Executive Officer, examining the gender balance targets for the Board's membership structure and ensuring that the Chairman and Chief Executive Officer implements an overall non-discrimination and diversity policy within the Board.

#### Specific assignment

To issue an opinion to the Chairman and Chief Executive Officer on any plan to (i) recruit, suspend or dismiss any members of the Group Executive Committee or any other senior manager or any employee reporting directly to the Chairman and Chief Executive Officer, (ii) make a significant change to the remuneration of such persons (including changes to their pension or profit-sharing plan(s) or introducing special departure conditions), and/or (iii) enter into, amend or terminate an agreement with any such person.

#### Operating procedures

The Nomination and Governance Committee meets at least twice a year and always before the Board examines the independence status of each Board member based on the independence criteria adopted by the Company. Aside from these mandatory meetings, it decides on the frequency and timing of its meetings.

The Committee's decisions are only valid if at least half of its members are present or deemed to be present (when participating by videoconference or conference call).

#### Activities of the Nomination and Governance Committee in 2022

The Nomination and Governance Committee met six times in 2022, with a 95% attendance rate. At these meetings the Committee examined and issued opinions on the following subjects:

- the self-assessment of the Board of Directors;
- the recruitment of Executive Committee members;
- directors' remuneration;
- the annual report of the French financial markets authority (*Autorité des marchés financiers* – AMF) on corporate governance and executive compensation in listed companies, and the annual report of the High Committee on Corporate Governance.

**7.1.2.3.5 STRATEGIC AND FINANCE COMMITTEE****Membership**

The Strategic and Finance Committee comprises a minimum of three and a maximum of five members. As at March 31, 2023, it had three members: Gareth Turner (Chairman), Corine de Bilbao and Pierre Varelle.

The Observers may attend all meetings of the Strategic and Finance Committee, but they may not participate in any votes.

**Roles and responsibilities**

The Strategic and Finance Committee is responsible for preparing the Board of Directors' deliberations on the Group's strategic issues, as well as on matters related to financing and the Company's capital structure. To this end, it issues opinions, proposals and recommendations in its areas of expertise. It reports to the Board and informs the Board of any difficulties it may encounter while performing its duties. The Strategic and Finance Committee cannot take the place of the Board of Directors, which (i) is the only governance body that has decision-making power for the issues addressed by the Strategic and Finance Committee, and (ii) remains responsible for the execution of the Committee's tasks.

As part of its duties, the Strategic and Finance Committee considers the following matters prior to their submission to the Board:

- (i) proposals put forward by the Chairman and Chief Executive Officer related to the strategic orientations of the Company and its subsidiaries (the "Group");
- (ii) any planned material reorganization;
- (iii) any contemplated delisting of the Company and/or the listing of a Group company;
- (iv) any proposal to the Company's Shareholders' Meeting of a merger or demerger or spin-off transaction or contribution or any transaction of similar effect, whether by the Company or its subsidiaries (excluding intra-Group reorganizations), with a transaction value in excess of €50 million either per transaction or per series of related transactions;
- (v) any proposed disposal of significant shareholdings or strategic assets, or any transfer of an entity or activity, whether by the Company or its subsidiaries, with a transaction value in excess of €50 million;
- (vi) any proposed acquisition of shareholdings or assets for consideration (adjusted as appropriate on a debt free and cash free basis) in excess of €50 million, whether by the Company or its subsidiaries;
- (vii) any proposed inception, material amendment or termination of a material joint venture or partnership, whether by the Company or its subsidiaries, subject to a materiality threshold of €50 million of committed investment for the inception or amendment of a joint venture/partnership, or subject to the relevant Group company being liable to make a payment or incurring costs of more than €50 million for the termination of a joint venture/partnership;
- (viii) any proposed capital increase or issue of equity securities or securities granting access, whether immediately or in the future, to the share capital of the Company or a material subsidiary, of any kind whatsoever, in each case to the benefit of a third party to the Group;
- (ix) any proposal for the redemption and cancellation of equity securities by any Group company (save for intra-Group transactions and non-material transactions);
- (x) any proposal for a material change in the strategy of a material activity or business line (through the creation, abolition, reduction, restructuring or relocation of such material activity or business line);
- (xi) any proposal to the Company's shareholders of material changes to the Articles of Association of the Company or of any of its material subsidiaries or joint ventures (except for amendments imposed by law or regulation);
- (xii) the Group's annual budget and business plan and any amendments thereto proposed by the Chairman and Chief Executive Officer;
- (xiii) any proposal to set up any borrowings or other debt financing with third parties for an amount in excess of €50 million (other than drawings under the RCF), guarantees or security interests given to third parties in relation to such borrowings or debt financing, excluding, for the avoidance of doubt, operational financing in the ordinary course of business (factoring, etc.), and bonds, endorsements, indemnity undertakings for contracts or agreements entered into in the operation of the business;
- (xiv) any proposal or payment concerning any dividend, reserve distribution or any other distribution, of any nature whatsoever, by the Company for the benefit of its shareholders;
- (xv) any proposal to make a decision to initiate or implement any insolvency procedure, dissolution, winding-up or liquidation (or any similar procedure in each applicable jurisdiction), of the Company or one of its material subsidiaries (except if intra-Group), or to appoint a court-appointed administrator, in each case other than as required by law or regulations or which involves the liability of the relevant legal representatives for failing to take the relevant decision;
- (xvi) any proposal to make a decision to participate in any project or enter into any agreement (including contracts with guaranteed rents) for an annual amount exceeding €100 million;
- (xvii) any proposal to establish material operations in a new jurisdiction or country;
- (xviii) any proposal concerning the initiation or settlement by a Group company of any litigation or arbitral proceedings where the amount at stake for the Group is in excess of €10 million or relating to a claim having a material reputational impact on the Group.

The Strategic and Finance Committee may carry out any other regular or occasional duties assigned to it by the Board of Directors that fall within its area of expertise. It may suggest that the Board refer to it for any specific issues which it considers would be necessary or useful for the Committee to review.

**Operating procedures**

In 2022, the Strategic and Finance Committee met four times, with a 94.33% attendance rate.

The Strategic and Finance Committee meets at least four times a year. Aside from these mandatory meetings it decides on the frequency and timing of its meetings in agreement with the Chairman and Chief Executive Officer.

The Committee's decisions are only valid if at least half of its members are present or deemed present (when participating by videoconference or conference call).



### 7.1.2.3.6 CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

#### Membership

The CSR Committee comprises a minimum of three and a maximum of five members. As at March 31, 2023, it had four members: Corine de Bilbao (Chair), Maria Silvia Marques, Angela Minas and Hera Siu. They are all independent directors.

The Chairman and Chief Executive Officer is involved in the work of the Committee.

The Vice-Chairman/Lead Independent Director may attend and participate in all CSR Committee meetings even if he is not a member of the Committee (in which case he is not entitled to vote at the meetings). He is in regular contact with the Committee Chairman, whom he can contact at any time.

The Observers may attend all CSR Committee meetings, but they may not participate in any votes.

#### Roles and responsibilities

The CSR Committee is responsible for preparing the Board of Directors' deliberations concerning the review and oversight of CSR matters (social, environmental, climate and societal issues) and the way in which the Group strives to promote the creation of long-term value while taking into account the CSR aspects and imperatives of its business. To this end, it issues opinions, proposals and recommendations in its areas of expertise. It reports to the Board and informs the Board of any difficulties it may encounter while performing its duties. The CSR Committee cannot take the place of the Board of Directors, which (i) is the only governance body that has decision-making power for the issues addressed by the CSR Committee, and (ii) remains responsible for the execution of the Committee's tasks.

The duties of the CSR Committee are as follows:

- examining the Group's issues, risks and opportunities related to CSR, the environment and climate change;
- making recommendations and proposals and providing opinions to the Board of Directors that are used to regularly determine the multi-year CSR and environmental strategy and for the regular review of the implementation of this strategy and of the Company's policies, commitments and action plans in the areas of CSR, the environment and climate change;

#### 7.1.2.4 Assessment of the Board's operating procedures

The Board of Directors must assess its ability to meet shareholders' expectations by periodically analyzing its composition, organization and operation. To this end, once a year the Board of Directors – on the basis of a report from the Nomination and Governance Committee – devotes an item on its agenda to the assessment of its operating procedures. The aim is to ensure that important issues are properly prepared and debated, and to measure the effective contribution of each of its members to the Board's work.

During the first quarter of 2023, the Board of Directors conducted its second assessment of the composition, organization and operation of the Board and its Committees, based on the responses to an individual, anonymous questionnaire sent to each Board member.

- reviewing the Group's CSR, environmental and climate policies and pledges, how these policies are implemented, and the results obtained;
- reviewing all non-financial information published by the Group;
- reviewing, where requested by the Chairman and Chief Executive Officer, the Group's gender equality objectives for its senior management team, and examining the overall non-discrimination and diversity policy applied within the Group;
- conducting a regular review of the Group's non-financial ratings.

The CSR Committee may carry out any other regular or occasional duties assigned to it by the Board of Directors that fall within its area of expertise. It may suggest that the Board refer to it for any specific issues which it considers would be necessary or useful for the Committee to review.

#### Operating procedures

The CSR Committee meets at least twice a year. Aside from these mandatory meetings, it decides on the frequency and timing of its meetings in agreement with the Chairman and Chief Executive Officer.

In 2022, the CSR Committee met five times, with a 100% attendance rate.

During these meetings the CSR Committee examined and issued opinions on the following subjects:

- the CSR objectives underlying the variable portion of corporate officers' remuneration;
- the deployment and analysis of the Women@Vallourec diversity plan;
- the safety improvement plan;
- the analysis of the results of the product quality customer satisfaction survey and ensuing action plans;
- presentation of the materiality analysis approach and review of its results;
- presentation of the CSR Committee's priorities and the Group's CSR commitments and performance;
- presentation of the CSR Committee roadmap.

The questionnaires were collected and analyzed by the Lead Independent Director and the Board Secretary. Based on this assessment, the Board of Directors considers that it has the characteristics needed to effectively perform its role. In particular:

- the composition of the Board of Directors is balanced and the skills identified as necessary or useful are duly represented: the members of the Board of Directors come from varied backgrounds and have appropriate and wide-ranging experience and expertise;
- the Board of Directors receives clear and comprehensive information, and the documentation is detailed and well-structured. The frequency of meetings is considered adequate, and the quality and transparency of its discussions and debates are good;
- the Board of Directors expressed the wish to devote more time to discussions of the Group's medium- and long-term strategy.

### 7.1.3 Executive Management

Vallourec's Executive Management is exercised by the Chairman and Chief Executive Officer. An Executive Committee steers the Group's operational management.

#### 7.1.3.1 Chairman and Chief Executive Officer

##### 7.1.3.1.1 COMBINING THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

At the Board of Directors' meeting on March 20, 2022, when it appointed Philippe Guillemot to succeed Édouard Guinotte, it elected to maintain the combination of the roles of Chairman of the Board of Directors and Chief Executive Officer.

The Board of Directors considered that combining these roles is well suited to Vallourec and, given the challenges of implementing the "New Vallourec" plan, makes the Company's governance and the execution of its strategy more agile and effective. The combination of these roles, together with the lower number of Board members, has improved governance.

The Chairman and Chief Executive Officer may be removed from office at any time by the Board of Directors.

##### 7.1.3.1.2 DUTIES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and Chief Executive Officer performs the duties of both the Chairman of the Board of Directors and the Chief Executive Officer as described below.

The Chairman exercises the duties and powers vested in his position by law. He chairs the meetings of the Board and sets the agenda thereof. He organizes and directs the Board's work and reports thereon to the General Shareholders' Meeting. He ensures that the Company's governance bodies operate effectively, and particularly that the directors are able to perform their duties and have all the information they require in order to do so. He chairs the Shareholders' Meetings and draws up the reports required by law.

The Chief Executive Officer is responsible for the Company's executive management and represents the Company in its dealings with third parties. He has the broadest powers to act on behalf of the Company in all circumstances, within the scope of the corporate purpose, except for the powers which (i) are vested by law in the Board of Directors or Shareholders' Meetings, or (ii) require the Board of Directors' prior authorization pursuant to the Company's Articles of Association and/or the Board of Directors' Internal Rules.

##### 7.1.3.1.3 RESTRICTIONS ON THE CHIEF EXECUTIVE OFFICER'S POWERS SET BY THE BOARD OF DIRECTORS

For the purposes of the Company's internal organization, the matters listed below must be authorized by the Board prior to their implementation by the Chief Executive Officer and/or management ("**Reserved Matters**").

The following Reserved Matters are subject to the Qualified Majority rule ("**Major Decisions**"). "**Qualified Majority**" means, for a Board of 10 members, 8 Board members including 2 independent Board members (such majority being adapted downwards if the number of employee representatives is reduced or more generally the number

of Board members is less than 10, i.e., for a Board of 9 members, the Qualified Majority would be 7 Board members including 2 independent Board members, and for a Board of 8 members, the Qualified Majority would be 6 Board members including 2 independent Board members) voting in favor of the Major Decisions to approve:

- (i) any material reorganization;
- (ii) the delisting of the Company and/or the listing of a Group company;
- (iii) any proposal to the Company's Shareholders' Meeting of a merger or demerger or spin-off transaction or contribution or any transaction of similar effect, whether by the Company or its subsidiaries (excluding intra-Group reorganizations), in each case with a transaction value in excess of €50 million either per transaction or per series of related transactions;
- (iv) any disposal of significant shareholdings or strategic assets, or any transfer of an entity or activity, whether by the Company or its subsidiaries, with a transaction value in excess of €50 million;
- (v) any acquisition of shareholdings or assets for consideration (adjusted as appropriate on a debt free and cash free basis) in excess of €50 million, whether by the Company or its subsidiaries;
- (vi) any inception, material amendment or termination of any material joint venture or partnership, whether by the Company or its subsidiaries, subject to a materiality threshold of €50 million of committed investment for the inception or amendment of a joint venture/partnership, or subject to the relevant Group company being liable to make a payment or incurring costs of more than €50 million for the termination of a joint venture/partnership;
- (vii) any capital increase or issue of equity securities or securities granting access, whether immediately or in the future, to the share capital of the Company or a material subsidiary, of any kind whatsoever, in each case to the benefit of a third party to the Group;
- (viii) any redemption and cancellation of equity securities by any Group company (save for intra-Group transactions and non-material transactions);
- (ix) any material change in the strategy of a material activity or business line (through the creation, abolition, reduction, restructuring or relocation of such material activity or business line);
- (x) any proposal to the Company's shareholders of substantial changes to the Articles of Association of the Company or of any of its material subsidiaries or joint ventures (except for amendments imposed by law or regulation);
- (xi) approval and amendment of the Group's annual budget and business plan, it being specified that the Board will be informed quarterly on the performance of the Group in comparison to the budget;

- (xii) any borrowing or other debt financing set up with third parties for an amount in excess of €50 million (other than drawings under the RCF), guarantees or security interests given to third parties in relation to such borrowing or debt financing, excluding, for the avoidance of doubt, operational financing in the ordinary course of business (factoring, etc.) and bonds, endorsements, indemnity undertakings for contracts or agreements entered into in the operation of the business;
  - (xiii) any proposal or payment concerning any dividend, reserve distribution or any other distribution, of any nature whatsoever, by the Company for the benefit of its shareholders;
  - (xiv) any decision to initiate or to implement any insolvency procedure, dissolution, winding-up or liquidation (or any similar procedure in each applicable jurisdiction), of the Company or one of its material subsidiaries (except if intra-Group), or to appoint a court-appointed administrator, in each case other than as required by law or regulation or which involves the liability of the relevant legal representatives for failing to take the relevant decision;
  - (xv) any decision to participate in a project or enter into an agreement (including contracts with guaranteed rents) for an annual amount exceeding €100 million;
  - (xvi) any significant change in pension plans and profit-sharing plans;
  - (xvii) the creation or any material amendments to stock option plans, performance share plans or free share plans in respect of the Company or of any other Group company (or any other similar instrument or incentive plan) to the benefit of the officers and/or employees of the Group or of certain categories of employees;
  - (xviii) any establishment of material operations in a new jurisdiction or starting up a new business involving material expenditures (excluding, for the avoidance of doubt, the launching of new seamless tubular products); and
  - (xix) the initiation or settlement by a Group company of any litigation or arbitral proceedings where the amount at stake for the Group is in excess of €10 million or relating to a claim having a material reputational impact on the Group.
- The Chairman and Chief Executive Officer of the Company will discuss with the Board members on an ad hoc basis any item from the above Reserved Matters which falls below the threshold specified or any other item which is not specifically captured in the Reserved Matters but, in each case, is considered by the Chairman and Chief Executive Officer as material or important to the operations and affairs of the Company.
- The following Reserved Matters are dealt with at the Board level based on a simple majority vote of members present or represented:
- a) approval of the Company's financial statements and consolidated financial statements and of any material change in the accounting principles applied by the Group companies for the preparation of their financial statements, except for amendments imposed by applicable law or accounting standards;
  - b) any transaction with related parties (whether or not provided for in the budget) as defined under Articles L.225-38 of the French Commercial Code, save for intra-Group transactions referred to under L.225-39 of the French Commercial Code (which are not subject to any authorization from the Board);
  - c) the appointment, renewal or dismissal of the Statutory Auditors; and
  - d) any decision submitted to the Board other than Major Decisions.

### 7.1.3.2 Executive Committee

The Executive Committee assists Executive Management with implementing its strategies and key decisions. The Executive Committee examines and drafts proposals that it puts forward to Executive Management regarding all actions necessary for implementing the Group's overall business strategy. It is responsible for the day-to-day running of the Company and for overseeing support functions.

The members of the Executive Committee also contribute, as a team, to creating and relaying the Group's management culture. Vallourec's Executive Committee meets once every two weeks.

As at March 31, 2023, the Executive Committee members were:

12  
MEMBERS

**Philippe Guillemot**  
Group Chairman and  
Chief Executive Officer



**Sascha Bibert**  
Group Chief Financial  
Officer



**Philippe Carlier**  
Senior Vice-President  
Group Industry and  
Eastern Hemisphere



**Pierre d'Archemont**  
Senior Vice-President  
South America



**Laurent Dubedout**  
Senior Vice-President  
OCTG Services and  
Accessories Business Line



**Bertrand Frischmann**  
Senior Vice-President  
North America



**Naïla Giovanni**  
Group Chief Digital and  
Information Officer



**Sarah Dib**  
Group  
General Counsel



**Jacky Massaglia**  
Senior Vice-President,  
Business Line Project Line  
Pipe and Process



**Ludovic Oster**  
Group Chief  
Human Resources  
Officer



**Enrico Schiappacasse**  
Senior Vice-President  
Strategy and  
Development



**Ulrika Wising**  
Senior Vice-President  
Energy Transition

## 7.2 Corporate officers' remuneration and benefits

### 7.2.1 Remuneration policies for corporate officers

The sections below set out the remuneration policies for the Company's corporate officers, particularly for 2023. They describe the components of the corporate officers' fixed and variable remuneration and explain the decision-making process followed for setting, reviewing and applying the remuneration policies.

In accordance with Article L.22-10-8 of the French Commercial Code, the remuneration policies presented below are subject to the shareholders' approval at the Ordinary and Extraordinary Shareholders' Meeting to be held on May 25, 2023. The previous remuneration policies for corporate officers were approved at the May 24, 2022 Ordinary and Extraordinary Shareholders' Meeting.

Vallourec operates worldwide on the seamless tube production market, a sector that requires specific expertise possessed by only a limited number of talented people. Having people who have high potential and the capacity to tackle ambitious challenges is essential for ensuring the Group's profitability and for generating value. The remuneration policies aim to attain this objective by allowing the Group to attract and retain the most talented people, whose contributions help create more value for shareholders. The Board thus ensures that the remuneration policies for corporate officers are in the Company's best interests, contribute to its sustainability, and are in line with its business strategy.

#### 7.2.1.1 Governance regarding the remuneration policies for corporate officers

The remuneration policies for corporate officers are determined by the Board of Directors based on proposals put forward by the Remuneration Committee. The definition of these policies takes into account the work accomplished, the performance achieved and the responsibility assumed by the corporate officers, and relies on analyses of the market context, which are in particular based on compensation surveys conducted by external consultants. The policies are reviewed annually.

##### 7.2.1.1.1 ROLE OF THE REMUNERATION COMMITTEE

The roles and responsibilities of the Remuneration Committee are described in section 7.1.2.3.3 of this chapter of this Universal Registration Document.

In order to prepare its work, the Remuneration Committee may request outside studies, and in particular compensation surveys, so that it can assess market conditions. It selects and oversees the consultants concerned, in order to ensure they have the required skills for the work concerned, and monitors their independence and objectivity. The Committee itself determines the composition of the reference panels used.

The Remuneration Committee also meets with the heads of the corporate departments, in particular the Human Resources Department and the Legal Department, with which it organizes interdepartmental meetings to ensure that its work is consistent with the Group's HR and governance policies.

In its deliberations, the Remuneration Committee also draws on the expectations and observations expressed by shareholders, with which the Company has discussions on a regular basis, in particular prior to the Annual Shareholders' Meetings.

##### 7.2.1.1.2 ROLE OF THE BOARD IN TERMS OF THE REMUNERATION OF CORPORATE OFFICERS

#### Remuneration and benefits awarded to executive corporate officers

Based on the Remuneration Committee's recommendations, the Board of Directors sets all of the components of the short- and long-term remuneration and benefits of the Chairman and Chief Executive Officer (fixed portion, variable portion and performance shares), as well as benefits in kind, personal insurance, pension benefits and specific termination benefits.

#### Directors' remuneration

Acting on proposals put forward by the Remuneration Committee, the Board of Directors allocates remuneration to each director out of the total annual amount authorized by the shareholders.

#### 7.2.1.2 Remuneration policies for executive corporate officers

##### 7.2.1.2.1 GENERAL PRINCIPLES OF THE REMUNERATION POLICIES SET BY THE BOARD OF DIRECTORS FOR THE EXECUTIVE CORPORATE OFFICERS

The Board of Directors conducts an overall assessment of the components of remuneration and benefits for the Chairman and Chief Executive Officer and its decisions are based on the following principles:

- **balanced consideration of short-term performance:** the structure of the remuneration and benefits for the Chairman and Chief Executive Officer includes a variable cash component based on performance during the past year. The performance criteria used correspond to the Company's financial and operating objectives. The Board is careful to balance the weighting of the short-term components of the executive corporate officers' remuneration and benefits (annual fixed and variable portions);
- **taking into account mid- and long-term performance:** a share-based compensation plan was set up in 2021 at the suggestion of a number of the Company's shareholders, in order to align the

interests of the executive corporate officers with those of the shareholders. The remuneration provided for in the plan is contingent on performance and is based on the terms and conditions generally applied by private equity funds;

- **competitiveness:** the Board ensures that remuneration is in line with the market in which Vallourec operates. To that end, the Remuneration Committee analyzes the data of a panel of listed companies which are comparable to Vallourec in terms of revenue, headcount, international presence and market capitalization. **Consistency with the prevailing conditions governing employee remuneration and employment within the Group:** a significant portion of the Group's managers and executives have a remuneration and benefits structure which, like that of the executive corporate officers, is made up of a fixed portion and a variable portion, along with long-term incentive equity instruments.

### 7.2.1.2.2 STATUS OF EXECUTIVE CORPORATE OFFICERS

The Chairman and Chief Executive Officer does not have an employment contract.

As an exception, a Group employee appointed as Chairman and Chief Executive Officer could continue to benefit from their employment contract, which would be suspended for the duration of their term as executive corporate officer, subject to this being justified, and provided that it does not give rise to situations of non-compliance with the other provisions of the AFEP-MEDEF Code, in particular in relation to severance pay. The possibility of maintaining employment contracts, on a case-by-case basis, can encourage internal applications from employees with significant seniority.

Under its former governance structure, the Supervisory Board authorized Édouard Guinotte, who has been a Group employee since 1995 and was appointed Chairman of the Management Board on March 15, 2020, to retain his employment contract, which was suspended for the duration of his term of office as Chairman of the Management Board.

The Supervisory Board considered that Édouard Guinotte's career within the Group, over a period of more than 25 years, could very well continue in a salaried capacity, if necessary in a temporary manner to facilitate a transition, if his term of office as Chairman of the Management Board were not renewed or if he were to be replaced in his role as Chairman of the Management Board. The Supervisory Board ensured that maintaining his contract did not cause any non-compliance with the other provisions of the AFEP-MEDEF Code, in particular in relation to severance pay. In this respect, Édouard Guinotte's employment contract did not include any contractual severance pay, non-compete clause or special notice period, and essentially referred to the *Convention collective des cadres et ingénieurs de la métallurgie* (the French collective bargaining agreement for executives and engineers in the metal industry), the application of which is mandatory for Vallourec. The total amount of (i) his severance pay under the collective bargaining agreement, (ii) his termination benefit for removal from his corporate office, and (iii) his non-compete compensation, could not under any circumstances have exceeded the ceiling set by the AFEP-MEDEF Code (see section 7.2.2.6 below).

### 7.2.1.2.3 COMPONENTS OF EXECUTIVE CORPORATE OFFICERS' REMUNERATION

The primary components of executive corporate officers' remuneration, along with their purposes, are as follows:

Components	Purposes
Fixed portion	Role and responsibility
Annual variable portion	Link to short-term performance by the achievement of annual objectives
Medium- and long-term incentive equity instruments	Performance shares Link to medium- and long-term performance and alignment with shareholders' interests

#### Fixed portion of executive corporate officers' remuneration

In general, the fixed portion of remuneration is reviewed regularly based on the responsibility assumed by each executive corporate officer and with reference to Vallourec's business sector.

To that end, the Nomination and Governance Committee and the Remuneration Committee rely on compensation surveys conducted by external consultants. The Committees determine the panel used for these surveys and make any necessary adjustments based on the revenue, market capitalization and business sector of the companies on the panel in order to ensure complete comparability and therefore a high correlation between the fixed portion of executive corporate officers' remuneration and the Group's size.

In addition, as the variable portion of executive corporate officers' remuneration is based on their fixed portion, the Board of Directors devotes particular attention to ensuring that the fixed portion is reasonable, applying the principles described in section 7.2.1.2.1 above.

The Board of Directors also ensures that changes in the fixed portion of executive corporate officers' remuneration are moderate as compared to the overall wage increases of Group employees over the same period.

For example, for 2022:

- the annual fixed portion payable to Édouard Guinotte, Chairman of the Management Board from March 16, 2020 until June 30, 2021, then Chairman and Chief Executive Officer from July 1, 2021 until March 20, 2022, remained unchanged at €600,000, corresponding to an amount effectively paid on a pro rata basis of €130,434.78 for 2022;
- the annual fixed portion payable to Olivier Mallet, Deputy Chief Executive Officer from July 1, 2021 until March 20, 2022 – which had remained unchanged at €420,000 since 2014 and was increased to

€470,000 as of March 15, 2020<sup>(1)</sup> – was kept at €470,000 until the expiration of his term as Deputy Chief Executive Officer, corresponding to an amount effectively paid on a pro rata basis of €102,174.78 for 2022;

- the annual fixed portion payable to Philippe Guillemot, Chairman and Chief Executive Officer since March 20, 2022, was set at €1,000,000 as of March 20, 2022, corresponding to an amount effectively paid on a pro rata basis of €782,614.95 for 2022.

#### Annual variable portion of executive corporate officers' remuneration

The aim of allocating a variable portion of annual remuneration is to ensure that the executive corporate officers have a vested interest in the Group's short-term performance. The Board of Directors reviews and sets the structure of this remuneration each year based on proposals put forward by the Remuneration Committee.

Determined on an annual basis, it corresponds to a percentage of the fixed portion and contains minimum thresholds, below which no payment is made, target levels when the objectives set by the Board of Directors are met, and maximum levels when target objectives are exceeded.

For 2023, the variable portion payable to the Chairman and Chief Executive Officer may vary from 0% to 100% of his target fixed portion and reach 135% of the fixed portion if the objectives are exceeded. The variable portion payable to the Chairman and Chief Executive Officer for 2023 may be increased by an additional 30% if the Group's deleveraging objectives are exceeded, in which case the maximum variable portion could reach 175.5% of his target remuneration (a maximum amount that is in line with observed market practices of SBF 120 companies). This 30% "booster" will also apply to the variable remuneration of the Group's other executives and managers, based on the same mechanism.

(1) This increase, which was decided in February 2020 before the spread of Covid-19 and the ensuing restrictions that resulted in a sharp decline in global demand for oil, was justified by increased responsibilities as part of the optimization of the Group's financing resources, as well as its transition with the arrival of a new Chairman of the Management Board.

The variable portions are subject to achievement of several precise and pre-defined quantitative and/or qualitative objectives, for which the minimum, target and maximum levels are set by the Board of Directors based on recommendations from the Remuneration Committee. The quantitative criteria are predominant.

The objectives taken into account to determine the variable portion are set each year based on key operating and financial indicators of the Group, which are in line with the nature of its activities, its strategy and values, and the challenges it faces.

For 2023, the Board of Directors has decided to structure the variable portion of the Chairman and Chief Executive Officer's remuneration as follows:

**Chairman and Chief Executive Officer**

*(target variable portion: 100% of fixed portion)*

<b>1. Financial performance:</b> EBITDA, EBITDA by metric ton, "Inventories" (Days On Hold)	Weighting: 60%
<b>2. Operating performance:</b> Rapid performance improvement	Weighting: 20%
<b>3. CSR:</b> Quality, safety, carbon emissions and diversity	Weighting: 20%

For 2022, Philippe Guillemot was awarded a guaranteed bonus corresponding to 50% of his 2022 annual variable remuneration (calculated pro rata, i.e., €391,307.47 gross) and the maximum variable remuneration was capped at 100% of his gross fixed remuneration effectively paid on a pro rata basis (i.e., €782,614.95 gross).

For the period from January 1, 2022 to March 20, 2022, by way of exception, Édouard Guinotte was awarded variable remuneration of €130,434.78 gross, calculated pro rata on the basis of a 100% achievement rate for the applicable objectives.

For the period from January 1, 2022 to March 20, 2022, by way of exception, Olivier Mallet was awarded variable remuneration of €76,631.09 gross, calculated pro rata on the basis of a 100% achievement rate for the applicable objectives.

Pursuant to Article L.22-10-16 of the French Commercial Code, payment of the Chairman and Chief Executive Officer's variable remuneration is subject to the shareholders' approval at the Ordinary and Extraordinary Shareholders' Meeting, as provided for in Article L.22-10-34 of the French Commercial Code.

**Executive corporate officers' long-term incentive equity instruments (MEP)**

In an industrial group for which capital expenditure projects may have long time frames for achieving returns, medium- and long-term incentive equity instruments are particularly appropriate. Consequently, the Group has for many years implemented a pro-active policy of giving employees a vested interest in its financial performance by putting in place stock option and performance share plans.

Acting on a proposal of certain shareholders, and further to the authorization of the Ordinary and Extraordinary Shareholders' Meeting of September 7, 2021, on October 13, 2021 the Board of Directors set up a share-based compensation plan. The compensation under the plan is contingent on performance and is based on the terms and conditions generally applied by private equity funds. Under the plan, provided that the applicable conditions relating to continuous service and/or performance are met, the beneficiaries (the Chairman and Chief Executive Officer, as well as Executive Committee members and certain managers) are awarded ordinary shares and preferred shares convertible into ordinary shares. The total number of free shares that may be issued in this

The achievement of quantitative objectives is verified by the Remuneration Committee based on information provided by the various Departments concerned, depending on the type of objective (Finance, Human Resources, Quality and Safety, Sustainable Development Department, etc.) and is audited. The achievement of qualitative objectives is assessed by the Remuneration Committee and the Board of Directors based on goals defined at the beginning of the year by reference to the Group's strategy, priorities and challenges.

context may not under any circumstances represent more than 5% of the Company's share capital on the date of the decision to allocate them by the Board of Directors.

Two different types of shares may be granted to the Chairman and Chief Executive Officer under this plan:

- ordinary shares, representing 33.33% of the shares allocated under the basic plan (29% of the overall plan taking into account the additional Tranche 4 shares, as defined below); and
- different categories of preferred shares, convertible into ordinary shares, representing 66.66% of the shares allocated under the basic plan (71% of the overall plan taking into account the additional Tranche 4 shares, as defined below).

On March 26, 2022 the Board of Directors approved a number of amendments to the plan, in particular the deletion of the aforementioned requirement to have ordinary shares represent 33.33% of the shares allocated to the beneficiaries, following the appointment of Philippe Guillemot as Chairman and Chief Executive Officer on March 20, 2022, in order to allow the Board of Directors to increase the ratio of preferred shares (and correlatively decrease the number of ordinary shares) in the overall allocation to the beneficiaries, and subject to the shareholders' approval at the Ordinary and Extraordinary Shareholders' Meeting of this remuneration policy. The ordinary shares allocated under the plan may be existing shares or shares to be issued, while the preferred shares are shares to be issued in accordance with the Company's Articles of Association.

The **ordinary shares** allocated under this plan will vest over five years from the grant date, with one-fifth of the shares vesting definitively for each beneficiary on each anniversary date, subject to the following two cumulative service and performance conditions:

- the beneficiary is still an employee or corporate officer of the Company on the anniversary date in question; and
- the price of an ordinary share is at least equal to €8.09 on such anniversary date.

These ordinary shares are subject to a one-year holding period, with the exception of ordinary shares that vest on or after the second anniversary of the grant date (for which the vesting period will therefore be at least two years).

The **preferred shares** allocated under the plan are of different categories, in accordance with the Company's Articles of Association:

- half of them consist of "Tranche 2" preferred shares (the "Tranche 2 Shares"); and
- the other half consist of "Tranche 3" preferred shares (the "Tranche 3 Shares").

The vesting period for these preferred shares is one year, starting from their grant date. They are also subject to a one-year holding period.

Once definitively vested, these preferred shares may become convertible into ordinary shares of the Company, in accordance with the terms of the Company's Articles of Association, under the following performance conditions:

- the Tranche 2 Shares will be convertible into ordinary shares, at the request of each holder, as from the date on which the volume weighted average price of the Company's ordinary shares on Euronext Paris has been at least equal to €16.19 for a period of 90 consecutive trading sessions, within a maximum period of five years from the effective date of the Company's restructuring (i.e., June 30, 2021); and
- the Tranche 3 Shares will be convertible into ordinary shares, at the request of each holder, as from the date on which the volume weighted average price of the Company's ordinary shares on the regulated market of Euronext Paris has been at least equal to €20.22 for a period of 90 consecutive trading sessions, within a maximum period of five years as from the effective date of the Company's restructuring (i.e., June 30, 2021).

The Tranche 2 Shares and the Tranche 3 Shares will be convertible into ordinary shares on a one-for-one basis.

The ordinary shares obtained upon conversion will be ordinary shares of the Company and will rank *pari passu* with all of the Company's other ordinary shares. Prior to their conversion, neither the Tranche 2 Shares nor the Tranche 3 Shares will carry voting any rights at Shareholders' Meetings, any rights to dividends or any rights to a share of the Company's assets in the event of its liquidation. However, they will entitle their holders to pre-emptive subscription rights in the event of a capital increase.

In addition to the above, in October 2021 the former Chairman and Chief Executive Officer, Édouard Guinotte, and the former Deputy Chief Executive Officer, Olivier Mallet, were granted another category of preferred shares – the "**Tranche 4 Shares**" – which represented 21% of the total amount of Tranche 2 Shares and Tranche 3 Shares granted.

The Tranche 4 Shares are subject to the same vesting and holding periods as the Tranche 2 Shares and the Tranche 3 Shares. Moreover, in accordance with the Company's Articles of Association, they have the same pecuniary and political rights as the Tranche 2 Shares and the Tranche 3 Shares.

The Tranche 4 Shares will be convertible into ordinary shares, at the request of each holder, as from the date on which the volume weighted average price of the Company's ordinary shares on Euronext Paris has been at least equal to €28.32 for a period of 90 consecutive trading sessions. They are convertible according to the same ratio as the Tranche 2 Shares and the Tranche 3 Shares.

Specific terms for the assessment of the performance conditions are provided for all beneficiaries of the preferred shares in certain circumstances:

- In case of a material transaction and under certain conditions, the assessment of the performance condition will be based on the transaction price or the share price following such transaction.
- The assessment of the condition related to the share price will take into account extraordinary distributions made by the Company such that performance triggers will be adjusted accordingly.

The Board of Directors considers that the performance criteria applicable to the performance shares allocated to the former Chairman and Chief Executive Officer, Édouard Guinotte, and the former Deputy Chief Executive Officer, Olivier Mallet, are correlated to the medium- and long-term development of the Group's results and overall performance.

Consequently, in total the Board of Directors allocated the following in 2021:

- 1,002,767 shares to the former Chairman and Chief Executive Officer, Édouard Guinotte; and
- 667,224 shares to the former Deputy Chief Executive Officer, Olivier Mallet.

These shares comprised ordinary shares and the various categories of preferred shares as stated above.

In principle, the share grants described above cover a period of five years and the Company does not intend to grant the beneficiaries further shares on an annual basis.

Following the shareholders' approval at the May 24, 2022 Annual Shareholders' Meeting, on June 4, 2022 the Board of Directors granted the following free shares to Philippe Guillemot for 2022 in his capacity as Chairman and Chief Executive Officer:

- 957,938 Tranche 2 Shares;
- 957,938 Tranche 3 Shares; and
- 143,000 Tranche 4 Shares.

The above-mentioned grant will cover a period of approximately four years and is not intended to be renewed annually.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors may provide, at the time of the grant of performance shares, for a stipulation authorizing it to decide whether beneficiaries should retain all or part of their long-term remuneration plans not yet vested or shares not yet vested at the time of their departure. Irrespective of the decision made in this respect, the performance conditions would apply for the entire performance assessment period prescribed by each plan.

In a decision dated December 14, 2022, the Board of Directors proposed changes to the method used for measuring the achievement of the underlying performance conditions. These changes will require an addendum to the performance share plans' terms and conditions which are appended to the Company's Articles of Association, and the amendments concerned will be submitted for approval by (i) the holders of each category of performance shares at a special shareholders' meeting, and (ii) the Annual Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2022.



### Benefits in kind for executive corporate officers

In terms of benefits in kind, executive corporate officers are entitled, as are the majority of the Group's senior executives, to a company car.

### Attendance fees for executive corporate officers

Executive corporate officers do not earn any remuneration or attendance fees for the corporate offices they hold in direct or indirect subsidiaries of the Vallourec Group.

### Supplementary pension plan for executive corporate officers

In accordance with market practices and in order to retain the Group's senior executives, the Chairman and Chief Executive Officer is offered a comprehensive supplementary pension plan to enable them to save for retirement, while preserving the economic interests of the Company via defined performance conditions.

This system was set up in 2016 to replace the defined benefit supplementary pension plan previously in effect. The new plan will ensure that each of its beneficiaries, individually, receives a net annuity level equal to that of the previous plan, while allowing Vallourec to achieve savings of around 22%.

The supplementary pension plan introduced in 2016 includes three components:

#### Mandatory group defined contribution plan (Article 83 of the French Tax Code)

The Chairman and Chief Executive Officer benefits from a mandatory group defined contribution pension plan open to all employees who meet the eligibility requirements<sup>(1)</sup>. The contribution to this plan is set at 12% of remuneration falling between four and eight times the social security ceiling. The benefits under this plan will only be received when the beneficiary claims their state pension.

The Company's financial obligation is strictly limited in terms of amount and time since it can close the plan at any time.

#### Individual plan subject to performance criteria (Article 82 of the French Tax Code)

Individual defined contribution pension plans have been set up for the Chairman and Chief Executive Officer, as well as for other eligible senior executives<sup>(2)</sup>. In accordance with France's "Macron Law", performance criteria have been set for the contributions under these plans to be paid.

With respect to these performance conditions, the Board decided to determine the effective contribution rate based on the annual bonus rate: the maximum contribution will be payable for the year if the

beneficiary's annual bonus amounts to 50% of the target; no contribution will be paid if the annual bonus equals zero. The contribution will vary on a straight-line basis if the bonus represents between 0% and 50%.

This mechanism applies for employees who have been beneficiaries under this plan since 2016.

For employees who were not beneficiaries under the 2016 plan, it is proposed that an individual plan subject to performance criteria (Article 82 of the French Tax Code) be put in place, with the contribution rate defined based on the age of the beneficiary as follows:

- under 50 years of age: 5%;
- between 51 and 54 years of age: 7.5%;
- between 55 and 59 years of age: 10%;
- over 60 years of age: 15%.

This individual pension plan will be implemented for eligible new corporate officers and senior executives (members of the Executive Committee). Contributions will be based on the beneficiaries' fixed remuneration plus the variable portion actually paid during the reference fiscal year.

The Company's contribution will correspond to the gross amount required to finance the overall defined contribution after deducting employee contributions and the related income tax. The benefits under this plan will only be payable when the beneficiary claims their state pension.

The above-mentioned beneficiaries of this new plan will also be beneficiaries under the mandatory group defined contribution plan (Article 83 of the French Tax Code) set up in 2016.

The new performance-related pension plan does not represent a deferred obligation as the Company may terminate it at any time.

The Group's overall supplementary pension system (i.e. the various different plans) will be reviewed based on any new provisions introduced by the French pension reform process.

The plans are aimed at improving the replacement income of beneficiaries and do not provide any specific advantage to the Chairman and Chief Executive Officer compared with eligible executive employees of the Group.

The Chairman and Chief Executive Officer's overall remuneration was determined taking into account the benefits under this supplementary pension plan.

The Group's supplementary pension plan has a replacement rate that is well below market practices, regardless of the reference panel used.

(1) Eligible employees are Vallourec employees in France whose annual remuneration exceeds four times the social security ceiling (in 2022: 4 x €41,136), i.e., around 44 senior executives of the Group, including corporate officers.

(2) Eligible employees are Vallourec and Vallourec Tubes employees who have at least three years' seniority in the Group and whose remuneration exceeds eight times the social security ceiling, i.e., potentially eight senior executives, including the Chairman and Chief Executive Officer.

### Provisions applicable to the termination of executive corporate officers' duties

#### Non-compete obligation applicable to the Chairman and Chief Executive Officer

Considering the Chairman and Chief Executive Officer's steel industry expertise, with a view to enabling the Group to safeguard its know-how and activities, the Board decided that he would be subject to a conditional non-compete obligation should he leave the Group.

Consequently, at its entire discretion, at the time of the Chairman and Chief Executive Officer's departure, for any reason, the Board may decide to prohibit him, for a period of 18 months following the termination of his duties, from working in any manner with any company or group of companies that generates more than 50% of its annual consolidated revenue in the design, production, sale or use of seamless carbon tubes or any kind of solution that competes with seamless tubes in the steel industry for application in the energy field. This non-compete obligation covers the following geographical scope: Europe, Middle East, United States of America, Mexico, Argentina, Brazil, China, Ukraine and Russia. The compensation payable as consideration for this non-compete obligation will not be paid (i) after the Chairman and Chief Executive Officer retires, or (ii) beyond the age of 70 (subject to the shareholders' approval at the Ordinary and Extraordinary Shareholders' Meeting of the change proposed by the Board of Directors on March 26, 2022 to the Company's Articles of Association with respect to the age limit for the Chairman and Chief Executive Officer).

Should this clause be implemented by the Board, it would result in a payment to the Chairman and Chief Executive Officer of non-compete compensation equal to 12 months of gross fixed and variable monetary remuneration, calculated based on the average of the gross fixed and variable annual monetary remuneration paid during the two fiscal years preceding his departure date.

This sum would be paid in equal monthly instalments during the entire period in which the non-compete clause is applicable.

The cumulative amount of any compensation paid under the non-compete clause and any termination benefit paid to the Chairman and Chief Executive Officer may not under any circumstances exceed twice the average gross fixed and variable annual monetary remuneration payable in respect of the two fiscal years preceding his departure date.

#### Termination package of the Chairman and Chief Executive Officer

In the event of a forced departure of an executive corporate officer, the Board of Directors takes into account all of the compensation and benefits that they may claim in order to decide whether or not to grant them a monetary termination benefit. To this end the Board examines:

- (i) any contractual severance pay that may be payable under the executive corporate officer's employment contract in the event of termination of said contract;

- (ii) the executive corporate officer's seniority in the Vallourec Group and the amount of any severance pay to which they would be entitled under the applicable collective bargaining agreement in the event of termination of their employment contract for any reason other than serious misconduct.

The Board of Directors considers that when no contractual severance pay is awarded, the executive corporate officer in question may be eligible for a monetary termination benefit for the termination of their term of office.

In accordance with the AFEP-MEDEF Code, the termination benefit for the Chairman and Chief Executive Officer will only be due in the event of a forced departure. No benefit will be due if it is possible for the interested party to claim their pension entitlements within a short period of time.

The amount of the termination benefit is limited to twice the average gross fixed and variable annual remuneration payable in respect of the two fiscal years preceding the departure date (hereinafter the "Maximum Benefit").

The benefit will be calculated based on the fixed monetary remuneration payable in respect of the fiscal year preceding the departure date, plus the target variable monetary remuneration determined for the same fiscal year (the "Reference Remuneration") and may not under any circumstances exceed the Maximum Benefit.

In accordance with the AFEP-MEDEF Code, for the Chairman and Chief Executive Officer the aggregate amount of (i) any severance pay due on the termination of the employment contract under the applicable collective bargaining agreement, (ii) any compensation due under the non-compete clause, and (iii) any termination benefit due, may not under any circumstances exceed the Maximum Benefit.

The amount of the termination benefit payable to the Chairman and Chief Executive Officer, and, where applicable, the Deputy Chief Executive Officer(s) will depend on the achievement of performance conditions as set out below.

In order to make the benefit easier to understand and more transparent, the Supervisory Board decided to simplify the structure of the performance conditions applicable to this monetary termination benefit as from March 15, 2020.

The amount of the termination benefit will depend on the achievement rate of the objectives set by the Board for the annual variable monetary portion of executive corporate officers' remuneration over the three fiscal years preceding their departure date (the "Reference Period").

For an average achievement rate equal to or greater than 50%, the termination benefit will correspond to this average achievement rate multiplied by the Reference Remuneration, subject to a ceiling representing 100% of the Reference Remuneration. For an average achievement rate of less than 50%, no termination benefit will be paid.

For fiscal years beginning from January 1, 2020: the achievement rate taken into account is the achievement rate of the objectives set by the Board for the annual variable monetary portion of executive corporate officers' remuneration, i.e.:

- 2020: 76.4%;
- 2021: 98.93%;
- 2022: 68.15%.

## Extraordinary remuneration of the Chairman and Chief Executive Officer

As recommended in the AFEP-MEDEF Code, the Board of Directors may, on the recommendation of the Remuneration Committee, award extraordinary remuneration to the Chairman and Chief Executive Officer, where warranted by highly specific circumstances (for example, due to the importance of the circumstances to the Group, the involvement they require and the difficulties they present). Any decision taken by the Board to award such remuneration must be substantiated. The amount of this extraordinary remuneration may not under any circumstances exceed the amount of the fixed annual monetary portion of the interested party's remuneration.

Pursuant to Article L.22-10-26 of the French Commercial Code, payment of the Chairman and Chief Executive Officer's extraordinary remuneration is subject to the shareholders' approval at the Ordinary and Extraordinary Shareholders' Meeting, as provided for in Article L.22-10-34 of the French Commercial Code.

### Signing bonuses

As recommended in the AFEP-MEDEF Code, the Board of Directors may, on the recommendation of the Remuneration Committee, award a new Chief Executive Officer coming from an outside company a signing bonus in order to compensate for the loss of benefits previously received by the executive. This bonus must be clearly stated and made public at the time it is decided.

## 7.2.1.3 Remuneration policies applicable to non-executive corporate officers

### 7.2.1.3.1 GENERAL PRINCIPLES OF THE REMUNERATION POLICIES SET BY THE BOARD OF DIRECTORS FOR THE NON-EXECUTIVE CORPORATE OFFICERS

Members of the Board of Directors receive only monetary remuneration for the performance of their duties.

Based on proposals put forward by the Remuneration Committee, the Board of Directors allocates individual remuneration amounts to its members out of the €1,250,000 annual total set at the September 7, 2021 Ordinary and Extraordinary Shareholders' Meeting.

Members of the Board of Directors receive a portion of their remuneration as a fixed amount and another portion based on their attendance at Board meetings and meetings of Committees of which they are members.

The Vice-Chairman receives an additional annual fixed amount for his duties. The Chairmen and members of the Board Committees receive an additional amount for their participation in such committees.

Directors (other than the Chairman and Chief Executive Officer) are not entitled to any grants of free shares or performance shares or to any severance pay or termination benefits of any kind in respect of their duties on the Board of Directors.

Directors are required to be shareholders of the Company in a personal capacity throughout their term of office, in accordance with the conditions set out in the Articles of Association and the Internal Rules of the Board of Directors (with the exception of the director representing employees).

### 7.2.1.3.2 COMPONENTS OF NON-EXECUTIVE CORPORATE OFFICERS' REMUNERATION

#### Attendance at meetings of the Board of Directors and Board Committees

In accordance with the recommendations of the AFEP-MEDEF Code, which require that the portion of directors' remuneration based on attendance should take precedence over the fixed portion, the fixed portion will amount to €30,000 (€45,000 for the Vice-Chairman), while effective attendance at a meeting of the Board of Directors or of a Board Committee will be paid according to the following conditions:

- each meeting of the Board of Directors lasting one hour or more which the director attends in person gives rise to payment of €3,000 (€15,000 for the Vice-Chairman of the Board of Directors);

- each meeting of the Board of Directors lasting one hour or more in which the director participates via videoconference or conference call gives rise to payment of €1,500 (€7,500 for the Vice-Chairman of the Board of Directors);
- each meeting of a Board Committee lasting one hour or more which the director attends in person gives rise to payment of €5,000 (€10,000 for the Chairman of the Committee concerned);
- each meeting of a Board Committee lasting one hour or more in which the director participates via videoconference or conference call gives rise to payment of €2,500 (€5,000 for the Chairman of the Committee concerned).

As an exception, no remuneration is paid for meetings of the Remuneration Committee.

While the Chairman is required to attend meetings of the Board of Directors, the participation of other members of the Board is equally important to ensure the smooth operation of the Board and the Board Committees. As a result, an "in-person attendance rule" applies to the above-mentioned variable portion. Directors' participation by videoconference or conference call should not exceed 40% of scheduled meetings. No remuneration will be payable for any meetings attended by videoconference or conference call rather than in person in excess of this threshold.

The directors will also receive a travel allowance for each Board meeting under the following conditions:

- if the Board meeting is held in France, an allowance of €8,000 will be paid to directors who travel from the United States, China or Brazil, and an allowance of €2,000 will be paid to directors who travel from Europe (outside France);
- if the Board meeting is held in a country other than France, an allowance of €8,000 will be paid to directors who travel from a country other than the one in which the meeting is being held.

The Observers do not receive any remuneration.

Directors are entitled to the reimbursement of expenses incurred in the performance of their duties (including any travel and accommodation expenses incurred in connection with Board and Committee meetings).

## 7.2.2 Board of Directors' report on corporate officers' total remuneration for 2022

This report was drawn up pursuant to Articles L.22-10-9, L.22-10-16 and L.22-10-34 of the French Commercial Code, in preparation for the say-on-pay shareholder votes at the Annual Shareholders' Meeting on May 25, 2023. These votes relate to the total remuneration and benefits paid or awarded during the year ended December 31, 2022 to (i) all corporate officers and (ii) Édouard Guinotte, Chairman and Chief Executive Officer until March 20, 2022

inclusive, (ii) Olivier Mallet, Deputy Chief Executive Officer until March 20, 2022 inclusive, and (iii) Philippe Guillemot, Chairman and Chief Executive Officer since March 20, 2022 inclusive.

The corporate officers' remuneration is set by the Board of Directors in compliance with the remuneration policies approved by the shareholders at the Annual Shareholders' Meeting.

### 7.2.2.1 Compliance of total remuneration with the remuneration policies for corporate officers approved by the shareholders

At its meeting on March 1, 2023, the Board of Directors ensured that the fixed, variable and extraordinary components comprising the total remuneration and benefits paid or awarded for 2022 to the Company's corporate officers complies with the remuneration policies for corporate officers approved by the Shareholders' Meeting of May 24, 2022.

The Board took note of the conditions for the approval of the resolutions relating to the remuneration policies for corporate officers by the Shareholders' Meeting of May 24, 2022, as summarized below. The Board considers that the very high approval rate of these resolutions shows that the remuneration policies for the Company's corporate officers are in line with shareholder expectations.

The Board also ensured that the remuneration for executive corporate officers contributes to the Company's long-term performance.

May 24, 2022 Shareholders' Meeting resolutions	Approval rate
Ninth resolution – Approval of the fixed, variable and extraordinary components of the total remuneration and benefits paid or awarded during 2021 to Édouard Guinotte in his capacity as Chairman of the Management Board until June 30, 2021	95.931%
Tenth resolution – Approval of the fixed, variable and extraordinary components of the total remuneration and benefits paid or awarded during 2021 to Édouard Guinotte in his capacity as Chairman and Chief Executive Officer from July 1, 2021 to December 31, 2021 and from January 1, 2022 to March 20, 2022 (inclusive), as well as the financial terms relating to the execution of his duties as Chairman and Chief Executive Officer and the termination of those duties on March 20, 2022	94.805%
Eleventh resolution – Approval of the fixed, variable and extraordinary components of the total remuneration and benefits paid or awarded during 2021 to Olivier Mallet in his capacity as member of the Management Board until June 30, 2021	85.765%
Twelfth resolution – Approval of the fixed, variable and extraordinary components of the total remuneration and benefits paid or awarded during 2021 to Olivier Mallet in his capacity as Deputy Chief Executive Officer from July 1, 2021 to December 31, 2021 and from January 1, 2022 to March 20, 2022 (inclusive)	85.764%
Thirteenth resolution – Approval of the fixed, variable and extraordinary components of the total remuneration and benefits paid or awarded during 2021 to Vivienne Cox in her capacity as Chair of the Supervisory Board until June 30, 2021	99.560%
Fourteenth resolution – Approval of the amendment to the remuneration policy for the Chairman and Chief Executive Officer for 2022	91.405%
Fifteenth resolution – Approval of the amendment to the remuneration policy for the Deputy Chief Executive Officer for 2022	80.929%
Sixteenth resolution – Approval of the amendment to the remuneration policy for directors (other than the Chairman) for 2022	99.351%

### 7.2.2.2 Executive corporate officers' remuneration

#### 7.2.2.2.1 GENERAL PRINCIPLES

The remuneration for executive corporate officers presented below includes the fixed, variable and extraordinary components of their total remuneration and benefits paid or awarded for 2022.

#### 7.2.2.2.2 STATUS OF EXECUTIVE CORPORATE OFFICERS

Philippe Guillemot, Chairman and Chief Executive Officer, does not hold an employment contract.

Regarding the former executive team:

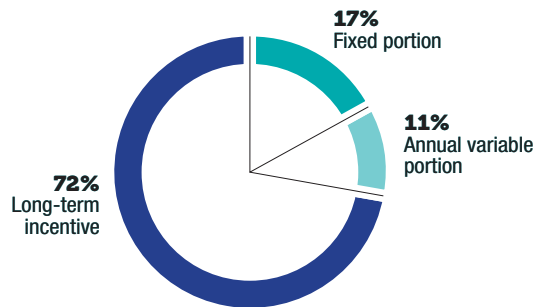
- Édouard Guinotte held an employment contract, which was suspended for the duration of his term as Chairman and Chief Executive Officer that ended on March 20, 2022. This contract was terminated on May 6, 2022 pursuant to a settlement agreement signed between the Company and Édouard Guinotte relating to the termination of his duties as Chairman and Chief Executive Officer;
- Olivier Mallet held an employment contract, which was suspended for the duration of his term as Deputy Chief Executive Officer that ended on March 20, 2022. As from that date, his employment contract came back into force.

### 7.2.2.2.3 COMPONENTS OF THE REMUNERATION AND BENEFITS OF EXECUTIVE CORPORATE OFFICERS

#### Respective weighting of the components of executive corporate officers' remuneration

The respective weighting of each of the components of the remuneration of the Company's executive corporate officer was as follows in 2022 (as the MEP is intended to be a multi-year plan, one-quarter of its value has been taken into account for Philippe Guillemot):

#### Philippe Guillemot



#### Fixed portion

In accordance with the remuneration policy:

- since March 20, 2022, the annual fixed portion of remuneration payable to Philippe Guillemot, Chairman and Chief Executive Officer, has been set at €1,000,000, corresponding on a pro rata basis to an amount effectively paid of €782,614.95 for 2022;
- between January 1, 2022 and March 20, 2022:
  - the fixed portion payable to Édouard Guinotte, Chairman and Chief Executive Officer until March 20, 2022, amounted to €130,434.78,
  - the fixed portion payable to Olivier Mallet, Deputy Chief Executive Officer until March 20, 2022, amounted to €102,174.78.

The change in the fixed portions of the executive corporate officers' remuneration between 2018 and 2022 are moderate compared with the general salary increases of the Company's employees in France over the same period, as shown in the table below.

#### Change in the fixed remuneration of the Group's employees in France and the executive corporate officers for the period 2018-2022 (full-year basis)

Executive corporate officers	2018	2019	2020	2021	2022	Total change
Philippe Guillemot					€1,000,000 gross per annum, effective March 20, 2022	N/A
Édouard Guinotte			€600,000	€600,000 i.e., 0%	€600,000 gross per annum until March 20, 2022, i.e., 0%	0%
Olivier Mallet	€420,000	€420,000	€470,000 i.e., 11.90%	€470,000 i.e., 0%	€470,000 gross per annum until March 20, 2022, i.e., 0%	+11.9% over the period
Total salary increase budgets for Group employees (2018 to 2022 budgets)						7.0%

### Variable portion

The variable portion of executive corporate officers' remuneration corresponds to a percentage of the fixed portion. It includes minimum thresholds, below which no payment is made, target levels for when the objectives set by the Board are met, and maximum levels for when objectives are exceeded.

For 2022, Philippe Guillemot was awarded a guaranteed bonus corresponding to 50% of his 2022 annual variable remuneration (calculated pro rata, i.e., €391,307.48) and the maximum variable remuneration was capped at 100% of his gross fixed remuneration (calculated pro rata, i.e., €782,614.95 gross).

The variable portion of remuneration payable to Édouard Guinotte for his duties as Chairman and Chief Executive Officer until March 20, 2022 could have varied from 0% to 100% of his target fixed portion and could have represented 135% of the fixed portion if the maximum objectives were reached. The variable portion of remuneration payable for 2022 to Olivier Mallet, Deputy Chief Executive Officer until March 20, 2022, could have varied from 0% to 75% of his target fixed portion and could have represented 100% of the fixed portion if the maximum objectives were reached.

The 2022 variable portions were contingent on the achievement of several precise and pre-defined quantitative or qualitative objectives, for which the minimum, target and maximum amounts were set by the Supervisory Board and maintained by the Board of Directors.

For 2022, the executive corporate officers' objectives were based on three fundamental priorities:

- the Group's financial performance (2 objectives):
  - net free cash flow,
  - EBITDA;
- operating performance (1 objective):
  - rapid performance improvement;

- CSR (3 objectives):

- quality: number of customer claims per month,
- TRIR: total recordable incident rate per million hours worked,
- a composite indicator comprising the % of women managers recruited or promoted to posts corresponding to grade 20 and above, and the Group's carbon emissions ratio.

In 2022, quantitative objectives represented 80% of the target variable portion of remuneration for the Chairman and Chief Executive Officer. The weighting of financial performance objectives was 60% of the target variable portion (identical to 2021) and the weighting of CSR performance objectives was 20% of the target variable portion (higher than in 2021 when the weighting was 15%).

Based on the achievement rates and the Board of Directors' decisions relating to the variable portion of remuneration for the Company's former executives, the variable portions of remuneration for each of the executive corporate officers for 2022 have been set as follows:

- Regarding the former executive team:

- Édouard Guinotte:

For the period from January 1, 2022 to March 20, 2022, the Board of Directors decided to calculate Édouard Guinotte's variable remuneration pro rata and based on a 100% achievement rate for the applicable objectives, corresponding to a gross amount of €130,434.78. The payment of this variable remuneration was approved at the Ordinary and Extraordinary Shareholders' Meeting of May 24, 2022.

- Olivier Mallet:

For the period from January 1, 2022 to March 20, 2022, the Board of Directors decided to calculate Olivier Mallet's variable remuneration pro rata (Olivier Mallet's duties as Deputy Chief Executive Officer ceased on March 20, 2022) and based on a 100% achievement rate for the applicable objectives, corresponding to a gross amount of €76,631.09.

- Regarding Philippe Guillemot:

**Philippe Guillemot**

**From March 20 to December 31, 2022**

**2022 variable portion**

<b>STRUCTURE AND LEVEL OF THE VARIABLE PORTION</b> <i>(as a percentage of the fixed portion)</i>	Variable portion: 100% if the objectives set by the Board were achieved (target and maximum for 2022)
<b>FINANCIAL PERFORMANCE OBJECTIVES</b>	Weighting in target variable portion: 60%
<b>Net cash flow from operating activities</b>	Criterion ranging from 0 to 30% if the target was met, and up to a maximum of 40.50%
The achievement rate for this indicator is	0.00%
<b>EBITDA</b>	Criterion ranging from 0 to 30% if the target was met, and up to a maximum of 40.50%
The achievement rate for this indicator is	32.80%
<b>TOTAL AMOUNT AWARDED BASED ON FINANCIAL PERFORMANCE OBJECTIVES<sup>(A)</sup></b>	€256,698
<b>OPERATING PERFORMANCE OBJECTIVES</b>	Weighting in target variable portion: 20%
<b>Accelerated operating performance</b>	Criterion ranging from 0 to 20% if the target was met, and up to a maximum of 27%
The achievement rate for this indicator is	27%
<b>TOTAL AMOUNT AWARDED BASED ON OPERATING PERFORMANCE OBJECTIVES</b>	<b>€211,306</b>
<b>CSR OBJECTIVES</b>	Weighting in target variable portion: 20%
<b>Quality</b>	Criterion ranging from 0 to 5% if the target was met, and up to a maximum of 6.75%
The achievement rate for this indicator is	5.35%
<b>Safety (TRIR)<sup>(a)</sup></b>	Criteria ranging from 0 to 10% if the target was met, and up to a maximum of 13.5%
The achievement rate for these indicators is	0.00%
<b>Social and environmental responsibility composite indicator</b>	Criteria ranging from 0 to 5% if the target was met, and up to a maximum of 6.75%
The achievement rate for these indicators is	3.00%
<b>TOTAL AMOUNT AWARDED BASED ON CSR PERFORMANCE OBJECTIVES</b>	<b>€65,348</b>
<b>Actual percentage of the variable portion in relation to the target variable portion</b>	68.15%
<b>ACTUAL VARIABLE PORTION AS A PERCENTAGE OF THE FIXED PORTION OF REMUNERATION</b>	68.15%
<b>ACTUAL VARIABLE PORTION (IN €)</b>	<b>€533,352</b>

(a) The safety objective is measured based on the results of the Total Recordable Injury Rate (TRIR), which measures the number of recordable injuries per million hours worked.

The monetary variable portion of remuneration for executive corporate officers reflects their performance in relation to the objectives set for them in terms of financial, operating and CSR performance. In terms of Philippe Guillemot's operating performance, based on the recommendation of the Remuneration Committee, the Board of Directors decided to set the achievement rate at 27%, particularly taking into account:

- the formation of the new Executive Committee in line with the strategic plan;
- the implementation of the European restructuring plan, with the shutdown of production at Saint-Saulve (December 2022), Rath (end-2023) and Mülheim (end-2023). Agreements relating to these restructurings have been signed with the employee representative bodies;
- a comprehensive review of the performance management system, in line with the priorities of the strategic plan (notably including a review of the KPIs, oversight of cross-business projects, and variable remuneration);
- strategic focus on "value over volume";
- cash management via implementation of the "Payable/Receivable/Inventory" action plan.

Pursuant to Article L.22-10-26 of the French Commercial Code, payment of the Chairman and Chief Executive Officer's variable remuneration is subject to the shareholders' approval at the Ordinary and Extraordinary Shareholders' Meeting, as provided for in Article L.22-10-34 of the French Commercial Code.

### Long-term incentive equity instruments (MEP)

On October 13, 2021 the Board of Directors set up a share-based compensation plan. The compensation under the plan is contingent on performance and is based on the terms and conditions generally applied by private equity funds, as outlined in section 7.2.1.2.3.

Consequently, on October 13, 2021, the Board of Directors allocated the following for 2021:

- 1,002,767 shares to the former Chairman and Chief Executive Officer, Édouard Guinotte; breaking down as:
  - 292,852 ordinary shares (Tranche 1),
  - 292,852 preferred shares (Tranche 2),
  - 292,852 preferred shares (Tranche 3),
  - 124,211 preferred shares (Tranche 4);
- 667,224 shares to the former Deputy Chief Executive Officer, Olivier Mallet, breaking down as:
  - 194,751 ordinary shares (Tranche 1),

- 194,751 preferred shares (Tranche 2),
- 194,751 preferred shares (Tranche 3),
- 82,971 preferred shares (Tranche 4).

In principle, the share grants described above will cover a period of five years and the Company does not intend to grant the beneficiaries further shares on an annual basis.

Out of the total shares granted – which represented 2.2589% of the Company's share capital as at December 31, 2021 – the portion allocated to the executive corporate officers corresponded to 31.9% of the total awards and 0.7295% of the share capital.

Pursuant to the plan rules and the terms and conditions of the free shares, all of Édouard Guinotte's Tranche 2 Shares, Tranche 3 Shares and Tranche 4 Shares, and 80% of his Tranche 1 Shares have been forfeited. Édouard Guinotte will only be entitled to 20% of the 292,852 Tranche 1 Shares initially granted to him.

On June 4, 2022, the Board of Directors allocated 2,058,876 preferred shares to Philippe Guillemot for 2022 in his capacity as Chief Executive Officer, breaking down as:

- 957,938 preferred shares (Tranche 2);
- 957,938 preferred shares (Tranche 3);
- 143,000 preferred shares (Tranche 4).

This share grant represented 0.8883% of the Company's share capital as at December 31, 2022 and the portion allocated to the Chief Executive Officer corresponded to 37.9% of the total awards made in 2022.

The above-mentioned grant will cover a period of approximately four years and is not intended to be renewed annually.

### Performance shares vested in 2022

The performance assessment period for the performance share plan of June 17, 2019 ended on June 17, 2022. The shares granted under this plan, under the twenty-seventh resolution approved by the Ordinary and Extraordinary Shareholders' Meeting of May 12, 2017, were subject to the following performance conditions:

- Group cost reduction (gross savings as a % of the Y-1 baseline and excluding "Direct Cost of Sales") over the period: 175.25% achievement rate;
- the increase in the EBITDA margin over the period compared with a panel of 13 companies (Hunting Plc, United States Steel Corp, Nippon Steel & Sumitomo Metal Corp., Tubacex SA, Tenaris SA, Voestalpine AG, Seah Steel Corp, Tubos Reunidos SA, TimkenSteel Corp., Salzgitter AG, ArcelorMittal SA, TMK, NOV): 200% achievement rate.

After applying these stringent conditions, the following shares vested for corporate officers:

### 2019 performance share plan

#### Corporate officers

#### Édouard Guinotte

Number of shares granted on June 17, 2019 <sup>(a)</sup>	618
Number of shares vested on June 17, 2022 after performance conditions applied	1,160
Percentage of shares vested on June 17, 2022 compared to the number of shares granted on June 17, 2019	187.60%

(a) Adjusted for the 2021 capital increase.

Corporate officers are required to retain until the end of their terms of office (i) one quarter of the performance shares granted to them under the terms of a plan and (ii) the equivalent in Vallourec shares of one quarter of the gross capital gain realized on the date of sale of the shares resulting from exercised stock options. Moreover, they are required to undertake not to use hedging instruments in connection with the exercise of options, the sale of shares received on the exercise of options, or the sale of performance shares.



## Stock options vested in 2022

The performance assessment period for the stock option plan of June 15, 2018 ended on June 15, 2022. The stock options granted under this plan, under the nineteenth resolution approved by the Ordinary and Extraordinary Shareholders' Meeting of May 12, 2017, were subject to performance conditions based on the following for 2018, 2019, 2020, and 2021:

- for 50%, on the Group's cumulative free cash flow (FCF) for the period: not achieved;
- for 50%, on Vallourec's TSR compared with a panel of 13 companies (Hunting Plc, United States Steel Corp, Nippon Steel & Sumitomo Metal Corp., Tubacex SA, Tenaris SA, Voestalpine AG, Seah Steel Corp, Tubos Reunidos SA, TimkenSteel Corp, Salzgitter AG, AcelorMittal SA, TMK and NOV): 50% achievement rate.

After applying these stringent conditions, the following stock options vested for corporate officers:

### 2018 stock option plan

Corporate officers	Édouard Guinotte
Number of stock options granted on June 18, 2018 <sup>(a)</sup>	612
Number of stock options vested on June 18, 2022 after performance conditions applied	153
Percentage of options vested on June 18, 2022 compared to the number of options granted on June 18, 2018	25.00%

(a) Adjusted further to the capital increase.

## History of performance shares and stock options vested for executive corporate officers

### Performance shares

Year of grant	2013 <sup>(a)</sup>	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vesting year	2016	2017	2018	2019	2020	2021	2022	2023	See specific section on MEPs	See specific section on MEPs
Number of shares granted to members of the Management Board <sup>(b)</sup>	425	1,188 <sup>(b)(c)</sup>	518 <sup>(b)</sup>	1,068	2,799	6,530	5,912	9,610	N/A	N/A
Chairman – Chief Executive Officer/Deputy Chief Executive Officer									See specific section on MEPs	
<b>Number and % of shares vested compared to the number of shares granted</b>	<b>85</b> (i.e., 20.1%)	<b>149</b> (i.e., 12.7%)	<b>0</b> (i.e., 0%)	<b>0</b> (i.e., 0%)	<b>3,975</b> (i.e., 142%)	<b>11,526</b> (i.e., 176.5%)	<b>11,092</b> (i.e., 187.6%)	<b>Not available</b>		

(a) Adjusted further to the June 2021 capital increase.

(b) After applying pro-rated service.

(c) Taking into account the achievement of the performance conditions applicable to other Vallourec managers.

### Stock options

Year of grant	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of shares allocated to members of the Management Board <sup>(a)</sup>	2,777	1,624	786 <sup>(b)(c)</sup>	1,624	4,351	4,955 <sup>(f)</sup>	4,955 <sup>(f)</sup>	27,456	0	0
Chairman – Chief Executive Officer/Deputy Chief Executive Officer									See specific section on MEPs	
<b>Number and % of options vested compared to the maximum number of options granted</b>	<b>1,209</b> (i.e., 25.9%)	<b>659</b> (i.e., 23.8%)	<b>496<sup>(b)(d)</sup></b> (i.e., 75.0%)	<b>896<sup>(d)(e)</sup></b> (i.e., 75.0%)	<b>1,394</b> (i.e., 32.0%)	<b>1,239</b> (i.e., 25.0%)	<b>Not available</b>	<b>Not available</b>	<b>N/A</b>	<b>N/A</b>
Exercise price	€996.42	€832.03	€488.14	€140.29	€216.55	€197.84	€79.14	€33.60	N/A	N/A

(a) Adjusted further to the 2021 capital increase and the Vallourec reverse stock split carried out in 2020.

(b) Philippe Crouzet waived his right to the stock options granted in 2015.

(c) Including, until 2016, the grant to Jean-Pierre Michel as a member of the Management Board and the grants to Philippe Crouzet as Chairman of the Management Board until 2019.

(d) The number of options vested for Jean-Pierre Michel was reduced pro rata to the period of his continuous service.

(e) The number of options vested for Philippe Crouzet was reduced pro rata to the period of his continuous service.

(f) Allocations to Philippe Crouzet and to Olivier Mallet alone.

### Benefits in kind

In 2022, the executive corporate officers had use of a Company car.

### Remuneration paid or awarded by consolidated companies

Corporate officers did not receive any remuneration in 2022 relating to corporate offices held in Vallourec Group subsidiaries included within the consolidation scope, within the meaning of Article L.233-16 of the French Commercial Code.

### Supplementary pension plans

The pension plan for corporate officers comprises a defined benefit plan (closed), a mandatory group defined contribution plan, and an individual defined contribution plan.

These plans are detailed in sections 7.2.1.2.3 of this Universal Registration Document.

### Mandatory group defined contribution plan (Article 83 of the French Tax Code)

In 2022, the contribution paid for this purpose with respect to executive corporate officers was:

- €15,445.90 for Philippe Guillemot (for the period from March 20 to December 31, 2022);

- €4,292.45 for Édouard Guinotte (for the period from January 1 to March 20, 2022);
- €4,292.45 for Olivier Mallet (for the period from January 1 to March 20, 2022).

For Édouard Guinotte, this amount was in addition to (i) the €15,711.30 paid for 2020 and (ii) the €17,864.78 paid for 2021.

For Olivier Mallet, this amount was in addition to (i) the €12,357.12 paid for 2016, (ii) the €18,829.44 paid for 2017, (iii) the €19,071.36 paid for 2018, the €19,451.52 paid for 2019, (iv) the €19,745.28 paid for 2020, and (v) the €17,864.78 paid for 2021.

### Individual defined contribution plan subject to performance criteria (Article 82 of the French Tax Code)

The Board of Directors confirmed that the performance condition applicable for payment of the contribution to the executive corporate officers' individual pension plans for 2022 was fulfilled. The maximum contribution was due as a result of the achievement of at least 50% of the annual bonus calculated for 2022. Note: Vallourec's commitment to this plan is limited to payment of an annual amount for retirement comprising 50% in contributions made to an insurance company and 50% in cash, given the tax features of the plan with taxation on entry.

Executive corporate officers	Total amount payable for 2022	Amount of contributions payable	Amount payable in cash
Philippe Guillemot (from March 20, 2022)	€234,784	€117,392	€117,392
Édouard Guinotte (from January 1 to March 20, 2022)	€39,130	€19,165	€19,165
Olivier Mallet (from January 1 to March 20, 2022)	€40,835	€20,417.50	€20,417.50

### Provisions applicable to the termination of executive corporate officers' duties

In 2022, the terms of office of Édouard Guinotte as Chairman and Chief Executive Officer and Olivier Mallet as Deputy Chief Executive Officer ended. The amounts paid in connection with their respective departures are detailed in sections 7.2.1.2.3 of this Universal Registration Document.

### Extraordinary remuneration

No extraordinary remuneration was paid to Philippe Guillemot, Édouard Guinotte or Olivier Mallet in 2022.

### Signing bonuses

No signing bonus was paid to Philippe Guillemot.

### Deferred variable remuneration

No deferred variable remuneration was paid to Philippe Guillemot, Édouard Guinotte or Olivier Mallet in 2022.

### 7.2.2.3 Remuneration of the members of the Board of Directors

#### Remuneration paid to members of the Board of Directors

Members of the Board of Directors <i>In €</i>	Amounts due and paid in 2022
Édouard Guinotte	N/A
Philippe Guillemot	N/A
Pierre Vareille	252,000
Corine de Bilbao	144,000
William de Wulf*	N/A
Maria Silvia Marques	112,000
Angela Minas	194,000
Hera Siu	120,000
Gareth Turner*	N/A
Guillaume Wolf*	N/A
<b>TOTAL</b>	<b>822,000</b>

### 7.2.2.4 Summary of the remuneration paid or awarded for the year ended December 31, 2022 to the executive corporate officers

#### 7.2.2.4.1 REMUNERATION PAID OR AWARDED FOR 2022 TO PHILIPPE GUILLEMOT

Components of remuneration paid or awarded for 2022	Amount or value submitted for vote	Presentation
Fixed remuneration	€782,614.95	
Annual variable remuneration	€533,352	
Deferred or multi-annual variable remuneration		
Extraordinary remuneration		
Long-term incentive equity instruments	€13,515,172 <sup>(a)</sup>	Preferred shares granted on June 4, 2022
Attendance fees		Philippe Guillemot does not earn attendance fees for corporate offices held within the Vallourec Group.
Value of benefits in kind	€3,700.60	Car.

(a) This value represents the fair value of these shares. The basis for calculating the fair value is detailed in Chapter 6, "Management Equity Plans" of this Universal Registration Document.

**7.2.2.4.2 REMUNERATION PAID OR AWARDED FOR 2022 TO ÉDOUARD GUINOTTE FOR THE PERIOD FROM JANUARY 1 TO MARCH 20, 2022**

<b>Components of remuneration paid or awarded up to March 20, 2022</b>	<b>Amount or value submitted for vote</b>	<b>Presentation</b>
Fixed remuneration	€130,434.78	
Annual variable remuneration	€130,434.78	See sections 7.2.1.2.3 and 7.2.2.2.3 of this report for a description of the annual variable remuneration.
Deferred or multi-annual variable remuneration		
Extraordinary remuneration		
Long-term incentive equity instruments		
Attendance fees		
Value of benefits in kind	€838.92	

<b>Components of remuneration paid or awarded for 2022 that were voted on by the Shareholders' Meeting under the related-party agreements and commitments procedure</b>	<b>Amount or value submitted for vote</b>	<b>Presentation</b>
Termination benefit	€793,237.84	Cost borne by Vallourec SA. See section 7.2.3.1 of this Universal Registration Document for a description of the termination benefit plan.
Non-compete compensation	€404,921.00	Paid in 2022. See section 7.2.3.1 of the Universal Registration Document for a description of the non-compete compensation plan.
Supplementary pension plan	€23,457.45	See section 7.2.3.1 of this Universal Registration Document for a description of the supplementary pension plan.

**7.2.2.4.3 REMUNERATION PAID OR AWARDED FOR 2022 TO OLIVIER MALLET FOR THE PERIOD FROM JANUARY 1 TO MARCH 20, 2022**

<b>Components of remuneration paid or awarded up to March 20, 2022</b>	<b>Amount or value submitted for an advisory vote</b>	<b>Presentation</b>
Fixed remuneration	€102,174.78	
Annual variable remuneration	€76,631.09	
Deferred or multi-annual variable remuneration		
Extraordinary remuneration		
Long-term incentive equity instruments		
Attendance fees		
Value of benefits in kind	€1,282.44	

<b>Components of remuneration paid or awarded for 2022 that were voted on by the Shareholders' Meeting under the related-party agreements and commitments procedure</b>	<b>Amount or value submitted for vote</b>	<b>Presentation</b>
Termination benefit		
Non-compete compensation		
Supplementary pension plan	€24,709.95	

### 7.2.2.5 Remuneration and benefits awarded to executive corporate officers

The following tables show the remuneration of the executive corporate officers in office at December 31, 2022.

#### Summary of remuneration and stock options and performance shares allocated to each executive corporate officer (based on the format of Table 1 recommended by the AFEP-MEDEF Code)

The following table summarizes the remuneration and the value of the stock options and performance shares granted for 2021 and 2022.

In €	2021	2022
<b>PHILIPPE GUILLEMOT, CHAIRMAN AND CHIEF EXECUTIVE OFFICER SINCE MARCH 20, 2022</b>		
Remuneration awarded for the year (see para. B) of section 7.6.2 below)	N/A	1,437,060
Value of stock options granted during the year (see para. C) of section 7.6.2 below) <sup>(a)</sup>	N/A	N/A
Value of performance shares granted during the year (see para. E) of section 7.6.2 below) <sup>(a)</sup>	N/A	N/A
Value of preferred shares granted during the year <sup>(b)</sup>	N/A	13,515,172
<b>TOTAL</b>	<b>N/A</b>	<b>14,952,232</b>

(a) No stock options or performance shares were granted to corporate officers in 2022.

(b) Allocation made under the Management Equity Plan of June 4, 2022. Value of preferred shares as indicated in Chapter 6 of this Universal Registration Document.

In €	2021	2022
<b>ÉDOUARD GUINOTTE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER UNTIL MARCH 20, 2022</b>		
Remuneration awarded for the year (see para. B) of section 7.6.2 below)	1,286,455	1,479,033
Value of stock options granted during the year (see para. C) of section 7.6.2 below) <sup>(a)</sup> under the long-term incentive plan of October 13, 2021	N/A	N/A
Value of performance shares granted during the year (see para. E) of section 7.6.2 below) <sup>(a)</sup> under the long-term incentive plan of October 13, 2021	N/A	N/A
Value of ordinary shares granted during the year under the MEP of October 13, 2021 <sup>(b)</sup>	1,012,097	
Value of preferred shares granted during the year under the MEP of October 13, 2021 <sup>(b)</sup>	927,615	
<b>TOTAL</b>	<b>3,226,167</b>	<b>1,479,033</b>

(a) No stock options or performance shares were granted to corporate officers in 2022.

(b) Grants made under the Management Equity Plan of October 13, 2021. Value of ordinary and preferred shares as indicated in Chapter 6 of the 2021 Universal Registration Document.

In €	2021	2022
<b>OLIVIER MALLET, DEPUTY CHIEF EXECUTIVE OFFICER UNTIL MARCH 20, 2022</b>		
Remuneration awarded for the year (see para. B) of section 7.6.2 below)	914,646	200,506
Value of stock options granted during the year (see para. C) of section 7.6.2 below) <sup>(a)</sup> under the long-term incentive plan of October 13, 2021	N/A	N/A
Value of performance shares granted during the year (see para. E) of section 7.6.2 below) <sup>(a)</sup> under the long-term incentive plan of October 13, 2021	N/A	N/A
Value of ordinary shares granted during the year under the MEP of October 13, 2021 <sup>(b)</sup>	673,061	
Value of preferred shares granted during the year under the MEP of October 13, 2021 <sup>(b)</sup>	617,085	
<b>TOTAL</b>	<b>2,204,792</b>	<b>200,506</b>

(a) No stock options or performance shares were granted to corporate officers in 2021.

(b) Grants made under the Management Equity Plan of October 13, 2021. Value of ordinary and preferred shares as indicated in Chapter 6 of the 2021 Universal Registration Document.

**Summary of the remuneration of executive corporate officers  
(based on the format of Table 2 recommended by the AFEF-MEDEF Code)**

In €	2021		2022	
	Amounts due for the year	Amounts paid during the year	Amounts due for the year	Amounts paid during the year
<b>PHILIPPE GUILLEMOT, CHAIRMAN AND CHIEF EXECUTIVE OFFICER SINCE MARCH 20, 2022</b>				
Fixed remuneration			782,615	782,615
Annual variable remuneration			533,352 <sup>(c)</sup>	
Article 82 payment in cash <sup>(a)</sup>			117,392 <sup>(c)</sup>	
Extraordinary remuneration				
Attendance fees				
Benefits in kind <sup>(b)</sup>			3,701	3,701
<b>TOTAL</b>			<b>1,437,060</b>	<b>786,316</b>
<b>ÉDOUARD GUINOTTE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER UNTIL MARCH 20, 2022</b>				
Fixed remuneration	600,000	600,000	130,435	130,435
Annual variable remuneration	593,580	308,400	130,435 <sup>(c)</sup>	593,580
Article 82 payment in cash <sup>(a)</sup>	89,519	38,784	19,165 <sup>(c)</sup>	89,519
Extraordinary remuneration	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind <sup>(b)</sup>	3,356	3,356	839	839
Termination benefit			793,238	793,238
Non-compete compensation			404,921	404,921
<b>TOTAL</b>	<b>1,286,455</b>	<b>950,540</b>	<b>1,479,033</b>	<b>2,012,532</b>
<b>OLIVIER MALLET, DEPUTY CHIEF EXECUTIVE OFFICER UNTIL MARCH 20, 2022</b>				
Fixed remuneration	470,004	470,004	102,175	102,175
Annual variable remuneration	345,547	223,711	76,631 <sup>(c)</sup>	345,547
Article 82 payment in cash <sup>(a)</sup>	93,920	93,920	20,418 <sup>(c)</sup>	93,920
Extraordinary remuneration	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind <sup>(b)</sup>	5,175	5,175	1,282	1,282
<b>TOTAL</b>	<b>914,646</b>	<b>792,810</b>	<b>200,506</b>	<b>542,924</b>

(a) Amount paid in cash under the individual supplementary defined contribution pension plan (Article 82), under which 50% is paid in the form of a contribution and 50% in cash, as explained in section 7.2.2.2.3.

(b) Benefits in kind correspond to the value of a company car.

(c) In accordance with the applicable legal provisions, the payment of variable remuneration will be put to the vote of shareholders at the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2023.

**Stock options granted by Vallourec and each Group company in 2022 to each executive corporate officer**

No stock options were granted to executive corporate officers in 2022.

**Stock options exercised in 2022 by each executive corporate officer**

No executive corporate officer exercised any stock options during 2022 under stock option plans set up in previous years.

**Ordinary and preferred shares granted by Vallourec and each Group company in 2022 to each executive corporate officer (based on the format of Table 6 recommended by the AFEP-MEDEF Code)**

Name of executive corporate officer	Plan number and date	Type of shares	Number of shares granted during the year	Number of shares vesting at each vesting date	Vesting date	Availability date	Value in the consolidated financial statements	Performance conditions
Philippe Guillemot	2022 MEP June 4, 2022	Preferred <sup>(b)</sup>	2,058,876	957,938	06/04/2023	06/04/2024	€13,515,172	Yes <sup>(c)</sup>
		(Tranches 2, 3 and 4), i.e., 0.888% of the Company's share capital <sup>(a)</sup>		957,938	06/04/2023	06/04/2024		
				143,000	06/04/2023	06/04/2024		

(a) Based on the Company's share capital as at December 31, 2022.

(b) The preferred shares (Tranches 2, 3 and 4) vest in full after one year. At the end of the first year, vested shares are subject to a one-year holding obligation.

(c) The preferred shares will be convertible if the weighted average share price over a period of 90 consecutive days has been greater than or equal to:  
- €16.19 for Tranche 2;  
- €20.22 for Tranche 3;  
- €28.32 for Tranche 4.

**Performance shares that became available in 2022 for each executive corporate officer (based on the format of Table 7 recommended by the AFEP-MEDEF Code)**

**Performance shares that vested in 2022 for each executive corporate officer**

Name of executive corporate officer	Plan number and date	Number of shares granted on June 17, 2019 <sup>(a)</sup>	Number of shares vested on June 17, 2022	Percentage of shares vested on June 17, 2022
Philippe Guillemot	N/A	N/A	N/A	N/A
Édouard Guinotte	2019 Plan June 17, 2019	618	1,160	187.60%

(a) Adjusted further to the capital increase.

**History of stock option grants**

The history of the stock options granted is provided in section 7.3.1.1 of this chapter.

**History of performance share grants**

The history of the performance shares granted is provided in section 7.3.1.2 of this chapter.

**Stock options awarded to the top ten employee grantees who are not corporate officers and options exercised by those grantees**

	Total number of stock options granted/shares subscribed or purchased	Weighted average exercise price (in €)	Stock option plans
Options granted during the year to the 10 Group employees to whom the largest number of options was granted	25,905	12.65	2022 Plan June 4, 2022
Options exercised during the year by the 10 Group employees who purchased or subscribed for the largest number of shares	–	–	–

The vesting of all of the stock options granted under the plan put in place on October 13, 2021 is subject to continuous service and performance conditions.

### Summary and status of termination benefits for executive corporate officers (based on the format of Table 11 recommended by the AFEP-MEDEF Code)

	Employment contract <sup>(c)</sup>		Supplementary pension plan <sup>(d)</sup>		Benefits or entitlements due or likely to become due as a result of termination or change of position <sup>(e)</sup>		Benefits relating to a non-compete clause <sup>(f)</sup>	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>PHILIPPE GUILLEMOT</b>								
Chairman and Chief Executive Officer								
Chairman and Chief Executive Officer: March 20, 2022								
Term expires: 2026 OSM								
		X	X		X		X	
<b>ÉDOUARD GUINOTTE</b>								
Chairman and Chief Executive Officer								
Date of first appointment: March 16, 2020 <sup>(a)</sup>								
Date of appointment as Chairman of the Management Board: March 15, 2020								
Chairman and Chief Executive Officer: July 1, 2021								
Term expired: March 20, 2022								
	X <sup>(c)</sup>		X		X <sup>(e)</sup>		X	
<b>OLIVIER MALLET</b>								
Deputy Chief Executive Officer								
Date of first appointment: September 30, 2008 <sup>(b)</sup>								
Date of reappointment: July 1, 2021 <sup>(b)</sup>								
Term expired: March 20, 2022 <sup>(b)</sup>								
	X <sup>(c)</sup>		X		X <sup>(h)</sup>		X	X

(a) At its meeting on February 18, 2020, the Supervisory Board appointed Édouard Guinotte as Chairman of the Management Board to succeed Philippe Crouzet, effective from March 15, 2020 until March 15, 2024. Édouard Guinotte was appointed Chief Executive Officer and Chairman of the Board of Directors effective from July 1, 2021 until March 20, 2022.

(b) At its meeting on September 29, 2008, the Supervisory Board appointed Olivier Mallet as a member of the Management Board, effective from September 30, 2008 until March 15, 2012. On February 22, 2012, the Supervisory Board reappointed him as a member of the Management Board, effective from March 15, 2012 until March 15, 2016. On January 29, 2016, the Supervisory Board reappointed him as a member of the Management Board, effective from March 15, 2016 until March 15, 2020. On February 18, 2020, the Supervisory Board reappointed him as a member of the Management Board, effective from March 15, 2020 until the 2023 OSM. The Board of Directors appointed Olivier Mallet as Deputy Chief Executive Officer, effective from July 1, 2021 until July 1, 2025. His term expired on March 20, 2022.

(c) His employment contract was suspended for the duration of his term as a corporate officer.

(d) For a description of the supplementary pension plan, see section 7.3.3.2 below.

(e) For a description of payments or benefits that are due or that may be due as a result of a termination or change of office, see section 7.2.3 above.

(f) For a description of the applicable non-compete compensation, see section 7.2.3 above.

(g) A global lump-sum settlement indemnity was paid on the termination of Édouard Guinotte's duties under the conditions described in section 7.2.3 of this Universal Registration Document.

(h) For more details on the termination benefit, see section 7.2.3 of this Universal Registration Document.

## 7.2.2.6 Remuneration and retirement obligations for the Group's main executives

### 7.2.2.6.1 REMUNERATION OF THE GROUP'S MAIN SENIOR EXECUTIVES

The total amount of all direct and indirect remuneration paid in 2022 by the Group's French and foreign companies to all of the Group's main senior executives (i.e., the members of the Executive Committee as constituted in 2022, excluding the corporate officers) amounted to €10,746 thousand. Variable remuneration represented 21% of this total.

The value of the ordinary and preferred shares granted during the year to members of the Executive Committee – valued using the same method as for the consolidated financial statements – amounted to €16,802 thousand.

### 7.2.2.6.2 RETIREMENT COMMITMENTS

On the recommendation of the Nomination, Remuneration and Governance Committee, at its meeting on February 17, 2016 the Supervisory Board authorized the establishment of a new supplementary pension plan to replace the mandatory group defined benefit supplementary pension plan, which it authorized to be closed to the accrual of further benefits. In accordance with Articles L.225-86 and Article L.225-90-1 of the French Commercial Code, this new plan was approved by the Shareholders' Meeting of April 6, 2016.



As a result, the Company's obligations for pensions and other life annuities for corporate officers comprise, in addition to the ARRCO and AGIRC mandatory supplementary plans, a defined benefit plan (closed), a mandatory group defined contribution plan, and an individual defined contribution plan whose main characteristics are provided below.

Main characteristics of the closed defined benefit pension plan:

- the plan was covered by Article L.137-11 of the French Social Security Code (*Code de la sécurité sociale*) and was approved by the Shareholders' Meetings of June 1, 2006 and June 4, 2009;
- it was closed to new beneficiaries and the accrual of any further rights on December 31, 2015;
- it covered twenty senior executives and corporate officers, with the rights to the defined pension benefits entailing a risk factor. The seniority condition was three years at the time the plan was closed on December 31, 2015;
- the annuity under the plan could not exceed 20% of the beneficiaries' average basic remuneration for the last three years and was limited to four times the annual social security ceiling. The reference remuneration is the average remuneration for the last three years (excluding the variable portion) as at December 31, 2015;
- the plan is financed by contributions paid to an insurance company and is subject to an employer contribution as set out in Article L.137-11 of the French Social Security Code at the rate of 24%. The plan is not financed by Vallourec on an individual basis;
- the estimated amount of the annual annuity that will be paid to corporate officers under this plan upon settlement of French social security retirement rights, calculated as at December 31, 2022, is indicated below:

<b>Corporate officer</b>	<b>Estimated annuity as at December 31, 2022</b>
Olivier Mallet	€52,950

Main characteristics of the mandatory group defined contribution pension plan:

- this plan, which falls within the scope of Article L.242-1 of the French Social Security Code and Article 83 of the French Tax Code, was approved by the Shareholders' Meeting of April 6, 2016;
- it is mandatory for all Vallourec Tubes and Vallourec employees and corporate officers who meet the eligibility requirements, i.e., whose gross annual remuneration exceeds four times the annual social security ceiling. There is no seniority requirement. The plan covers around 50 managers and corporate officers;
- Vallourec's obligation is limited to payment to the insurance company of a contribution of 12% of the fixed and variable remuneration that falls between five and eight times the social security ceiling (Tranche C). In 2021, the contribution paid for executive corporate officers was €19,745.28. The contribution is partly subject to social security charges;

- Vallourec's financial obligation is strictly limited in terms of amount and time since it can close the plan at any time;
- the estimated amount of the annuity that will be paid to executive corporate officers under this plan upon settlement of French social security retirement rights, calculated as at December 31, 2021, is indicated below for each corporate officer:

<b>Corporate officers</b>	<b>Estimated annuity as at December 31, 2022<sup>(a)</sup></b>
Philippe Guillemot	€772
Édouard Guinotte	€1,893
Olivier Mallet	€5,581

(a) On the basis of a post-retirement life expectancy of 20 years.

Main characteristics of the optional individual pension plan:

- this plan, which falls within the scope of Article 82 of the French Tax Code, was approved by the Shareholders' Meeting of April 6, 2016;
- it is individual and discretionary. In addition, beneficiaries must have three years' seniority within the Group and a gross annual remuneration exceeding eight times the annual social security ceiling. The plan covers around ten senior executives and corporate officers;
- Vallourec's obligation is limited to payment of an annual amount for retirement comprising 50% in contributions to an insurance company and 50% in cash, given the tax features of the plan with taxation on entry;
- in accordance with France's "Macron Law", the contribution made under this plan for executive corporate officers is subject to performance conditions: the maximum contribution will be payable for the year if the beneficiary's annual bonus amounts to 50% of the target bonus; no contribution is paid if the annual bonus is zero. The contribution will vary on a straight-line basis if the bonus represents between 0% and 50%;
- Vallourec's financial obligation is strictly limited in terms of amount and time since it can close the plan at any time;
- for employees who were not beneficiaries under the 2016 plan, it is proposed that an individual plan subject to performance criteria (Article 82 of the French Tax Code) be put in place, with the contribution rate defined based on the age of the beneficiary as follows:
  - under 50 years of age: 5%,
  - between 51 and 54 years of age: 7.5%,
  - between 55 and 59 years of age: 10%,
  - over 60 years of age: 15%;

- this individual pension plan will be implemented for new corporate officers and new senior executives who meet the applicable eligibility requirements (corporate officers, Executive Committee members). Contributions will be based on the beneficiaries' fixed remuneration plus the variable portion actually paid during the reference fiscal year;
- the Company's contribution will correspond to the gross amount required to finance the overall defined contribution after deducting employee contributions and the related income tax. The benefits under this plan will only be payable when the beneficiary claims their state pension;
- the above-mentioned beneficiaries of this new plan will also be beneficiaries under the mandatory group defined contribution plan (Article 83 of the French Tax Code) set up in 2016.

Based on the applicable performance criteria and after deducting employer and employee contributions and the related income tax, the estimated annuity that will be paid to executive corporate officers under this plan when they claim their French social security retirement benefits, calculated as at December 31, 2021, is indicated below for each corporate officer:

Corporate officers	Estimated annuity as at December 31, 2022 <sup>(a)</sup>
Philippe Guillemot	€5,870
Édouard Guinotte	€7,393
Olivier Mallet	€25,113

(a) On the basis of a post-retirement life expectancy of 20 years.

## 7.2.3 Remuneration and severance for the former Executive Management team

### 7.2.3.1 Remuneration of Édouard Guinotte, Chairman and Chief Executive Officer until March 20, 2022

#### Fixed portion

The fixed remuneration of Édouard Guinotte for 2022 represents a gross amount of €130,434.78. It was calculated on a *pro rata* basis from January 1, 2022 until the termination of his duties as Chairman and Chief Executive Officer.

#### Variable portion

For the period from January 1, 2022 to March 20, 2022, the Board of Directors decided to calculate Édouard Guinotte's variable remuneration on a *pro rata* basis using a 100% achievement rate for the applicable objectives, corresponding to a gross amount of €130,434.78.

In accordance with the applicable legal provisions, the payment of this variable remuneration was submitted to the shareholders for approval at the Ordinary and Extraordinary Shareholders' Meeting.

#### Severance and non-compete indemnities

The Board of Directors authorized Vallourec Oil and Gas France to conclude a settlement agreement (the "**Agreement**") with Édouard Guinotte in the context of the termination of his duties as Chairman and Chief Executive Officer.

The Agreement provided for the payment to Édouard Guinotte of a settlement indemnity as well as the implementation of the non-compete obligation provided for at the time of his appointment. The conclusion of the Agreement was necessary for Vallourec in order to preserve its interests in the context of the departure of the former executive corporate officer, whose employment contract was suspended, by (i) providing for a waiver of any recourse or claim by Édouard Guinotte with regard to the execution and/or the termination of all his duties within the Vallourec Group and (ii) confirming the implementation of the non-compete obligation for a period of 18 months. The conclusion of this Agreement is in line with the objectives of the AFEP-MEDEF Corporate Governance Code.

The commitments made by Vallourec under the Agreement were submitted to the shareholders for approval at the Ordinary and Extraordinary Shareholders' Meeting.

#### Settlement indemnity

The Agreement provided for the payment to Édouard Guinotte of a settlement indemnity representing a gross amount of €883,237.84 for the purpose of settling amicably and definitively the terms of the termination of all his duties within the Vallourec Group. The payment of this settlement indemnity was submitted to the shareholders for approval at the Ordinary and Extraordinary Shareholders' Meeting.

#### Employee severance pay

In addition, it was agreed that the employment contract between Édouard Guinotte – who joined the Group in 1995 – and Vallourec Oil and Gas France, which had been suspended since his appointment as Chairman and Chief Executive Officer on March 15, 2020, would be terminated. Édouard Guinotte was therefore entitled to severance pay under the (the French collective bargaining agreement for executives and engineers in the metallurgy industry), i.e. a gross amount of €439,200, as well as pay in lieu of notice in an amount equal to 6 months of salary, i.e., a gross amount of €180,000.

#### Financial consideration for the non-compete obligation

Given the nature of his duties, it was important, in order to preserve the legitimate interests of the Group, to require Édouard Guinotte to be bound by a non-compete obligation, which he accepted. This non-compete obligation covers the following geographical scope: Europe, Middle East, United States of America, Mexico, Argentina, Brazil, China, Ukraine and Russia.

As consideration for this non-compete obligation, which applies for 18 months following the termination of his duties as Chairman and Chief Executive Officer, Édouard Guinotte receives financial consideration of €728,857.84 gross, corresponding to 12 months of gross fixed and variable monetary remuneration, paid in 18 monthly instalments of €40,492.10 gross.

This non-compete obligation and the payment of the associated financial consideration were submitted to the shareholders for approval at the Ordinary and Extraordinary Shareholders' Meeting.

### Benefits

Édouard Guinotte has the benefit of outplacement services for a period of 12 months, representing up to €50,000 (excluding VAT).

### Supplementary pension plan

Édouard Guinotte will retain his rights acquired under the “Article 82” defined contribution pension plan as at the date of termination of his duties as Chairman and Chief Executive Officer.

The payment of the matching contribution by Vallourec, consisting of a portion paid to the insurer (50%) and a portion paid directly to Édouard Guinotte (50%), will total €39,130 gross for 2022. Payments of this contribution will be subject to the shareholders’ approval at the Ordinary and Extraordinary Shareholders’ Meeting.

## 7.2.3.2 Remuneration of Olivier Mallet, Deputy Chief Executive Officer until March 20, 2022

### Fixed portion

The fixed compensation of Olivier Mallet for 2022 represents a gross amount of €102,174.78. It was calculated on a pro rata basis from January 1, 2022 until the termination of his duties as Deputy Chief Executive Officer.

### Variable portion

For the period from January 1, 2022 to March 20, 2022, the Board of Directors decided to calculate Olivier Mallet’s variable remuneration on a *pro rata* basis using a 100% achievement rate for the applicable objectives, corresponding to a gross amount of €76,631.09.

In accordance with the applicable legal provisions, the payment of this variable remuneration was submitted to the shareholders for approval at the Ordinary and Extraordinary Shareholders’ Meeting.

### Termination benefit

The provisions of Olivier Mallet’s employment contract, which had been suspended during his term as Deputy Chief Executive Officer, came back into force as of March 21, 2022. Therefore, no termination benefit was paid to him in relation to the termination of his duties as Deputy Chief Executive Officer.

### Supplementary pension plan

Olivier Mallet will retain the rights acquired under the “Article 82” defined contribution pension plan as at the date of termination of his duties as Deputy Chief Executive Officer.

The payment of the matching contribution by Vallourec, consisting of a portion paid to the insurer (50%) and a portion paid directly to Olivier Mallet (50%), totaled €40,835 gross for 2022. Payments of this contribution were submitted to the shareholders for approval at the Ordinary and Extraordinary Shareholders’ Meeting.

## 7.3 Executive incentives and employee profit-sharing

The Board of Directors has put in place an employee profit-sharing policy at the Vallourec Group.

As part of this policy, in 2021, it set up a share-based compensation plan. The compensation under the plan is contingent on performance and is based on the terms and conditions generally applied by private equity funds. Under the plan, provided that the applicable conditions relating to continuous service and/or performance are met, the beneficiaries (the Chairman and Chief Executive Officer, as well as Executive Committee members and certain managers) are awarded ordinary shares and preferred shares convertible into ordinary shares.

The Board of Directors also granted performance shares and stock options to certain executives who were not eligible for the above plan.

Through this policy, Vallourec aims to supplement the remuneration paid to its employees with various plans designed to allow them to share in the Group’s long-term performance.

Its second aim is to more closely align the interests of Vallourec’s management and those of its shareholders over the long term through annual grants of stock options and/or performance shares subject to the achievement of performance objectives assessed over several fiscal years.

These grants have been gradually extended to a growing number of managerial staff members, according to a scope and volume that has been defined based on a global Hay Guide Chart.

The stock options and/or performance shares granted are contingent upon:

- continuous service within the Group; and
- meeting pre-defined, objective performance conditions.

Consequently, their beneficiaries are incentivized to use their best efforts to contribute to improving the Group’s performance and help it achieve the objectives it has set.

### 7.3.1 Stock options and performance shares

The number of performance shares and stock options mentioned in sections 7.3.1.1 and 7.3.1.2 below correspond to a factor of 1, equivalent to the target performance level. Where appropriate, certain data have been adjusted to take account of the reverse stock split carried out in 2020 and the capital increases with pre-emptive subscription rights carried out in 2016 and 2021.

## 7.3.1.1 Stock options

	Plans authorized by the Shareholders' Meeting of May 31, 2012	Plans authorized by the Shareholders' Meeting of May 28, 2014	
	2014 Plan	2015 Plan	2016 Plan
Date allocated by the Management Board	April 15, 2014	April 15, 2015	May 18, 2016
Number of beneficiaries at plan launch date	399	486	445
Total number of shares that can be subscribed, including by:	16,977	17,656	15,216
	838	- <sup>(c)</sup>	838
• Philippe Crouzet	i.e., 0.0004% of the Company's share capital <sup>(a)</sup>		i.e., 0.0004% of the Company's share capital <sup>(b)</sup>
	393	393	393
• Jean-Pierre Michel	i.e., 0.0002% of the Company's share capital <sup>(a)</sup>	i.e., 0.0002% of the Company's share capital <sup>(a)</sup>	i.e., 0.0002% of the Company's share capital <sup>(a)</sup>
	393	393	393
• Olivier Mallet	i.e., 0.0002% of the Company's share capital <sup>(a)</sup>	i.e., 0.0002% of the Company's share capital <sup>(a)</sup>	i.e., 0.0002% of the Company's share capital <sup>(a)</sup>
Percentage of the share capital that may potentially be allocated to members of the Management Board <sup>(a)</sup>	0.0008%	0.0004%	0.0008%
Total number of stock options granted to the ten Group employees who are not corporate officers and to whom the largest number of options was granted	1,777	1,494	1,365
Total potential dilutive impact of the plan at the grant date	0.14%	0.15%	0.120%
Start date of exercise period	April 15, 2018	April 15, 2019	May 18, 2020
Expiration date of exercise period	April 15, 2022	April 15, 2023	May 18, 2024
Exercise price <sup>(b)</sup>	€832.03	€488.14	€140.29
Performance conditions	Yes <sup>(c)</sup>	Yes <sup>(d)(e)</sup>	Yes <sup>(f)</sup>
Number of shares subscribed	-	-	-
Total number of options canceled or lapsed since the grant date	16,977	11,328	7,720
Options outstanding as at December 31, 2022	0	6,328	7,496
Total potential dilutive impact of the plan as at December 31, 2022 <sup>(a)</sup>	0.0000%	0.0027%	0.0032%

(a) Based on the 231,777,627 shares comprising the share capital as at December 31, 2022.

(b) Average undiscounted price of the Vallourec share over the 20 trading days preceding the allocation date. Changes were made to the exercise prices to take account of the adjustments linked to the capital increase carried out in June 2021.

(c) The vesting of all of the stock options granted under the plan put in place on April 15, 2014 is subject to continuous service and performance conditions. For grants to employees (other than members of the Executive Committee), performance is assessed over the fiscal years 2014, 2015, 2016 and 2017 and is based on the achievement of a target ratio of the Group's consolidated EBITDA to consolidated revenue. For grants to members of the Executive Committee, performance was assessed over the fiscal years 2014, 2015, 2016 and 2017, and was measured based on the following four quantitative criteria: the estimated consolidated rate of return on capital employed, the growth of like-for-like consolidated sales and revenue, the relative stock market performance of Vallourec shares, and the relative performance of consolidated EBITDA measured against a panel of comparable companies, comprising Tenaris and TMK.

(d) At its meeting on February 7, 2016, the Supervisory Board formally recorded Philippe Crouzet's waiver of the stock options granted to him in 2015 after the approval of the financial statements for that year. Consequently, the value of his stock options granted in 2015 (i.e., €97,740) is nil in this table.

(e) For grants to employees (other than members of the Executive Committee), performance is assessed over the fiscal years 2015, 2016, 2017 and 2018 and is based on the achievement of a target ratio of the Group's consolidated EBITDA to consolidated revenue. For grants to members of the Executive Committee, performance is assessed over four years and measured based on the following two quantitative criteria: consolidated EBITDA for 2015, 2016, 2017 and 2018, and the growth in the EBITDA margin between 2015 and 2018 (based on a comparison between the growth of Vallourec's gross margin and the average growth in gross margin of a panel of comparable companies, comprising NSSMC, Halliburton, NOV, Schlumberger, Technip, Baker Hughes, TMK, Tenaris, Alstom, Areva, US Steel, ThyssenKrupp, ArcelorMittal and Salzgitter AG).

(f) For grants to employees (other than members of the Executive Committee), performance is assessed over the fiscal years 2016, 2017, 2018 and 2019 and is based on the achievement of a target ratio of the Group's EBITDA compared with the budget. For grants to members of the Executive Committee, performance is assessed over four years and measured based on the following two quantitative criteria: consolidated EBITDA for 2016, 2017, 2018 and 2019, and the growth in the EBITDA margin between 2016 and 2019 (based on a comparison between the growth of Vallourec's gross margin and the average growth in gross margin of a panel of comparable companies, comprising NSSMC, Halliburton, NOV, Schlumberger, Technip, Baker Hughes, TMK, Tenaris, Alstom, Areva, US Steel, ThyssenKrupp, ArcelorMittal and Salzgitter AG).

	Plans authorized by the Shareholders' Meeting of May 12, 2017			Plan authorized by the Shareholders' Meeting of April 6, 2020		
	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Date allocated by the Management Board	May 18, 2017	June 15, 2018	June 17, 2019	June 15, 2020	October 13, 2021	June 4, 2022
Number of beneficiaries at plan launch date	11	10	10	113	36	29
Total number of shares that can be subscribed, including by:	8,135	9,851	9,851	89,462	123,518	58,425
	2,641	3,392	3,392			
● Philippe Crouzet	i.e., 0.0011% of the Company's share capital <sup>(a)</sup>	i.e., 0.0015% of the Company's share capital <sup>(a)</sup>	i.e., 0.0015% of the Company's share capital <sup>(a)</sup>			
	-	-	-	16,291		
● Édouard Guinotte				i.e., 0.0070% of the Company's share capital <sup>(a)</sup>		
	1,237	1,563	1,563	11,165		
● Olivier Mallet	i.e., 0.0005% of the Company's share capital <sup>(a)</sup>	i.e., 0.0007% of the Company's share capital <sup>(a)</sup>	i.e., 0.0007% of the Company's share capital <sup>(a)</sup>	i.e., 0.0048% of the Company's share capital <sup>(a)</sup>		
Percentage of the share capital that may potentially be allocated to members of the Management Board <sup>(a)</sup>	0.0017%	0.0021%	0.0021%	0.0118%	0.0000%	0.0000%
Total number of stock options granted to the ten Group employees who are not corporate officers and to whom the largest number of options was granted	4,257	4,896	4,896	21,757	48,388	25,905
Total potential dilutive impact of the plan at the grant date	0.060%	0.080%	0.077%	0.702%	0.054%	0.025%
Start date of exercise period	May 18, 2021	June 15, 2022	June 17, 2023	June 15, 2024	October 13, 2025	June 4, 2026
Expiration date of exercise period	May 18, 2025	June 15, 2026	June 17, 2027	June 15, 2030	October 13, 2031	June 4, 2032
Exercise price <sup>(b)</sup>	€216.55	€197.84	€79.14	€33.60	€7.2565	€12.65
Performance conditions	Yes <sup>(c)</sup>	Yes <sup>(d)</sup>	Yes <sup>(e)</sup>	Yes <sup>(f)</sup>	Yes <sup>(g)</sup>	Yes <sup>(h)</sup>
Number of shares subscribed	-	-	-	-	-	-
Total number of options canceled or lapsed since the grant date	5,677	7,388		4,827		
Options outstanding as at December 31, 2022	2,458	2,463	9,851	84,635	123,518	58,425
Total potential dilution of the plan as at December 31, 2022 <sup>(a)</sup>	0.0011%	0.0011%	0.0043%	0.0365%	0.0533%	0.0252%

(a) Based on the 231,777,627 shares comprising the share capital as at December 31, 2022.

(b) Average undiscounted price of the Vallourec share over the 20 trading days preceding the allocation date. Changes were made to the exercise prices to take account of the adjustments linked to the capital increase carried out in June 2021.

(c) For grants to members of the Executive Committee, performance is assessed over four years and measured based on the following two quantitative criteria: free cash flow (FCF) for 2017, 2018, 2019 and 2020, and the change in Vallourec's TSR between 2017 and 2020 (versus a panel of competitors, comprising Hunting Plc, United States Steel Corp., Nippon Steel & Sumitomo Metal Corp., Tubacex SA, Tenaris SA, Voestalpine AG, Seah Steel Corp., Tubos Reunidos SA, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK, and NOV).

(d) For grants to members of the Executive Committee, performance is assessed over four years and measured based on the following two quantitative criteria: free cash flow (FCF) for 2018, 2019, 2020 and 2021, and the change in Vallourec's TSR between 2018 and 2021 (versus a panel of competitors, comprising Hunting Plc, United States Steel Corp., Nippon Steel Corporation (NSC, formerly NSSMC), Tubacex SA, Tenaris SA, Voestalpine AG, Seah Steel Corp., Tubos Reunidos SA, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK, and NOV).

(e) For grants to members of the Executive Committee, performance is assessed over four years and measured based on the following two quantitative criteria: free cash flow (FCF) for 2019, 2020, 2021 and 2022, and the change in Vallourec's TSR between 2019 and 2022 (versus a panel of competitors, comprising Hunting Plc, United States Steel Corp., Nippon Steel Corporation (NSC, formerly NSSMC), Tubacex SA, Tenaris SA, Voestalpine AG, Seah Steel Corp., Tubos Reunidos SA, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK, and NOV).

(f) An internal absolute criterion: the Group's cumulative free cash flow for 2020, 2021, 2022, and 2023 compared to the performance target in the Group's medium-term plan for the same period.

Two external relative criteria:

- Total Shareholder Return (TSR) for 2020, 2021, 2022 and 2023 compared to a panel of comparable companies, comprising Hunting Plc, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, TimkenSteel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV;
- the average of the ratings attributed to the Company by the following three non-financial performance rating agencies: Vigeo, Sustainalytics and EcoVadis.

(g) An internal absolute criterion: the Group's cumulative free cash flow for 2021, 2022, 2023, and 2024 compared to the performance target in the Group's medium-term plan for the same period.

Two external relative criteria:

- Total Shareholder Return (TSR) for 2021, 2022, 2023 and 2024 compared to a panel of comparable companies comprising Hunting Plc, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, TimkenSteel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV;
- the average of the ratings attributed to the Company by the following three non-financial performance rating agencies: Vigeo, Sustainalytics and EcoVadis.

(h) An internal absolute criterion: the Group's cumulative free cash flow for 2022, 2023, 2024, and 2025 compared to the performance target in the Group's medium-term plan for the same period.

Two external relative criteria:

- Total Shareholder Return (TSR) for 2022, 2023, 2024 and 2025 compared to a panel of comparable companies comprising Hunting Plc, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, TimkenSteel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV;
- the average of the ratings attributed to the Company by the following three non-financial performance rating agencies: Vigeo, Sustainalytics and EcoVadis.

After applying the adjustment terms provided for in Articles L.228-99 and R.228-91 of the French Commercial Code and in compliance with the regulations of the stock option and performance share plans, Vallourec's Management Board decided to preserve the rights of holders of performance shares and stock options by ensuring that

the capital increase carried out on June 2, 2021 would be neutral for them. The figures below have been updated.

The value of the stock option plans is included in Note 6 to the consolidated financial statements, in section 6.1 of this Universal Registration Document.

### 7.3.1.2 Performance share and free share plans

#### PERFORMANCE SHARE PLANS

	Plans authorized by the Shareholders' Meeting of May 12, 2017			Plan authorized by the Shareholders' Meeting of April 6, 2020	
	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Date allocated by the Management Board	June 15, 2018	June 17, 2019	June 15, 2020	October 13, 2021	June 4, 2022
Number of beneficiaries at plan launch date	531	524	519	439	389
Total number of shares that can vest, including for <sup>(a)</sup> :	39,756	39,595	65,001	289,396	231,410
	4,048	4,048			
● Philippe Crouzet	i.e., 0.0017% of the Company's share capital <sup>(c)</sup>	i.e., 0.0017% of the Company's share capital <sup>(c)</sup>			
	-	-	5,706		
● Édouard Guinotte				i.e., 0.0025% of the Company's share capital <sup>(c)</sup>	
	1,864	1,864	3,904		
● Olivier Mallet	i.e., 0.0008% of the Company's share capital <sup>(c)</sup>	i.e., 0.0008% of the Company's share capital <sup>(c)</sup>	i.e., 0.0017% of the Company's share capital <sup>(c)</sup>		
Percentage of the share capital that may potentially be allocated to members of the Management Board <sup>(b)(c)</sup>	0.0026%	0.0026%	0.0041%	0.0%	0.0%
Total number of performance shares granted to the ten Group employees who are not corporate officers and to whom the largest number of shares was allocated	5,803	5,676	10,052	20,175	17,080
Total potential dilutive impact of the plan at the grant date <sup>(d)</sup>	None	None	None	0.1264%	0.1000%
Performance conditions	Yes <sup>(d)</sup>	Yes <sup>(e)</sup>	Yes <sup>(f)</sup>	Yes <sup>(g)</sup>	Yes <sup>(h)</sup>
End of vesting period	June 15, 2021 or 2022	June 17, 2022 or 2023	June 15, 2023	October 13, 2024	June 4, 2025
Total number of performance shares canceled or lapsed since the grant date	10,344	7,355	13,966	5,593	1,825
Performance shares outstanding as at December 31, 2022	0	13,664	51,035	283,803	229,585
Total potential dilutive impact of the plan as at December 31, 2022 <sup>(c)</sup>	None	0.006%	0.022%	0.1224%	0.0991%

(a) Based on a factor of 1.

(b) Corporate officers at the end of the year.

(c) Based on the 231,777,627 shares comprising the share capital as at December 31, 2022.

(d) For all beneficiaries (other than members of the Management Board and the Executive Committee), performance conditions based on (i) cost reductions in 2018, 2019 and 2020 compared to the performance target in the Group's medium-term plan for the same period, and (ii) the Group's cumulative free cash flow (FCF) for 2017, 2018 and 2019. The actual number of vested shares is determined by applying a performance factor, calculated for the three years concerned, to the theoretical number of shares granted. This factor can range from 0 to 1.4. For members of the Management Board and the Executive Committee, performance conditions based on the following two criteria: cost reductions in 2017, 2018 and 2019, compared to the performance target in the Group's medium-term plan for the same period, and the increase in the EBITDA margin between 2017 and 2019 compared with a panel of comparable companies. The actual number of vested shares is determined by applying a performance factor, calculated for the two years concerned, to the theoretical number of shares granted. This factor can range from 0 to 2.

(e) For all beneficiaries, performance conditions based on (i) cost reductions in 2019, 2020, and 2021 compared to the performance target in the Group's medium-term plan for the same period, and (ii) the Group's cumulative free cash flow (FCF) for 2018, 2019 and 2020. The actual number of vested shares is determined by applying a performance factor, calculated for the three years concerned, to the theoretical number of shares granted. This factor can range from 0 to 2.

(f) Two absolute internal criteria:

- Group cost reductions (gross savings as a % of the Y-1 baseline and excluding DCOS) for 2020, 2021 and 2022;

- the ratio of carbon emissions from Vallourec's industrial processes and the purchase of electricity generated by fossil fuels to sales volumes, in metric tons (emissions of non-biogenic carbon) between 2020 and 2022.

A relative external criterion: growth in the EBITDA margin between 2020 and 2022 compared to a panel of comparable companies, comprising Hunting Plc, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, TimkenSteel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

(g) Two absolute internal criteria:

- Group cost reductions (gross savings as a % of the Y-1 baseline and excluding DCOS) for 2021, 2022 and 2023;

- the ratio of carbon emissions from Vallourec's industrial processes and the purchase of electricity generated by fossil fuels to sales volumes, in metric tons (emissions of non-biogenic carbon) between 2021 and 2023.

A relative external criterion: growth in the EBITDA margin between 2021 and 2023 compared to a panel of comparable companies, comprising Hunting Plc, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, TimkenSteel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

(h) Two absolute internal criteria:

- Group cost reductions (gross savings as a % of the Y-1 baseline and excluding DCOS) for 2022, 2023 and 2024;

- the ratio of carbon emissions from Vallourec's industrial processes and the purchase of electricity generated by fossil fuels to sales volumes, in metric tons (emissions of non-biogenic carbon) between 2022 and 2024.

A relative external criterion: growth in the EBITDA margin between 2022 and 2024 compared to a panel of comparable companies, comprising Hunting Plc, United States Steel Corp., Nippon Steel Corp., Tubacex SA, Tenaris SA, Schlumberger, Halliburton, Tubos Reunidos SA, TimkenSteel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

Plans authorized by the Shareholders' Meeting of September 7, 2021 and May 24, 2022

	2021 Management Equity Plan			2022 Management Equity Plan								
	Ordinary	Preferred	Total	Ordinary	Preferred	Total	Preferred	Preferred	Preferred	Preferred	Preferred	
Date allocated by the Management Board	10/13/2021			06/04/2022			07/04/2022	07/14/2022	07/26/2022	09/12/2022	12/14/2022	
Number of beneficiaries at plan launch date	73			6			1	1	1	1	4	
Type of shares	Ordinary	Preferred	Total	Ordinary	Preferred	Total	Preferred	Preferred	Preferred	Preferred	Preferred	
Total number of shares that can vest, including for:	1,618,690	3,621,598	5,240,288	57,359	3,743,088	3,800,447	276,458	810,416	429,166	16,168	95,502	
				2,058,876			2,058,876					
● Philippe Guillemot							i.e., 0.8883% of the Company's share capital <sup>(d)</sup>	i.e., 0.8883% of the Company's share capital				
	292,852	709,915	1,002,767									
● Édouard Guinotte	i.e., 0.1264% of the Company's share capital <sup>(c)</sup>	i.e., 0.3063% of the Company's share capital <sup>(d)</sup>	i.e., 0.4326% of the Company's share capital									
	194,751	472,473	667,224									
● Olivier Mallet	i.e., 0.0840% of the Company's share capital <sup>(c)</sup>	i.e., 0.2038% of the Company's share capital <sup>(d)</sup>	i.e., 0.2879% of the Company's share capital									
Percentage of the share capital that may potentially be allocated to members of the Board of Directors <sup>(a)</sup>	0.2104%	0.5101%	0.7205%	0.8883%								
Total number of performance shares granted to the ten employees who are not corporate officers and to whom the largest number of shares was granted	461,842	1,091,431	1,553,273	57,359	1,684,212	1,741,571	276,458	810,416	429,166	16,168	95,502	
Total potential dilutive impact of the plan at the grant date <sup>(a)</sup>	0.6984%	1.5625%	2.2609%	0.0247%	1.6149%	1.6397%	0.1193%	0.3497%	0.1852%	0.0070%	0.0412%	
Performance conditions	Yes <sup>(c)</sup>	Yes <sup>(d)</sup>		Yes <sup>(c)</sup>	Yes <sup>(d)</sup>		Yes <sup>(d)</sup>	Yes <sup>(d)</sup>	Yes <sup>(d)</sup>	Yes <sup>(d)</sup>	Yes <sup>(d)</sup>	
End of vesting period <sup>(b)</sup>	Oct. 13, 2026	Oct. 13, 2022		June 4, 2027	June 4, 2023		July 4, 2023	July 14, 2023	July 26, 2023	Sept. 12, 2023	Dec. 14, 2023	
Total number of performance shares canceled or lapsed since the grant date	389,990	1,072,970	1,462,960									
Performance shares outstanding as at December 31, 2022	928,129	0	3,777,328	57,359	3,743,088	3,800,447	276,458	810,416	429,166	16,168	95,502	
Total potential dilutive impact of the plan as at December 31, 2022 <sup>(a)</sup>	0.4004%	0.0000%	1.6297%	0.0247%	1.6149%	1.6397%	0.1193%	0.3497%	0.1852%	0.0070%	0.0412%	

(a) Based on the 231,777,627 shares comprising the share capital as at December 31, 2022.

(b) The ordinary shares (Tranche 1) vest at a rate of 20% per year over five years. The preferred shares (Tranches 2, 3 and 4 for members of the Vallourec Executive Committee) all vest after one year. At the end of the first year, vested shares are subject to a one-year holding obligation.

(c) The shares will vest if the Vallourec share price is greater than or equal to €8.09 at each vesting date.

(d) The preferred shares will be convertible if the weighted average share price over a period of 90 consecutive days has been greater than or equal to:

- €16.19 for Tranche 2;
- €20.22 for Tranche 3;
- €28.32 for Tranche 4 (reserved for Vallourec's Executive Committee).

**FREE SHARE PLANS**

Free share plans (without performance conditions) have only been set up in connection with the “Value” employee share ownership offerings (see section 7.3.2 “Employee share ownership” below), carried out every year between 2008 and 2017, and for the sole

benefit of employees and those with similar rights who are non-French residents for tax purposes of certain Group companies. These offerings are intended to replace the employer matching contributions allocated to other employees and those with similar rights of the Vallourec Group’s French entities. No “Value” operations were carried out in 2021, 2020, 2019 or 2018.

	Value 16 Plan	Value 17 Plan
Date of Shareholders' Meeting	04/06/2016	05/12/2017
Grant date	12/14/2016	12/14/2017
Number of beneficiaries at plan launch date	255	265
Total number of free shares	158	161
of which total number of free shares granted to executive corporate officers ( <i>at the plan launch date</i> )	0	0
Number of executive management members concerned	0	0
Total number of free shares granted to the ten employees who are not corporate officers and to whom the largest number of shares was granted	190	285
Potential dilutive impact	None	None
Performance conditions	None	None
Vesting period	4.6 years	4.6 years
Holding period	0	0
Number of free shares canceled since grant date	N/A	N/A
Free shares outstanding as at December 31, 2020	0	0

The value of performance share and free share plans is provided in Note 6 to the consolidated financial statements in section 6.1 of this Universal Registration Document.

**PROFIT-SHARING AND INCENTIVE PLANS**

Most Group companies have put in place profit-sharing and incentive plans that give employees a stake in their company’s performance, based on the ratio of net income to revenue.

The amounts paid under these plans during the last five fiscal years were as follows:

In € millions	2017	2018	2019	2020	2021	2022
	21.67	15.57	31.65	17.32	35.55	29.49

**COMPANY SAVINGS PLAN**

The Group set up a company savings plan (*plan d'épargne d'entreprise* - PEE) in France in 1989, to help employees build up capital over the medium and long term. Since 2005, this plan has been supplemented by the implementation, by way of a collective agreement, of a Group retirement savings plan (*plan d'épargne retraite collectif* - PERCO).

Employees’ voluntary payments are matched by the Company in accordance with a scale updated each year based on the Group’s net income.

The amounts paid by way of the employer’s matching contributions over the last five fiscal years were as follows:

In € millions	2017		2018		2019		2020		2021		2022	
	PEE	PERCO	PEE	PERCO	PEE	PERCO	PEE	PERCO	PEE	PERCO	PEE	PERCO
	1.2 <sup>(a)</sup>	0.2 <sup>(a)</sup>	2.1	0.4	2.0	0.3	2.0	0.4	1.3	0.3	1.6	0.3

(a) Including €234,043.88 gross for the Value 17 Plan.



### 7.3.2 Employee share ownership

Every year between 2008 and 2017, the Group offered an international employee share ownership plan in its main countries of operation entitled “Value” plus the last two figures of the year in which it was launched (for a description of the plans from 2008 to 2013, see section 6.3.3 “Employee share ownership” in the 2011 Registration Document and section 7.3.3 “Employee share ownership” in the 2012, 2013, 2014, 2015, 2016, and 2017 Registration Documents).

The ten international employee share ownership plans offered between 2008 and 2017 proved highly successful, with an average subscription rate of 63.2%, and raised employee share ownership from 0.16% as at December 31, 2007 to 0.26% as at December 31, 2021. Through their significant subscription, Vallourec believes its employees have demonstrated their loyalty to the Group, as well as their confidence in its strategy and future. In this context, Pascale Chargrassé joined the Supervisory Board as a member representing employee shareholders on December 13, 2010. Pascale Chargrassé

was reappointed twice for four-year terms by the Shareholders’ Meetings of May 28, 2015 and May 23, 2019. Her term of office ended in 2021.

The “Value” plans have also enabled the Group to achieve the three objectives it had set for each of these operations:

- to give as many employees as possible a stake in the Group’s performance;
- to strengthen the “Group spirit”, the cornerstone of its culture; and
- to develop a long-term relationship with employees that will help Vallourec to maintain a stable shareholder base.

Details of the terms and conditions of the Value 12, Value 13, Value 14, Value 15, Value 16 and Value 17 plans are provided in Note 19 to the consolidated financial statements in section 6.1 of the corresponding Registration Documents.

### 7.3.3 Remuneration ratios and year-on-year changes in remuneration, Company performance and the average remuneration of employees during the last five fiscal years

In accordance with Article L.225-37-3 of the French Commercial Code, the ratios between the level of remuneration of the executive corporate officers and (i) the average remuneration, on a full-time equivalent basis, of employees (excluding corporate officers), and (ii) the median remuneration, on a full-time equivalent basis, of

employees (excluding corporate officers), are listed below. The tables also present the annual changes in remuneration, Company performance and the average remuneration of employees during the last five fiscal years.

	2018	2019	2020	2021	2022
<b>PHILIPPE CROUZET/ÉDOUARD GUINOTTE/ PHILIPPE GUILLEMOT (SINCE MARCH 20, 2022)</b>					
Remuneration <sup>(a)</sup>	€2,378,169	€1,907,520	€786,785	€2,929,036	€4,386,532
(Year-on-year change)	9.80%	-19.79%	-58.75%	272.28%	49.76%
Average remuneration of employees (full-time equivalent basis excluding corporate officers) <sup>(b) (c) (d)</sup>	€45,370	€45,192	€49,462	€49,354	€60,279
(Year-on-year change)	8.8%	-0.4%	9.4%	-0.2%	22.1%
Ratio compared with the average remuneration of employees (full-time equivalent basis excluding corporate officers)	52.4	42.2	15.9	59.3	72.8
(Year-on-year change)	0.9%	-19.5%	-62.3%	273.1%	22.6%
Median remuneration of employees (full-time equivalent basis excluding corporate officers) <sup>(b) (c)</sup>	€31,991	€31,363	€33,774	€30,785	€37,869
(Year-on-year change)	9.6%	-2.0%	7.7%	-8.8%	23.0%
Ratio compared with the median remuneration of employees (full-time equivalent basis excluding corporate officers)	74.3	60.8	23.3	95.1	115.8
(Year-on-year change)	0.2%	-18.2%	-61.7%	308.4%	21.7%
<b>NET INCOME (LOSS) (COMPANY PERFORMANCE) In € thousands</b>	<b>(500,367)</b>	<b>(340,103)</b>	<b>(1,328,397)</b>	<b>31,437</b>	<b>(363,707)</b>
(Year-on-year change)	10.60%	32.00%	-290.60%	102.40%	-1,256.9%

- (a) Philippe Guillemot’s remuneration has been annualized. As the MEP can cover 4 years, one-quarter of the value of Philippe Guillemot’s MEP has been taken into account. This same proportion will be used for the following three years.
- (b) The number of employees taken into account decreased from 1,404 in 2021 to 976 in 2022 (due to asset sales, site closures and resignations).
- (c) Remuneration taken into account: remuneration on a full-time equivalent basis paid or awarded during the year (basic fixed remuneration, seniority bonus, benefits in kind, year-end bonus, 13<sup>th</sup>-month bonus, annual variable portion, vacation bonus, foreign travel allowances, performance bonus, gross profit-sharing, gross employer matching contribution). Long-term profit-sharing plans were measured at the fair value applicable at the time of the award.
- (d) Employees taken into account: employees on permanent and short-term employment contracts in any of the Group’s French entities and continuously present between 2018 and 2022 (other than the Chairman and Chief Executive Officer and excluding Serimax Holding and Serimax SAS, considering the different specific remuneration structure relating to the business activity of these entities and which are therefore not representative).

## 7.4 Additional information

### 7.4.1 Statements concerning executives and Board members

To the Company's knowledge, no member of Executive Management or the Board of Directors has:

- been convicted of a fraudulent offense in the past five years;
- been involved with any bankruptcies, receiverships, liquidations or companies put into administration in the past five years. However, Angela Minas informed the Company that she was a director of Weatherford International PLC when it filed for Chapter 11 bankruptcy proceedings in the United States in 2019;
- been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) in the past five years;
- been disqualified by a court, in the past five years, from acting as a member of an administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer;
- any actual or potential conflict of interest between their duties to Vallourec and their private interests and/or other duties.

#### 7.4.1.1 Individual statements of executive managers

**Summary of individual statements relating to transactions involving Vallourec shares carried out by the persons referred to in Article L.621-18-2 of the French Monetary and Financial Code, during 2022**

Person concerned	Financial instruments	Nature of transaction	Transaction date	Unit price (in €)	Volume	Transaction amount (in €)
Philippe Guillemot	Shares	Purchase	March 21, 2022	10.8010	463,000	5,000,863
Bertrand Frischmann	Shares	Purchase	May 23, 2022	13.6497	12,747	173,992.73
Naila Giovanni	Shares	Purchase	May 24, 2022	13.4813	7,369	99,343.70
Naila Giovanni	Shares	Purchase	May 24, 2022	13.70	3,660	50,142
Naila Giovanni	Shares	Purchase	May 24, 2022	13.60	3,669	49,898.40
Naila Giovanni	Shares	Purchase	May 25, 2022	14.1528	3,410	48,261.048
Ulrika Wising	Shares	Purchase	May 24, 2022	14.0649	4,560	64,135.94
Ulrika Wising	Shares	Purchase	May 25, 2022	14.0550	1,671	23,485.90
Strategic Value Partners, LLC	Shares	Sale	May 26, 2022	12.20	13,735,706	167,575,613.20
Angela Minas	Shares	Purchase	June 10, 2022	12.6667	7,177	90,909.90
Angela Minas	Shares	Purchase	June 13, 2022	11.7250	150	1,758.75
Strategic Value Partners, LLC	Shares	Sale	Oct. 5, 2022	10	14,423,640	144,236,400
Angela Minas	Shares	Purchase	Nov. 25, 2022	10.50	4,500	47,250
Nicolas Moreau	Shares	Sale	Dec. 29, 2022	12.5635	8,492	106,689.24

### 7.4.2 Related-party agreements

#### Loans and guarantees

No loans or guarantees have been granted by the Company or any other Group company to any member of Executive Management or of the Board of Directors.

#### Service agreements providing for the grant of benefits

To the Company's knowledge, there are no service agreements between any member of Executive Management or of the Board of Directors and the Company providing for the grant of benefits.

### 7.4.3 Management of conflicts of interest

To prevent any risk of a conflict of interest between a member of the Board of Directors and Executive Management or any of the Group's companies, the Nomination and Governance Committee constantly monitors the independence of Board members with respect to the criteria set out in the AFEP-MEDEF Corporate Governance Code. The Board of Directors also includes this issue as an item on its agenda at least once a year.

Each director is required to inform the Board of any situation involving a conflict of interest, even a potential one, to refrain from taking part in discussions or voting on any issue at Board meetings where there may be a conflict of interest, and to leave the Board meeting if a subject exposing the member to such a situation is discussed.

The Lead Independent Director plays a preventive role in relation to conflicts of interest by raising awareness of the issue among the members of the Board of Directors, and draws the Board's attention to any actual or potential conflicts of interest that he may identify.

If any of its members has a conflict of interest, whether actual or potential, regarding an issue to be debated by the Board, the Board ensures, through the Nomination and Governance Committee, that the information regarding the issue in question is not communicated to the member concerned. A director may not accept another position or appointment or make a significant investment in any company or business in competition with Vallourec or operating upstream or downstream of it, without the Board's prior approval. By way of exception, this rule does not apply to legal entities that are Board members but their acceptance of another similar directorship or position will in each case be subject to discussions with the Board with a view to avoiding any risk of a conflict of interest. Members of the Board and the Observers must inform the Chairman of the Board of Directors before accepting any new appointments in other companies. The Chairman then communicates an opinion to the Board after consulting with the Nomination and Governance Committee.

The information presented in this section is taken from the Internal Rules of the Board of Directors, which are available on the Company's website ([www.vallourec.com](http://www.vallourec.com)).

### 7.4.4 Statement on corporate governance

The Board of Directors has adopted the AFEP-MEDEF Corporate Governance Code. Vallourec complies with all of the recommendations prescribed in the Code subject to the information set out in the summary table below.

#### Compliance with the recommendations of the AFEP-MEDEF Code.

The following table summarizes the recommendations of the AFEP-MEDEF Code that Vallourec has chosen not to apply and the detailed explanations for this.

Recommendations of the AFEP-MEDEF Code (December 2022)	Application by Vallourec
Paragraph 12.3 of the AFEP-MEDEF Code recommends that there should be at least one Board meeting a year that is not attended by the executive corporate officers.	At the end of every Board of Directors' meeting, a session lasting at least 15 minutes is held without the executive corporate officers being present.
Paragraph 24 of the AFEP-MEDEF Code recommends that the Board of Directors "defines a minimum number of registered shares that the company officers must retain through to the end of their term of office. This decision is reviewed at least on each extension of their term of office. (...) Until this objective regarding the holding of shares has been achieved, the company officers will devote a proportion of exercised options or awarded performance shares to this end as determined by the Board".	Given the significant number of Vallourec shares already held by the executive corporate officers, and the binding obligations to hold shares received on both the exercise of options and the vesting of performance shares, Vallourec believes that it is not desirable to compel executive corporate officers to purchase additional shares with their own funds and to build a securities portfolio almost exclusively composed of Vallourec shares.

In view of the above, Vallourec believes that it complies with the corporate governance guidelines in force in France.

### 7.4.5 Shareholder authorizations to issue shares and other securities

The authorizations given by shareholders to issue shares and securities giving access to the Company's capital valid as at December 31, 2022 are described in section 2.2.3.1 of this Universal Registration Document.

## 7.4.6 Participation in Shareholders' Meetings

Every shareholder is entitled to attend the Company's Shareholders' Meetings in accordance with applicable legal and regulatory provisions and regardless of the number of shares held.

Article 12 of the Articles of Association concerning Shareholders' Meetings does not provide any specific conditions for attendance.

The double voting right was abolished by the Ordinary and Extraordinary Shareholders' Meeting and Special Meeting of shareholders entitled to double voting rights held on April 20, 2021, with effect from the date of completion of the Company's financial restructuring on June 30, 2021.

The attendance register at the Ordinary and Extraordinary Shareholders' Meeting of May 24, 2022 showed that 2,383 shareholders were represented or had voted by post, owning 159,252,701 shares out of the 228,740,563 shares with voting rights, representing a quorum of 69.62%.

## 7.4.7 Information on factors likely to have an impact in the event of a public takeover bid or a public exchange offer

Items that may have an impact in the event of a public offer are described below:

### 7.4.7.1 Structure of share capital and direct or indirect shareholdings declared in accordance with Articles L.233-7 and L.233-12 of the French Commercial Code

A table showing the structure of Vallourec's share capital and direct or indirect shareholdings in the capital declared in accordance with Articles L.233-7 and L.233-12 of the French Commercial Code is presented in section 2.3 of this Universal Registration Document.

### 7.4.7.2 Restrictions on the exercise of voting rights provided for in the Articles of Association

Article 8, paragraph 5 of the Company's Articles of Association lays down an obligation of disclosure on any person who comes to hold or to cease to hold a number of bearer shares of the Company equal to or greater than three (3), four (4), six (6), seven (7), eight (8), nine (9) or twelve and a half (12.5) percent of the total number of shares comprising the share capital (see section 2.1.9 of this Universal Registration Document).

In the event of failure to comply with this disclosure obligation, and at the request of one or more shareholders holding at least 5% of the Company's shares, the voting rights attached to the shares exceeding the fraction that should have been disclosed cannot be exercised or delegated by the shareholder who failed to comply with the obligation. This applies for all Shareholders' Meetings held for a period of two years following the date on which the failure to comply with the disclosure obligation is remedied.

### 7.4.7.3 Holders of securities with special rights of control

There are no securities that have special rights of control.

### 7.4.7.4 Control mechanisms within an employee share ownership system

In accordance with Article L.214-40 of the French Monetary and Financial Code, the Supervisory Boards of Vallourec Actions, Value France Germany UK and Value Brasil Mexico UAE company mutual funds (FCPEs) decide whether to contribute Company securities to a public offering to purchase or exchange these shares.

### 7.4.7.5 Agreements between shareholders of which the Company is aware that could lead to restrictions on the transfer of shares and the exercise of voting rights

As part of the Company's financial restructuring on June 30, 2021, two separate governance agreements were entered into by the Company for terms of 15 years (unless terminated early, if the shareholder concerned no longer holds any shares in the Company). One of these was with Apollo (the "Apollo Shareholder Agreement") and the other was with SVPGlobal (the "SVPGlobal Shareholder

Agreement"). The announcement by SVPGlobal of the disposal of its holding in Vallourec on October 7, 2022 ended the SVPGlobal Shareholder Agreement. The main terms of the Apollo Shareholder Agreement are described in section 2.5 of this Universal Registration Document.

### 7.4.7.6 Rules applicable to the appointment and replacement of the Company's executive corporate officers

No provision in the Articles of Association, or agreement concluded between the Company and a third party, contains any obligations or particular rules regarding the appointment and/or replacement of the executive corporate officers and/or directors of the Company that is likely to have an impact in the event of a public offer.

The Shareholders' Agreements in force provide for certain obligations regarding the membership of the Board of Directors (see section 7.4.7.5 of this Universal Registration Document).

#### 7.4.7.7 Powers of the Board of Directors in the event of a public offer

The Shareholders' Meeting of May 25, 2023 will be asked to renew the prohibition on share buybacks during public offers concerning the Company's shares.

The Shareholders' Meeting of May 25, 2023 will also be asked to suspend the Board of Directors' ability to use the resolutions to increase the Company's share capital (with the exception of capital increases reserved for employees or grants of medium/long-term incentive instruments [performance shares and options]) during public offers concerning the Company's shares, except with the prior authorization of the Shareholders' Meeting.

The Board of Directors is not authorized by the Shareholders' Meeting to issue share subscription warrants during public offers concerning the Company's shares, as stipulated in Article L.233-32-II of the French Commercial Code. No proposed resolution for this purpose is due to be submitted to the Shareholders' Meeting of May 25, 2023.

#### 7.4.7.8 Agreements made by the Company that would be amended or terminated in the event of a change of control of the Company

Certain agreements entered into by the Company contain change-of-control clauses. The most significant agreements that may have an impact in the event of a public offer are:

- in the event of a change of control of Vallourec Oil & Gas France (VOGFR), Vallourec Tubes, or Vallourec, Nippon Steel Corporation (NSC) has the right to cancel the Research and Development contract entered into between VOGFR and NSC on April 1, 2007, while retaining the right to use the collective research and development findings and to enable any licensees to benefit from

such findings (VOGFR would have the same rights in the event of a change of control of NSC). If NSC exercises its right to terminate the contract, it will also be entitled to continue using the VAM® trademarks for six years from the date of such termination;

- the €462 million committed credit facility maturing in June 2026 and entered into on June 30, 2021, and the State-guaranteed loans entered into on the same date for a total nominal amount of €262 million, with an initial term of June 30, 2022, and which can be extended at Vallourec's initiative to June 30, 2027.

#### 7.4.7.9 Agreements providing for payments to the executive corporate officers or employees if they resign or are dismissed for no real and serious cause, or if their employment is terminated due to a public offer

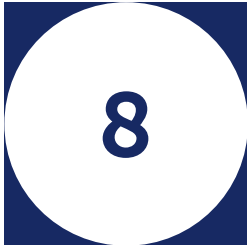
The provisions applicable to the termination of the terms of office of executive corporate officers and/or, where applicable, the employment contracts of Édouard Guinotte, former Chairman and Chief Executive Officer, and Olivier Mallet, former Deputy Chief Executive Officer, are described in the remuneration policies for

corporate officers in section 7.2.2.1 of this Universal Registration Document and in the Board of Directors' Report on the 2021 remuneration of corporate officers in section 7.2.2 of this Universal Registration Document.



**8**

**ADDITIONAL  
INFORMATION**



## ADDITIONAL INFORMATION

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8.3.1	Cross-reference table between the Universal Registration Document and Annexes 1 and 2 to Commission Delegated Regulation (EU) 2019/980 of March 14, 2019	353	8.3.3	Cross-reference table between the Universal Registration Document and the Board of Directors' management report 358	
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## 8.1 Statutory Auditors' special report on regulated agreements

### Annual General Meeting held to approve the financial statements for the year ended 31 December 2022

*This is a free translation into English of the statutory auditors' special report on regulated agreements with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code ("Code de commerce") and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

To the Shareholders of Vallourec,

In our capacity as statutory auditors of your Company, we hereby present to you our report on the regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, and the reasons justifying that these agreements are in the company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to article R. 225-31 of the French Commercial Code ("Code de Commerce"), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors ("Compagnie Nationale des Commissaires aux Comptes") relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

### Agreements submitted to the approval of the shareholders' meeting

#### Agreements authorised during the past year

We hereby inform you that we have not been advised of any agreement authorised during the year to be submitted for the approval of the Shareholders' Meeting pursuant to article L. 225-38 of the French Commercial Code ("Code de commerce").

#### Agreements previously approved by the annual general meeting

#### Agreements approved in previous years and whose execution continued during the past year

We hereby inform you that we have not been advised of any agreement previously approved by the Shareholders' Meeting, the execution of which continued during the year.

#### Agreements approved during the past financial year

We have been informed that the execution of the following agreement, already approved by the Shareholders' Meeting of May 24, 2022, on the special report of the statutory auditors of May 9, 2022, continued during the past financial year.

#### SETTLEMENT AGREEMENT WITH MR. ÉDOUARD GUINOTTE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF THE COMPANY UNTIL MARCH 20, 2022

Your Board of Directors meeting on March 26, 2022, on the recommendation of the Compensation Committee meeting on the same day, authorized the Company to conclude a settlement agreement (the "Agreement") with Mr. Édouard Guinotte in the context of the termination of his duties as Chairman and Chief Executive Officer. This Agreement provides for the payment to Mr. Édouard Guinotte of a settlement indemnity, as well as the implementation of the non-compete obligation provided for at the time of the appointment of Mr. Édouard Guinotte.

##### Settlement indemnity

It was agreed under the terms of the Agreement to the payment of a settlement indemnity in the gross amount of €883,237.84, for the purpose of settling amicably and definitively the terms of the termination of the duties of Mr. Édouard Guinotte within the Vallourec group. The payment of this settlement indemnity was submitted to the approval of the Shareholders' Meeting of May 24, 2022. This indemnity was paid in full in 2022.

##### Severance pay as employee

It was also agreed to terminate the employment contract that Mr. Édouard Guinotte had entered into with Vallourec Oil and Gas France when he joined the Vallourec group in 1995, and which had been suspended since his appointment as Chairman and Chief Executive Officer on March 15, 2020. Mr. Édouard Guinotte was entitled to severance pay under the Convention Collective des cadres et ingénieurs de la métallurgie (the French collective agreement for executives and engineers in the metallurgy industry), i.e. a gross amount of €439,200, as well as a pay in lieu of notice in an amount equal to 6 months of salary, i.e., a gross amount of €180,000. These two indemnities were paid in full in 2022.



### Financial consideration for the non-compete obligation

Given the nature of his duties, it was important, in order to preserve the legitimate interests of the Group, to require that Mr. Édouard Guinotte to be bound by a non-compete obligation, which he accepted.

Such non-compete obligation covers the following geographical areas: Europe, Middle East, United States of America, Mexico, Argentina, Brazil, China, Ukraine and Russia.

As consideration for this non-compete agreement, which will apply for 18 months following the termination of his duties in respect of his corporate office as Chairman and Chief Executive Officer, Mr. Édouard Guinotte will receive financial consideration equal to €728,857.84 gross, corresponding to 12 months of gross fixed and variable monetary remuneration, to be paid in 18 monthly instalments equal to €40,492.10 gross. In 2022, €404,921 were paid in this respect by the Company. The monthly payments of 40,492.10 euros will continue until August 2023 inclusive.

### Benefits

Mr. Édouard Guinotte will benefit for a period of 12 months from outplacement services, up to €50,000 (excluding VAT). A sum of €40,000 was paid in 2022 for these benefits.

Paris-La-Défense, April 6, 2022

The Statutory Auditors

KPMG S.A.  
Alexandra Saastamoinen

Deloitte & Associés  
Véronique Laurent

## 8.2 Report on payments made to governments (Article L.225-102-3 of the French Commercial Code)

Article L.225-102-3 of the French Commercial Code<sup>(1)</sup> requires large undertakings and public interest entities active in the extractive industry or operation of primary forestry to disclose in an annual report any payment equal to or greater than €100,000 made to governments in the countries and territories in which they operate.

Vallourec's consolidated report is presented below in accordance with the above-mentioned provisions. This report details the payments made by Vallourec's Extractive Companies, as defined below, to each government in the states and territories in which Vallourec operates, specifying the total amount, the total amount by payment type and the total amount by project.

This report was approved by the Board of Directors of Vallourec SA.

### DEFINITIONS

The terms defined below are used in this report as follows:

- **Extractive Companies:** any company or undertaking whose activities partially or fully entail the exploration, prospection, discovery, exploitation and extraction of mineral, oil and natural gas deposits in particular, that are fully consolidated by Vallourec SA, including the parent company.
- **Payment:** any single payment or series of related payments, equal to or greater than €100,000 (or the equivalent), made in cash or in kind.

The types of payments included in this report are as follows:

- **Taxes and other levies:** taxes and levies paid on income, production or profits, excluding consumption taxes such as VAT, customs duties, personal income tax and sales taxes.

- **License fees:** annual license fees, surface rights or rental fees, and any other form of levy related to licenses and/or concessions for extraction areas.
- **Infrastructure upgrade payments:** payments made for local development, including infrastructure upgrades, that are not directly necessary for extractive activities but are required as part of a production-sharing agreement or in accordance with a law relating specifically to oil and gas operations.
- **Government:** any national, regional or local authority of a state or territory, or any administration, agency or undertaking controlled by it.
- **Project:** operating activities governed by a single agreement, license, lease, concession or similar arrangement and forming the basis for obligations to pay consideration to a government. Where several such agreements are interrelated, they are considered a single project.

### REPORTING

This report details all Payments made for their extractive activities by the Extractive Companies that are Project operators to Governments of the countries or territories in which they operate, as they appear in the financial statements of the Extractive Companies.

In 2022, no Extractive Companies in the Vallourec Group made any Payments for their extractive activities to any Governments of the countries or territories in which they operate.

(1) Article L.225-102-3 of the French Commercial Code transposes into French law certain provisions of Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013.

## 8.3 Cross-reference tables and information incorporated by reference

### 8.3.1 Cross-reference table between the Universal Registration Document and Annexes 1 and 2 to Commission Delegated Regulation (EU) 2019/980 of March 14, 2019

Appendix 1 and 2 to Commission Delegated Regulation (EU) 2019/980 of March 14, 2019	Universal Registration Document	
	Chapters/Sections	Pages
<b>1. Persons responsible, third party information, experts' reports and competent authority approval</b>		
1.1. Persons responsible	1.1	12
1.2. Declaration of persons responsible	1.2	12
1.3. Experts' declaration or report	N/A	N/A
1.4. Certifications relating to third-party information	N/A	N/A
1.5. Declaration without prior approval of the competent authority	Cover page	
<b>2. Statutory Auditors</b>		
2.1. Name and address of the Statutory Auditors	1.3	13
2.2. Statutory Auditors who have resigned, been removed or not been re-appointed during the period covered	N/A	N/A
<b>3. Risk factors</b>	<b>5.1</b>	<b>178</b>
3.1. Risks related to the Group's strategy and activities	5.1.1	178
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3.3. Legal and tax risks	5.1.3	182
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<b>4. Information about the issuer</b>		
4.1. Legal and commercial name	2.1.1	16
4.2. Place of registration, registration number and legal entity identifier (LEI)	2.1.2	16
4.3. Date of incorporation and term	2.1.3	16
4.4. Registered office, legal form, legislation, country of incorporation, address and telephone number of the registered office and website	2.1.1/2.1.2	16
<b>5. Business overview</b>		
5.1. Principal activities	3.2/3.3/3.8	42/56/78
5.1.1. Nature of operations and principal activities	3.2/3.5/3.8	42/63/78
5.1.2. New products and/or services	3.3	56
5.2. Principal markets	3.2.2	47
5.3. Key business development events	3.1/3.3.1.3/3.5/3.6/3.7.1/3.8	40/57/63/66/68/78
5.4. Strategy and objectives	3.2/3.3/3.6/3.8	42/56/66/78
5.5. Dependence on patents, licenses, industrial, commercial or financial contracts and new manufacturing processes	3.3	56
5.6. Basis for any statements made by the issuer regarding its competitive position	3.2.3	48
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11.2. Main assumptions upon which the issuer has based its forecasts or estimates		3.8.1	78
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21.1. Statement on available documents	2.1.5/2.6	16/35

### 8.3.2 Cross-reference table between the Universal Registration Document and the Annual Financial Report

Annual financial report	Universal Registration Document	
	Chapters/Sections	Pages
1. Parent company financial statements	6.3	264
2. Consolidated financial statements	6.1	198
3. Statutory Auditors' report on the parent company financial statements	6.4	282
4. Statutory Auditors' report on the consolidated financial statements	6.2	260
5. Management report including at least the information referred to in Articles L.22-10-34, L.225-100-2, L.225-100-3 and L.225-211 paragraph 2 of the French Commercial Code ( <i>Code de commerce</i> )	8.3.3	358
6. Statement by the person responsible for the annual financial report	1.2	12
7. Statutory Auditors' fees (Article 222-8 of the AMF's General Regulations)	6.1.7 (Note 11)	259
8. Board of Directors' report on remuneration for 2022 for corporate officers	7.2.2	322

### 8.3.3 Cross-reference table between the Universal Registration Document and the Board of Directors' management report

This Universal Registration Document includes all elements from the Board of Directors' management report as required by the applicable law and regulations. The table below identifies the sections and pages of this Universal Registration Document constituting the management report.

Management report	Universal Registration Document	
	Chapters/Sections	Pages
1. Activities and business development of the Group – Progress and challenges	3.2/3.4	42/61
2. Results of Group operations – Financial position and performance indicators	3.7	68
3. Changes to the presentation of the annual financial statements or the valuation methods applied in prior years	6.3.3	265
4. Material events between the reporting date and the date the report was prepared	3.5	63
5. Foreseeable developments and the Company's outlook*	3.8	78
6. Payment terms for suppliers and customers	3.9	79
7. Amount of dividends paid during the past three years	2.5	34
8. Vallourec five-year financial summary	6.3.E.7	281
9. Description of the principal risks and uncertainties the Group faces – Exposure to interest rate, credit, liquidity and cash risks – Internal control and risk management procedure*	5.1	178
10. Use of financial instruments by the Group, where it is relevant for the assessment of its assets, liabilities, financial position and net income or loss	2.2.6/5.1.4	24/184
11. Significant equity stakes in companies headquartered in France	N/A	N/A
12. Injunctions or monetary penalties for anti-competitive practices	N/A	N/A
13. Research and development activities	3.3	56
14. Vigilance Plan	4.1	94
15. Consolidated statement of non-financial performance	4.2/4.3/4.4	100/136/156
16. Composition of share capital	2.3.1	26
17. Employee share ownership	2.3.1/7.3.2	26/343
18. Share buybacks	2.2.4	22
19. Share transfers made to regularize cross-shareholdings or takeovers of such companies	N/A	N/A
20. Summary of valid authorizations for capital increases and use made of these authorizations during fiscal year 2021	2.2.3	19
21. Adjustments of the rights of holders of transferable securities giving access to capital or options	N/A	N/A

\* Subsequent events.



### 8.3.4 Cross-reference table between the Universal Registration Document and the Board of Directors' corporate governance report

This Universal Registration Document includes all elements from the Board of Directors' corporate governance report as required by the applicable law and regulations. The table below identifies the sections and pages of this Universal Registration Document constituting the corporate governance report.

Corporate governance report	Universal Registration Document	
	Chapters/Sections	Pages
1. Composition of the Board of Directors	7.1.2.1	288
2. Mandates and functions of corporate officers	7.1.2.1.6	293
3. Diversity policy applied to members of the Board of Directors	7.1.2.1.1	288
4. Conditions for preparation and organization of the Board's work	7.1.2.2	302
5. Statement on corporate governance – Compliance with the AFEP-MEDEF Code	7.4.4	345
6. Remuneration policies for corporate officers	7.2.1	315
7. Remuneration of corporate officers	7.2.2.5	331
8. Awards of stock options <sup>(1)</sup>	7.3.1.1	338
9. Awards of free shares or performance shares <sup>(2)</sup>	7.3.1.2	340
10. Employee share ownership	7.3.2	343
11. Board of Directors' report on remuneration for 2022 for corporate officers	7.2.2	322
12. Securities transactions made by executives	7.4.1.1	344
13. Valid authorizations regarding capital increases	7.4.5	345
14. Shareholders' participation in shareholders' meetings	7.4.6	346
15. Measures having an impact in the event of a takeover bid	7.4.7	346
16. Supervisory Board observations on the management report of the Management Board and the financial statements	N/A	N/A

### 8.3.5 Information incorporated by reference

In accordance with Annex 1 to Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council, this Universal Registration Document incorporates the following information by reference (available on Vallourec's website: <https://www.vallourec.com/en/investors/regulated-information>):

- the parent company and consolidated financial statements for the year ended December 31, 2020, the Statutory Auditors' reports thereon, and the management report, presented respectively in Sections 6.3 (pages 259 to 275), 6.1 (pages 192 to 254), 6.2 (pages 255 to 258), 6.4 (pages 276 to 280), 8.1 (pages 368 to

369) and 8.2.3 (page 374) of the 2020 Universal Registration Document, filed with the AMF on March 29, 2021 under No. D.21-0226; and

- the parent company and consolidated financial statements for the year ended December 31, 2021, the Statutory Auditors' reports thereon, and the management report, presented respectively in Sections 6.3 (pages 253 to 271), 6.1 (pages 184 to 248), 6.2 (pages 249 to 252), 6.4 (pages 272 to 275), 8.1 (pages 354 to 355) and 8.2 (page 356) of the 2021 Universal Registration Document, filed with the AMF on April 19, 2022 under No. D.22-0305.

(1) Including the information required pursuant to Article L.225-184 of the French Commercial Code.

(2) Including the information required pursuant to Article L.225-197-4 of the French Commercial Code.

## 8.4 Other periodic information required under the General Regulations of the AMF

The Universal Registration Document includes some of the periodic information required under the terms of the General Regulations of the French financial markets authority (*Autorité des marchés financiers* – AMF). The following table provides details of the pages of this Universal Registration Document on which this information appears.

	Universal Registration Document	
	Sections	Pages
Board of Directors' report on remuneration for 2022 for corporate officers	7.2.2	322
Statutory Auditors' fees (Article 222-8 of the AMF's General Regulations)	6.1.7 (Note 11)	259
Description of the share buyback program (Article 241-2 of the AMF's General Regulations)	2.2.4	22

This version cancels and replaces the version published on April 18 2023 on the AMF website.

The amendments made to the version filed on April 17, 2023 are the following :

- p. 297: Update of the list of the mandates of Mrs Angela Minas; and
- p. 318 : In the section ***Executive corporate officers' long-term incentive equity instruments (MEP)***, insertion of a paragraph specifying the specific terms for the assessment of the performance conditions that are provided for all beneficiaries of the preferred shares in certain circumstances.

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A French limited company (*société anonyme*) with a Board of Directors  
and issued capital of €4,635,552.54