



## VALLOUREC

*Société anonyme* (limited liability company) with a share capital of €4,732,381.22  
Registered office: 12 rue de la Verrerie, 92190 Meudon  
552 142 200 Trade and Companies Register of Nanterre

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### CODE OF CONDUCT FOR SECURITIES MARKETS MATTERS

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#### Preamble

The listing of the shares and other financial instruments of Vallourec SA (“**Vallourec**” or the “**Company**”) on the regulated market of Euronext Paris requires compliance with the Regulations (as defined below) in force relating to the treatment of Inside Information (as defined below), the prevention of stock market offences by holders of Inside Information and the supervision of transactions on the Company’s Financial Instruments (as defined below).

In the name of the principles of transparency and equality between shareholders and investment professionals, the European and French regulators and the *Autorité des Marchés Financiers* (“**AMF**”) ensure that any buyer or seller of financial instruments has effective access to the same information, at the same time, concerning the financial instruments issued by listed companies.

In this context, the Company is required to communicate certain information to the market on a regular basis and must ensure that the Personnel do not use or disclose to other Group Personnel or external persons information that could have an influence on the price of its Financial Instruments. The Regulations on the dissemination and use of certain information relating to the Company are accompanied by a strict framework for transactions on the Company’s Financial Instruments.

The Company’s objective is to ensure compliance with the Regulations and recommendations issued by the stock market authorities in the area of risk management related to the holding, disclosure or possible use of Inside Information.

The following code of conduct for securities markets matters (hereinafter the “**Code**”) is therefore intended to:

- (i) define the rules governing trading on the Company’s Financial Instruments applicable to the Personnel of the Vallourec Group and, more generally, to remind the Regulators to the extent that they are likely to have access to Inside Information or Privileged Information of the Vallourec Group (as defined below); and
- (ii) implement additional preventive measures to limit situations that could lead to insider trading.

The attention of the Personnel is drawn to the need to familiarize themselves with this Code and to carefully comply with the Regulations, insofar as violation of the Regulations may result in administrative or criminal sanctions.

All these rules are essentially provided for by the MAR Regulation (defined below), its implementation regulations, as well as by the positions and recommendations of the ESMA and AMF, the list of which appears in Schedule 1 to this Code.

For further information on the interpretation, use or application of this Code, please contact the General Counsel of the Vallourec Group, who has been appointed “**Securities Compliance Officer**”, at the following address: sarah.dib@vallourec.com.

The most recent version of the full text of this Code can be found on the Group’s website under the Identity/Our Governance/Insider Code tab.

The Personnel should always ensure that they have the most recent version of the Code. If they do not have access to the Internet, they can contact the Securities Compliance Officer.

**IMPORTANT: All members of the Personnel are responsible for informing themselves, for complying with this Code and for personally ensuring that their investment activities, and more generally the Transactions on Company Financial Instruments they carry out, are licit.**

## 1. Definitions

For purposes of this Code:

- Addressees of Sensitive Information** means any person having access to a sensitive and/or confidential information, of any nature whatsoever (notably technical, commercial, financial, accounting, legal or administrative) regarding, directly or indirectly, the Company and/or the Group, and that does not meet all criteria to be qualified as an Inside Information.
- AMF** means the *Autorité des marchés financiers* (the French financial markets authority).
- Company Financial Instruments** means:
- (i) shares and any negotiable securities (including bonds) issued or to be issued by the Company;
  - (ii) rights detachable from such securities, particularly preferential subscription or allocation rights; and
  - (iii) any derivative instrument derived from the rights or securities referred to in (i) and (ii) above, and in particular futures contracts (including equivalent instruments for settlement in cash, swaps and options).
- Closely Associated Persons** means, for any Personnel, the persons having close personal ties with him/her, namely:
- (i) his or her spouse, who is not legally separated, or his or her partner in a civil solidarity pact;
  - (ii) children over whom the Personnel exercises parental authority or who reside with him/her, usually or alternately, or for whom he/she has effective and permanent responsibility;
  - (iii) parents or relatives residing at the Personnel's residence for at least one year on the date in question;
  - (iv) legal entities, trusts or partnerships whose management responsibilities are exercised by the Personnel or one of the persons mentioned in (i), (ii) or (iii) above;
  - (v) legal entities, trusts or partnerships that are controlled, directly or indirectly, by the Personnel or any of the persons mentioned in (i), (ii) or (iii) above;
  - (vi) legal entities, trusts or partnerships that have been formed for the benefit of the Personnel, or for the benefit of any of the persons referred to in (i), (ii) or (iii) above;
  - (vii) legal entities, trusts or partnerships whose economic interests are substantially equivalent to those of the Personnel or of any of the persons mentioned in (i), (ii) or (iii) above; and
  - (viii) more generally, all persons who, because of their relationship with the Personnel, could be suspected of having used Inside Information communicated by the said Personnel.

**Directors and Officers** means the Chairman and Chief Executive Officer and members of the Board of Directors (*Conseil d'administration*) ("**Board of Directors**") of the Company, it being specified that when a member of the Board of Directors is a legal entity, the term refers to both the legal entity and the natural person who is its permanent representative.

**Inside Information** means any information of a precise nature that has not been made public, relating directly or indirectly to the Vallourec Group, the Company, or one or more Company Financial instruments, and which, if it were made public, would be likely to significantly influence the price of Company Financial instruments - those financial instruments or of related derivative financial instruments (Article 7.1 of MAR).

In addition:

- As a matter of principle, the Company is required to make public, as soon as possible, any Inside Information in relation to itself. However, the Company may decide to defer publication under certain conditions, if immediate publication would be detrimental to its legitimate interests. Information should therefore only be considered "public" if it has been the subject of a press release published by the Company and/or of a legal publication.

The publication in the press or via any other media of rumors relating to information not officially confirmed by the Company in a "public" manner does not theoretically imply that such information ceases to be Inside Information.

- Information is deemed to be of "precise" nature if it indicates a set of circumstances or an event that has occurred or is likely to occur, if the project is sufficiently advanced to have a reasonable chance of success, regardless of any potential hazards, and if a conclusion may be drawn as to the possible effect of such a set of circumstances or event on the price of the Company's Financial Instruments.
- An intermediate stage of a multiple-stages process is considered an Inside Information if, by itself, this stage is meeting the criteria defined by Article 7 of MAR.
- Information that, if it were made public, "would be likely to significantly influence the price of the Company's financial instruments" is information that a reasonable investor would be likely to use as part of the basis for his or her investment decisions.

**Insider** means any Personnel who receives Inside Information.

**MAR** means the European Regulation n° 596/2014 dated April 16 2014, as well as other acts adopted to ensure its enforcement, in particular European Regulation n° 2016/347 dated March 10, 2016, on format and update of lists of Insiders.

**Person Discharging Managerial Responsibilities** means Directors and Officers and Senior Executives.

**Personnel** means:

- (i) Any Directors and Officers;
- (ii) Any Senior Executive;
- (iii) any personnel - including employees on secondment and temporary employees - and any other personnel of the Group; and
- (iv) any third party acting in the name of or on behalf of Vallourec, who has access to Inside Information in the context of their professional relationship with the issuer during the preparation or completion of a specific transaction, such as service providers including, in particular, lawyers, corporate and investment banks working, for example, with Vallourec in connection with the structuring of a transaction or a proposed transaction, or the communication agencies chosen for this transaction.

**Regulations** refers to all European and French legislation and regulations in force, including MAR, its implementing regulations and delegated regulations, the provisions of the French Commercial Code and the French Monetary and Financial Code, the guidelines and interpretations of the European Securities and Markets Authority (ESMA) and the positions and recommendations of the Autorité des Marchés Financiers (AMF), as well as the rules set out in the Code.

**Senior Executive** means a person who has the power to take managerial decisions affecting the future developments and business prospects of the Company and/or the Group, and who has regular access to Inside Information relating directly or indirectly the Company and/or the Group, as defined into article 3 of MAR.

**Transaction** means:

- (i) any purchase, sale, subscription, exchange or conversion of Company Financial instruments, whether immediately or in the future, and whether on or off-market,
- (ii) the entering into a put or call option on Company Financial instruments,
- (iii) any transaction in derivative products of which the underlying instruments are Company Financial instruments,
- (iv) any hedging transaction whose effect is to acquire or transfer the economic risk attached to Company Financial instruments performed directly or indirectly by a Permanent Insider or Occasional Insider on his or her own behalf or on behalf of a third party.
- (v) exercises of stock options and decisions to opt for the payment of dividends in shares,

and more generally, all operations listed by the Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) No 596/2014 of the European Parliament and the Council, as amended.

**Vallourec Group** means the Company and all of its controlled subsidiaries within the meaning of Article L.233-3 of the *Code de commerce* (French Commercial Code).

## 2. Principles applicable to Financial Disclosure

The financial communication of listed companies must comply with a certain number of general principles, which purpose is to ensure an optimal operations of the stock market and to protect investors. These principles are the following:

- information communicated to the public must be accurate, precise and fairly presented;
- listed companies must guarantee equal access to information (both in terms of the quality of the information provided and the timeframe in which it is made available), in particular between financial analysts and the public and, where applicable, between the different stock exchanges on which the financial securities they issue are traded;
- the choice of the means of communication must be made fairly, in particular in the case of the simultaneous distribution of communication media intended for informed and wider audiences, which is only possible insofar as it does not mislead either of the audiences concerned.

### 2.1 General Rule

In accordance with applicable regulations, the practice of “selective disclosure”, intended to help analysts form their earnings predictions, is prohibited. The objective of the Vallourec Group’s financial disclosure policy is to ensure simultaneous, effective and complete disclosure of relevant, precise, true and accurate information, disclosed in a timely manner, with every communication from the Company providing everyone access to the same information at the same time.

### 2.2 **Only authorized persons within the Vallourec Group are allowed to disclose information, directly or indirectly, to the financial markets via the press or any other media.** Quiet Periods

Managing sensitive period of time also requires Vallourec Group to restrict its relations with the financial community. In this context, quiet periods are established during such sensitive periods, such as the preparation of financial statements; any form of communication with analysts and investors is prohibited during such quiet periods, without prejudice to the Company’s obligation to make public any Inside Information with respect to Vallourec Group during this quiet period<sup>1</sup>.

In this context, the following periods are quiet periods:

- during the 30 calendar days preceding the announcement of the annual results;
- during the 15 calendar days preceding the publication of the quarterly financial information for the first quarter of the year;
- during the 30 calendar days preceding the announcement of the half-year results;
- during the 15 calendar days preceding the publication of the quarterly financial information for the third quarter of the year.

The company will release on its corporate website, at the beginning of each fiscal year, the indicative schedule of the applicable quiet periods for this fiscal year.

When it deems it necessary, the Company will be able, at its sole discretion, to bring updates to the quiet periods’ agenda, and in such case, if appropriate, will inform the financial community of this update.

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<sup>1</sup> AMF Position-Recommendation N° 2016-08 of October 26, 2016, p. 25.

### **3. Inside Information Management Process**

In accordance with Article 17.1 of MAR, the Company must disclose to the public as soon as possible any Inside Information that directly concerns it, subject to the exceptions provided for by applicable regulations.

As an exception to the obligation of public disclosure of Inside Information, the Company may decide to delay disclosure to the public of Inside Information if (i) an immediate disclosure is likely to prejudice its legitimate interests, (ii) delay of disclosure is not likely to mislead the public and (iii) the Company is able to ensure the confidentiality of that information.

Insider lists shall be drawn up without delay after the identification of Inside Information for which disclosure to the public has been delayed.

#### **3.1 Inside Information Management Committee**

In accordance with the AMF recommendation<sup>2</sup>, the Company has set up an “Inside Information Management Committee” (the “**Committee**”), which purpose is to assess whether an information is likely to be considered as Inside or not, in order to determine if this information should, on one hand, be circulated and / or used, and should, on the other hand, be communicated to the public, or if its publication could be differed under the conditions defined by applicable laws and regulations.

##### *3.1.1 Composition of the Committee*

The Committee is composed of the Chairman and the Chief Executive Officer, the Securities Compliance Officer, and the Group CFO. It will also be able to invite or consult any Personnel from General, Legal, Finance or any other department of the Company or of the Group, depending on the circumstances and topics he will deal with.

##### *3.1.2 Committee’s functioning*

Any person who comes into possession of information that could be qualified as Inside Information or has a question about the “insider” nature of such information must immediately inform the Securities Compliance Officer. The Securities Compliance Officer will then convene a meeting of the Committee, which will issue an opinion on the “insider” nature of that information, and will study the consequences in terms of dissemination of the information.

The Committee shall meet whenever circumstances require, and, in any case, at least on a monthly basis.

The Committees’ works are transcribed into a written confidential report, which will be drawn up and kept by the Securities Compliance Officer.

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<sup>2</sup> AMF position-recommendation n° 2016-08 dated October 26, 2016, p. 6

### 3.1.3 Procedure to defer publication of Inside Information

The decision to delay the disclosure of Inside Information to the public is the sole responsibility of the Company. Such decision is made by the Chairman and Chief Executive Officer on the Committee's proposition.

In this context, the Committee:

- makes sure that all the conditions required for delaying the disclosure of Inside Information to the public are met;
- determines an estimated date and time for disclosure of the Inside Information;
- starts a continuous monitoring of the compliance with the conditions for of the delay of disclosure of the Inside Information to the public;
- implements the necessary steps to inform the AMF, at the time of disclosure of the Inside Information, that a prior decision to delay the disclosure to the public of that Inside Information had been taken; if necessary, the Compliance Securities Officer shall be in charge for providing the AMF with any additional clarification that it may require in order to ensure that the conditions for delaying the disclosure of the Inside Information to the public have actually been met.

## 3.2 Insider lists

### 3.2.1 Drafting and update by the Company

Following the Committee's opinion on the "insider" nature of an information and the decision to delay its disclosure, the Securities Compliance Officer draws up and updates the insiders list.

The Insider is notified of his or her registration on the Insiders list by the Securities Compliance Officer by a notice of registration on the Company's Insiders list, which the Insider returns with his or her handwritten signature to confirm his or her commitment to comply with his or her obligations as Insider and his or her awareness of the penalties incurred in the event of a breach of his or her obligations.

For the purposes of drawing up the Insiders list, all Insiders must provide the following information in the notice notifying them of their registration on the Company's Insiders list:

- name (birth names if different), first names, date of birth, personal telephone numbers (home line and mobile phone) and full personal postal address (street name and number, city, postal code, country);
- name and address of employer, business telephone numbers (direct business line and business mobile phone);
- position and reason for Insider status;
- date and time at which the Insider obtained access to the Inside Information; and
- date and time at which the Insider ceased to have access to the privileged information.

The Insiders list is confidential except with regard to the AMF. Any personal information that an Insider may provide to Vallourec for the purposes of drawing up the Insiders list is subject to the provisions of the French Data Protection Act (Act n° 78-17 of 6 January 1978). In this respect, all Insiders have the right to access and rectify their personal data, which may be exercised by contacting the Securities Compliance Officer by e-mail.

The Insiders list (including its previous versions) is kept for a minimum of five years after it has been established or updated.



### 3.2.2 Lists managed by external service providers

When the Insider is an external service provider, an individual within the service provider is required to draw up a list of the service provider's Insiders, including the members of the service provider's staff as well as third parties who carry out a mission for the service provider and who have access to Inside Information relating to Vallourec. Any service provider must inform the Securities Compliance Officer of the name of the individual responsible for managing this list of Insiders on behalf of the service provider, it being specified that this person will be registered on the Company's Insider list and will be informed by the Securities Compliance Officer of such registration. The service provider's Insider list shall be established, updated and managed in accordance with applicable regulations.

In accordance with applicable regulations, each service provider agrees to take all reasonable steps to ensure that persons on its Insider list<sup>3</sup>:

- are notified of their registration on the Insider list;
- acknowledge in writing the obligations attached to Insider status;
- are aware of the related sanctions.

It is reminded that Vallourec, represented by its Securities Compliance Officer, has the right to access to the Insiders lists drawn up by any service provider and that, in this respect, any service provider undertakes to communicate the Insiders list to the Securities Compliance Officer on first demand.

## 4. **Possession of Inside Information: obligations related to Insider status**

### 4.1 Confidentiality obligations

All Insiders must:

- refrain from communicating it to any other person, including within the Company or the Vallourec Group, except in the normal course of his or her work, profession or duties and after having taken the necessary steps to ensure that the person receiving the Inside Information will comply with the applicable confidentiality obligations; if he or she is required to communicate such information for professional reasons, he or she must inform the Securities Compliance Officer without delay;
- keep all Inside Information confidential with regard to any person, including within the Company or the Vallourec Group, whose activity or mission does not require knowledge of this information, by ensuring in particular that the authorized methods of storage and distribution are secure; and
- refrain from disseminating information or spreading rumours, whether through the media (including the Internet) or by any other means, that give or are likely to give false or misleading information about the Financial Instruments and/or the situation, results or prospects of the Company or the Vallourec Group.

Any attempt to breach the above obligations is also prohibited.

Any Insider who has doubts or questions about the content of the information that he or she may communicate, in particular during an oral speech or a written presentation, may consult the Securities Compliance Officer. If in doubt or while waiting for a response from the Securities Compliance Officer, the information in question should not be disclosed.

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<sup>3</sup> Article 18.2 of MAR.

In addition, all Insiders are required to notify immediately the Securities Compliance Officer and the Chairman and Chief Executive Officer if they become aware of the fact or suspect that Inside Information has been disclosed (for example, during an internal or external meeting).

The confidentiality obligations set forth in this paragraph 4 also apply to Addressees of Sensitive Information.

## **4.2 Obligations to Refrain from Transactions over the Company Financial Instruments**

### *4.2.1 General rule*

All Insiders must:

- refrain from carrying out, directly or indirectly, for their own account or for the account of others, on or off the market, any Transaction in Securities before such information has been made public;
- refrain from recommending to third parties to enter into a Transaction over the Company Financial Instruments on the basis of Inside Information or in a context where such information would be known to the person making the recommendation; and
- refrain from using Inside Information to cancel or modify an order for a Transaction over Financial Instruments, where the order was placed before the Inside Information was held.

These prohibitions apply as long as the information is not made public.

The attention of Insiders is drawn to the risk that the execution of Transactions over the Company Financial Instruments by their Closely Associated Persons represents.

Attempting to carry out prohibited Transactions is also prohibited.

Where the Insider is a legal entity, these restrictions obligations also apply to individuals who participate in the decision to carry out the Transaction on behalf of the legal entity in question.

Moreover, any Insider who has doubts or questions about a transaction he or she is considering carrying out over Financial Instruments may refer the matter to his or her superior or consult the Securities Compliance Officer. If in doubt or while waiting for a response from the Securities Compliance Officer, they must comply with the restrictions obligations set out in paragraph 4.1.

Personnel' attention is drawn to the fact that sensitive information may become Inside Information. The abstention obligations set out in paragraph 4.2 are then applicable to Addressees of Sensitive Information, who are invited to contact the Securities Compliance Officer in case of doubt.

Personnel are reminded that it is their responsibility to ensure that their Transactions are lawful, and that the Securities Compliance Officer shall not be held liable following this indicative consultation.

### *4.2.2 Exception*

The restriction obligation with respect to holding Inside Information is absolute in nature and only allows very limited exceptions. In the case of Vallourec, an exemption from the restriction obligation may be granted if the proposed Transaction is carried out in order to ensure the performance of an obligation that has become due and payable, in good faith (*i.e.* without any intention to circumvent the abstention obligation), provided that:

- the obligation arises from an order placed or an agreement entered into before the person concerned had access to Inside Information; or
- the Transaction is made in order to satisfy a legal or regulatory obligation that arose before the person concerned had access to the Inside Information;

**This exception may be difficult to implement. In practice, within the Vallourec Group, any employee or manager registered on an Insider list is required to consult the Securities Compliance Officer before carrying out any transaction involving Vallourec shares or related financial instruments.**

## **5. Black-out periods**

A black-out period is a defined period during which any transaction over Vallourec shares or related financial instruments is prohibited by principle. These black-out periods are introduced by the Vallourec Group during sensitive periods, such as the preparation of financial statements, during which a large amount of confidential information is in circulation within the Group, some of which may become inside information.

The introduction of black-out periods is not in itself linked to the existence of Inside Information, even though such information is more likely to appear during these sensitive periods than at other times of the year. This is a precautionary measure designed to avoid any undue use of confidential information and to protect employees with access to such information.

Caution: although the black-out period imposes abstention restriction obligation which ceases at the end of the period, Insiders remain bound, beyond the period, to respect the restriction obligations linked to the holding of Inside Information. **The existence of black-out periods does not therefore imply the existence of non-black-out periods.**

### **5.1 General rule**

Without prejudice to the obligation to refrain from engaging in Transactions in Company Financial instruments in case of possession of Inside Information as described in Section 4.2 above, and for improved prevention of market abuses (insider trading and market manipulation notably), Persons Discharging Managerial Responsibilities and any Addressees of Sensitive Information - even if they do not believe they are in possession of Inside Information - shall refrain from engaging in Transactions in Company Financial instruments, directly or indirectly, for their own account or on behalf of another<sup>4</sup>:

- 1. during the continuous period beginning 30 calendar days before the date on which the annual consolidated financial statements (or failing, the annual non-consolidated financial statements) and the half-year financial statements of the Company are made public, and ending on the day of the release of such information (included);**
- 2. during the continuous period beginning 15 calendar days before the date on which the Company's quarterly results are made public, and ending on the day of the release of such information (included).**

The financial disclosure schedule, that includes in particular planned dates for release of periodic information, namely the annual and half-year financial statements and quarterly information, is prepared annually by the Board of Directors and published on the Company's website.

At the beginning of each fiscal year, the Securities Compliance Officer informs Persons Discharging Managerial Responsibilities and any Addressees of Sensitive Information of black-out periods resulting

<sup>4</sup> Article 19.11 of MAR, as supplemented by AMF Position-Recommendation n°2016-08 and ESMA Q&A on MAR (A.7.2).

from the publication of annual and half-year financial statements and quarterly financial information, based on the financial disclosure schedule determined for such fiscal year.

## **5.2 Specific Provisions relating to Free Shares**

These black-out periods are separated from the specific black-out periods resulting from regulations governing the granting of free shares (whether or not subject to Articles L.225-197-1 *et seq.* and L.22-10-59 *et seq.* of the French Commercial Code), which provides that following the end of lock-up period, free shares may not be transferred:

1. during the **ten trading sessions preceding** the date on which the consolidated financial statements (or failing which the Company financial statements) are made public; and
2. during the period between the date on which the Company's governing bodies become aware of Inside Information and **the date on which the information is made public.**

## **5.3 Specific Provisions relating to Options to Subscribe for or to Acquire Shares**

It is reminded that in accordance with Article L.22-10-56 of the French Commercial Code, options to subscribe for or to acquire shares, may not be granted:

1. during the **10 trading sessions preceding** the date on which the consolidated financial statements (or failing which the Company financial statements) are made public as well as the publishing date;
2. during the period between the date on which the Company's governing bodies become aware of Inside Information and **the date on which the information is made public.**

## **5.4 Additional black-out periods**

Additional black-out periods may be decided by the Chairman and Chief Executive Officer on Committee's proposition in the event of Transactions that could materially influence the price of the Company Financial Instruments, or in the event of the existence of Inside Information relating to the Company's business.

The Securities Compliance Officer informs the Insiders of these additional black-out periods by any means.

In such cases, Insiders shall refrain from entering into any Transactions over the Company Financial Instruments, either directly or indirectly, on their own behalf or on behalf of another, beginning on the day they became aware of such a project constituting Inside Information and ending on the date after the disclosure made by the Company via the press (including the Internet) of the confidential information on such a project.

## **5.5 Cases of authorization under exceptional circumstances**

If a Person Discharging Managerial Responsibilities who does not hold Inside Information wishes to negotiate, for his own account or for the account of a third party, a Transaction during a back-out period, he must seek Vallourec's prior authorization<sup>5</sup>.

This authorization may be granted:

- either on a case-by-case basis due to the existence of exceptional circumstances<sup>6</sup>, it being specified that circumstances are considered to be exceptional if they are of an extremely urgent nature, unforeseeable and imperative, and that their cause is not related to the Person

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<sup>5</sup> Article 19.12 of MAR.

<sup>6</sup> Article 19.12.a of MAR.

Discharging Managerial Responsibilities and that the latter has no control over them<sup>7</sup> (for example, serious financial difficulties requiring the immediate sale of shares);

- either because of the specificities of the trade concerned in the case of Transactions carried out within the framework of, or relating to, an employee shareholding or savings plan, the completion of formalities or the exercise of rights attached to shares, or Transactions that do not involve a change in the holding of the security concerned<sup>8</sup>.

The request of the Person Discharging Managerial Responsibilities must be formulated in writing and to be motivated. It must describe the proposed Transaction and demonstrate that the Transaction cannot be completed during another period than during the black-out period. It must also describe, if applicable, the exceptional circumstances requiring the immediate sale of the shares and demonstrate that the proposed sale is the only reasonable alternative for obtaining the necessary financing<sup>9</sup>.

The request must be sent via e-mail to the attention of the Securities Compliance Officer.

The Securities Compliance Officer shall send its response within five business days.

In determining whether the circumstances identified in the written request are exceptional, the Securities Compliance Officer shall consider, among other things, whether and to what extent the Person Discharging Managerial Responsibilities<sup>10</sup>:

- is, at the time of making the request, subject to a financial commitment or an enforceable claim;
- is required to comply with, or has put himself or herself in, a situation, prior to the start of the black-out period requiring payment of an amount to a third party, including a tax liability, and cannot reasonably be expected to meet a financial commitment or debt obligation other than through an immediate sale of shares.

It is reminded that in any event, the Person Exercising Managerial Responsibilities to whom the authorization is thus given must ensure, in all circumstances, that he/she does not commit a market abuse. Thus, the obligation to refrain applies in all cases where the persons concerned hold Inside Information<sup>11</sup>.

## **6. Additional Preventive Measures**

Pursuant to the Company's by-laws, each member of the Board of Directors must hold at least 12 shares of the Company in registered form. The internal regulations of the Board of Directors provide for the additional obligation for members of the Board of Directors to hold 50 Company shares within three months of his/her appointment; and 450 additional shares of the Company no later than December 31 of the year following his/her appointment.

Members of the Board of Directors and certain employees and executives of the Vallourec Group are also shareholders of the Company due to their participation in Group's incentive plans giving the right to receive free shares.

In accordance with the recommendations of Article 26.3.3 of the AFEP-MEDEF Code, members of the Board of Directors who hold stock options and/or performance shares are prohibited from hedging their risk on either the options or the underlying shares or the performance shares, until the end of the period determined by the Board of Directors for holding the shares<sup>12</sup>.

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<sup>7</sup> Article 8.2 of Delegated Regulation (EU) N° 2016/522.

<sup>8</sup> Article 19.12.b of MAR.

<sup>9</sup> AMF Position-Recommendation n° 2016-08.

<sup>10</sup> Article 8.3 of Delegated Regulation (EU) n°2016/522.

<sup>11</sup> AMF Position-Recommendation n° 2016-08.

<sup>12</sup> Moreover, the members of the Board of Directors must formally undertake not to engage in such hedging transactions.

Directors and Officers, and the Chairman and Chief Executive Officer, and their cohabiting spouses and dependent children must, within the period mandated by regulations, register all Vallourec shares that they hold or come to hold<sup>13</sup>.

Voting and dividend rights attached to the shares held by any person not in compliance with these obligations shall be suspended until the situation is corrected. Any vote cast or dividend paid during the suspension is null and void<sup>14</sup>.

## **7. Reporting Requirements**

### **7.1 Persons concerned by the Reporting Requirements**

The Persons Discharging Managerial Responsibilities and their Closely Associated Persons are required to notify to the AMF and to the Company, by electronic means, any Transaction of Company Financial instruments that they have carried out, within 3 business days following the completion of the Transaction<sup>15</sup>.

They are also required to report to the Securities Compliance Officer, upon his or her request, the number and type of Company Financial instruments that they hold, as well as any relevant information as to their ownership of the Company Financial instruments (separate beneficial and legal ownership, undertakings to buy or sell, pledges of the Company Financial instruments, etc.).

Persons Discharging Managerial Responsibilities must send the Company a list of their Closely Associated Persons and update it if necessary. They are also required to notify them in writing of their reporting obligations and to keep a copy of this notification.

In addition, it should also be noted that, if one member of the Personnel is (i) a person holding, alone or in concert, more than 10% of Vallourec's capital, or (ii) a manager of a person holding, alone or in concert, more than 10% of Vallourec's capital, this Personnel is required to inform the AMF on a monthly basis of the number of Company Financial instruments that they sell to the Company in connection with a share buyback program<sup>16</sup>.

### **7.2 Reporting Methods**

Pursuant to Article 19.6 of MAR, the notice must include the following information:

- the name and position of the Person Discharging Managerial Responsibilities or their Closely Associated Persons having carried out a Transaction on the Company Financial instruments;
- for persons closely associated to a Person Discharging Managerial Responsibilities, the name of such person, indicating to which Person Discharging Managerial Responsibilities he or she is related and the duties of such Person Discharging Managerial Responsibilities;
- the Company's name;
- a description of the financial instrument;
- the nature of the Transaction on the Company Financial instruments (purchase, sale, exchange, contribution, derivatives transaction, etc.);
- the date and place of the Transaction; and

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<sup>13</sup> Article L.225-109 of the French Commercial Code contains the list of persons subject to this obligation. Currently, the prescribed period is twenty days after coming into possession of the securities (Article R.225-111 of the French Commercial Code).

<sup>14</sup> Article L.225-109, paragraph 2 of the French Commercial Code.

<sup>15</sup> In application of articles L. 621-18-2 and R. 621-43-1 of the French Monetary and Financial Code and of article 19 of MAR.

<sup>16</sup> Article 241-5 of the AMF General Regulations.

- the unit price and amount of the Transaction.

A form of this notice is attached in the Schedule 2 of this Code. The notice must be sent electronically via the “Onde” extranet of the AMF website or to the following address:

<https://onde.amf-france.org/RemiseInformationEmetteur/Client/PTRemiseInformationEmetteur.aspx>

Filing information with the AMF from Onde requires an access account and the associated connection identifiers. To obtain them, simply create an account at the above address.

Reports may be transmitted by a third party on behalf of persons required to file reports. The identity of the third party must then be clearly indicated on the reporting form available on the AMF website.

The statement is not subject to review by the AMF before being published. It is established under the sole responsibility of the declarant. However, it may be subject to an a posteriori review by the AMF.

Declarations are made public by the AMF.

### **7.3 Threshold applicable to the Reporting Requirements**

The above-referenced notification is not required where the cumulative amount of such Transactions does not exceed €20,000 in a calendar year.

### **7.4 Transactions and financial instruments to which the reporting obligation does not apply**

It being specified that the following transactions provide for specific exemptions<sup>17</sup>:

- transactions carried out within a credit institution or an investment service provider, on behalf of third parties, when the credit institution, the service provider or one of their officers or directors is a corporate officer of the Company;
- transactions carried out by corporate officers when they act on behalf of third parties;
- a pledge (or similar security interest) on financial instruments related to the deposit of financial instruments in a securities deposit account, provided that this pledge (or similar security) is not intended to secure a particular credit line.

The reporting obligation also does not apply to Transactions in the following financial instruments<sup>18</sup>:

- shares of a collective investment organization in which the exposure to the Company’s shares or debt securities of the Company does not exceed 20% of the assets held by this organization;
- financial instruments providing exposure to a portfolio of assets in which exposure to Vallourec’ shares or debt securities does not exceed 20% of the assets in the portfolio;
- shares in a collective investment organization or financial instruments providing exposure to a portfolio of assets and the Person Discharging Managerial Responsibilities, Chairman and Chief Executive Officer or Closely Associated Person does not know, and could not have known, the composition of the investment or exposure to such a collective investment organization or portfolio of assets regarding the Vallourec shares or debt securities, and furthermore has no reason to believe that the Vallourec shares or debt securities exceed the thresholds set out in the two points above.

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<sup>17</sup> Article 19.7 of MAR; AMF Position-Recommendation n° 2016-08.

<sup>18</sup> Article 19.1bis of MAR; AMF Position-Recommendation n° 2016-08.

## **8. Compliance with the Code and Sanctions**

### **8.1 Ethics**

Vallourec's Securities Compliance Officer shall monitor compliance with this Code, although the ultimate responsibility for complying with applicable regulations lies with each concerned Personnel.

In connection with his or her duties, the Securities Compliance Officer is charged with:

- informing the Personnel in advance of the black-out periods resulting from the disclosure of Vallourec's annual and half-year financial statements and quarterly financial information (as defined in Section 5 above), based on the expected dates of such release, set on an annual basis;
- collecting notices of Transactions in Company Financial instruments from Persons Discharging Managerial Responsibilities pursuant to the conditions defined in Section 7 above;
- informing the Chairman and Chief Executive Officer of Vallourec as soon as possible of any discovered violations of this Code or stock exchange regulations;
- preparing lists of insiders in accordance with Article 18 of MAR;
- informing insiders of their inclusion on each list referred to above;
- updating the lists of Permanent Insiders and Occasional Insiders and submitting them to the AMF upon request, as well as retaining them for five years from the date on which they were prepared or updated;
- if needed, to hold and update the list of Addressees of Sensitive Information;
- preparing and updating, pursuant to Article 19.5 of MAR, the list of Persons Discharging Managerial Responsibilities as well as their Closely Associated Persons, as defined in above section 7.

### **8.2 Obligation to Inform**

In order to ensure compliance with this Code within the Vallourec Group, the Personnel must implement all measures to prevent violations of the Code, including in particular:

- (i) informing the Securities Compliance Officer of any project that is not yet public and that may, by its nature, constitute Inside Information and, if it does, providing the Securities Compliance Officer with an evolving list of insiders with respect to the project, using the forms for adding and removing names attached as Schedule 3 to this Code;
- (ii) proceed to the execution of confidentiality agreements (or any similar written document) for her or himself and from all persons under their authority or supervision, whether employees or third parties, who work on sensitive matters entailing Inside Information;
- (iii) informing their teams working on sensitive matters of the existence and content of this Code and requiring them to sign an undertaking to comply with it (cf. model in Schedule 2);
- (iv) notifying the Securities Compliance Officer without delay if Inside Information has been revealed.

The Personnel is reminded that the implementation of these preventive measures does not exclude their criminal liability in the event of a violation.



## 8.3 Sanctions

Depending on the situation, failure to comply with applicable regulations constitutes either a criminal violation or an administrative violation, as summarized below. This summary being not exhaustive; Addressees should refer to the actual legislation and regulation.

### 8.3.1 Insider trading

Said laws and regulations notably provide that:

- (i) any Insider attempts to carry out or facilitates, either directly or through an intermediary, one or more transactions before the public has knowledge of such information shall incur a penalty of **five years' imprisonment** and a fine of **€100,000,000** (such amount may be increased to ten times the amount of any profit realized and shall not be less than the amount of such profit)<sup>19</sup>; and
- (ii) any Insider who discloses, or tries to disclose, such information to a third party other than in the ordinary course of his or her profession or duties shall incur a penalty of **five years imprisonment** and a fine of **€100,000,000** (such amount may be increased to ten times the amount of any profit realized and shall not be less than the amount of such profit)<sup>20</sup>.

The same sanctions apply to attempts.

For legal entities, the fine is capped at the highest of the following amounts: 500 million euros, ten times the amount of the benefit derived from the offence, or 15% of the total annual turnover as shown in the last consolidated annual accounts approved by the general meeting<sup>21</sup>. Ancillary penalties may also be imposed (dissolution, permanent or temporary prohibition from exercising one or more activities, judicial supervision, etc.)<sup>22</sup>. The same sanctions apply to attempts.

### 8.3.2 Insider misconduct

Alternatively from the criminal sanctions referred to in Section 8.3.1 above, in the event of a failure to comply with MAR provisions, described, in particular, in connection with Section **Erreur ! Source du renvoi introuvable.** (*Obligations to Refrain from engaging in Transactions in Company Financial instruments*) of the Code, the AMF may impose a fine the amount of which may not exceed **€100,000,000** or, if profits have been realized, ten times the amount of such profits<sup>23</sup>.

For legal entities, the fine may be increased up to 15% of the total annual turnover as shown in the last consolidated annual accounts approved by the general meeting<sup>24</sup>.

It is reminded that in connection with measures implemented to prevent insider trading or misconduct, Persons Discharging Managerial Responsibilities and their Closely Associated Persons are required to comply with the notification requirements referred to in Section 7 (*Reporting Requirements*).

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<sup>19</sup> Article L.465-1 paragraph 1. A of the French Monetary and Financial Code.

<sup>20</sup> Article L.465-3 paragraph 1 of the French Monetary and Financial Code.

<sup>21</sup> Article L. 621-15 III bis of the French Monetary and Financial Code, by reference of the article L. 465-3-5, paragraph I of the same code.

<sup>22</sup> Articles 131-38 and 131-39 of the French Criminal Code by reference of the article L. 465-3-5, paragraph I of the French Monetary and Financial Code.

<sup>23</sup> Article L. 621-15 III c) of the French Monetary and Financial Code.

<sup>24</sup> Article L. 621-15 III bis of the French Monetary and Financial Code.

## Schedule 1 - Applicable Regulations

- Regulation (EU) N°596/2014 of April 16, 2014 on market abuse, as amended;
- Delegated and implementing regulations of the MAR Regulation:
  - o Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) N° 596/2014 of the European Parliament and of the Council as regards [...] the competent authority for postponement notifications, the authorization of trading during stop periods and the types of transactions to be notified by managers, as amended;
  - o Commission Implementing Regulation (EU) 2016/347 of March 10, 2016 setting out implementing technical standards specifying the format of insider lists and the modalities for updating such lists;
  - o Commission Implementing Regulation (EU) 2016/1055 of June 29, 2016 laying down technical implementing standards relating to technical arrangements for the publication and deferral of inside information;
- Article L.465-1 *et seq.*, article L.621-15 *et seq.* and article L621.-18-2 of the French Monetary and Financial Code;
- AMF General Regulation: Title II - Periodic and ongoing information, articles 223-1 *et seq.*;
- ESMA's positions and recommendations on the MAR Regulation:
  - o *Guidance* on the Market Abuse Regulation (ESMA/2016/1478);
  - o Q&A on the implementation of the Market Abuse Regulation (in its up-to-date version);
- AMF Position-Recommendations (note that the AMF General Regulation no longer deals with these subjects and that it is now done by reference to the MAR Regulation);
- AMF Position-Recommendation N° 2016-08, Guide to continuous disclosure and management of Inside Information: In this guide, the AMF recalls the main obligations related to the continuous disclosure of issuers and the management of Inside Information, including for their executives, and groups together the positions and recommendations of the AMF and ESMA in this area;
- AMF Position-Recommendation N° 2016-05, Guide to periodic information for companies listed on a regulated market.

## Schedule 2 - Form to be submitted on the Onde Extranet

### Notification and public disclosure of transactions by persons discharging managerial responsibilities and persons closely associated with them

#### 1. Details of the person discharging managerial responsibilities/person closely associated

Type of person: [individual]

Last Name:

First Name:

#### 2. Reason for the notification

The person making the disclosure is:

- a person mentioned in article 3.25) of Regulation (EU) No 596/2014 of April 16, 2014 on market abuse
- a closely associated person mentioned of article 3.26) of Regulation (EU) No 596/2014 of April 16, 2014 on market abuse

*Please specify the functions performed within the issuer:*

Position/status:

#### 3. Details of the issuer

Name:

LEI:

#### 4. Details of the transaction

Date of the transaction:

Place of the transaction:

Nature of the transaction:

Description of the financial instrument, type of instrument:

Identification code:

Detailed operation information

Prices	Unit Currency	Number of financial Instruments	Total amount
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Aggregated information

Weighted average price	Currency	Number of aggregated financial instruments
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If the transaction is linked to the exercise of a share option program or an allocation of bonus or performance shares, check the box.

5. **Comments**

Beware: this additional information will also be published on the website of the AMF.

### Schedule 3 – Form for Inclusion or Removal of an Employee or outside party

Person to be included	Reason for inclusion
Last and first Name ..... Position ..... Professional address and phone number ..... email ..... Personal address and phone number ..... ID number ..... Date of inclusion (JJ/MM/AA)      . / .. / .. Time of inclusion      . / .. / .. Date of birth (JJ/MM/AA)      . / .. / .. <input type="checkbox"/> I acknowledge that these data could be sent to the AMF  _____ (insider signature)	<p><b>Permanent Insider</b></p> <input type="checkbox"/> Participates in the preparation (or prior review) of documents or press releases intended for shareholders. <input type="checkbox"/> Participates in the final preparation of the consolidated or non-consolidated financial statements of ..... <input type="checkbox"/> Is involved in actions that are significant at the Group level with respect to performance, assets, risks or liabilities. <input type="checkbox"/> Performs duties that may give him or her access to information held by persons of high ranking positions within ..... ..... .....  <p><b>Occasional Insider</b></p> <input type="checkbox"/> Indicate the concerned project: ..... .....

Person to be removed from the list	Reason for removal
Last Name ..... First Name ..... Position ..... Date of removal (JJ/MM/AA)      .. / .. / .. Time of removal (JJ/MM/AA)      .. / .. / .. Name of replacement: ..... <input type="checkbox"/> Inclusion of the replacement on the list of permanent/occasional insiders	<input type="checkbox"/> Resignation - Dismissal <input type="checkbox"/> Retirement - Death/Disability <input type="checkbox"/> Modification or termination of contract or of assignment  <p><b>If the person was a permanent insider employee</b></p> <input type="checkbox"/> Transfer within the Group, with new duties that do not result in the employee regularly having inside information.  <p><b>If the person was an occasional insider employee</b></p> <input type="checkbox"/> Indicate the reason: ..... ..... .....

Person requesting inclusion or removal

Last Name ..... Date .....

First Name ..... Signature .....

#### **Schedule 4– Letter of adherence**

*(Each recipient of this Code must complete and sign this letter and send it to the Securities Compliance Officer)*

I, the undersigned, *(name, first name and position)*, have read the Vallourec Group Code of conduct on securities market matters and undertake to comply with it in all circumstances

In ....., on .....

*(signature)*