2023 UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

vallourec

SMART TUBULAR SOLUTIONS

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Information from the Consolidated statement of non-financial performance and/or the Annual financial report (AFR) is clearly identified in the table of contents using the pictograms:

NFS AFR

2023 UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS AMF

The Universal Registration Document was filed on 14 March 2024 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 2023 Universal Registration Document, including the annual financial report 2023, 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.

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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 I 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 365.

PHILIPPE GUILLEMOT

Chairman and Chief Executive Officer

"The plan announced in May 2022 is fully executed. It has given birth to a New Vallourec, whose journey continues to move forward. Our value creation model is based on a new core principle: to be a trusted partner and create value for all our stakeholders by providing cutting-edge steel solutions that make energy transformation a reality."

THE BIRTH OF A NEW VALLOUREC

2023 will stand out in Vallourec's history as the year we transformed the company. Thanks to our game-changing New Vallourec plan, we are once again a force to be reckoned with.

Announced in 2022, the New Vallourec plan has been fully executed and is already a resounding success. We have overhauled both our business and our industrial footprint. The result is a high-performance organization with the right production sites in the right places, each with a clear mission. They enable us to efficiently serve three geographical regions: North America, South America, and the Eastern Hemisphere.

Our focus is now firmly on value over volume. That means leveraging our know-how in steel formulation and the design of gas-tight connections and our industrial excellence to innovate and provide our customers with premium tubular solutions.

A sound financial footing for future growth

The deployment of the New Vallourec plan is already translating into robust performance. 2023 was a highly successful year for Vallourec. We beat our own forecasts to achieve our strongest profitability and cash generation in nearly 15 years. Our EBITDA rose to €1,196m while our adjusted free cash flow reached €860m. And having halved our net debt to €570m, we are progressing well on our path to reach our objective of zero net debt by the end of 2025 at the latest.

This improved financial position is already starting to be recognized. Our credit rating has been upgraded three times in 18 months. And we are committed to creating the necessary conditions to return a significant, peer-leading amount of cash to shareholders, potentially starting in 2025.

We achieved all this thanks primarily to the tireless efforts of Vallourec employees. In 2023, nearly half our workforce subscribed to Vallourec Invest, our employee share plan. This is a real mark of confidence in our company and a personal source of pride for me.

Strong demand and solid execution

Vallourec's high-performance, seamless tubular solutions for the oil and gas industry were in high demand in 2023 from our traditional customers, supported by our optimized production chain and operational excellence.

These favorable market conditions provide a positive backdrop for premiumization. We expect them to continue in 2024 as the premium tubes business remains in a multi-year upturn.

Our ambition is to continue to deliver consistent excellence to our oil and gas customers. At the same time, we are investing in the development of our New Energies business to become a key player in the low-carbon economy.

New market opportunities to be seized

In 2023, we saw a substantial uplift in our New Energies business, with an 80% increase in volumes and contracts with more than 10 new customers. Geothermal and carbon capture, utilization and storage (CCUS) projects are particularly rich seams we intend to mine. There is meaningful demand from high-value CCUS projects in North America, and geothermal is gathering momentum across all our regions.

2023 also saw the inauguration of our proprietary vertical hydrogen gas storage solution, Delphy. This breakthrough technology, built at our R&D center in Aulnoye-Aymeries, France, reflects our role as a major contributor to the world's energy transition. Not only does it prove the sheer technological prowess of our R&D, it also establishes us as an important player in hydrogen, a sector with huge growth potential. We have already received significant customer interest throughout the entire hydrogen value chain.

As the energy transition gains momentum, so too does Vallourec's transformation. As an important part of our strategy, we aim to become exemplary in environment, social and governance topics. In 2023, we achieved a major milestone by meeting our 2025 CO_2 reduction targets two years ahead of schedule. Our new ambition is even stronger: to reduce our CO_2 footprint by 35% by 2035 compared to 2021.

A new industrial journey

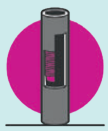
In 2024, Vallourec is firing on all cylinders. Our 2023 results demonstrated that our strength today lies in our dual positioning: both in robust, established sectors, but also in high-potential emerging markets.

We have exceeded our own expectations in terms of performance, innovation and sustainability. We are also right on track to achieve our strategic goal to be best-in-class for profitability with a business that is resilient in all market conditions.

VALLOUREC

A trustworthy partner for cutting edge steel solutions that make energy transformation a reality

A world leader serving 4 markets



HYDROCARBON EXPLORATION & PRODUCTION (INCLUDING PETROCHEMICALS)

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

INDUSTRY

Lightweight and resistant tubes for automotive, agribusiness, construction, mechanicals, etc.

IRON ORE PRODUCTION

Operation of an iron mine in Brazil for external and internal use.

NEW ENERGIES

Tubes, connections and systems for the hydrogen, geothermal and carbon capture markets.

150 VAM licensees worldwide

THE GROUP

€5.1bn
in revenue

15,000
employees

35
production sites

Present in more than
20 countries

RESEARCH & DEVELOPMENT

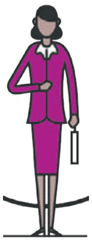
€34m
spent on R&D

280
technicians and engineers

3
main research and test centers

Deeply involved in and committed to social and environmental responsibility

SOCIAL & SOCIETAL



26%
female executives

70%
of employees satisfied*

€2.3m
allocated to actions benefiting local communities

HEALTH & SAFETY

TRIR
2.35
i.e., a 20.4% reduction in accidents with and without lost time between 2022 and 2023

90.2%
of hazardous substances (CMRs**) eradicated

ENERGY

38%
of energy consumed from renewable sources

90%
of electricity consumed is low carbon

37%
of production from ISO 50001 certified sites

RESOURCES EMPLOYED

78%
of resources used come from renewable sources

97.6%
of waste recovered

56%
of steel used from recycled scrap

ENVIRONMENT

11%
of our water requirements for tube production supplied by rainwater

PURCHASING

73%
of spending with suppliers under CSR performance assessment

Great Place To Work certification for the US subsidiary, with a response rate of 62%.
*** Carcinogenic Mutagenic Reprotoxic substances.*

WELCOME
TO THE NEW VALLOUREC!

With over 135 years of expertise, Vallourec stands as a trustworthy partner for cutting-edge steel solutions that make energy transformation a reality. The Group is a vertically integrated and premium tube supplier that meets the demands of the energy sector while responding to some of the most rigorous industrial applications. Vallourec's advanced product portfolio ranges from oil and gas wells situated in extreme conditions, to high-performance mechanical equipment, to solutions for new energy markets. The Group relies on leading-edge R&D to push the limits of industrial technology, while maintaining one of the lowest carbon footprints on the market.

Serving 4 key markets

For these markets, Vallourec offers the most extensive range of premium seamless tubes, specialty tubes, connections and innovative solutions to meet its customers' strictest requirements.

Industry benchmarks in terms of design and performance:

VAM® connection portfolio
Ensures the integrity of O&G and geothermal wells, as well as hydrogen and carbon storage solutions, while withstanding extreme conditions.

Cleanwell®
Dope-free, non-polluting coating, factory-applied to threaded connections. It offers exceptional anti-corrosion and lubrication properties.

Materials
A wide range of proprietary grades including X80 for line pipe applications, Sour Service, High Collapse and CRA (corrosion-resistant alloys) for OCTG applications.

Additive Manufacturing Solutions
Enables on-demand printing of large metallic parts as close as possible to clients' operations, thus reducing logistics costs and carbon emissions.

Delphy
The first large-scale vertical storage solution that can store up to 100 metric tons of hydrogen under maximum safety conditions.

Through the Vallourec® Services portfolio, the Group also offers its customers a wide range of services, whether onsite or via an ever-growing range of digital solutions designed to cut costs and improve operational efficiency.

Respecting people and the environment

Vallourec puts Environment Social Governance (ESG) principles at the core of its values, consistently integrating the highest standards of safety, quality, social responsibility and environmental consciousness into its strategy.

The teams at Vallourec are dedicated to respecting individuals, regardless of gender, culture, generation, or any other differentiating characteristics.

Safety remains the Group's top priority. Vallourec ensures that each of its employees and subcontractors understands and complies with rigorous safety standards required for all of the Group's activities. The introduction of the 12 life-saving rules program plays a crucial role in this process.

Nearly 50%* of employees took part in the **Vallourec Invest 2023** employee shareholding plan, demonstrating once again the robustness of the Group's roadmap and employees' confidence in the strategy implemented.

Training and learning are also pivotal to achieving operational excellence. Through Vallourec University, the Group provides training covering fundamentals, culture, leadership, soft and business skills.

Vallourec's long-term commitment is recognized by international non-financial rating agencies. In 2020, the Group announced its ambition to reduce its direct and indirect carbon emissions by 25% by 2025**. These targets received SBTi approval. Vallourec has already achieved this reduction for all scopes 1, 2 and 3 emissions.

Strongly committed to a bold decarbonization journey ...

In 2022, Vallourec launched the Climate Challenge, aiming to reduce its CO_2 footprint by 35% by 2035 compared to 2021. The Group will achieve this goal by using recycled scrap, biomass charcoal from the 164,000 hectares of its Brazilian forest, and a low-carbon energy mix in its steel production.
The result: best-in-class tubes with the lowest carbon footprint in the industry for Vallourec customers.

1.27

metric tons of CO_2e per metric ton of steel produced versus 1.91 metric tons on average for the industry***

1.796

metric tons of CO_2e per metric ton of tubes delivered versus 2 metric tons on average for competitors

… and accompanying customers in their energy transition

Leveraging its longstanding technical expertise, Vallourec® New Energies offers solutions for safe hydrogen storage, carbon sequestration, advanced & sophisticated geothermal systems, and solar energy. The Group has already achieved important milestones in each segment, supporting Vallourec's position as an integral industry player in the energy transition.

A leading R&D network to support operations

Vallourec's 280 R&D experts work together to create the next generation of premium tubular solutions.

In addition to various partnerships, the Group collaborates with a network of university and start-up partners, emphasizing the sharing of knowledge and best practices to contribute to its innovations for tomorrow.

NEW VALLOUREC: EMBARKING ON A NEW INDUSTRIAL JOURNEY

Announced in 2022, the New Vallourec plan aims to create a profitable company with a long-term future, regardless of market conditions.

The roadmap is clear:

1/ Deliver best-in-class profitability.

2/ Reduce the profitability gap with the sector's leading players.

3/ Make Vallourec resistant to market fluctuations.

Financially, the New Vallourec plan means zero net debt by the end of 2025 and regular increases in EBITDA.

To achieve these objectives, Vallourec has launched two major operational initiatives:

1/ Realigning the Group's industrial footprint around three geographies – North America, South America, and Eastern Hemisphere – to ensure proximity to its markets.

2/ Targeting value rather than volume, focusing on premium markets and exiting all commodity markets.

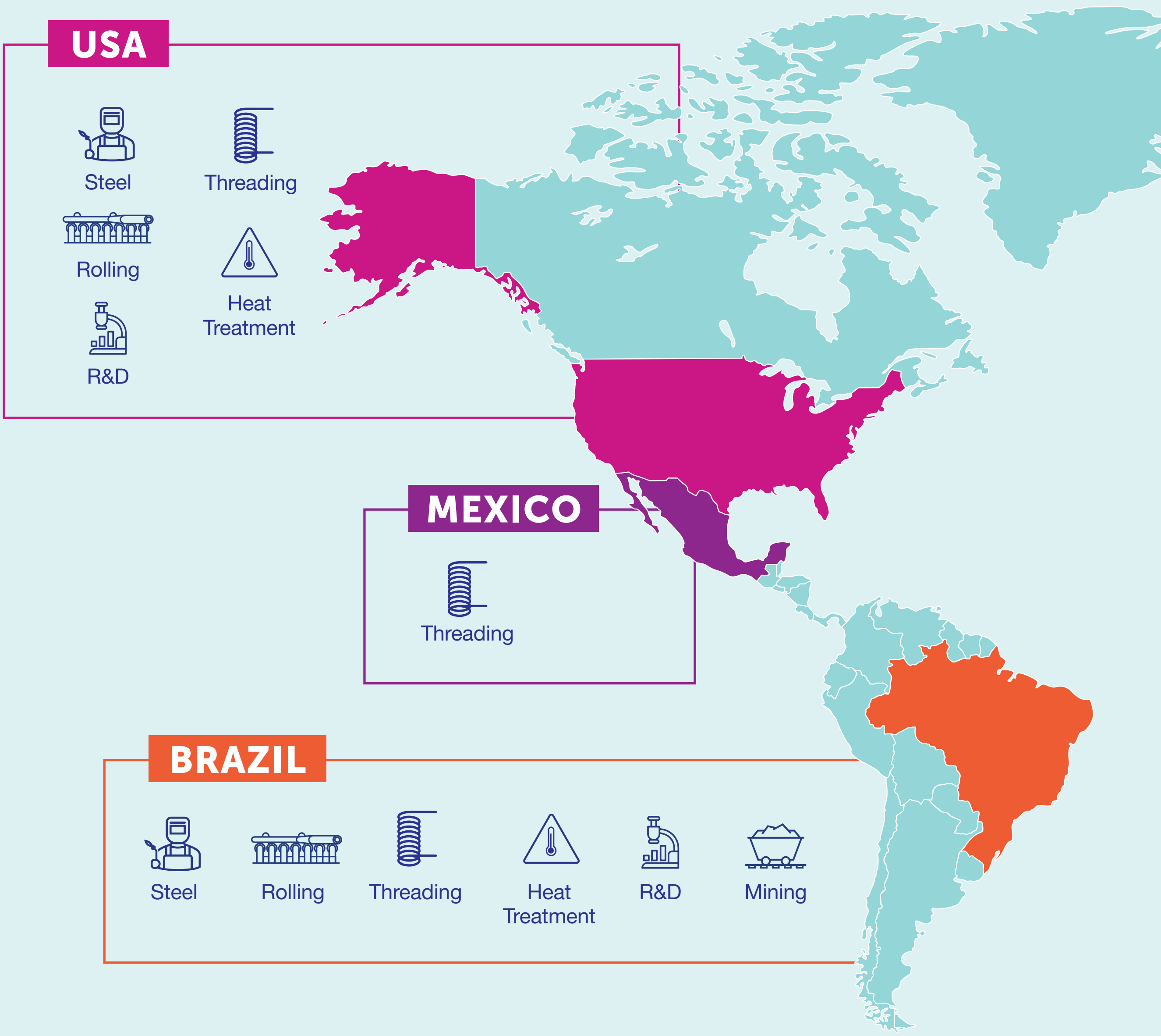
Additionally, the Group has reshuffled its management team and set very ambitious ESG targets.

** The Vallourec Invest 2023 plan targeted three countries: Brazil, France and the United States.*
*** Using 2017 as the baseline year.*
**** Source : Worldsteel Association Figures.*

VALLOUREC, AN OPTIMIZED INDUSTRIAL FOOTPRINT:

three premium strategic hubs close to our customers

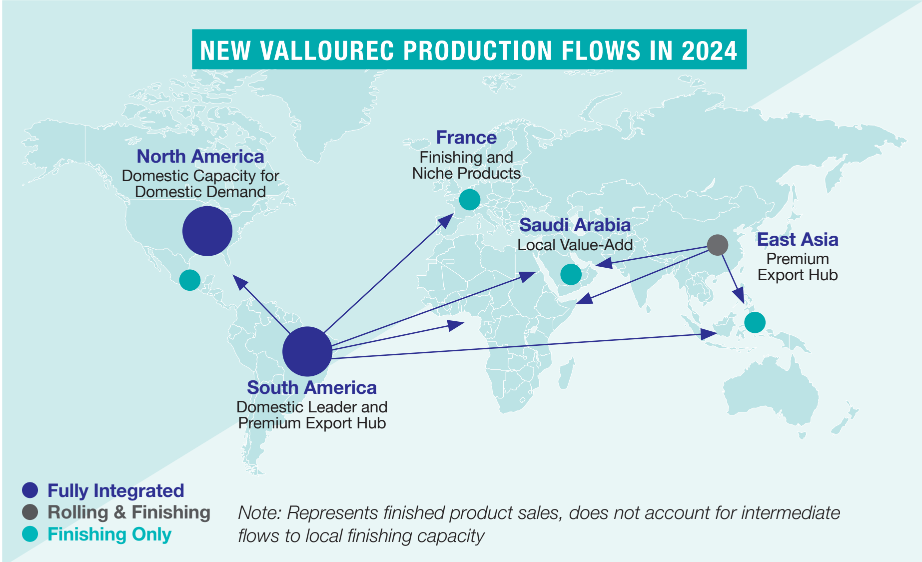
A global production asset base

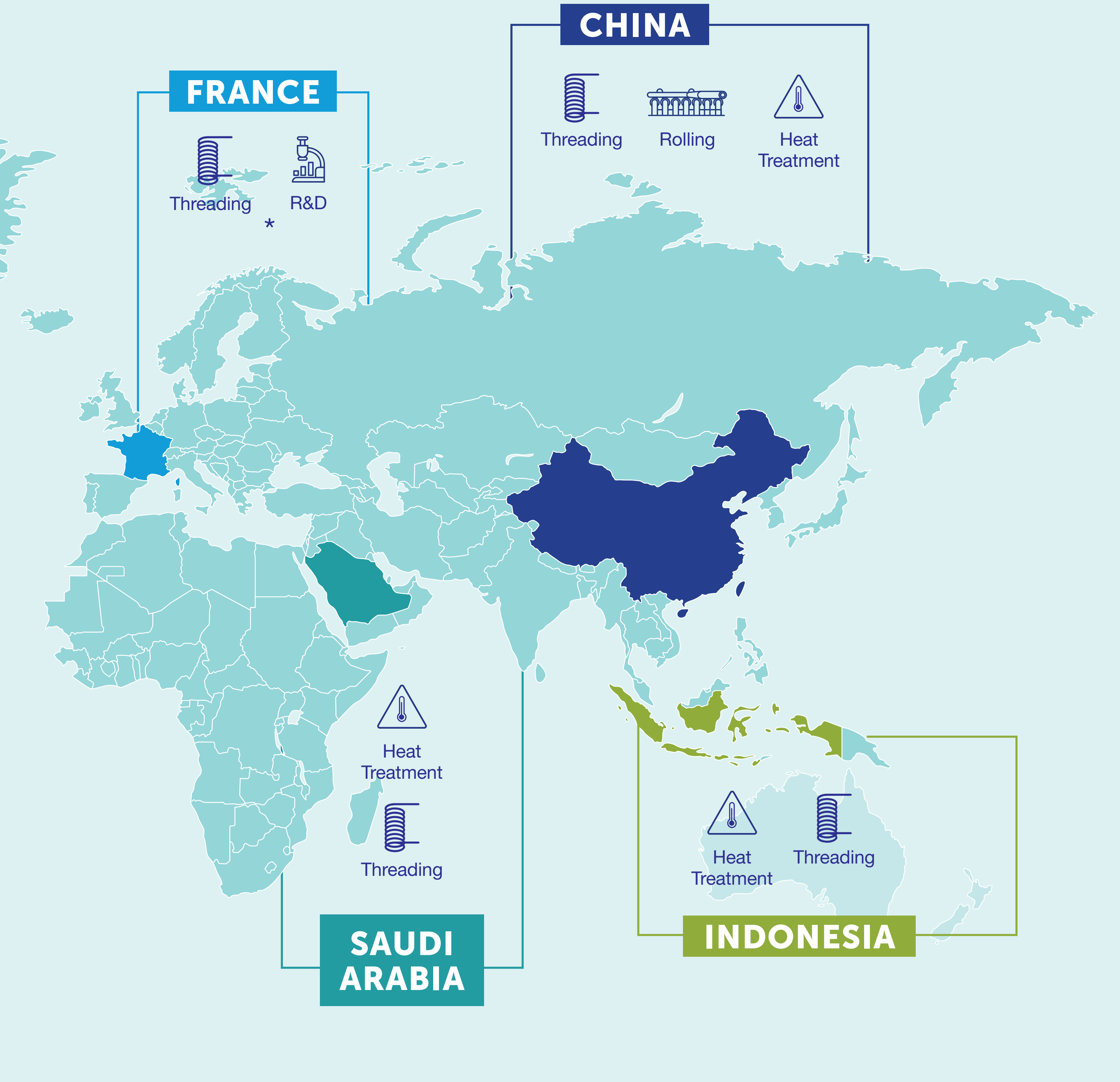


Expected footprint in 2024

** In France, Rolling and Heat Treatment within Aulnoye forge only*

THREE PREMIUM PRODUCTION HUBS: NORTH AMERICA, SOUTH AMERICA & EASTERN HEMISPHERE





Key financial and business performance indicators

Consolidated data	Unit	2022	2023	Change
Sales volume	kt	1,804	1,552	-14%
Revenue	€m	4,883	5,114	4.7%
Industrial margin	€m	1,076	1,594	48.1%
Industrial margin (as a % of revenue)		*22.0%*	*31.2%*	*9.1 pts*
EBITDA	€m	715	1,196	+€481m
EBITDA margin (as a % of revenue)		*14.6%*	*23.4%*	*+8.7 pts*
Operating income (loss)	€m	(122)	859	€981m
Net income (loss), Group Share	€m	(367)	496	€863m
Earnings (loss) per share	€	(1.60)	2.16	N/A
Capital expenditure	€m	(191)	(213)	-€22m
Free cash flow*	€m	(216)	498	+€714m
Net debt	€m	1,130	570	-€560m
Equity	€m	1,686	2,224	+€538m
Net financial leverage		1.6x	0.5x	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.*

CHAPTER 1

1 PRESENTATION OF THE VALLOUREC GROUP

Vallourec is a world leader in premium tubular solutions, with a particular focus on energy markets, including Oil & Gas and New Energies. Vallourec operates a global network of steel shops, tube rolling mills and heat treatment and threading facilities backed by a state-of-the-art Research and Development (R&D) operation. While its origins are in France and Germany, Vallourec now has operations in over 20 countries across Europe, the Americas, the Middle East and Asia, and employed more than 15,000 employees as of year-end 2023.

1.1 Looking ahead to a New Vallourec

1.1.1 Our history

The Vallourec Group is over 100 years old, with some of the original Group companies having been created in the last decade of the 19th century. Vallourec originated in two regions of France, both with long manufacturing traditions: the Hauts-de-France region around Valenciennes and the Burgundy region around Montbard, in Côte-d'Or. At the end of the 1990s, with the creation of the joint venture between Vallourec and Mannesmann, the Group was also 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. Today, Vallourec is an international group with operations in North and South America, Europe, Asia, Africa and the Middle East, working in close proximity 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 19th 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 gas 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 VALLOUREC & MANNESMANN TUBES JOINT VENTURE

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 expanded its industrial footprint 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.(1), 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 OCTG market.

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.

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.

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 PRESSES AHEAD WITH ITS TRANSFORMATION

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).

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

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.

2021-2022: 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. In the absence of a buyer, Vallourec took the decision in 2022 to close its German facilities and other European sites in order to put an end to the significant long-term losses generated by these activities.

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 second-quarter 2024. It will contribute to making the Group cycle-proof and generating positive Free Cash Flow, before change in working capital, under all market conditions.

Also during 2022, Vallourec made six appointments to reinforce the Executive Committee tasked with executing the transformation strategy in the New Vallourec plan.

The Group enjoyed strong sales momentum in the United States and other regions, propelled by customers such as Saudi Aramco, ADNOC and Petrobras, with which the Group was able to sign new contracts in addition to its existing business dealings.

To step up growth in its business supporting the energy transition, in September 2022, Vallourec decided to bring together its portfolio of energy transition offers under a single commercial name, Vallourec® New Energies.

2023: ROLLOUT OF THE NEW VALLOUREC PLAN

In September 2023, at its first Capital Markets Day in almost a decade, the Group presented the key components of its New Vallourec plan to investors and analysts, and highlighted the significant progress made in its execution and in the transformation of the Group's strategy and industrial footprint since its financial restructuring:

- In January 2023, as part of the New Vallourec plan, the Group revamped its organization to focus on three regions (North America, South America, and Eastern Hemisphere), in a bid to simplify and optimize its 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.
- In the Eastern Hemisphere region, the Group launched a program to increase capacity in Saudi Arabia, and implemented a premiumization and headcount downsizing program in China to improve margins and yields in the country. In 2023, Vallourec also successfully finalized the closure of several facilities in Europe, including its historical rolling activities in Müllheim and Düsseldorf-Rath.
- Simultaneously, in South America, Vallourec also started rolling out its capital expenditure program in Brazil, which will enable the production of a wider range of Oil & Gas products historically manufactured in Germany.
- The Group also made substantial progress in reducing its headcount and generating associated cost savings.

As at the date of this Universal Registration Document, the New Vallourec plan has been rolled out, with its full impact expected to be felt from the second half of 2024.

1.1.2 Our values

1.1.2.1 A trusted partner: providing industrial excellence to our customers

Vallourec focuses on achieving industrial excellence in delivering solutions which achieve highest quality and safest performance whatever the applications and conditions. In so doing, the Group operates as a long-term partner to its customer, many of whom have worked with Vallourec for decades.

Vallourec provides project planning support, material selection and validation, and custom-engineered solutions to allow operators to safely push past technological limitations in oil and gas field development. Vallourec consistently and reliably demonstrates its mastery of the full supply chain by providing one of the industry's widest range of high-end tubular solutions as well as services required to enable their successful deployment.

1.1.2.2 At the forefront of innovation

The Group supplies a wide range of premium, high-performance tubular solutions whose manufacture requires significant technological and industrial expertise. Complementary specialized services provide customers with a comprehensive offering of innovative solutions meeting the most demanding requirements.

The Group's offering 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 market-leader VAM®, and accessories; and
- innovative and connected services.

1.1.2.2.1 CUTTING EDGE STEEL SOLUTIONS

The Group's key competitive advantages include its technological expertise and high-end product offering. The Group intends to leverage its technological lead and brand recognition to develop new products and solutions and strengthen its proximity to its customers.

Vallourec relies on state-of-the-art Research & Development, collaborating with a network of universities and start-ups to provide innovative and cutting edge steel solutions. A pair of premier steel shops in the United States and Brazil supply a broad range of proprietary alloys and steel grades that enable high performance across a wide variety of environmental conditions. Vallourec has the industry's largest patent portfolio in the Oil Country Tubular Goods (OCTG) industry and specializes in premium tubular connections via its VAM® line of products.

Vallourec has a robust culture of innovation that has allowed it to build industry-leading patent portfolio. It has a sophisticated R&D operation headquartered in Aulnoye-Aymeries, France and with offices in the United States and Brazil. Among other achievements, Vallourec is known for the development of 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's ongoing research & development and close customer relationships allow it to maintain its technological edge and anticipate its customers' needs. Innovation is at the heart Vallourec's value creation strategy.

Research and development enables Vallourec to safely push the technological limits of oil and gas field development on behalf of its customers, expands Vallourec's core business, and allows the development of new revenue streams. Recently, Vallourec has focused on:

- fit-for-purpose connection technologies such as the SLIJ-3 connection in the Gulf of Mexico and the SPRINT series of connections for US shale;
- custom steel grades such as the X-80 grade for offshore line pipe, an industry-first technology that maximizes strength while maintaining weldability for offshore pipeline applications;
- unique services and accessories like Vallourec's digital suite of services, inventory management services, robotic inspection tools, and additive manufacturing, to name a few; and
- 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' operation, reducing logistics costs and associated carbon emissions.

To lower its carbon footprint, in the steel-making process in Brazil, Vallourec has developed and patented a high-quality biomass charcoal production continuous process with lower methane emissions.

Vallourec's tubes and threaded connections, which have been used for over 55 years, will continue to bring high value to our customers' complex projects and are now qualified for New Energies requirements. Vallourec offers solutions and services across the entire value chain to provide mission critical tubes and connections as well as answering requirements whenever and wherever needed. Our technical support is available 24/7 with more than 200 field engineers worldwide.

Thanks to its proven know-how, supported by its five dedicated R&D hubs in Europe, Brazil and the United States, and its 280 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 TotalEnergies in the North Sea.

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.

1.1.2.2.2 STATE-OF-THE-ART MANUFACTURING PROCESSES

A) Forest and iron ore mine

In Brazil, Vallourec operates eucalyptus forests to produce charcoal to fuel its blast furnace. The Group is pursuing efforts to improve its performance in this area. The main thrusts of this research include scientific tree selection, improving forest nutrition programs and industrialization of the continuous charcoal-making process. In Brazil, the Group also extracts iron ore at its Pau Branco mine. The charcoal supplied by the carbonization units and the iron ore supplied by the mine represent the high-quality raw materials feeding the pellet plant and the blast furnace at the Jeceaba integrated plant.

Vallourec's use of charcoal instead of the mineral coal generally used in the steel industry contributes significantly to reducing the carbon footprint of the Group's Brazilian operations.

B) 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.

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

Developments are ongoing for the very latest hot-rolling techniques, such as cone drilling, continuous three-roll rolling, and increasingly efficient automation of all stages of the manufacturing process.

D) 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.

E) 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.

F) Threading

Threading is a key process in the manufacture of the wide range of VAM® premium threaded connections and associated surface treatments such as CLEANWELL®, a dope-free, multi-function coating. The VAM® Threading Competence Center (VAM® TCC) designs, develops and industrializes all premium production methods for Vallourec connections. 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.).

G) Finishing processes

In addition to threading, Vallourec's premium tubes undergo numerous finishing processes that add value and features adapted to the product's use (forming, machining, surface treatments, marking, etc.). Over the past few years, a great deal of work has gone into implementing new marking techniques that have improved tube-to-tube traceability and provided digital services to end users such as "Smartengo Inventory", "Best Fit", "Smart Run" and "Tally Vision".

H) 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. 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, with a particular focus on data analysis. The cutting-edge level 2 systems and applications are connected in order to continuously improve the performance of our products and services.

1.1.2.3 Respecting each other and the environment

1.1.2.3.1 CSR AT THE HEART OF OUR BUSINESS MODEL

Vallourec prioritizes ESG within its core values and has always integrated the highest standards of workplace safety, quality, social and environmental responsibility into 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 2 of this Universal Registration Document.

Vallourec is regularly assessed by the main non-financial rating agencies and specialized SRI funds such as MSCI, Sustainalytics, Moody's Vigeo-Eiris, Ecovadis and CDP. In January 2024, the Group, which had a rating of "AA" between 2019 and 2022, returned to its 2018 level with an "A" rating by MSCI ESG Rating. This change is attributable to the new method used to calculate this rating, which now factors in the breakdown of Vallourec's revenue by business, and should in no way be interpreted as a scaling-back of Vallourec's CSR commitments. At the same time, the ranking of non-financial rating agency Sustainalytics highlighted the Group's clear progress, moving up from 35th to 19th position out of the 105 energy sector players in the study. Vallourec's commitment has also earned it a platinum medal in Ecovadis' ESG assessment, with a score of 78 out of 100, placing the Group in the top 1% of companies assessed in terms of corporate social responsibility.

Safety and diversity

Vallourec believes its 15,000 employees are its most valuable asset to create value and conduct responsible business. At Vallourec, respect for people and the environment is our key priority. Respect of men and women, their dignity, and the variety of their cultures and generations is at the heart of the commitment of the Vallourec teams. The Group is committed to increasing the number of women executives to 30% by January 1, 2027, versus 26% in 2023.

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.

Reducing our carbon footprint

Vallourec is at the forefront of efforts to reduce the CO_2 emissions induced by the production of a tube.

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). In concrete terms, the Group, is committed to:

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

In 2022, the Group set new targets for reducing CO_2 emissions, which call for a further 30% reduction in the carbon intensity of our tube production by 2030, and 35% by 2035, compared with a 2021 baseline. These targets can be achieved by using low-carbon energy sources at the integrated production sites. The Group mainly uses nuclear energy in the United States and hydroelectric power in Brazil. In addition, as part of its activities in Brazil, the Group owns a eucalyptus forest which is used to produce charcoal from biomass. This charcoal replaces the mineral coal, frequently known as "coke" in the steel industry. Vallourec uses plant-based charcoal in blast furnaces for the production of fiber and also as a substitute for natural gas in the pellet plant, which offers significant advantages in terms of decarbonizing production processes.

A fruitful decarbonization journey (detailed in section 2.2.2.2 of this Universal Registration Document) started many years ago, now enables Vallourec to supply Tubes with the lowest carbon footprint of its industry (calculated based on life cycle assessment, cradle to site approach in accordance with ISO 14025 and EN 15804+A1 standards):

- One metric ton of steel produced by Vallourec generates 1.27 metric ton of CO_2e, where the steel industry average is 1.91 metric tons (source: World Steel Association).
- One metric ton of tubing (including steel, manufacturing and transportation to final destination) produced by Vallourec generates 1.79 metric tons of CO_2e, where the market average is 2 metric tons.

Acting as a driving force in reducing the industry's environmental footprint

Since 2021, Vallourec has been the only seamless tube manufacturer to respond to the three Climate, Water and Forest questionnaires issued by CDP[1] each year. In 2023, the Group's score remained above the industry average on all three questionnaires, despite the fact that the questionnaires have become increasingly demanding over the years, resulting in a downgraded rating and demonstrating the difficulty of maintaining previous scores:

- The Group was at "B Management" level on the Climate questionnaire, having maintained "A-Leadership" level for seven years, and in 2021 was part of the prestigious CDP "A List" of the most advanced companies in terms of climate issues. The foundry, refining and forming sector averaged a score of "B-".
- On the Water questionnaire, Vallourec returned to its 2021 level with a "B Management" score, after achieving an "A-Leadership" score in 2022. The foundry, refining and forming sector averaged a score of "C".
- With regard to the Forest questionnaire, this year the Group also returned to its previous "C Awareness" level achieved in 2021, after having obtained a "B- Management" grade in 2022, with Vallourec being the only steel manufacturer to have completed the questionnaire.

(1) CDP, a not-for-profit organization based in the United Kingdom, positions itself as a body seeking to help companies reduce their environmental impact by facilitating corporate transparency and performance.

1.1.2.3.2 MAKING ENERGY TRANSFORMATION POSSIBLE

Vallourec's products enable safe oil and gas development across the globe, including deepwater, shallow water, onshore, and unconventional resource plays. As the world transitions to a host of new energy technologies, Vallourec believes its legacy of innovation and customer support, which dates back to the 19th century, will enable the next phase of energy development. Vallourec has substantial technical know-how to supply solutions for safe storage of hydrogen, sequestration of carbon, and the development of increasingly advanced geothermal systems, which will allow its customers to meet the challenges of the energy transition.

1.1.3 Vallourec's unique value creation model

"Our model is based on a fundamental principle: creating value for our stakeholders by being a trustworthy partner for cutting edge steel solutions that make energy transformation possible." Philippe Guillemot.

1.2 Strategy and objectives

1.2.1 Market environment: trends and opportunities

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

- Oil & Gas: Vallourec offers a complete range of products and services for all types of oil extraction (shale, onshore and offshore), with tubes, connections and connected services for the exploration and exploitation of oil and gas fields, including the most complex;
- Industry (mechanicals, automotive, and construction): the Group produces lightweight and resistant tubes for a wide range of applications, hollow sections, tubes and hollow bars for the automotive, agribusiness, mechanicals and construction markets;
- Energy transition: Vallourec stands out from its competitors, particularly in terms of carbon capture, utilization and storage (CCUS) applications, high-temperature geothermal wells and hydrogen storage, with tubes and connections specifically tested and validated to meet the requirements that new and rapidly expanding energy applications need to withstand the corrosive environments involved; and
- Raw materials: the Group operates an iron mine in Brazil, with a portion of its output supplying the Jeceaba site and the remainder sold on the local market.

1.2.1.1 Oil & Gas market

Oil and gas demand and supply balance is the main driver for growth in exploration and production capital spending by (i) national oil companies (NOCs) and (ii) international oil companies (IOCs), with a potential impact for Vallourec as a partner of choice in providing premium tubular solutions to its customers (both NOCs and IOCs) for onshore and offshore projects across the globe.

According to the market report published by the IEA in January 2024, global oil demand rose by 2.3 mb/d in 2023, reaching an annual average of 101.7 mb/d. Global oil demand grew mainly in the second and third quarters of the year. In 2023, growth in demand for oil was primarily spurred by non-OECD countries, especially China.

Global oil supply increased by 1.9 mb/d in 2023, to an annual average of 102 mb/d. Among the main contributors to global oil production, OPEC+ members reduced their overall output by 400 kb/d in 2023, while non-OPEC producer countries, including the US, Brazil and Guyana, increased their output by 2.3 mb/d. In 2023, global oil supply exceeded the annual average of 100.5 mb/d seen in 2019.

1.2.1.1.1 OIL PRICES

In 2023, WTI averaged USD 77.6/barrel compared to USD 94.4/barrel in 2022, a decrease of nearly 18% which reflects easing geopolitical tensions on the energy commodities market.

Following the same trend, Brent crude averaged USD 82.2/barrel in 2023 (versus USD 99.03/barrel in 2022), a decrease of around 17% year on year.

1.2.1.1.2 OIL & GAS MARKET IN THE UNITED STATES

The number of rigs in operation averaged 687 units in 2023, down 4.9% on 2022 (723 rigs on average). At the end of December 2023, 622 rigs were in operation in the United States.

US OCTG prices stood at USD 2,270/metric ton in December 2023. Over the year, average OCTG prices fell by almost 15%, from USD 3,521/metric ton in 2022 to USD 3,049/metric ton in 2023.

OCTG consumption per rig in the United States increased during the year, averaging 444 metric tons per month in 2023 compared to 429 metric tons in 2021, a rise of 3.5%.

1.2.1.1.3 OIL & GAS MARKET IN BRAZIL

According to the IEA's January 2024 report, oil production in Brazil grew by 370 kb/d to reach a record average annual output of 3.5 mb/d. Production peaked in September 2023 at 3.8 mb/d.

In November 2023, Petrobras updated its multi-year capital expenditure program, which is expected to total USD 102 billion over the period 2024-2028, of which USD 73 billion will be set aside for exploration and production. This capex program is up 31% and includes an estimated USD 15 billion for new projects.

1.2.1.1.4 OIL & GAS MARKET IN THE EASTERN HEMISPHERE REGIONS

The upward trend in the rig count observed since the pandemic continued apace in international markets, moving from a low of 656 rigs in October 2020 to 955 rigs in December 2023. In 2023, the rig count rose by 54 units, driven in particular by the Middle East (up 18 units) and Africa (up 17 units).

In the MEA region, the Covid pandemic caused OCTG 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 2023, OCTG prices in the MEA regions rose by 13% to stand at USD 2,600/ton in December.

In Western Europe, after a rise that began in 2022 (up 61% between January and December 2022), OCTG prices have stabilized in a range between USD 2,800 and USD 3,000 per ton.

1.2.1.2 The Industry market (Brazil)

The Industry market in Brazil is mainly driven by the automotive sector – particularly heavy vehicles (trucks and trailers) – and by agricultural machinery. In 2023, vehicle production (light and heavy vehicles) fell 1.9% year on year, to 2.37 million. Truck production fell sharply, mainly due to higher costs associated with new technologies implemented in connection with Euro 6/VI vehicle emissions standards. This trend was offset by the trailer market – on which Vallorec enjoys a strong position – which enjoyed one of its best years ever. The truck market is expected to rally in 2024, as truck inventories are low. Production of agricultural machinery also fell by 13.3%, due to the cautious attitude of producers against a backdrop of climate instability and high interest rates. The market sees this decline in production as an adjustment after years of strong growth. The government has already announced substantial funding for the agri-industry aimed at maintaining its pace of growth. Vallourec carries out R&D initiatives and projects with major players in this sector.

1.2.1.3 Renewable energies and Energy transition market

1.2.1.3.1 HYDROGEN

Green hydrogen is a potential energy vector for helping decarbonize sectors that are difficult to decarbonize, so called hard to abate sectors. These include certain energy intensive industries, 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_2.

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 entry into force of 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.

1.2.1.3.2 CARBON CAPTURE, UTILIZATION AND STORAGE

Sequestration of CO_2 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_2 environment. After capturing the carbon (estimated at 45 mt capacity in 2022), it can be directly reused or transported by ship or pipeline to a sequestration site.

The market for CCUS is accelerating, especially in the United States, further to the implementation of the Inflation Reduction Act.

1.2.1.3.3 GEOTHERMAL ENERGY

Geothermal energy accounts for close to 17 GWe[(1)] worldwide, relying on the 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 the United States, with some presence in Europe (Germany) and East Africa. The market is expected to grow at above 5% yearly pace.

1.2.1.3.4 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[(2)] 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.

(1) Based on Rystad 2022 report.
(2) Source: Brazilian solar association ABSolar.

1.2.1.4 Raw materials market

1.2.1.4.1 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[1]. Strong demand from 2021 onwards in line with the global post-Covid 19 economic recovery led to a sharp rise in scrap metal prices (USD 482/metric ton on average over 2021, a rise of 14% since the start of the year). In 2022, scrap metal prices began to decline steadily, down 3% to an annual average of USD 467/metric ton. In 2023, this downtrend was exacerbated, with an average drop of 13% over the year to USD 405/metric ton.

1.2.1.4.2 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.

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

In 2023, the average price of iron ore[2] on the international market was USD 120/t, remaining stable compared to the 2022 figure of USD 121/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 2023, prices increased steadily as from June, ending the year at an average of USD 136/t in December.

1.2.1.5 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.

1.2.2 Capitalizing on the successful rollout of the New Vallourec plan

The Group's financial restructuring in 2021 set in motion efforts by Vallourec to significantly improve its operating performance. Philippe Guillemot announced the New Vallourec plan after he was appointed Chairman of the Board of Directors and Chief Executive Officer in 2022. This plan completely transformed Vallourec's industrial footprint and operating model. The plan's two main strategic objectives were to:

- deliver best-in-class profitability;
- make Vallourec resistant to any market condition.

The main operational initiatives implemented to achieve these objectives were a significant realignment of Vallourec's industrial footprint, with the closure of the majority of our production units in Europe and the transfer of tube volumes for the Oil & Gas market to Brazil, as well as an improvement in the Group's pricing strategy, emphasizing value over volume. The Group also introduced significant improvements in its governance and internal processes, and reinforced its commitment to achieving ambitious environmental, social and governance (ESG) targets. The Group's global overheads have also been significantly lowered.

At the date of this Universal Registration Document, the New Vallourec plan has been fully rolled out. These measures will allow the Group to generate €230 million of recurring EBITDA uplift (compared to 2021) and a €20 million capex reduction.

1.2.2.1 Rethinking our organization to be closer to our customers

Vallourec's teams and the production of its premium solutions have been revamped with proximity to our customers in mind.

1.2.2.1.1 A REALIGNED INDUSTRIAL FOOTPRINT

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. From the end of 2023, tube production ceased at all German sites. In 2024, the Group expects to incur dismantling and closure costs for the sites in question. The Group has begun the process of selling off its land holdings in Germany to partially offset the restructuring costs associated with the site closures. In December 2023, Vallourec announced that it had signed an agreement to sell its Mülheim site to CTP, Europe's largest publicly-listed industrial property developer. This transaction involves the sale of the approximately 330,000 sq.m. property for a purchase price equivalent to €39 million.

(1) CRU – Shredded Pittsburgh – $/LT.
(2) Platts SBB – IODEX Iron ore fines 62% CFR North China $/t.

The reorganization will also entail the consolidation of all the European threading activities in a single location in Aulnoye-Aymeries, France. Following the sale of Vallourec Bearing Tubes to Mutares SE & Co. KGaA on May 31, 2022, Vallourec closed the heat treatment line at Saint-Saulve in France in 2023, along with the threading lines in Bellshill, Scotland and Onne, Nigeria. The Group's "One R&D" organization has been consolidated at the Aulnoye site.

Vallourec will continue to supply its customers in the Oil & Gas sector – previously served from Germany – from its production sites in South America. This relocation to Brazil entailed a capital expenditure outlay of some €120 million to improve the production capacities of the related assets. The full impact of this capex program is expected to be felt in 2024.

The Group also implemented a premiumization program in China. Vallourec plans to produce less than half the volumes previously produced, but is increasing the proportion of premium products exported to higher value-added markets. Vallourec has also increased its finishing capacity in Saudi Arabia to meet the growing demand in the country.

At December 31, 2023, the Group operated nearly 35 production facilities, almost all of which were owned on a freehold basis. These plants are located mainly in the United States, Brazil, China and France, reflecting the Group's international profile. The Group considers these plants an essential resource for conducting its various operations and a primary element of its manufacturing resource planning.

As at December 31, 2023, its facilities included:

- 3 steel mills, including 1 in Germany, Hüttenwerke Krupp Mannesmann (HKM – 20%-owned by the Group), 1 each in the United States and Brazil;
- 8 hot-rolling units, including 6 rolling mills and 2 forges in Europe, the United States, Brazil and Asia;
- 5 Research and Development centers, described in section 1.2.3.1.1 below;
- 24 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 2.1 million metric tons of rolled tube production capacity, distributed across its three operating regions:

Rolled tube production capacity by region

Eastern Hemisphere	~15%
North America	~40%
Brazil	~45%

1.2.2.1.2 A MORE AGILE REGIONAL ORGANIZATION

As part of the New Vallourec plan, the Group has been organized 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.

A) 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.

a) 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.

b) Line Pipe Project/Process (PLP)

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.

c) Industry

Following the sale of Vallourec Bearing Tubes in May 2022 and the closure in 2023 of Vallourec Deutschland GmbH, the Group will continue to market tubes for the mechanicals (cranes, hydraulic cylinders, OCTG mechanical parts, etc.) 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%).

d) Energy Transition Industry

Since September 2022, the range of products and services associated with renewable energies has been commercialized under the Vallourec® New Energies brand and comprises both OCTG and PLP products along with accessories.

These products and services are supported by sales teams trained in new energies and now stationed in the Group's three main regions: North America, South America and Eastern Hemisphere.

These local teams are made up of dedicated Vallourec® New Energies business developers and personnel shared with other divisions, such as technical sales support and sales administration.

e) 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.

B) North America region

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).

C) South America region

a) Brazil

In 2023, Brazil continued to roll out its Transformation Plan to improve competitiveness. A new organizational structure was put in place through the creation of ten 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 historically carried out in Germany.

Around half of business lines 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, all new exclusive threaded connections have been tested for compliance with industry standards at Barreiro by a team from the One R&D Belo-Jeceaba research center. This guarantees the level of performance needed for challenging pre-salt environments;
- Vallourec Soluções Tubulares do Brasil (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 used 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 85,000 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. After obtaining the necessary permits to operate the Cachoeirinha waste pile in May 2023, the Pau Branco iron ore mine returned to higher production levels at the end of the second quarter of 2023. The mine supplies VSB's blast furnace and pellet plant in Jeceaba, but it also sells its production on the local markets;
- on June 1, 2021, Tubos Soldados Atlanticos Ltda (TSA), located in Serra, formed Vallourec Transportes e Serviços Ltda. (VTS), located in Rio das Ostras. The merger created 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.

b) 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.

c) 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.

1.2.2.2 Streamlining the Group's structure

In addition to the reshape of its industrial footprint, a comprehensive program has been implemented as part of the New Vallourec plan designed to streamline the Group's 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);
- lower overheads and central costs: the Group is continuing to downsize its corporate 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.

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 its objectives are taken into account Group-wide.

1.2.2.2.1 CENTRALIZED 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.:

A) 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.

B) PLP and Process

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 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).

C) 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, particularly digital services. It brings together the physical support services offered to the Group's customers: expert teams on oil and gas platforms; storage, inspection and pipe preparation services at our "yards" (service centers); customer supply chain optimization services; and a variety of innovative digital solutions to simplify use for our customers.

The Service Line manages the agile development teams for new services, always based on customers' needs and operational issues. Two examples are TallyVision, which optimizes and secures operations on oil and gas platforms, and Best Fit, which optimizes welding operations on line-pipe welding bases.

The Service Line manages the development of the Smartengo e-commerce platform, designed to develop online tube sales, starting with our in-stock products, thereby offering particularly short delivery times. The Smartengo e-commerce platform also enables us to sell our customers' surplus products, after inspection by our experts. This circular economy offer is further strengthened by the recent development of portable inspection robots, enabling tubes to be requalified wherever they are, without the need for handling or transport.

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.

D) 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.

1.2.2.2.2 CENTRAL FUNCTIONS FOCUSED ON PRODUCT LINES AND REGIONS

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 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 Quality/Industrialization Department defines the Group's policies, objectives and methodologies in terms of improving 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, CAPEX and Insurance Department coordinates the competitiveness improvement plans of the Regions through continuous improvement initiatives, and prepares and deploys the Group's Operational Excellence guidelines based on lean management methodologies. It also oversees 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 responsible for the rollout of "Industry 4.0" digital tools and strategy. It 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®) applied to VAM® connections. It is responsible for the industrialization of VAM® 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_is managing the dismantling of the Düsseldorf Rath and Mülheim plants,
  - La Forge d'Aulnoye is an integrated site that mainly serves the European Industry market;
- the Strategy and Corporate 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 external growth and 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.

1.2.2.2.3 HOLDING AND MARKETING COMPANIES

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

A) 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.

- It owns its trademark and the Group's image, whose management was entrusted to Vallourec Tubes in 2014.
- It 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).

B) 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;
- Mexico;
- Sweden[(1)];
- Italy[(1)].

1.2.2.3 Deliver improved profitability and be cycle-proof

The New Vallourec plan is designed to prepare the Group to withstand all economic conditions. In markets that can be sensitive to economic growth and oil prices, the Group's ability to swiftly adapt its organization and cost base to lower volumes is key to continued value creation at the bottom of the cycle.

Vallourec's Resilience Plan has two main focuses:

1. leveraging the Group's radical transformation of its industrial footprint and streamlined organization to lower its breakeven point;
2. reducing the Group's exposure to highly volatile markets. This aim ties in with the 'value over volume' program, designed to focus our capacities on the highest added-value and resilient markets.

As well as playing a role in its operational transformation, the Group ensures that resilience remains a strategic priority by embedding it in governance processes to guarantee sustainable value creation, whatever the conditions.

1.2.3 At the forefront of innovation

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 position among the leaders in premium tubular solutions. In a 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.

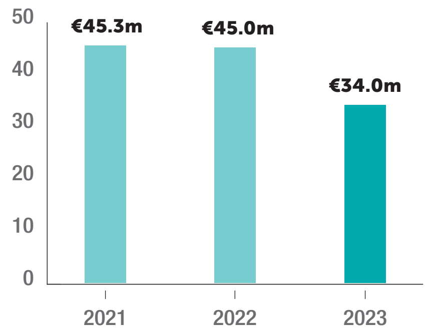
1.2.3.1 Innovation at the heart of the Group's strategy

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:

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

In 2023, Research and Development (R&D) expenses totaled €34 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 Group's new structure, the R&D and Innovation teams are situated in close proximity to Vallourec's markets. In all, around 280 researchers and technicians were involved in R&D in the Group in 2023.

(1) *Company in the process of liquidation.*

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 (deepwater offshore, pre-salt reservoirs, corrosive fields, etc.), and help operators and EPCI (Engineering, Procurement, Construction and Installation) customers address technical challenges and 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_2 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.

1.2.3.1.1 CENTERS OF RESEARCH AND EXPERTISE WITH A GLOBAL REACH

On February 1, 2023, Vallourec combined all of its French R&D activities ("One R&D") within a single entity based in Aulnoye-Aymeries, with the aim of streamlining the organization and gaining inefficiency.

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

One R&D Aulnoye

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_2 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 One R&D Aulnoye in France also covers 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_2 and hydrogen).

One R&D Belo Horizonte and Jeceaba, Brazil

The One R&D Belo-Jeceaba research center 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.

One R&D Houston, United States

One R&D Houston works in coordination with One R&D Aulnoye, 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®).

One R&D Houston 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;

In addition to these three research centers, R&D activities are also carried out by two Group subsidiaries:

- Vallourec Florestal, which 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;
- Serimax Welding Technology Center, based in Roissy, France, is the Group's center of welding expertise. It carries out activities in the fields of welding machinery and process engineering, and validates the weldability of steel grades for the projects falling within its remit.

1.2.3.1.2 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 specific 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 oil and gas 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. The Group also meets the needs of its customers on the new frontiers of deep offshore, such as in Guyana and the Gulf of Mexico. For example, X80 is a steel grade designed to meet the technical challenges of ultra-deepwater offshore environments.

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 during the year, 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 aimed at improving the performance of Vallourec tubes and threading, we are also developing solutions to enhance the use of our products, from delivery through to final positioning. Vallourec also works with customers to validate the "value proposal" of these solutions, by quantifying together, through pilot tests, the value and actual gains that they generate.

In 2023, after several years in development, Vallourec successfully tested with a number of different customers its "TallyVision" digital solution, which ensures pipes are run according to the planned sequence and enables operations on an oil platform to be monitored remotely. This comprehensive offer is now an integral part of the VAM® Field Service offering.

Vallourec also successfully tested its portable ultrasonic and eddy-current non-destructive testing robots with customers in Africa. These robots scan the inside of the pipes, requalifying them onsite for further use. This innovative inspection solution considerably simplifies tube inspection, as it requires no handling or transportation. It therefore reduces safety risks and enables our customers to make substantial savings.

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_2 (Carbon Capture, Usage and Storage – CCUS).

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.

1.2.3.1.3 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 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.

A) 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. Depending on the subject, these workshops may be 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 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.

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.

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 three times a year. This means that decisions are made and projects prioritized both within a given product line and between the different product lines.

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.

B) Expert Career program

Vallourec's Expert Career program covers 13 areas of expertise, including forestry (eucalyptus), mining, steel production, rolling, heat treatment, non-destructive testing, threading, digital modeling, materials science and applications of our products. 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 246 expert employees following one of the four levels of the program, and all of Vallourec's employees can get in contact with them. To guarantee high standards, only about half of all candidates are appointed, i.e., around 40 appointments each year (both new hires and promotions within the scope of the Expert Career program).

The process naturally involves the Human Resources Department, and appointees progress in their Expert Career program in a similar way to those in more traditional career paths (manager, team leader, department manager, plant manager, etc.).

This approach is consistent with Vallourec's technical leadership in its core businesses, and helps the Group retain its top-performing employees.

1.2.3.1.4 INDUSTRIAL PROPERTY

During the year the Group continued to reorganize its industrial property procedures along the lines of 2022, with priority still given to projects offering short- and medium-term returns on investment. Major R&D projects continued to be monitored. The Group completed its 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.

In 2023, the Group's portfolio comprised 4,221 patents. The Group filed 21 patent applications corresponding to 21 new inventions in 2023, and proceeded with close to 297 geographical extensions of patent applications. Overall, patent protection remained high with more than 4,000 patents worldwide. The Group's budget for industrial property was cut by 25% in order to focus on high value-added projects.

Vallourec also continued its efforts to protect its trademarks in 2023 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.

1.2.3.1.5 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.

Standardization organizations define the technical characteristics and performance required of a product, as well as the tests to be carried out in the various geographic areas. 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.

1.2.4 Preparing the future of a low-carbon economy

As part of its business model, the Group is focusing on its commitment to reducing its carbon footprint and reshaping its markets around non-fossil fuels. Vallourec has accelerated customer engagement in key growth markets such as geothermal wells, hydrogen storage and carbon capture, utilization and storage (CCUS).

The unique challenges associated with (high temperature) geothermal wells, pipeline wells and carbon capture (low temperatures and corrosion), and hydrogen storage (complex storage, with safety a key issue) require premium tubular solutions to enable the energy transition.

1.2.4.1 Geothermal Energy

Vallourec was awarded major contracts in geothermal energy during the year, mainly in Germany and the United States. The keys to its success lie in its ability to offer robust technological solutions, from well design support to the delivery of high-tech tubular material, qualified up to 350°C based on the TWCCEP (Thermal Well Casing Connection Evaluation Protocol). R&D teams have also developed digital simulations modeling the behavior of the Group's steels and VAM® connections in high temperatures, enabling faster, safer extrapolation of our products.

Vallourec's teams are supporting the development of tomorrow's geothermal systems by making closed-loop solutions possible through the use of Thermocase® Vacuum Insulated Tubing (VIT). These allow the coaxial circulation of cold and hot fluids in the same well, regardless of the existence of underground hydrological resources. This application enables the conversion of non-productive geothermal wells or the reconversion of oil or gas wells to supply heat.

1.2.4.2 CCUS

Capturing CO_2 from industrial activities and then transporting it for underground storage are key to limiting global warming.

In this regard, Vallourec has played an important role in testing and qualifying the resistance of its materials and VAM® connections to highly corrosive conditions, the presence of impurities, multiple pressure variations and thermal cycles specific to these new requirements (e.g., temperatures as low as -80°C under the Joule-Thomson effect of CO_2 injection). Our VAM® connection validation protocol has been strengthened by the addition of a rapid CO_2 depressurization test allowing us to reproduce our customers' operating conditions as closely as possible.

In order to offer safe CO_2 transportation solutions, Vallourec is also developing solutions combining metal tubing for mechanical strength and polymer to increase corrosion resistance.

Lastly, Vallourec contributes to a number of industrial working groups aimed at better understanding these new environments, defining the fields of application for the materials, and standardizing qualification protocols.

Our expertise in this area has enabled us to secure numerous projects in the United States, the North Sea and the Middle East with an appropriate range of services.

1.2.4.3 H_2

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 2023, Vallourec delivered a complete range of tubular solutions and associated services to one of the world leaders in underground natural gas storage and a key player in the development of renewable gases, the HyPSTER project, with support from the European Union. Over the past few years, Vallourec has been a supplier of choice for almost every salt cavern hydrogen storage pilot project across Europe.

To address the growing demand for storage arising from the development of low-carbon hydrogen, Vallourec has also developed an innovative hydrogen storage solution, which offers storage of compressed hydrogen at an unprecedented scale (1-100 tons), with optimal safety and footprint on account of its vertical underground architecture. In 2023, Vallourec achieved major technical (construction of a demonstrator) and commercial (launch of promotional activities) milestones.

These developments draw on Vallourec's extensive expertise in metallurgy, hydrogen embrittlement, non-destructive testing, sealing systems and safety. For example, the Group has 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. Vallourec successfully carried out a series of tests to verify the fracture toughness of various steel grades for OCTG pipes, line pipes and pressure vessels in the presence of pure hydrogen gas.

The Group's expertise in this area is also reflected in its input in the new industrial standards developed for hydrogen-related applications, and its participation in numerous joint industrial projects and research programs aimed at broadening our knowledge of hydrogen.

1.3 Group businesses

1.3.1 The Tubes business and its markets

Vallourec offers a wide range of tubular solutions, from standard to high-performing products that can be used in environments ranging from the least demanding to the most extreme and that meet the requirements of highly complex applications in terms of pressure, temperature and corrosion. The Group is also 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 main markets are Oil & Gas and Petrochemicals, representing 73.3% and 81.7% of Group Tubes revenue in 2022 and 2023, respectively. The table below shows the breakdown of the Group's Tubes revenue in 2022 and 2023.

In € millions	2022	% of revenue	2023	% of revenue
Total Oil & Gas and Petrochemicals	**3,419**	**73.3%**	**3,923**	**81.7%**
Industry	1,063	22.8%	709	14.8%
Power Generation & Other	181	3.9%	170	3.5%
TOTAL – TUBES	**4,663**	**100.0%**	**4,802**	**100.0%**

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.

1.3.1.1 Oil & Gas and Petrochemicals markets: products and services covering the entire value chain

1.3.1.1.1 PRODUCTS FOR THE OIL, GAS AND PETROCHEMICALS MARKETS

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.

- **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;
- **Vallourec's Project Line Pipe & Process:** oil and gas are transported from wells to offshore or onshore processing units using Vallourec tubes and accessories.

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.

A) 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 accessories, providing both finished and semi-finished products, as well as brackets for connecting complex equipment (wellheads, safety valves, etc.) to OCTG tubes.

B) 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, 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 7⅝ 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_2 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.

C) 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_2S (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.

D) 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 anti-corrosion or thermal insulation coatings can be applied in our plants or with the help of our subcontractors.

E) 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.

1.3.1.1.2 SERVICES FOR THE OIL, GAS AND PETROCHEMICALS MARKETS

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 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 and final application.

These include:

- the VAM® Field Service, which includes a site services network of over 180 technicians and engineers providing worldwide coverage from service centers based mainly in Scotland, the United States, Mexico, Singapore, China, Angola, Nigeria and the Middle East. These experts are available around-the-clock to be deployed at well sites 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;
- management of customers' tube inventories, including logistic management of inventories by Vallourec experts, as well as the preparation and inspection of tubes before they are shipped to the platform to be fitted in the wells;
- innovative digital and non-digital solutions which, combined with our VAM® Field Service and inventory management solutions, enhance the efficiency, reliability and safety of our customers' tube operations. The TallyVision solution, for example, enhances the efficiency and reliability of operations during tube installation in the wells;

- 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, as well as 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.

For Line Pipe customers, the Group also offers integrated solutions specific to subsea line pipes, including offshore and onshore on-site welding, along with coating, insulation, bending, logistics and complex project management. Specific service agreements 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.

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.

1.3.1.1.3 LARGEST OIL & GAS AND PETROCHEMICALS CUSTOMERS

The Group's largest customers include international oil companies (TotalEnergies, Shell, Exxon, Chevron, ENI, etc.), national companies (Aramco, Adnoc, Petrobras and CNOOC), private independent companies, US distributors, oil service companies, and engineering and construction companies (Subsea 7 and TechnipFMC). 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 2023, the Group's ten largest customers represented 45% of consolidated revenue, and the five largest customers 36% of consolidated revenue.

1.3.1.1.4 COMPETITIVE POSITION IN THE OIL & GAS AND PETROCHEMICALS MARKETS

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

- **in OCTG,** Vallourec is among the world's leading suppliers of premium products in terms of worldwide volumes delivered. Products in the VAM® range, which are the subject of a technical R&D agreement with Nippon Steel Corporation (NSC, formerly NSSMC), are world leaders with 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 offshore and onshore line pipes for premium seamless tubes,** Vallourec is one of the major players:
  - 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,
  - the Group's main competitors in onshore and offshore line pipes are Tenaris and NSC;
- **in petrochemicals,** Vallourec is a significant player and is active in several applications:
  - seamless tubes for refineries,
  - petrochemical facilities,
  - floating liquefied natural gas (FLNG) plants, and
  - floating production, storage and offloading (FPSO) units,
  - the Group's main competitors in the petrochemicals market are Tenaris, ArcelorMittal, NSC, Interpipe and Chinese groups.

1.3.1.2 Industry market: products and services for a wide range of applications

1.3.1.2.1 PRODUCTS AND SERVICES FOR THE INDUSTRY MARKET

Products offered to customers in the Industry market are designed for highly varied applications:

- in the mechanical industry, Vallourec tubes are used to manufacture cranes, construction machinery, agricultural machinery, and hydraulic cylinders;
- in the automotive industry, Vallourec provides a wide range of products such as axle tubes and gearbox applications; and
- in construction, Vallourec's premium tubular solutions are used in infrastructure such as bridges, stadiums, industrial and logistics buildings, airports and other ambitious architectural projects.

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 range of tubular products is rounded out by an innovative offer in Additive Metal Manufacturing (AMM) for specific-shaped parts.

1.3.1.2.2 MAIN GROUP CUSTOMERS IN THE INDUSTRY MARKET

The Group's largest customers include European and international distributors and industrial equipment manufacturers.

1.3.1.2.3 COMPETITIVE POSITION IN THE INDUSTRY MARKET

In 2021, Vallourec formed a joint venture in Brazil with the Açotubo group called Vallourec Tubos para Indústria. The entity offers tubular solutions and cold-rolled steel tubes for the entire industry, especially for automotive, energy, machinery and industrial equipment applications.

Also in Brazil, Vallourec Soluções Tubulares do Brasil is a 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. 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.

VTI is the biggest cold-drawn facility in Brazil for seamless tubes.

VTS-RO is located in Rio Das Ostras and is dedicated to services to Petrobras and other IoCs in the Macae region.

VTS – Serra is dedicated to coating.

Vallourec's main coating competitors across all segments are Tenaris, GOLIN, Meincol and Tuper.

1.3.1.3 Energy transition market: responding to the challenge of the energy transition

1.3.1.3.1 PRODUCTS AND SERVICES FOR THE ENERGY TRANSITION MARKET

Vallourec has developed a variety of solutions for the Energy transition industry. Its sophisticated tubular products are well suited to the development needs of the geothermal; carbon capture, utilization and storage (CCUS); and hydrogen industries. Vallourec is already involved in a number of projects and is looking to accelerate its development in the New Energies markets. Our know-how is particularly relevant for:

- geothermal energy: Vallourec premium tubular solutions are used for geothermal wells and are highly valued for their heat resistance and integrity in case of thermal expansion. Vallourec tubes and connections are validated and in use in geothermal wells worldwide. Vallourec is involved in closed-loop projects that do not require a large quantity of water in the subsoil. Thermocase® VIT (Vacuum Insulated 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;
- carbon capture, utilization and storage (CCUS): Vallourec offers a range of casing and tubing for carbon injection wells and line pipes for carbon transport. CCUS tubing requires particularly high levels of corrosion resistance, excellent toughness at low temperatures and integrity due to the long-term nature of carbon capture projects. For the injection of super critical CO_2 into CO_2 storage wells, VAM® connections have been tested for specific conditions requiring cyclical operations (temperature cycles from room temperature to -35°C), for low temperatures (-80°C) and for a very sudden temperature drop under severe loading conditions, with full-scale samples. This has been validated by customers, including Oil & Gas technology leaders;
- hydrogen: due to the small size and low viscosity of the molecule, hydrogen is known to be a difficult gas to store. Vallourec is the first Group 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. In 2023, the Group unveiled Delphy®, a unique hydrogen storage solution that uses Vallourec's tubular technology to enable safe on-site hydrogen storage in a variety of medium-sized applications, with a limited footprint and a high level of safety. A demonstrator was inaugurated in December with Vallourec's customers and partners, located in Aulnoye next to our R&D center.

Vallourec's aim is for its New Energies business to comprise 10%-15% of Group EBITDA by 2030.

In addition to these tubular solutions, Vallourec offers a wide range of services, derived from services for the Oil & Gas markets but tailored to the needs of customers in the Energy transition industry. Tubular Management Services and VAM® Field Services, for example, have been designed to meet the specific needs of customers in the geothermal sector.

1.3.1.3.2 MAIN GROUP CUSTOMERS

Some of the Group's largest customers are 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.

1.3.1.4 Mine & Forest

1.3.1.4.1 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 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.

In May 2023, Vallourec obtained the necessary authorizations to resume full operation of the Cachoeirinha core tailings pile. Vallourec expects to sell around 6 million metric tons per year in the near future. Two projects to extend the mine are currently underway. The first (Phase 1) should be completed by the end of 2024 and cost around €20 million. Phase 2 of the extension is slated for completion in 2027 and is expected to cost between €100 million and €125 million. These projects should each improve the profitability and durability of the Pau Branco mine.

1.3.1.4.2 CHARCOAL PRODUCTION

In Brazil, Vallourec operates eucalyptus forests to produce charcoal to fuel its blast furnace. The Group is pursuing efforts to improve its performance in this area. The main thrusts of this research include scientific tree selection, improving forest nutrition programs and industrialization of the continuous charcoal-making process. The charcoal supplied by the carbonization units and the iron ore supplied by the mine represent the high-quality raw materials feeding the pellet plant and the blast furnace at the Jeceaba integrated plant.

The use of charcoal greatly helps to reduce the carbon footprint of the Group's Brazilian operations.

1.3.2 Procurement

The Group purchases the following items for its production activities:

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

Purchased materials in production in 2022 and 2023 can be analyzed as follows:

In € thousands	2022	2023
Scrap metal and ferroalloys	831,401	479,340
Rounds/billets	751,832	677,095
Flat products	29,765	858
Tubes	101,482	163,108
Miscellaneous[a]	167,079	98,934
TOTAL	**1,881,559**	**1,419,336**

(a) Including change in inventories.

Rounds and billets represented 48% of consumed material in 2023, while tubes represented 11%.

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 3 "Risk and risk management" of this Universal Registration Document.

1.3.3 Group facilities and main sites

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 €2,050.1 million as at December 31, 2023 (€1,891.2 million as at the end of 2022).

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 section 7.1.7 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 2023 to expand the Company’s property, plant and equipment base, are provided above (see section 6.1.2.3 “Capital expenditure” of this Universal Registration Document).

The properties occupied by the Company and its subsidiaries are not owned by any of the Company’s corporate officers.

1.4 Significant events in 2023

1.4.1 Looking back on a transformational year

1.4.1.1 Successful rollout of the New Vallourec plan

The rollout of the New Vallourec plan, announced in May 2022, went ahead as planned.

The closure of sites in Europe is ahead of schedule. Employees at the sites to be closed began to leave the Group in the first quarter of 2023. The last wave of departures is expected in 2024, including those colleagues in Germany who are supporting the dismantling operations. The Brazil capacity enhancement program, which will expand the capabilities of our South American Tubes operations, is on track. The full benefit of the Oil & Gas volume transfer to Brazil is expected in 2024. The Group is currently accelerating its operational improvement program in the country.

In China, the Group is well advanced in executing its premiumization strategy. Finally, in Saudi Arabia, the Group anticipates its regional capacity expansion will be fully operational in 2024.

2025 will be the first full year in which the expected €230 million of annualized run-rate EBITDA (compared to a 2021 baseline) and €20 million capex reduction are visible. These actions will contribute to the generation of positive free cash flow, before the change in working capital, in any market conditions.

1.4.1.2 Capital Markets Day

On September 12, 2023, Vallourec hosted its Capital Markets Day in London. Investors had the opportunity to meet a number of Vallourec executives, including Philippe Guillemot, Chairman of the Board and Chief Executive Officer; Sascha Bibert, Chief Financial Officer; as well as several of the Company’s regional heads and product line managers.

Key topics discussed during the presentation included:

- Vallourec's position as a mission-critical supplier of complex steel tubular solutions supported by industry-leading Research & Development and world-class production facilities. During the day, stakeholders learned about the diverse markets Vallourec serves with its industry-leading solutions, and the premium prices it is able to access as a result;
- the work that Vallourec's new management and Board of Directors is doing to make Vallourec more profitable, more resilient and more cash generative. Vallourec's management detailed the major steps taken already and those to be taken in the future to drive higher financial returns. In addition to the already-announced closure of European facilities, Vallourec management detailed a premiumization strategy in China and the next phase of transformation of its premier South American asset base;
- tailwinds across Oil & Gas and New Energies markets that will drive robust demand for Vallourec's products and services. The nearly decade-long underinvestment in the global upstream Oil & Gas sector and the outlook for continued demand growth will drive meaningful demand for Vallourec's core business lines for the years to come.

Vallourec also detailed its significant ambitions in the New Energies sphere and unveiled its vertical hydrogen storage concept to the investment community for the first time.

Vallourec aspires to be one of the most shareholder-friendly companies within its peer group, with cash distribution potentially starting in 2025. The Group is dedicated to creating the circumstances for Vallourec to be able to distribute dividends potentially starting in 2025.

This assumes that Vallourec will have made substantial progress towards its goal of reaching zero net debt in 2025 at the latest. As an illustration, putting together the robust market outlook and the meaningful changes underway at Vallourec, management presented a simulation of the New Vallourec's midcycle Group EBITDA, which would be approximately €850 million. Together with the Vallourec midcycle performance simulation assumptions detailed at the Capital Markets Day, this would translate to total cash generation of €450 million.

1.4.1.3 Changes in Vallourec's management bodies

1.4.1.3.1 CHANGES IN THE EXECUTIVE COMMITTEE

In April 2023, Vallourec announced the appointment of Sarah Dib as Group General Counsel. Sarah replaced Nathalie Joannes and has joined the Executive Committee.

In May 2023, Vallourec announced the appointment of Valeria Fernandes as Chief Digital & Information Officer. Valeria replaced Naïla Giovanni and has joined the Executive Committee.

In September 2023, to accelerate the implementation of Vallourec's turnaround under the New Vallourec plan, the Group announced the following changes within its Executive Committee: Bertrand Frischmann, previously Senior Vice President of the North America region, was appointed Chief Operating Officer (COO) of the Americas, covering both North and South America.

- Bertrand Frischmann was also appointed Acting Senior Vice President of the South America region, replacing Pierre d'Archemont.
- Jacky Massaglia, previously Senior Vice President, Business Line Project Line Pipe and Process, was appointed Senior Vice President of North America, replacing Bertrand Frischmann, and will report to him in his role as COO of the Americas.
- Bertrand de Rotalier, formerly OCTG Sales Director for Europe and Africa, was appointed Senior Vice President Business Line Project Line Pipe and Process, replacing Jacky Massaglia. Bertrand de Rotalier has joined the Executive Committee.

1.4.1.3.2 CHANGES WITHIN THE BOARD OF DIRECTORS

The term of office as director of Maria Silvia Marques expired at the end of the Shareholders' Meeting of May 25, 2023 and Ms. Marques decided not to seek reappointment.

In its November 12, 2023 session, the Group Board of Directors decided to co-opt Luciano Siani Pires as a member of Vallourec Board of Directors. The ratification of Luciano Siani Pires' appointment will be proposed to the Group's next Shareholders' Meeting on May 23, 2024.

Luciano Siani Pires has held key leadership positions within Vale Group for almost 15 years, most of them as a Senior member of Vale Executive Committee. He has been Group Chief Financial Officer and most recently Executive Vice President Strategy and Business Transformation till January 2023.

Prior to Vale, Luciano Siani Pires worked for 14 years at the Brazilian Development Bank (BNDES) in various senior roles related to export finance, capital markets and infrastructure assets. He has represented the Bank on the Boards of several large Brazilian companies. Prior to this, he also worked as a Consultant at McKinsey & Company.

The Board of Directors considered that Luciano Siani Pires qualifies as an independent member under the criteria set forth by the AFEP-MEDEF Corporate Governance Code.

He was also appointed as member of the Audit Committee and the Corporate Social Responsibility (CSR) Committee.

The Board of Directors of Vallourec comprises eight Board members, 42% of whom are women and 71% independent Board members.

Corine de Bilbao, Chairwoman of the CSR Committee, was also appointed as the Lead Independent Director for CSR.

1.4.1.4 Launch of an employee investment program

In October 2023, Vallourec launched Vallourec Invest 2023, a share capital increase reserved for employees, as per the decision made on July 27, 2023 by the Board of Directors in accordance with the thirteenth and fourteenth resolutions of the Shareholders' Meeting of May 25, 2023.

Vallourec Invest aims to involve the Group's employees in value creation and to develop employee share ownership in recognition of the progress made to date and to broaden their participation in the construction of the New Vallourec plan as direct or indirect shareholders.

The total number of shares that can be issued under the Offer is capped at 0.75% of the Company's share capital as at July 27, 2023, the day of the decision of the Board of Directors authorizing the implementation of the Offer, i.e., 1,774,642 shares.

1.4.1.5 Restart of operations at the 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, 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, operations at the mine were temporarily suspended.

On May 4, 2022, Vallourec partially restarted operations, after having obtained 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.

After obtaining the necessary permits on May 5, 2023 to operate the Cachoeirinha waste pile, the Pau Branco iron ore mine returned to higher production levels at the end of the second quarter of 2023.

The Mine & Forest segment is expected to remain near to its expected second-half 2023 EBITDA trajectory of around €100 million per year for the near-term. Vallourec anticipates that at end-2024, the Phase 1 mine extension project will be finalized and will lead to an EBITDA increase for the Mine & Forest business of €20 million-€25 million per year, assuming iron ore prices broadly consistent with today's levels.

In 2027, Vallourec anticipates a more significant capital project, the Phase 2 mine extension, to be completed. This should lead to further incremental Mine & Forest EBITDA of €50 million to €75 million per year. Total capital expenditures for both projects are expected to be less than €150 million and are expected to be spent over the next few years. Vallourec management is currently engaging with state and national regulators to obtain the required production and environmental permits for both extensions.

1.4.1.6 Commercial successes

In January 2023, Vallourec secured important orders from LLOG Exploration Offshore, one of the United States' 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. The material ordered from Vallourec includes 52 km of X70 heavy-wall pipe required for the in-field flowline and riser systems, as well as 111 km of X65 pipes required for the oil export and gas export flowline and riser systems.

Also in January 2023, Vallourec secured a long-term agreement with Petrobras to supply 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. These products, associated accessories and services will support Petrobras in its offshore oil and gas exploration and production well in the key Brazilian pre-salt oil region, an offshore reserve located below some 4,000 meters of salt and post-salt sediments. The pre-salt area production is expected to represent over 70% of Petrobras' total production between 2023 and 2027.

This latest contract with Petrobras represents an increased scope for Vallourec, including for the first time, the supply of seamless 16" to 18" large-diameter pipes manufactured in Brazil using state-of-the-art technology at its Jeceaba (Minas Gerais) mill and which will support Petrobras to maximize its production. Petrobras will also leverage Vallourec's digital solutions, including the full-pipe traceability Smartengo Running Expert service and its circular economy solutions for reuse of protectors, slings, and other components.

In June 2023, Vallourec and Evonik Industries AG, a leading specialty chemical company, signed a Memorandum of Understanding (MoU) for the development of tubular solutions for Carbon Capture, Utilization and Storage (CCUS). As part of the collaboration, the companies will work to develop an innovative CO_2 transportation technology for the CCUS industry and thereby address one of the key challenges of CO_2 transportation and storage. The MoU will allow Vallourec to develop a lining technology for its seamless line pipes for CO_2 transport using Evonik's wide portfolio of high-performance polymers. Vallourec and Evonik have been working together since 2020 to combine their expertise in metallic and non-metallic material technologies to develop hybrid solutions to reduce costs and increase the reliability of infrastructure for the emerging CCUS industry.

In June 2023, Vallourec announced the signature of a Memorandum of Understanding (MoU) with the Ministry of Investment of Saudi Arabia (MISA). The signing took place on June 19, 2023, as part of the French-Saudi investment forum held in Paris. Following the Group's recent successes in Saudi Arabia, in particular the 10-year contract won from oil company Saudi Aramco for the supply of premium casing tubes and services, this agreement testifies to Vallourec's close ties with the Kingdom, where the Group has been present through its Vallourec Saudi Arabia (VSA) plant located in Dammam since 2011. The MoU provides for close support from MISA in the expansion of Vallourec's activities in Saudi Arabia, which includes increasing its local presence and deploying its latest innovations, in the fields of energy transition (CO_2 Capture, Utilization and Storage, hydrogen storage and transport), additive manufacturing and the circular economy.

In July 2023, Vallourec won two major orders to supply line pipes for phases 6 and 8 of the Buzios oil field development operated by Petrobras. These orders are in addition to the contract previously won for phase 7, representing a total of 48,000 metric tons of line pipe. Located off the Brazilian coast in the pre-salt Campos Basin, Buzios is one of the world's largest deepwater oil and gas fields. It accounts for 25% of the Brazilian oil company's production alone. The equipment ordered from Vallourec for phases 6, 7 and 8 of the project includes 346 km of subsea line pipe for the risers and flowlines in the Subsea Umbilicals Risers and Flowlines (SURF) package. These ultra-premium line pipes will be mechanically lined pipes (MLPs) with CRA (Corrosion Resistant Alloy) cladding.

In November 2023, Vallourec announced that it had won several orders for premium oil country tubular goods (OCTG) from Aramco. These orders total more than USD 300 million and supplement Vallourec's recent successes in the region. They cover the supply of proprietary steel-grade casing and tubing for high-pressure environments, threaded with premium VAM® connections. These orders are incremental to the volumes to be delivered under the Company's 10-year long-term agreement with Aramco.

1.4.1.7 Successes in the field of Energy Transition

2023 was a year of many achievements for Vallourec in the field of energy transition. Vallourec® New Energies celebrated several significant commercial successes in Europe and the US, launched a new brand, extended its Hydrogen offering and its international footprint, and reported major advances in the qualification of new products, in line with Vallourec's aim of being an integrated player in low-carbon industries.

1.4.1.7.1 HYDROGEN

In 2023, Vallourec supplied Storengy – a subsidiary of ENGIE, world leader in underground natural gas storage and a key player in the development of renewable gases – with a complete range of tubular solutions and associated services within the framework of the "HyPSTER" project. This first renewable hydrogen storage project was supported by the European Union. The project is located on Storengy's underground storage site in France.

Vallourec also supplied a set of tubular solutions (pipes and connections) to the Hydrogen Pilot Cavern (HPC) project of Uniper Energy (Germany, Krummhörn site), aiming at testing the integrity of porous rock storage to store hydrogen. With this latest success, Vallourec is now playing a major role in almost every salt cavern hydrogen storage project across Europe.

In December, Vallourec inaugurated its vertical compressed gas hydrogen storage demonstrator in Aulnoye-Aymeries, France. The installation – the first of its kind in the world – is based on tubes and connections with extensively proven sealing technology and corrosion resistance. The solution, an underground system, capable of storing up to 100 tons of hydrogen gas under maximum safety conditions is suitable for green hydrogen producers, users for industrial applications and heavy mobility. It has demonstrated the validity of Vallourec's innovative concept, has established Vallourec as a key player in the hydrogen value chain and is an enabler for global decarbonization. Initial in-depth work led to last year's launch of the project, which involved some thirty experts, and showcased the Group's different areas of expertise, particularly in threading, heat treatment and Non-Destructive Testing. To support the commercial development of this storage solution, Vallourec is launching it under a new brand name "Delphy". Growth prospects in the global hydrogen sector are substantial, with a projected installed capacity of 61 million tons by 2030, providing Vallourec with an estimated revenue of several tens of millions of euros per storage unit.

1.4.1.7.2 CCUS

Capturing CO_2 from industrial activities and storing it underground are essential factors for limiting global warming. To build a European CCS value chain, Norway awarded two CCS licenses to German oil and gas (O&G) company Wintershall Dea. Wintershall Dea in turn chose Vallourec and its Vallourec® New Energies offer to ftsupport these two projects, thanks to our expertise in the industry, our innovative and tested tubular solutions, and a partnership that goes back decades. The two sites – Luna and Havstjerne – have a combined annual storage capacity of 10 million tons of CO_2, and are both located more than 100 kilometers off the coast of Norway. For both sites, Vallourec will supply Wintershall Dea casing, tubing, dope-free solution CLEANWELL®, as well as associated services.

Vallourec and Evonik Industries AG, a leading chemical company, have signed a Memorandum of Understanding (MoU) for the development of a transport solutions for Carbon Capture, Utilization and Storage (CCUS). As part of the collaboration, the companies will develop a lining technology for its seamless line pipes for CO_2 transport using Evonik's wide portfolio of high-performance polymer. This innovative, corrosion-resistant CO_2 transportation technology for the CCUS industry would help address one of the key challenges of CO_2 transport.

1.4.1.7.3 GEOTHERMAL 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.

In 2023, Vallourec and its partners GreenFire Energy and Baker Hughes announced that the advanced closed-loop geothermal testing, the first initiative of their Wells2Watts consortium, was on track for the demonstration and testing phase. Our insulated solutions are an important part of GreenFire Energy's closed-loop systems to be demonstrated and Vallourec's THERMOCASE® VIT has been delivered to the Baker Hughes Energy Innovation Center in Oklahoma City. The Wells2Watts consortium is a group of large oil and gas companies led by Baker Hughes that aims to demonstrate the transformation of non-productive oil and gas wells into geothermal wells capable of generating renewable electrical power.

As a commercial highlight, Vallourec delivered the full tubular package of Eavor's™ Geretsried project in 2023. Geretsrried is Eavor™'s first full-scale commercial project in Germany with 5,000m deep drilling and 70km of lateral sections.

In a new test protocol, Vallourec has also successfully qualified its VAM® 21 connections up to 350°C that offers exciting opportunities for geothermal operators. Through Vallourec's R&D expertise, the teams adapted existing frameworks for geothermal applications based on industry standards and Oil & Gas expertise.

1.4.1.7.4 SOLAR ENERGY

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

In 2023, Vallourec extended its partnership with Nextracker in Brazil (market leader in smart solar tracker technology) and secured multiple projects such as Barreiras Project in Bahia or Vista Alegre Project in Minas Gerais. This was made possible thanks to the earlier creation of Vallourec Tubes for Industry (VTI), a joint venture formed between Vallourec and Incotep, a division of the Açotubo Group where both groups leveraged their strengths in providing seamless profiled and cold drawn tubes, welded steel tubes and tubular solutions.

1.4.2 First-quarter 2024

On January 16, 2024, Vallourec announced it had signed a contract with TotalEnergies for the supply of casing and tubing and associated accessories for the first phase of the Gas Growth Integrated Project (GGIP) in Iraq.

Vallourec has been a supplier to TotalEnergies for many years, drawing on its long experience in Iraq to provide its long-standing partner with a competitive premium offering that covers all its OCTG needs. For the first 30 wells of the project, Vallourec will supply in aggregate 15,000 metric tons of VAM® of various tubes and connections, using the highest quality steel grades, from its Brazilian and European plants. Deliveries will start in 2024.

On January 31, 2024, Vallourec and H2V, a subsidiary of the SAMFI-Invest group, signed a partnership agreement at the Hyvolution trade show. This partnership targets closer cooperation between the two players, with a view to drawing on each other's technical skills, market knowledge and development capabilities in future projects. This includes investigating the potential integration of the Delphy storage solution, developed by Vallourec, with the green hydrogen production and use projects developed by H2V in Marseille Fos.

On February 7, 2024, Vallourec announced that Damien Reboug had been appointed Communication and Public Affairs Senior Vice President, and that he joined as such the Executive Committee. Damien Rebourg succeeds Valérie La Gamba on the communication scope of the function.

On February 8, 2024, Vallourec announced that it had secured a purchase order for the supply of premium OCTG solutions with the Germany company Wintershall Dea as part of the long-standing partnership between the two companies. The order includes nearly 3,000 tonnes of pipes, including a large volume of high-end CRA material (corrosion resistant alloy), connections, accessories and associated services, for the Dvalin North deepwater gas development project in the Norwegian North Sea.

On March 12, 2024, Vallourec announced today that ArcelorMittal has reached an agreement to purchase Apollo’s stake in Vallourec (65,243,206 shares) representing 28,4% of the voting rights and 27,5% of the share capital, at a price of €14,64 per share, for a total purchase price of €955 million. This marks the final step of the financial restructuring of Vallourec that was initiated in 2021, when Apollo became Vallourec’s reference shareholder. This new investment by a world-class industrial player speaks to the breadth of the operational turnaround executed since that time, as well as the robust outlook for the premium seamless tubes business over the coming years. The completion of the acquisition is expected to close in the second half of the year, after obtaining the relevant regulatory approvals. Such acquisition will not entail a change of control of Vallourec and ArcelorMittal does not intend to launch a voluntary tender offer for Vallourec’s remaining shares over the next six months. Vallourec and ArcelorMittal will enter into discussions for a shareholders' agreement which will contain customary provisions for such type of transaction, with 2 board seats for ArcelorMittal upon closing of the acquisition (subject to negotiations). In accordance with applicable law, the main terms of the shareholders' agreement will be made publicly available in due course.

CHAPTER 2

2 CORPORATE SOCIAL RESPONSIBILITY

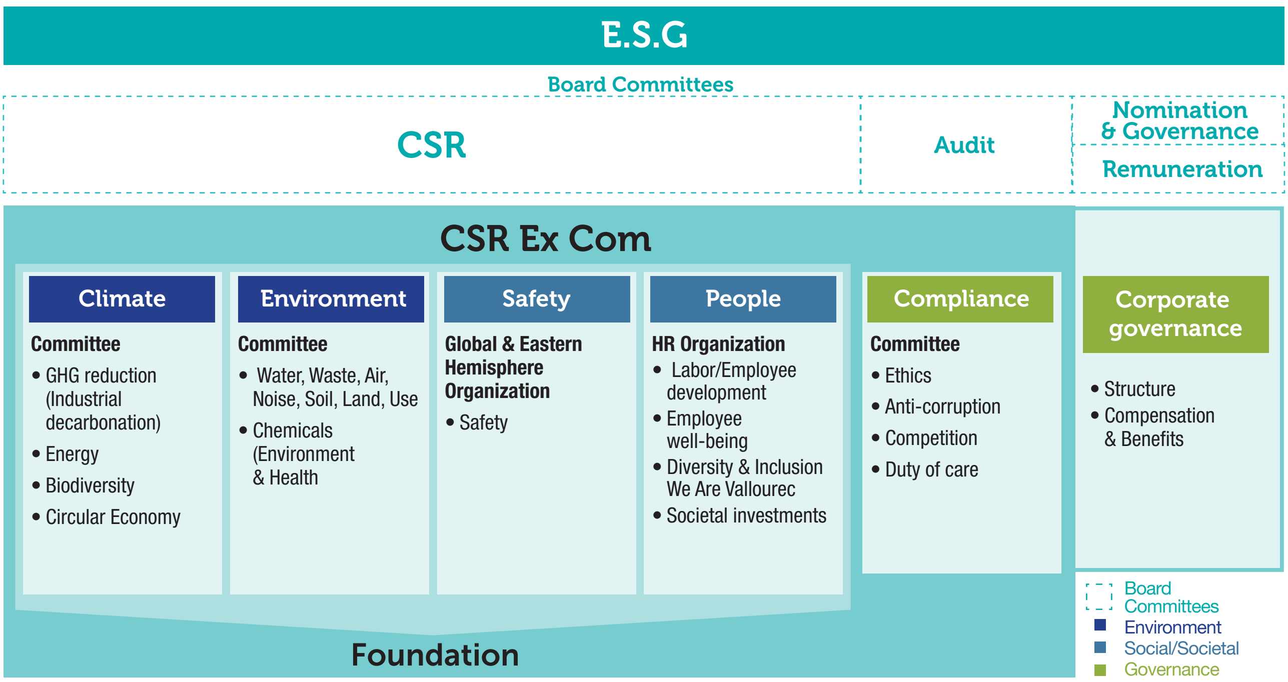
Introduction

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.

- **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.
- **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_2 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.
- **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, member of the Executive Committee until the end of October 2023, and then under the responsibility of the Senior Vice President Human Resources, member of the Executive Committee, in liaison with each of the Group's entities (see section 2.3.2.1, "Health and safety").
- **Employees:** 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 2.3 on Vallourec's social and societal commitments).
- **Compliance Committee:** was 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 2.4 on Vallourec's commitments on business ethics and compliance).



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With full top management support, this 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 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 and value creation model;
- involving employees more in taking CSR into account in their daily work;
- 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 the achievement of the Group's CSR objectives. This is described in more detail in chapter 4 of this document (section 4.3.1.2).

In its 2023 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 and promulgated in French law on December 7, 2023, concerning companies' publication of sustainability information. As in 2022, the NFPS has been structured so as to publish information explaining the Group's impacts on sustainability issues, along with information on how such issues influence the Group's strategy and results. The Group's NFPS is also based on the Global Reporting Initiative (GRI)(1) and the principles of the United Nations Global Compact. With regard to climate issues, the Group uses the Task Force on Climate-Related Financial Disclosures(2) (TCFD), whose cross-reference table is published in the appendices.

Business and value creation model

Details on Vallourec's business and value creation model and activities are given in Chapter 1, section 1.1.3.

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**.

The Group has made strong commitments in these areas, starting with the 2009 launch of the GreenHouse project on reducing CO_2 emissions, and then signing up to the United Nations Global Compact(3) 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(4) with the objective of reducing its carbon footprint by 25% by 2025 compared to 2017.

In 2022, Vallourec strengthened its commitment by launching the "Climate Challenge" program, which defines the decarbonization roadmap for 2030-2035-2050 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_2 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_2 in 2022 to 100 euros/ton of CO_2 as of January 1, 2023. This decarbonization plan is described in section 2.2.2.2 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.

(1) GRI is an international standardization organization that provides requirements and guidelines for reporting on an organization's sustainability activities.

(2) The Task Force on Climate-Related Financial Disclosures (TCFD) is a global organization formed at the request of the G20 finance ministers and central bank governors to develop a set of climate-related recommendations that companies and financial institutions can use to better inform investors, shareholders and the public about climate-related financial risks.

(3) The United Nations Global Compact encourages companies to act in a socially responsible manner by undertaking to integrate and promote a number of principles relating to human rights, international labor standards, the environment and the fight against corruption.

(4) The Science-Based Targets initiative is a partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF). The SBTi defines and promotes best practices in setting science-based climate targets by offering a range of resources and advice. It independently assesses and approves companies' targets in accordance with its strict criteria.

Without prejudice to any future commitments, the Group publishes its objectives for 2025 on key subjects, and for 2030/2035 on its CO_2 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	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		
3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	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(1) index for employees, temporary staff and subcontractors						2.96	2.35	<2	<1.5		
13 CLIMATE ACTION	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_2/metric tons of tubes shipped	1.82	1.90	1.71	1.75	1.97	1.77	1.62	1.6	1.5	1.4	1.3
			Total CO_2 Scope 1, 2 and 3 (upstream and downstream): in CO_2 equivalent (in thousands of metric tons)	13,312	11,656	10,014	8,200	8,616	8,846	7,738	9,984	9,984		
6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	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 (%)	94.0%	95.5%	95.8%	97.0%	97.6%	97.3%	97.6%	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	1.29	1.3	1.2		
8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	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%	73%	>70%	70%		

(1) As part of work to review and harmonize safety reporting practices, the Group undertook detailed work in the last quarter of 2023 to systematically review all incidents to ensure consistency of reporting with the Group's harmonized incident reporting process. This work resulted in a restatement of the TRIR reported by the Brazilian scope in the Group consolidation. This restatement only concerns the internal reporting of the TRIR. All incidents in Brazil have also been duly reported locally and have been subject to analysis and preventive action in accordance with the Group's requirements in this area. No adjustments of this nature were required for the Group's other scopes and the LTIR and severity rate indicators for the Group scope were not materially affected. Historical data prior to 2021 have not been adjusted and are not therefore disclosed.

Alignment with Global Compact Sustainable Development Goals	Our commitments	Our targets	Corresponding key indicator	2017	2018 (incl. Tianda)	2019	2022	2023	Jan. 1, 2027 target
5 GENDER EQUALITY 10 REDUCED INEQUALITIES	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%	24%	26%	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 2023 is shown in the chart below:

HEALTH AND SAFETY

Targets[(1)]: 3.9, 8.8

Topics	Measures	Section
Safety	TRIR of **2.35**	2.1.2/2.3.2.1
Health	Chemsafe program: **90.2%** 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.a, 15.b, 15b

Topics	Measures	Section
Reduce our impact	**100%** of sites certified to ISO 14001	2.2.1.4
	48% of energy consumed is low carbon (38% renewable)	2.2.2.2
	90% of electricity consumed is low carbon (57% renewable)	2.2.2.2
	56% of steel used is from recycled scrap iron	2.2.5.4
	Life cycle analysis, publication of Environmental Product Declarations (EPD)	2.2.1.4
	Waste recovery rate of **97.6%**	2.2.5.4
Water resources management	Water treatment stations at the biggest sites consuming the most water	2.2.3.3
	Reduced emissions of pollutants in water	2.2.4.2
	11% of our water requirements for tube production supplied by rainwater	2.2.3.4
	Reduced water consumption in production	2.2.3.4
Biodiversity	**1,400** replanted hectares returned to nature in Brazil	2.2.6
Sustainable forest management	**305** animal species and **72** plant species identified and monitored in Brazil	2.2.6
	Brazil and Indonesia: awareness raised on preserving biodiversity	2.2.6

(1) See the Global Compact report: The 17 Sustainable Development Goals and their 169 targets (unglobalcompact.org)

SOCIAL AND SOCIETAL

Targets: 4.4, 5.5, 8.5, 8.8, 10.4, 11.4, 13.3

Topics	Measures	Section
Diversity	Percentage of women in management positions: **26%**	2.3.1.1/2.3.3.1
	We Are Vallourec	2.3.3.1/2.3.4.1
Employees and communities	Great Place To Work certification for the US subsidiary, with a response rate of **62%** and an employee satisfaction rate of **70%**	2.3.4.2
	€2.3m invested in societal projects, including **13%** in education	2.3.5.3

ETHICS AND COMPLIANCE

Targets: 8.7, 16.5, 16.6

Topics	Measures	Section
Ethics	Anti-Corruption Code of Conduct and Code of Ethics ✓	2.4.2
	Vallourec Integrity Line ✓	2.1.6

RESPONSIBLE PROCUREMENT

Targets: 8.4, 12.6

Topics	Measures	Section
Supplier CSR assessment	**1,009** suppliers assessed for CSR: **73%** of expenditure	2.1.3/2.3.5.2

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 gage 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 2023 recognized the Group's progress in governance, strategy and CSR performance.

For example, since 2021, Vallourec has been the only seamless tube manufacturer to respond to the three Climate, Water and Forest questionnaires issued by CDP, a global non-profit organization, each year. The Group also raised its Ecovadis rating in 2023 from gold to platinum. The Ethifinance (formerly Gaia) score increased from 67/100 to 71/100 between 2022 and 2023, while the Sustainalytics risk assessment firmed from 24.5/100 in 2022 to 21/100 in 2023, the Group's improved risk management.

NON-FINANCIAL RATING AGENCIES

	MSCI 2023	Moody's Analytics 2023	Sustainalytics 2023	Ecovadis 2023	EthiFinance 2023	SBTI Science Based Target Initiative	CDP 2023		
AGENCIES	MSCI ESG RATINGS (A)	Moody's Analytics 2023	SUSTAINALYTICS	Platinum 2023 ecovadis	EthiFinance 2023	SCIENCE BASED TARGETS	Climate Change	Water	Forests
SCORE	6.5/10	64/100	21/100 Medium Risk	78/100	71/100	Commitment: -25% in 2025 vs. 2017 Well below 2°C	B	B	C

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 single materiality analysis (the first was performed in 2016).

Single materiality analysis: methodology

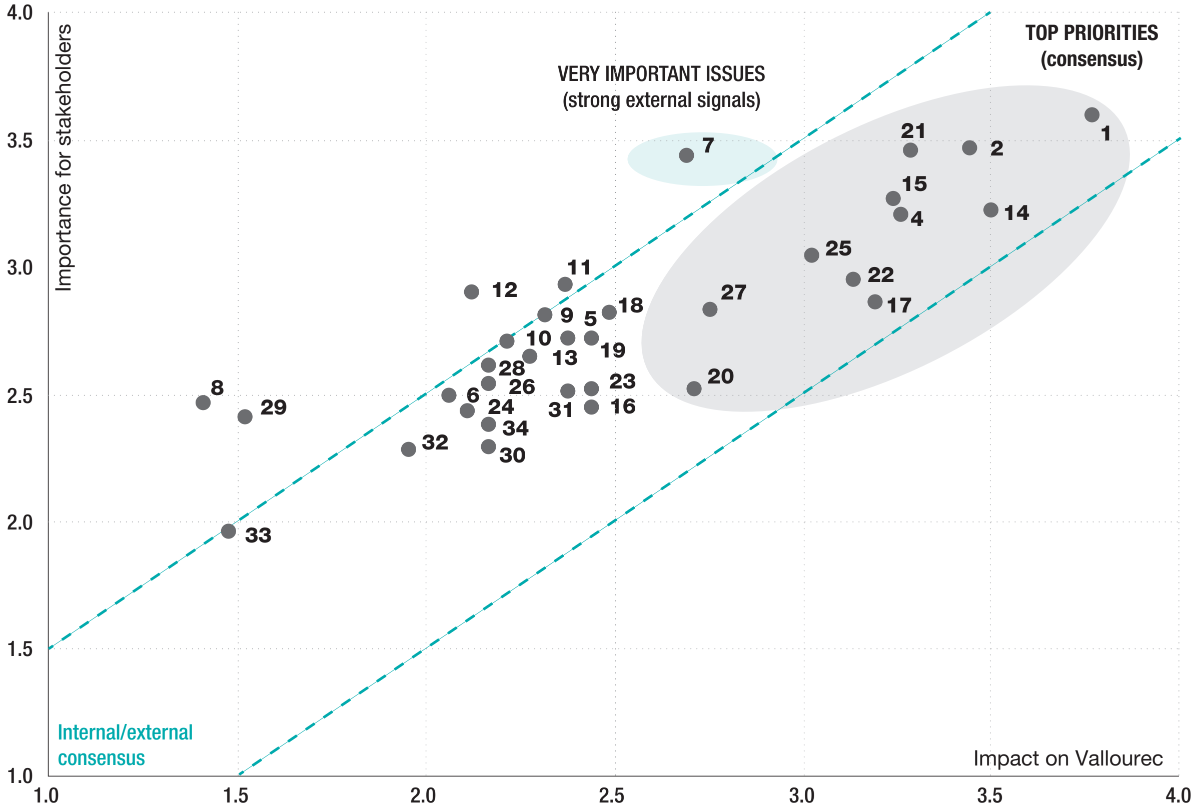
The analysis is based on 34 issues identified in advance as important and specific to the Group in the following areas:

- 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%.

Single materiality analysis: results

The results of this analysis are as follows:



Legend

1 Resilience of the business model
2 Innovation strategy for renewable energies
3 Evaluating our presence in sensitive markets
4 Supporting the transition by rethinking our involvement in Oil & Gas markets
5 Integrating the concept of sustainability
6 Oversight of sustainability issues by the Board of Directors
7 Business ethics and zero tolerance for corruption
8 Fair and transparent tax strategy
9 Risk frequency and management
10 ESG responsibility and transparency
11 Respect for human rights
12 Responsible supplier relationships
13 Responsible purchasing policy with a sustainability focus
14 Products and services that improve integrity and safety
15 Products and services that enhance efficiency
16 Eco-design of products and processes
17 Helping our clients to achieve their environmental objectives
18 High-quality social dialogue in all economic circumstances
19 Fair compensation and benefits
20 Diversity and inclusion
21 Occupational health and safety
22 Employee skills and development
23 Innovative, transparent and responsible employee relations
24 Mobilizing employees on sustainability
25 Reducing GHG emissions to achieve carbon neutrality
26 Product circularity for material efficiency
27 Reducing the environmental impact on local communities
28 Reducing the water footprint
29 Biodiversity
30 Reducing the supply chain impact
31 Forest and forest product management
32 Local socio-economic development and local content
33 Corporate citizenship
34 Support for education and engineering curricula

This 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 the sustainability of the business model. In this analysis, there were changes concerning the issues of reducing greenhouse gas emissions and products' carbon footprints with both issues now 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 Articles L.225-102-1 and 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 2021 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.

Summary of non-financial risks and opportunities

Non-financial information category	Definition of risk (or of opportunity)	Policy applied	Key performance indicators
Consequences of global reactions to climate change	• Business and value creation model risk • Image risk • Customer risk • Risk of carbon price increases (including EU ETS) • Risk of changes in international regulations	• Sustainable Development Charter • New Energies • Decarbonization in Scopes 1, 2 and 3 (action plan aligned with the SBTi trajectory, Climate Challenge program) • Internal carbon pricing system	• Total CO_2 emissions (Scopes 1, 2 and 3 upstream and 3 downstream) [tCO_2e] • Direct and indirect carbon intensity of tubes shipped (tCO_2e/metric ton shipped) • Internal carbon price (EUR/tCO_2e) • Rollout of New Energies (% of revenue) • % of renewable energy • % of renewable electricity • % of low-carbon energy • % of low-carbon electricity
Adaptation to the consequences of climate change	• Chronic and acute risks listed in the CSRD[(1)] and the Taxonomy, including floods, heat waves, water stress, hurricanes, cold snaps and landslides	• Sustainable Development Charter • Updates of prospective studies on the impacts of climate change on sites • Adaptation plan by site • Follow-up on insurance recommendations • Inclusion of climate risks in the evaluation of investment projects	• % of assets at material risk before taking into account climate adaptation measures • % of assets at material risk for which climate adaptation measures have been implemented
Sustainable use of resources/circular economy	• Scarcity of resources • Risk of tighter regulatory constraints and ensuing costs • Opportunity for economic (customer service) and image enhancement	• Sustainable Development Charter • Waste recovery through the By-products program • Internal recirculation of reusable flows (water, scrap iron, etc.)	• % waste recovery • Tons of non-recovered industrial waste (metric tons) • % of steel used, made from scrap
Energy efficiency	• Risk of rising energy costs	• Sustainable Development Charter • Energy Policy	• Energy consumption in (kWh/metric ton processed) • % of production by ISO 50001 certified plants
Water management	• Shortage risk • Pollution risk	• Sustainable Development Charter • Environmental Policy	• % of water used from rainwater • Water withdrawals for steel and tube manufacturing per metric ton processed (cu.m. per metric ton processed) • Suspended particulate matter (metric tons) • Chemical and biological oxygen demand (metric tons) • Total hydrocarbons (metric tons) • Heavy metals (metric tons)
Waste management	• Pollution risk • Health risks • Hazardous waste risks	• Sustainable Development Charter • Commitment to responsible performance • "By-product" approach	• Tonnage of waste put into landfill • % of hazardous waste • HSE investments amount
Air quality	• Air pollution risks: steam, gas and particle emissions	• Sustainable Development Charter	• Measurement of air pollutant emissions • HSE investments amount

(1) Corporate Sustainability Reporting Directive, Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) No. 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU as regards corporate sustainability reporting (Text with EEA relevance), Directive - 2022/2464 - EN - EUR-Lex (europa.eu).

Non-financial information category	Definition of risk (or of opportunity)	Policy applied	Key performance indicators
Respect of ethics (excluding corruption)	• Risk of non-compliance with the Code of Ethics • Image risk	• Code of Ethics • Compliance program • E-learning • Responsible purchasing policy • Whistleblowing and reporting systems	• Number and type of internal/external alerts • Number and type of sanctions applied • % of purchases from suppliers subject to formal CSR assessment
Diversity	• Gender equality	• Code of Ethics • Mentoring for women • Presence of women in succession plans • Short- and medium-term objectives	• Ratio of women managers and executives • Ratio of women senior executives • Wage disparity rate
Occupational health	• Health risks linked to the use of chemical products and substances • Health risks linked to noise pollution exposure • Risk of occupational diseases • Risks associated with the Covid-19 pandemic	• Health policy • Evaluation of health risks in certain countries • Substitution plan for products classified as CMR (alert and reporting systems) • Action plan to prevent noise pollution • Workstation ergonomics • Review of operating procedures, circulation in the premises, provision of protective equipment	• CMR products replacement rate • HSE investments amount • Mapping of employees' exposure to noise • Noise measurement surrounding sites • Number of confirmed occupational illnesses
Occupational safety	• Accident risks	• *Safety Management Program* • Particular focus on fatal accidents and subcontractors • Evaluation of security risks in certain countries • Whistleblowing and reporting systems	• LTIR, TRIR • ISO 45001 certification rate • HSE investments amount
Employees' skills and development	• Key personnel departure risk • Loss of skills and expertise risk • Risk of isolation and disengagement	• *People review* • Career interviews • Succession plans • "Expert" program • Vallourec University • Agreement on the principles of responsibility of the ILO conventions • Raising awareness and training for managers, psychological support set up by specialized firms	• Turnover rate and reasons for termination of employment • Number of training hours
Employee relations	• Risk of deterioration in the social climate and employee engagement	• Employer-employee dialog • Agreement on the principles of responsibility of the ILO conventions	• Employee satisfaction questionnaire
Quality of products and services/ customer relations	• Claim risk • Image risk • Opportunity to strengthen customer relations	• Commercial Excellence Program	• Number of claims • Severity of claims • Claims processing time
Corruption	• Public markets access risk • Conviction risk • Image risk	• Code of Ethics • Compliance program • Anti-corruption Code of Conduct • Internal procedures: supervisors/gifts/sponsorship • E-learning and training	• Number and type of internal/external alerts • Number of people trained
Equal opportunity/ discrimination risk	• Risk of non-compliance with the Code of Ethics • Risk of non-decent pay • Image risk	• Code of Ethics • Compliance program • Agreement on the principles of responsibility of the ILO conventions • E-learning • Responsible purchasing policy • Whistleblowing and reporting systems	• Number and type of internal/external alerts • Number and type of sanctions applied

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.

Anticipation of the Corporate Sustainability Reporting Directive (CSRD) through double materiality analysis

One of the key elements of the European Green Deal is the tightening of corporate sustainability reporting requirements. The main aim of the Corporate Sustainability Reporting Directive (CSRD) is to harmonize corporate sustainability reporting, thereby improving the quality and availability of environmental, social and governance (ESG) information. The CSRD created European Sustainability Reporting Standards (ESRS), which provide a framework for harmonizing company publications. The purpose of the ESRS is to specify the sustainability information a company must publish in accordance with Directive 2013/34/EU of the European Parliament and of the Council(1), as amended by Directive (EU) 2022/2464 of the European Parliament and of the Council(2).

In 2023, Vallourec has performed its double materiality analysis to complement and update the previous materiality assessment led in 2021. Double materiality is the cornerstone of CSRD as this analysis is used to determine which ESG topics are material and will be reported, in accordance with the ESRS. Double materiality is based on the concept that a matter can be evaluated material on two perspectives:

- the impact materiality, which evaluates the impacts – positive and negative – of the company on society and the environment.
- the financial materiality, which relates to the potential financial effects – positive and negative – on future cash flows and the company's value.

Before launching Vallourec's double materiality analysis, an awareness-raising initiative on CSRD and the importance of dual materiality analyses was undertaken in the form of training, both with the various internal contributors and the members of the Board's CSR Committee.

In this double materiality analysis, supported by an external consulting firm, Vallourec identified and assessed its material topics through five different phases:

1. Reviewing the current situation by capitalizing on existing methodologies and analysis;
2. Determining a long list of potential Impacts, (gross) Risks, and Opportunities (IROs) material to Vallourec and its value chain based on a relevant benchmark and existing analysis;
3. Establishing a first scoring of IROs;
4. Engaging with stakeholders to get their feedback on this initial analysis and adjust the double materiality assessment accordingly;
5. Sharing the results with governing bodies.

Results of this analysis confirmed the preeminence of social issues such as Occupational Health and Safety and working conditions, alongside environmental issues such as climate change mitigation and adaptation and resource management. These issues are already priorities for the Group, and are being closely monitored as part of Vallourec's roadmap.

The main material topics identified at this stage are the following:

- Climate change mitigation and adaptation
- Energy
- Water consumption and water withdrawals
- Substances of concern and extremely high concern
- Pollution of air, water, soil, and living organisms
- Noise pollution
- Waste
- Direct drivers of biodiversity loss
- Health and safety of workers
- Working conditions
- Maintaining expertise and developing skills

These material topics represent potential and actual negative and/or positive impacts of Vallourec's value chain on society and the environment and vice-versa, as well as risks and financial opportunities for Vallourec.

(1) Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, June 29, 2013, p. 19).

(2) Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) No. 537/2014 and Directives 2004/109/EC, 2006/43/EC and 2013/34/EU as regards corporate sustainability reporting (OJ L 322, 16.12.2022, p. 15).

2.1 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.

2.1.1 Governance and management of duty of care

2.1.1.1 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 quarterly review by the Executive Committee. Risk mapping therefore takes place within all major entities, all regions, and the Group as a whole, and is updated quarterly by the Internal Control and Risk Management Department.

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;
- 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 and fundamental freedoms, 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.

2.1.1.2 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 2: Issues identified in terms of impacts, risks and opportunities).

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 3.2 "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 and 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.

2.1.2 Risk management in health and safety issues

SDG 3.9

2.1.2.1 Structure

The Health and Safety policy that was updated in 2022 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.

The Group's Health and Safety organization was strengthened in November 2023, with the appointment of a new Group Director tasked exclusively with occupational health and safety.

2.1.2.2 Measures

Safety is the Group's absolute priority and it aims to become a benchmark and a model for success in this area. In 2023, 97% of Vallourec facilities were certified to ISO 45001. This certification level represents the entire production in metric tons. Vallourec regularly refreshes its safety improvement program, which is particularly focused on the major risks that could lead to a fatal accident or a life-changing event. Since 2016, a particular focus has been placed on subcontractors.

In 2022/2023, Vallourec also called on external consultants to reinforce its approach to occupational safety management in North America. The results have been very convincing: the TRIR was down nearly 50% in North America in 2023. The action plans deployed increased awareness of risks, knowledge and training for identification and mitigation and maximizing the empowerment of the whole organization to contribute dynamically to reducing risks. This also paves the way to a real and sustainable safety culture that aims to become the benchmark in the 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 has also formalized a travel policy addressing travel risk and traveler safety:

- for high-risk countries, travel must first be authorized by the Chairman and Chief Executive Officer, and tickets may only be booked through accredited service providers to ensure the safety of our employees;
- trips are organized by the local travel agency appointed by Vallourec for security and traceability reasons. Obviously, it is very important for the Group to ensure the traceability of employee travel and to be able to provide its people with all the necessary assistance;
- the policy is updated regularly. The most recent update was in December 2023. It has been distributed to employees to make them aware of high-risk countries and other important security issues.

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 2.3.2.1 "Health and safety" of this Universal Registration Document.

2.1.3 Risk management linked to the supply chain

SDG 12.6

2.1.3.1 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.

2.1.3.2 Measures

Within the context of this responsible purchasing policy, Vallourec has put in place 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 “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 2.3.5 “Relations with stakeholders” of this Universal Registration Document.

2.1.4 Risk management in environmental issues

SDG 13.2

2.1.4.1 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 tasked with identifying environmental risks and opportunities within his or her area of responsibility, and drawing up a roadmap consistent with the Group’s guidelines. The director 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.

2.1.4.2 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 risks facing the Group with regard to climate change mitigation are discussed in section 2.2.2.1. 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. These targets were validated by the SBTi in May 2020. In 2021, the Group set itself the target of reducing the carbon impact of products sold by 30% and 35% by 2030 and 2035 respectively, compared with 2021.

With regard to climate change adaptation, Vallourec mapped eight climate risks in eight regions in 2014, and updated this mapping in 2019. This led to the implementation of targeted adaptation measures, particularly in the United States, Brazil and China. In 2023, the methodology was revised and extended to all climate risks listed in the CSRD, and the scope to cover all of the Group's production sites, as well as certain suppliers and strategic ports (see section 2.2.2.3 "Adapting to climate change").

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 3.1.2.2 "Industrial and environmental risks".

The Group's commitments in environmental matters and the results of policies implemented are more extensively described in section 2.2 "Our environmental commitments" of this Universal Registration Document.

2.1.5 Risk management related to human rights

SDG 8.7, 16.5

2.1.5.1 Structure

Risk management in 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 2.1.3, "Risk management linked to the supply chain"), in close cooperation with the Ethics and Compliance Officer.

2.1.5.2 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 2.3.4 "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. Our actions and initiatives towards Diversity, Equity and Inclusion are detailed in section 2.3.3 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 2.3.5.3 "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 2.4 "Our commitments to business ethics and compliance" of this Universal Registration Document.

Finally, Vallourec addresses cybersecurity risks via a training program on protecting information, with a focus on test phishing campaigns and fraud detection, in all Regions. Further details are set out in section 3.2.2.7 Information systems.

2.1.6 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 on 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. In 2023, the Group worked to inform its employees of the existence of the whistleblowing system (distribution of the new mandatory e-learning course, poster campaign at each site, distribution on internal communication systems, etc.): 202 reports were made on the Vallourec Integrity Line in 2023 vs. 109 in 2022. 41 of the 202 reports received were not considered to be whistleblowing: most of them (60 cases) concerned problems related to work relations; the others concerned damage to property (32), breaches of internal regulations or the Anti-Corruption Code of Conduct (20), or non-compliance with safety instructions (6). 59 reports were confirmed after investigation: 53 resulted in sanctions ranging from disciplinary measures (4 cases) to dismissal (24). 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.

2.2 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.

2.2.1 Introduction

SDG 8.4, 9.4, 12.4, 12.5, 13.2

2.2.1.1 Scope of the study

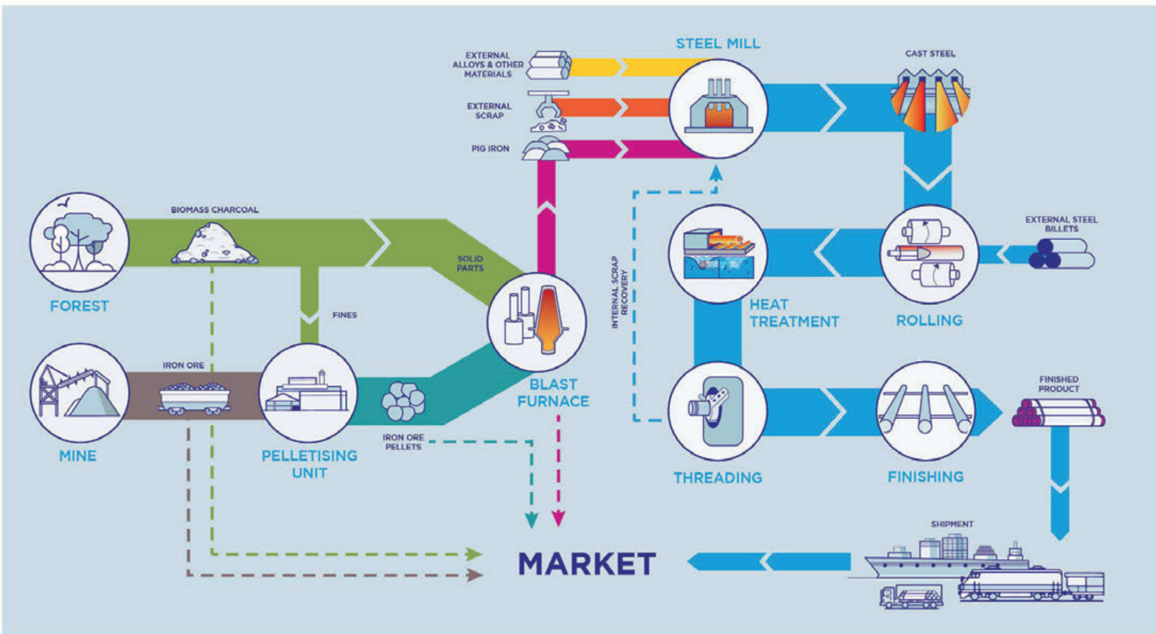
The environmental data included in the environmental reporting for 2023 concerns all of the subsidiaries controlled by the Group.

Since 2018, the Group has chosen to consider Vallourec's activity as consisting of several business lines, each of which contributes to the purpose of manufacturing seamless steel tubes and providing associated services. This "sector-specific" approach is found in the structure of the Carbon Disclosure Project (CDP) "Climate," "Water" and "Forest" questionnaires, to which Vallourec responds every year, and in the Science-Based Targets (SBTi) 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": exploitation of a eucalyptus forest in Brazil (Florestal) and manufacturing of charcoal to supply Brazilian blast furnaces and the Jeceaba pelletization unit;
- "Pelletization": manufacture of iron ore pellets to supply the Jeceaba steel mill. The pellets feed the blast furnaces with carbon that is plant-based (biogenic) rather than fossil-based. This facility, which operates at nominal capacity, also supplies other Brazilian steel manufacturers,
- "Steel and Tubes":
  - "Steel": production of steel with carbon from eucalyptuses in the United States and Brazil to supply steel billets to the rolling mills;
  - "Tubes": manufacture of seamless tubes and their accessories (connections, etc.) in rolling mills, heat treatment units, finishing units, and the associated services provided to customers.

VALLOUREC GLOBAL TUBE MANUFACTURING PROCESS



Most ratios for each production site are calculated based on the following metric tonnages:

- iron ore for the "Mine" activity;
- charcoal for the "Forest" activity;
- iron ore pellets for the "Pelletization" activity;
- steel or tubes for all units in the "Steel and Tube Production" segment.

Volumes are expressed in metric tons produced for the Mine, Forest, Pelletization and Steel Production activities. They are the sum of production of the various units taken independently. This metric 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. However, tube production volumes are expressed in metric tons shipped (sold) in order to avoid multiple counting.

At equivalent scope, the Group's production, expressed in metric tons of steel and tubes processed, decreased from 4,925 kt in 2022 to 4,094 kt in 2023, a decline of 17% explained by the implementation of the Group's value over volume strategy, which favors the sale of high value-added products over volume growth. At the same time, the volume of tubes shipped went from 1,804 kt in 2022 to 1,552 kt in 2023, which represents a decrease of 14%.

2.2.1.2 Specific features of Vallourec processes

Through its "Mine," "Forest," and "Pelletization" activities, Vallourec controls a large number of operations upstream of its core activity, linked to the extraction and transformation of raw materials. This integrated process allows the Group to control its entire value chain, while at the same time engaging its external suppliers on the environmental impact of the products and services it purchases.

Steel production is a critical activity with regard to many environmental challenges. For example, it accounts for 59% of the Group's direct CO_2 emissions. Both steel mills present structural technological advantages:

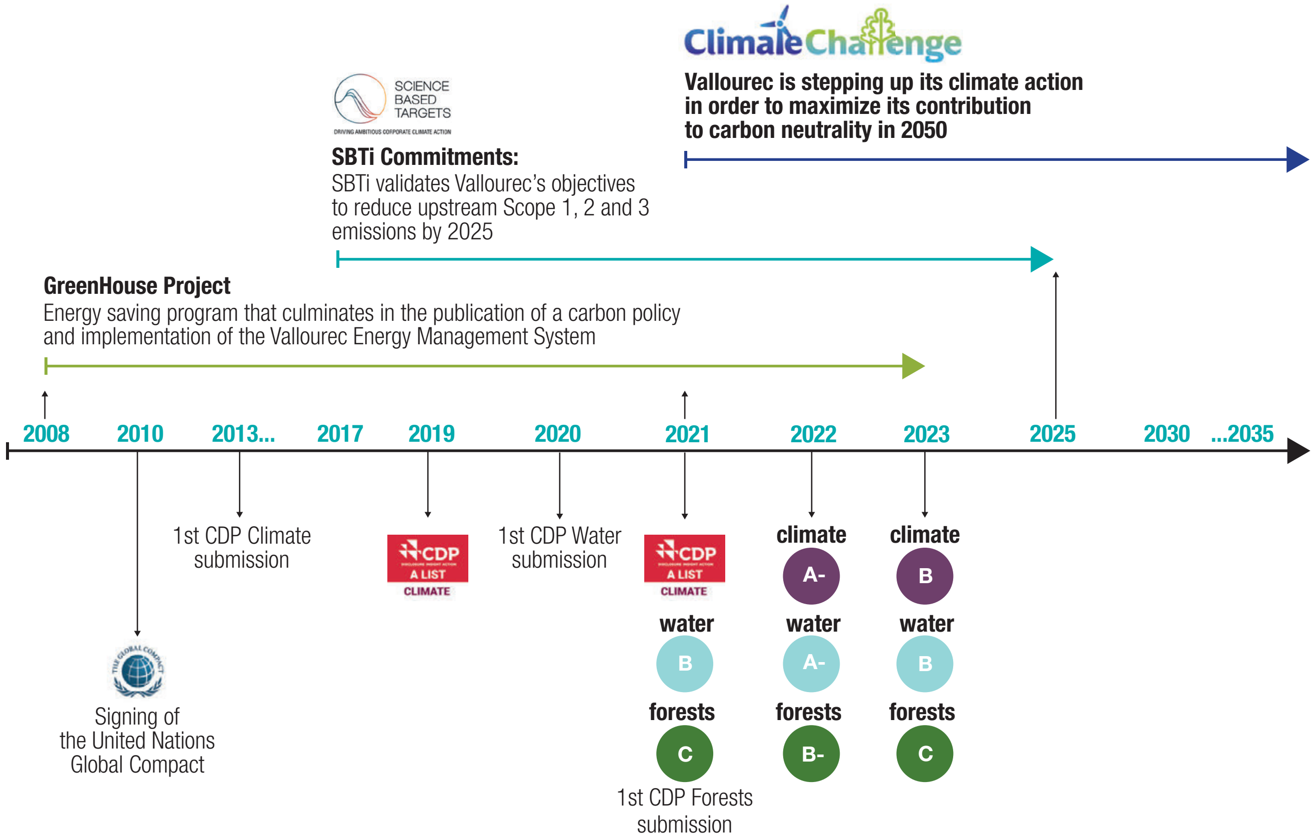
- In Youngstown, an electric arc furnace running on nuclear (and therefore low-carbon) power is 98% supplied with recovered scrap steel This guarantees much lower carbon emissions per metric ton of steel produced than competing low-carbon technologies, even those currently under development (including the use of hydrogen for DRI). On a global average, 0.68 tCO_2e are emitted per metric ton of steel produced by the electrical production route, compared with 1.37 tCO_2e/mt for the DRI production route and 2.33 tCO_2e/mt for the blast furnace production route[1].
- In Jeceaba, the blast furnace is fed by biomass charcoal. The use of biomass to replace fossil coke (usually the largest source of emissions in the cast iron production process) means reduced emissions if the carbon stock stored in the forest remains constant or increases.

The reuse of by-products within Vallourec's own processes is key to reduce reliance on natural resources, while at the same time reducing the overall lifecycle carbon footprint of Vallourec products. For example:

- The systematic recovery of all the metal elements generated in the process, such as threading residues and scrap metal, enables to increase the proportion of scrap used in the electric arc furnaces, thereby reducing the consumption of the various resources used in steel production, including iron ore, charcoal, energy and water – and the associated CO_2 emissions.
- The reuse of waste heat from the Jeceaba blast furnace to power the rotary hearth furnaces, bringing the steel to around 1250-1300°C before rolling, significantly reduces the need for natural gas.
- The reuse of charcoal fines in the pelletization unit, which requires heat input of around 1,350°C in the rotary kiln for ore agglomeration, enables a full substitution of natural gas use.
- The sale of blast furnace slag to other industries enables cement manufacturers to replace clinker, which accounts for over 90%[2] of the carbon footprint of concrete.
- The reuse of rainwater covers 11% of water needs for the production of steel and tubes, reducing the amount of water taken from the natural environment.
- Treatment plants allow water to be reused after its industrial use (with a high recirculation rate – 98% for the Jeceaba unit, which is the most water-intensive of the Group's plants).

(1) Source: Worldsteel Association (2023); Sustainability Indicators 2023 report – worldsteel.org.
(2) Source: New Climate Institute (2023); Clinker Substitution in the EU Cement Sector (alliancelccc.com).

2.2.1.3 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.

The SBTi first validated greenhouse gas emission reduction targets across the Group's entire value chain (Scopes 1, 2 and 3 upstream and downstream) in 2020. Vallourec is thus committed to a decarbonization pathway compatible with global warming "well below 2°C" over the 2017-2025 period, breaking down as follows:

- **Scopes 1 and 2:** a 20% reduction (in absolute terms) in fossil and biogenic emissions;
- **Upstream Scope 3:** a 45% reduction (in terms of intensity) notably on raw material and steel purchases;
- **Scope 3:** a 25% reduction (in absolute terms) in indirect emissions (including transportation, and product usage and end-of-life);
- **Scopes 1, 2 and 3:** a 25% reduction (in absolute terms) in emissions across its whole value chain.

At the same time, the Group joined and followed the SBTi Steel working group, which, in 2023, delivered a methodological guide defining a common level of ambition for all steel producers in the medium term (5 to 15 years) and long term (2050) to position the sector on a net zero emissions pathway. Based on the IEA NZE scenario, among other inputs, the working group defined the scopes, references, emissions reduction levels and other criteria to be taken into account for a fair comparison of the sector's industrial performance.

2023 was also a year of the implementation of the Group's climate roadmap, which was deployed to meet the commitments made to the SBTi for the 2017-2025 period, as well as those made last year through the Climate Challenge project covering the 2021-2030 and 2021-2035 periods. Regional action plans have been developed, together with emission reduction targets for all purchasing functions, which are reviewed quarterly by the Group Climate Committee, sponsored by a member of the Executive Committee.

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 the Group Environment Committee, managed by the Sustainable Development Department and sponsored by a member of the Executive Committee.

2.2.1.4 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 2.1.4).

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 2023, 100% of the Group's sites were certified to ISO 14001 and 97% to ISO 45001.

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 2023, the Group recorded several formal notices and formal warnings across all of its sites from local authorities:

- two in France, at Vallourec Oil & Gas France, the first concerning VOC emissions in excess of the limits set by the prefectural order (currently being resolved); the second concerning the updating of the maintenance register related to dust treatment systems. Note that the 2022 formal notice to Vallourec La Forge concerning the rate of smoke emission from one of the heat treatment furnaces was lifted in 2023;
- one in the United States: the VAM Houston site received notice regarding discharges from its wastewater treatment plant. The entity took corrective action, allowing the case to be closed before formal notification was received;
- one for the Mine activity in Brazil, following the incident in January 2022. Since then, Vallourec has implemented all the measures recommended for the environmental and structural rehabilitation of the Cachoeirinha waste pile and has responded to all requests made by local authorities;
- a second for the Mine activity, with formal receipt of the request to measure the site's particulate emissions. This was done by local teams, making it possible to satisfy this request;
- a third for the Mine activity, with notification that the quantities specified on the raw materials extraction license had not been adhered to. Vallourec has signed a conduct adjustment agreement. The notification from the local environmental agency is being regularized, a corrective environmental licensing process is underway;
- one for Vallourec Florestal, Brazil, requesting the reduction of smoke emissions (solid and odorous particles) from the carbonization process of the Aldeia farm, in the municipality of Abaeté. Vallourec has implemented corrective measures to reduce smoke emissions, and has provided for the installation of burners providing a permanent engineering solution.

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 2.4 "Our commitments to business ethics and compliance").

In 2023, 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, Indonesia, Middle East and China) totaled 172,852 hours, compared to 107,597 hours in 2022, i.e., an increase of 61%. They represented 23% of the total training time (745,471 hours). These training courses notably include a climate module for sales, purchasing and communications teams. They cover regulatory and carbon accounting subjects (carbon footprint assessment based on the GHG protocol and Environmental Product Declaration [EPD] in accordance with ISO 14025 and EN 15804+A1) necessary for the proper communication of the Group's CO_2 data to customers, suppliers and other stakeholders.

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_2 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 working 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.

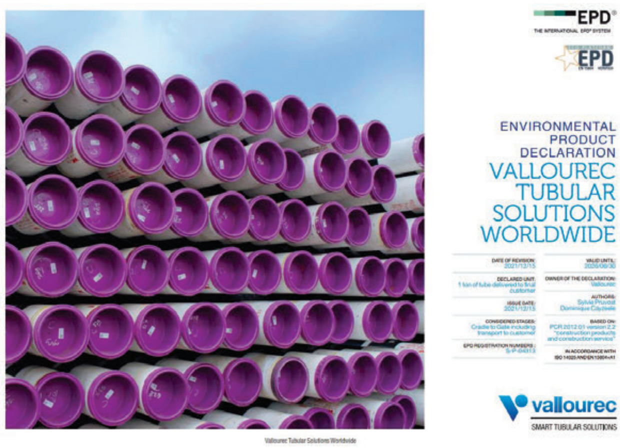
The teams in our plants have also worked on optimizing production schedules and processes to adapt to periods of under-activity to the extent possible in order to limit the number of shutdowns/restarts and reduce the fixed share of energy consumption (electricity, natural gas and compressed air) and 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 metric tons of CO_2 per metric ton of tube, and 1.27 metric tons of CO_2 per metric ton of steel, which gives it a lower carbon footprint than the industry average of around 2 metric tons of CO_2 per metric ton of tube and 1.91 metric tons of CO_2 per metric ton of steel, according to World Steel Association data.



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_2 emissions;
- water intake (excluding rainwater) for the production of steel and tubes;
- waste recovery.

In more detail, the EII is calculated as follows:

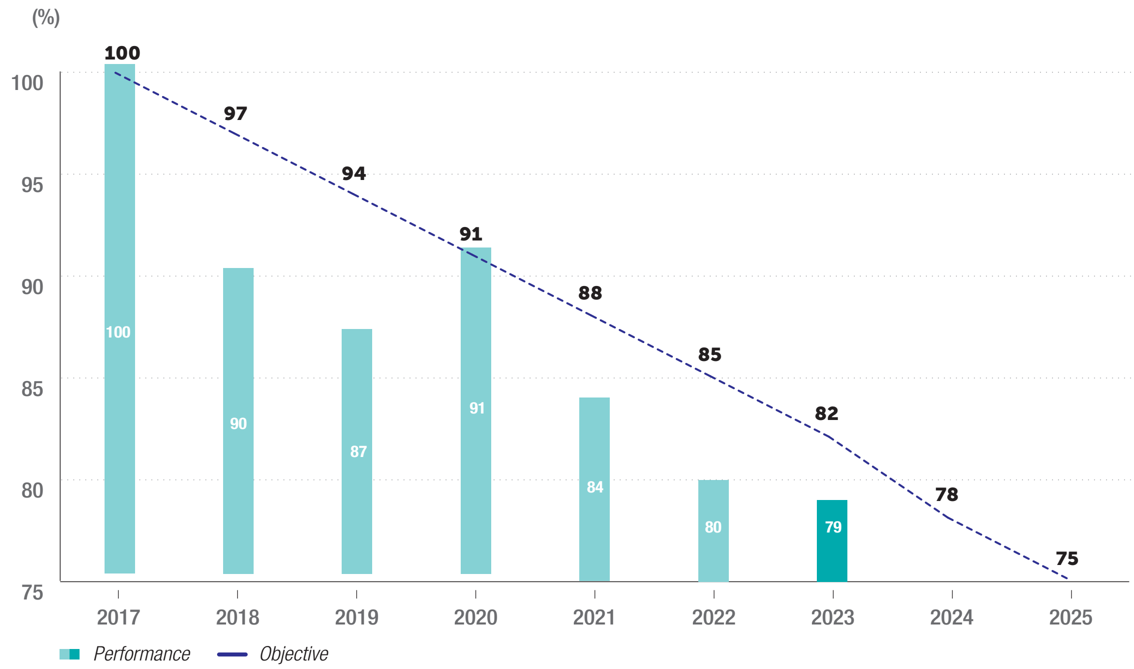
Environmental Impact Index (%)*

	Field	Item	Unit		Formula	Weighting
Environmental Impact Index (EII)	Energy consumption	Natural gas consumption	kWh/metric ton*	year y figure / 2017 figure	x 100	11.33%
		Electricity consumption	kWh/metric ton*			11.33%
	CO_2	CO_2 emissions	kg CO_2e/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%

* *The metric tons considered are the metric tons of steel and tubes produced by all of the Group's sites.*

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 2023, the Environmental Impact Index was 79%, below the 82% target set for the year. This performance is explained by improved water management at our sites (1.15 cu.m. per metric ton, down from 1.19 in 2022), despite the closure of the German sites, which had the lowest water intake per metric ton processed across the Group. The action plan to reduce water consumption will nevertheless continue. The target for 2024 has been set at 78%.



2.2.2 Combating climate change

SDG 13.1, 13.2

2.2.2.1 Inherent 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 that could have a direct impact on the company's finances are:

- announced changes to the European policy on carbon quotas;
- the European Union's Carbon Border Adjustment Mechanism (import tax);
- extension of carbon quotas to industry in other countries.

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 2.2.2.2), 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.

Indirect risks:

Vallourec's stakeholders are increasingly demanding with regard to its environmental performance. There are many associated risks:

- image or reputational risk, both internal (for company employees) and external;
- risk of non-compliance with charters or selection criteria imposed by customers.

2.2.2.2 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 have helped prioritize future actions;
- a self-assessment system for sites controlled by the project leaders.

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 Barreiro and Jeceaba sites in Brazil and for VCHA Changzhou in China. It had also been obtained for Rath and Mülheim in Germany, sites that are now closed.

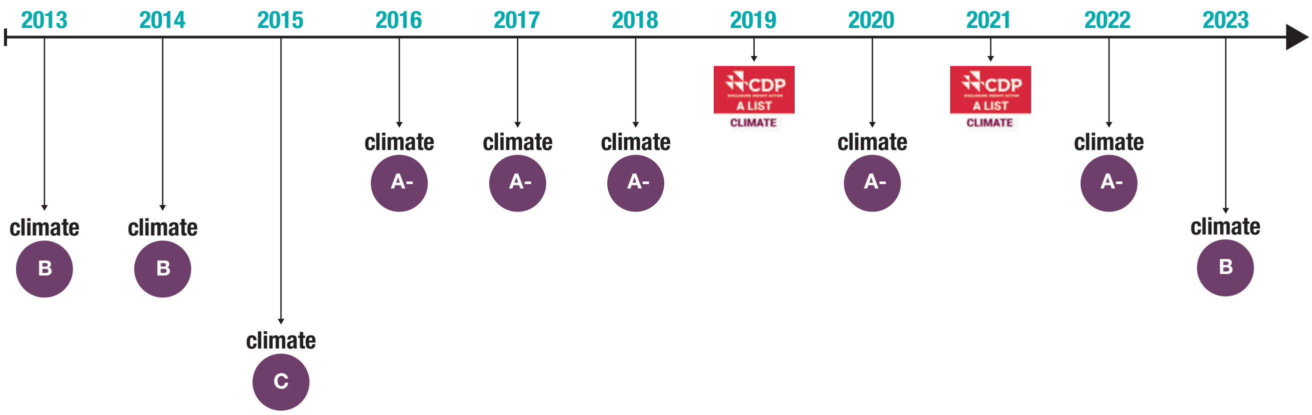
In addition, the Youngstown site in the United States has received recognition under the U.S. Department of Energy's 50001 Ready program: https://betterbuildingssolutioncenter.energy.gov/iso-50001/50001Ready. This helps organizations develop a culture of structured energy improvement, for greater and 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 37% of total production in 2023.

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. From 2016 to 2022, Vallourec has been one of the companies recognized by the CDP for leadership in climate matters and commitment to a low-carbon economy. In 2023, despite the growing demands of its stakeholders, Vallourec obtained a B rating and is still positioned above the average of its peers.



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_2 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 the Group to verify its ambitions to reduce its direct emissions (Scopes 1 and 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.

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 and value creation model in 2022 in order to set new targets for 2030 and 2035.

A GHG emissions projection model has been developed based on the elements underpinning the Group's decarbonization roadmap (see II Action plans and measures), including:

- production forecasts are aligned with the Group's roadmap and distributed between the various production sites to reflect changes in the Group's industrial footprint;
- technological levers:
  - for mature technologies, they follow the investment plan of each region in technologies with a lower carbon impact, and apply where appropriate to the various stages of the process (mine, forest, pelletization, steel production, rolling, heat treatment and finishing);
  - for disruptive technologies or those currently under development, they align with the "decarbonization" portfolio of the Group's OneR&D roadmap;
- purchasing levers follow the purchasing decarbonization roadmap of each region, which are consolidated at Group level;
- the diversification of commercial outlets towards new energies, aligned with the New Vallourec plan, is also derived from sales forecasts. The assets of each cash-generating unit are tested using growth rates corresponding to the outlook for their various markets, in particular diversification into new energies, which are in the medium-term APS scenario (see chapter 7, section 4.2 "Impairment tests");
- externalities, which in 2022 were based on the IEA SDS scenario, are now based on the APS scenario[1]. This means that decarbonization pathways for electricity, steel purchases, town gas and maritime transport follow the ambitions expressed by governments or decision-making bodies.

Taking 2021 as the base year, Vallourec is now committed to reducing the emissions of its products sold by:

- 30% by 2030, corresponding to a carbon intensity of 1.4 metric tons of CO_2 per metric ton of tube shipped;
- 35% by 2035, corresponding to a carbon intensity of 1.3 metric tons of CO_2 per metric ton of tube shipped.

Note: this represents an annual reduction of 1.7 million metric tons of CO_2e by 2035 compared to 2021.

II) ACTION PLANS AND MEASURES

A) The company's industrial footprint

Vallourec's decarbonization plan is linked to its industrial structuring plan, as data on changes in production capacity by site feed into the carbon footprint monitoring model.

The choice of industrial routes is of paramount importance in reducing the company's carbon footprint, and in particular the transfer of activities from Germany to Brazil. This is because the German sites relied on a supply of steel from blast furnaces fired by fossil coal, whereas the Brazilian sites operate a forest that supplies a blast furnace with charcoal, as well as electric arc furnaces used to recycle steel scrap.

B) Technological levers

The decarbonization of steel production and transformation into tubes, the energy-intensive processes responsible for almost all of Vallourec's direct emissions in 2023, and 12% of its total emissions, 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 metric ton of finished product by 2025;
- a reduction in methane emissions from wood carbonization in Brazil. From 2024, the first phases of industrial deployment of the Carboval technology will enable the use of biomass with no biogenic methane emissions.

In the medium term, breakthrough technologies identified by prior studies will need to be deployed. In 2023, studies began on two candidate technologies to prepare potential demonstrators and deployment plans:

- the capture, storage and/or use of CO_2 (or CCUS) emitted by the process. Storage can take place in natural cavities, while use involves transformation into chemical compounds, such as methanol. University partnerships are being developed to address this issue;
- 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. Vallourec OneR&D is testing equipment compatibility in Brazil.

(1) The IEA projects several possible scenarios for the average temperature of the planet by the end of the century. The least favorable scenario only takes into account policies currently in place or planned and the deployment of technologies that are already mature; this is known as the Stated Policies Scenario (STEPS), which predicts global warming of 2.4°C by the end of the century. The most ambitious scenario shows a path to carbon neutrality by 2050, as well as very sharp emissions reductions in the coming years, so that cumulative emissions remain below the threshold that would limit global warming to 1.5°C; this is known as the Net Zero by 2050 scenario (NZE). The Announced Pledges Scenario (APS) shows a path consistent with governments' stated climate ambitions, even without policies to back up their targets. In some regions, this pathway may be identical to the NZE for governments that have announced a target of carbon neutrality by 2050 (as is the case for the European Union).

C) Purchasing levers

Work is focused on the following areas:

- further reducing the carbon intensity of steel and raw material purchases. The share of steel sourced from recovered scrap has already increased since 2021, particularly in Europe and, more recently, in China. It will continue to increase until 2030;
- decarbonizing maritime and land transport services by increasing the share of biofuels in road transport, promoting the use of rail and inland waterway transport and requiring maritime transport operators to provide a decarbonization pathway. In 2023, rail and inland waterways accounted for 12% of the Group's internal goods flows, helping to avoid 65 tCO_2e in emissions compared with road transport over the year;
- maximizing local renewable electricity production at industrial sites, with the installation of photovoltaic panels. The significant progress made in China in 2023 (around 9,000 MWh of own consumption thereby avoiding 6 $ktCO_2e$) demonstrates the relevance of the initiative;
- maintaining a carbon-free electricity supply through the use of certificates of origin or long-term power purchase agreements (PPAs);
- examining the potential for biofuel supply, in particular as a substitute for diesel and petrol consumed by industrial machinery.

D) New markets

Vallourec's decarbonization plan also integrates the company's strategic plan and its prospects for diversifying its offer. 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 transport and storage of hydrogen, technologies linked to carbon capture and storage (CCS), and geothermal and solar markets. The growth of these activities will make it possible to reduce Scope 3 downstream emissions linked to the use of products sold. Further information on this appears in section 1.3.1.3 of chapter 1.

III) PERFORMANCE MONITORING

A) Actions implemented

In line with the Group's new climate governance, each region is responsible for managing its roadmap of actions to be taken to meet our commitments. Part of the CapEx required to implement these actions is consolidated according to the criteria of the European taxonomy (see section 2.2.2.4 "European Taxonomy"). In particular:

- **The South America region** has launched the industrial phase of Carboval, a highly innovative process for the continuous production of high-quality charcoal with homogeneous carbonization, reduced ash content, a yield of around 40%, generating by-products (plant-based tar and fertilizers) and no methane or smoke emissions.

  In addition, a scrap shredder has been installed at the Jeceaba steel mill to enable low-grade scrap to be recycled before it is fed into the electric arc furnace. This investment expands the supply of steel scrap and contributes to the recovery of this scarce resource, which Worldsteel estimates can reduce emissions from steel production by an average of two-thirds compared with a BF-BOF process using ore.

  These action plans were in addition to those rolled out in 2022, i.e., the 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.
- **The North America region** has continued its energy efficiency program, replacing numerous items of equipment with new ones, linked to the maintenance of rotary kilns and refractories at all sites, including Youngstown and Houston.

  In addition, in partnership with Purchasing, all electricity consumption at the Houston (Texas), Houma (Louisiana) and Muskogee (Oklahoma) facilities will be covered by a certificate generated by a nearby nuclear power plant, transport and distribution line losses included.

  These action plans were in addition to those rolled out in 2022, i.e., the 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.
- **The Eastern Hemisphere region** has commissioned solar panels on the Chuzhou (Tianda) and Changzhou (VCHA) sites. In total, 9,000 MWh were generated in 2023, thereby avoiding 6 $ktCO_2e$ of atmospheric emissions if this energy had come from the grid.

  Furthermore, in Indonesia (PTCT), installation of connected electricity and gas meters will allow to monitor energy consumptions and reduce waste.
- **Purchasing** has worked with existing or alternative suppliers to evaluate, reduce or implement less carbon-intensive supply chains. This has been achieved in Europe and China, with an increase in the proportion of steel sourced from recovered scrap. In the Middle East, steel is now sourced locally using the DRI-EAF process (direct reduced iron, combined with an electric arc furnace).

B) Detailed energy assessment

Vallourec's energy assessment covers all of the Group's activities described in 2.2 Introduction, namely those of the Iron Ore Mine (Mineração), the Forest (Florestal), the Brazilian pelletization unit, as well as the steel mill, tube mills and finishing plants. It includes the consumption of all types of energy, including electricity, natural gas and fuels (gasoline, diesel, propane, bioethanol, biodiesel), as well as biomass. The Group uses biomass as a source of energy for its pelletization unit and blast furnace in Brazil.

Monitoring of the Group's energy consumption for steel and tube manufacturing, 2017-2023

Year	2017	2018	2019	2020	2021	2022	2023
Natural gas *(kWh/metric ton)*	635	619	653	678	603	586	608
Electricity *(kWh/metric ton)*	320	309	342	409	385	356	334
Total gas and electricity *(kWh/metric ton)*	955	928	994	1,086	988	941	942
CO_2e *(kg/metric ton)*	202	190	160	160	150	144	135

In 2023, absolute gas and electricity consumption was 4,104 GWh, compared with 4,641 GWh in 2022, a 12% decline similar to the drop in metric tons produced between the two years. Relative to production, energy consumption is therefore stable, with 941 kWh/metric ton in 2022 and 942 kWh/metric ton in 2023. However, this actually implies substantial energy efficiency gains, as the transfer of production from Germany to Brazil has resulted in an increase in the Group's own steel production: the energy previously consumed by the Group's steel suppliers in Europe is now consumed directly by the Group in Brazil, and steel production is more energy intensive than tube production. The reduction in emissions per metric ton produced is also significant at 6% year on year. This reflects the improvement in the carbon footprint of electricity purchased between 2022 and 2023.

Origin of energy consumed by the Group, 2023

		Low-carbon energy[(c)]			
Energy source	**Unit**	**Renewable**	**Nuclear**	**Non-renewable energy**	**Total**
Electricity[(a)]	GWh	871	524	129	1,524
Natural gas[(b)]		-	-	2,580	2,580
Fuel oil[(b)]		34	-	258	292
Charcoal		1,272	-	-	1,272
TOTAL	**GWH**		**2,700**	**2,967**	**5,668**
Energy consumed	%	38% ☑	9%	52%	100%
	%		48%	52%	100%

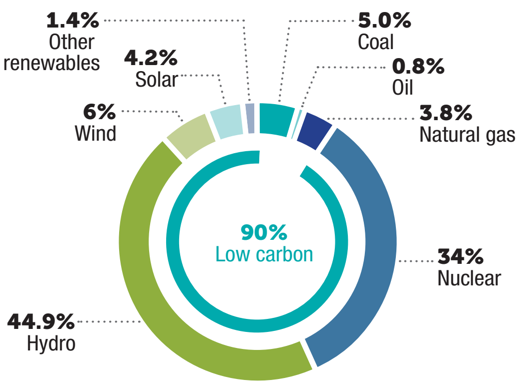
(a) Of which own consumption of solar electricity.
(b) Including the fuel or natural gas needed to produce electricity at certain sites, such as Vallourec PT Citra Tubindo (Indonesia).
(c) Low-carbon: renewable or nuclear origin.

In 2023, 48% of the energy consumed Group-wide was low-carbon (9% nuclear origin, 38% renewable). This figure is stable compared to 2022. The increase in the share of nuclear and renewable energies in the electricity mix offset the reduced use of charcoal by the pelletization unit and blast furnace at Jeceaba, Brazil. In terms of fuel, biodiesel and bioethanol accounted for 12% of the Group's consumption this year, enabling the effective substitution of fossil fuels.

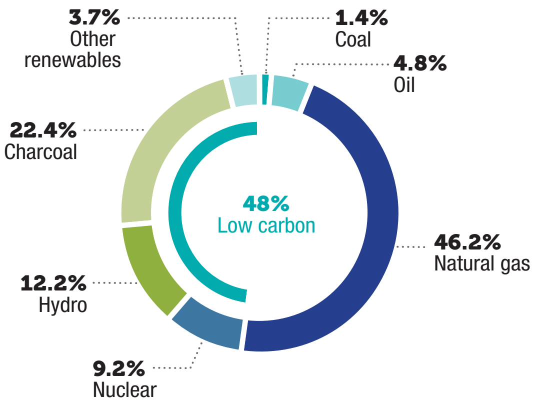
As concerns electricity, since 2017, the Group has been basing its analyses on information from its providers, "market-based" data, and "location-based" national energy mix data. This allows the Group to better measure the impact of its choice of energy supply sources and to better manage them to reduce its carbon footprint.

Group energy mix, 2023

Electricity



All energy consumption (final)



The Group's electricity and final energy consumption, 2017-2023 *(GWh)*

Year	2017	2018	2019	2020	2021	2022	2023
Electricity consumption	1,797	1,881	1,717	1,434	1,614	1,608	1,542☑
All final energy consumption	7,223	7,865	7,252	6,067	6,359	6,586	5,668

In 2023, low-carbon electricity accounted for 90% of consumption (56% renewable, 34% nuclear), an increase compared with 2022 (87%).

The share of nuclear power has increased significantly: since the start of 2023, nuclear guarantee of origin certificates have covered all consumption in the southern United States, and in particular at the Houston site (Texas), Houma (Louisiana) et Muskogee (Oklahoma). This is in addition to a power purchase agreement (PPA) signed with supplier Energy Harbor, covering consumption in Youngstown (Ohio). The Vallourec Star site is equipped with an electric arc furnace that accounts for close to 30% of the Group’s total electricity consumption.

Many electricity suppliers have also reduced the share of thermal power plants in their energy mix. Vallourec also signed a solar power purchase agreement in Brazil, a country which accounts for almost 54% of the Group’s total electricity consumption. As such, 98% of the Brazilian electricity mix is low-carbon (including 82% hydro).

Our French sites also consume low-carbon electricity (86% nuclear and 10% renewable in 2023), and the closure of our German sites has contributed to a sharp drop in emissions linked to electricity consumption in the Eastern Hemisphere.

To improve its energy balance, Vallourec plans to continue its efforts in the following two areas:

- Strengthening of programs to reduce energy consumption, in particular natural gas, in order to have a direct impact on Scope 1 emissions.
- Decarbonization of the electricity used by the Group, facilitated by the closure of the German operations and the growth of those in Brazil, and supported by the development of own solar consumption and the search for low-carbon electricity suppliers.

C) Assessment of GHG emissions

Methodology

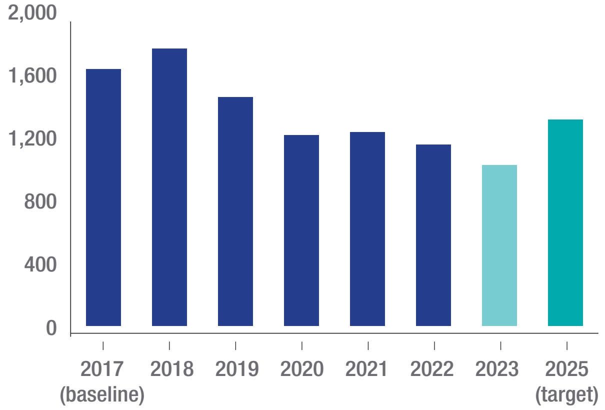
Emissions were calculated using the GHG Protocol methodology. It first distinguishes between direct emissions controlled by the company (Scope 1), whether fossil (e.g., combustion of natural gas), biogenic (methane from wood carbonization) or linked to chemical processes (reduction reaction of iron). This is followed by indirect emissions resulting from the production of electricity consumed by the company (Scope 2) and other indirect emissions (Scope 3) upstream or downstream in our value chain. Since the 2019 assessment, Vallourec’s calculation scope has therefore included all of the categories proposed by the GHG protocol since 2017, including emissions associated with the use and end-of-life of its products.

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.

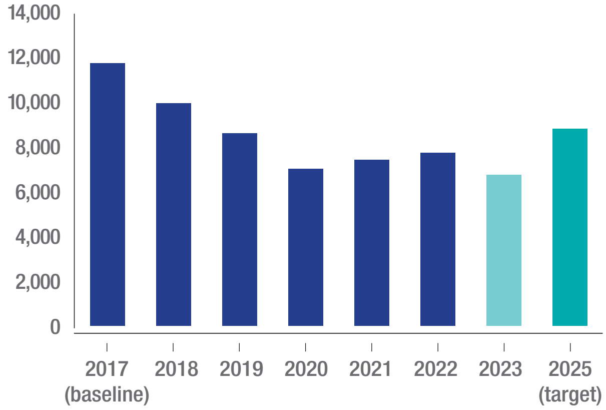
Monitoring our commitments on emissions reduction by 2025

Objective	2017 (base)	2018	2019	2020	2021	2022	2023	2025 (target)
Reduce the fossil and biogenic carbon footprint of our industrial activities (Scopes 1 and 2, in tCO_2e) by 20% in absolute terms	1,634,253	1,758,321	1,452,593	1,213,363	1,231,612	1,154,579	1,020,657	1,307,402
% achieved	***0%***	***-38%***	***56%***	***129%***	***123%***	***147%***	**188%**	***100%***
Reduce the intensity (metric tons of CO_2 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	738	1,269
% achieved	***0%***	***-15%***	***41%***	***74%***	***71%***	***100%***	**151%**	***100%***
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 (in tCO_2e)	11,678,215	9,897,561	8,561,323	6,986,234	7,381,450	7,691,361	6,716,852	8,758,661
% achieved	***0%***	***61%***	***107%***	***161%***	***147%***	***137%***	**170%**	***100%***
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 and 3, in tCO_2e) by 25% in absolute terms	13,312,468	11,655,882	10,013,916	8,199,597	8,613,062	8,845,940	7,737,509	9,984,351
% achieved	***0%***	***50%***	***99%***	***154%***	***141%***	***134%***	**168%**	***100%***

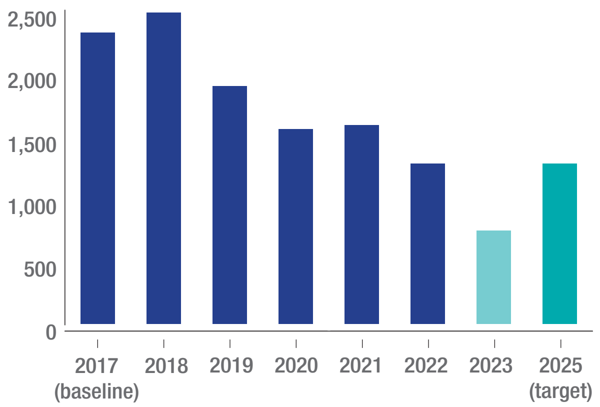
CO_2e emissions, Scopes 1 and 2 *(k metric tons)*



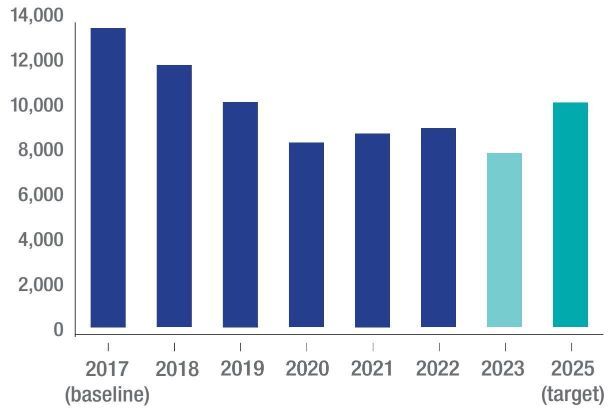
CO_2e emissions, Scope 3 upstream and downstream (use and end of life of products sold) *(k metric tons)*



Upstream Scope 3 carbon intensity (including purchases of goods and services) *(metric tons/€m value added)*

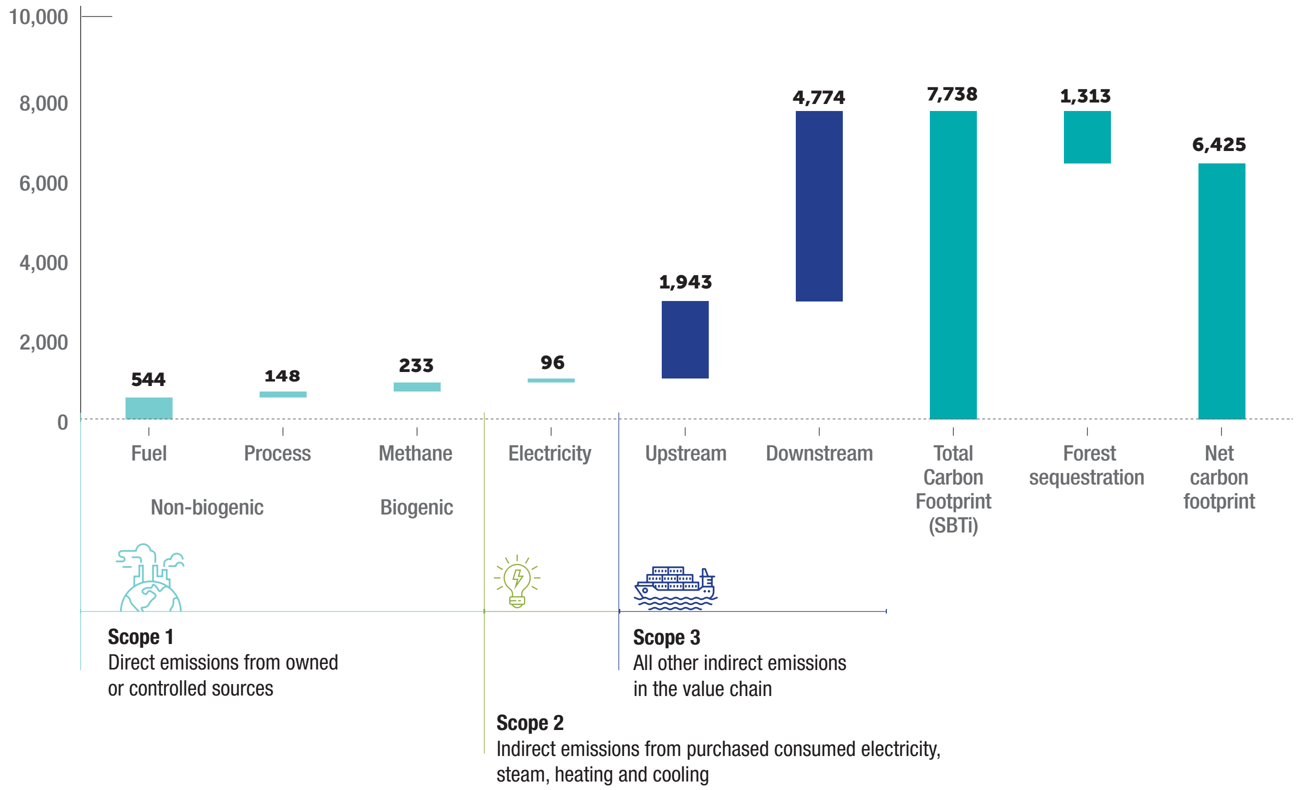


Total CO_2e emissions, Scopes 1, 2 and 3 *(k metric tons)*



Calculation of emissions

Simplified full carbon footprint of the Group in 2023 *(k metric tons)* **(the detailed analysis is commented on in Appendix 6):**



Monitoring of the full simplified carbon footprint of the Group *(k metric tons)*
(the detailed analysis is commented on in Appendix 6)

Scope	Type of emissions	2017	2018	2019	2020	2021	2022	2023
1	Direct non-biogenic	763	927	890	767	778	786	692
1	Direct biogenic (methane)	361	395	322	326	292	223	233
1	**Total – Scope 1**	**1,124**	**1,322**	**1,212**	**1,093**	**1,070**	**1,009**	**925**
2	**Total Scope 2 (market-based)**	**510**	**436**	**240**	**121**	**162**	**145**	**96**
3	Indirect purchases of goods and services	1,513	3,056	2,370	1,520	1,941	1,982	1,490
3	Other upstream indirect	1,686	397	846	658	696	616	453
3	Downstream indirect	8,480	6,444	5,345	4,808	4,744	5,091	4,774
3	**Total – Scope 3**	**11,679**	**9,897**	**8,561**	**6,986**	**7,381**	**7,689**	**6,717**
	TOTAL CARBON FOOTPRINT (SBTI)	**13,313**	**11,655**	**10,013**	**8,200**	**8,613**	**8,843**	**7,738**
1	Additional sequestration (forest)	(1,092)	(901)	(1,060)	(1,086)	(1,213)	(1,266)	(1,313)
	NET CARBON FOOTPRINT	**12,222**	**10,755**	**8,953**	**7,113**	**7,401**	**7,579**	**6,425**

Separate reporting of biogenic CO_2 emissions linked and Scope 2 *(k metric tons)*

Scope	Type of emissions	2017	2018	2019	2020	2021	2022	2023
2	Scope 2 (location-based)	667	597	500	365	436	550	361
1	Direct biogenic (CO_2 only)	1,901	2,232	1,783	1,642	1,651	1,561	1,635

In accordance with the GHG protocol, biogenic CO_2 emissions linked to the use of charcoal – in particular during its carbonization and subsequent reaction in the blast furnace and pelletization unit – are zero given that the emissions match the CO_2 absorbed by biomass during its growth. These emissions are nevertheless reported separately.

The additional forest sequestration reflects the creation of a carbon stock that is not used for charcoal production.

Trend analysis

The Vallourec Group's direct and indirect emissions fell significantly in 2023, as the total carbon footprint was down 15% in absolute terms to around 7.7 million metric tons of CO_2e. Three major factors contributed to this decline:

- the closure of operations in Germany helped to reduce the company's dependency on blast furnace steel produced using fossil coal;
- the value over volume strategy allowed the company to reduce tonnages without undermining its revenue, which remained at around €5.1 billion in 2023;
- the rollout of the decarbonization roadmap generated a significant reduction in the carbon footprint per metric ton of products sold. As from 2023, the carbon footprint of tubes covering Scopes 1, 2 and 3 as well as purchases of goods and services will reach 1.62 tCO_2e/metric ton.

As a result, the three absolute reduction targets for our direct emissions (Scopes 1 and 2) and indirect emissions (Scope 3) set for 2025 have been met ahead of schedule. In terms of reducing the footprint of our purchases of raw materials, expressed in terms of intensity (metric tons of CO_2 emitted per million euros of value added), in 2023, we achieved 151% of the 2025 target.

Scope 1

The most significant factor influencing the change in Scope 1 between 2022 and 2023 is the decrease in the metric tons of steel and tubes produced. Gas consumption (accounting for 52% of Scope 1 emissions) and process emissions (16% of Scope 1 emissions) are directly correlated to this factor. Non-biogenic emissions linked to charcoal carbonization in conventional furnaces are responsible for methane emissions, which account for 25% of direct emissions. These edged up slightly, as conventional units also produced larger volumes. In the coming years, the Group's capacity to produce charcoal without methane emissions will increase, notably with the commissioning of Carboval's first industrial plant in Diamante (Brazil). Overall, the Group's direct emissions are down 8% compared with 2022, and 18% compared with 2017 (see section B) "Detailed energy assessment").

Scope 2

Of all the scopes, the most significant decrease in emissions came from Scope 2, which not only benefited from a 12% drop in electricity consumption, but also from a one-third reduction in its carbon content. The factors with the greatest influence on both calculation scopes (location- and market-based) are the closure of the German sites, powered by electricity six times more carbon-intensive than the Group average, own solar consumption in China, and the gradual decarbonization of national or regional electricity mixes in Brazil, the United States and China. Low-carbon electricity certificates also contributed to these factors, which together have helped reduce Scope 2 emissions by more than 34% in 2023 compared with 2022, and by more than 80% compared with 2017 according to the market-based methodology. According to this approach, the carbon intensity of Vallourec's electricity consumption was around 80 gCO_2e/kWh in 2023 (including upstream energy), well below the world average of around 460 gCO_2e/kWh[1] (see section B) "Detailed energy assessment").

Scope 3

Upstream indirect emissions (Scope 3) totaled 1,943 $ktCO_2e$ in 2023, down around 25% from 2,598 $ktCO_2e$ in 2022. Progress on this indicator can be explained in part by the 14% reduction in total steel purchases, almost all of which (around 90%) came from suppliers using the most carbon-intensive BF-BOF technology.

This structural effect is compounded by the decarbonization of our steel purchases, where the cradle-to-gate emission factor fell by 10% in 2023 compared with 2022 (see Actions implemented).

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. These emissions were down 6%, reflecting variations in revenue by business sector.

D) CO_2 sequestration by our Brazilian forest

In 2015, an 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 165,000-hectare forest area operated by Vallourec Soluções Tubulares do Brasil (VSB) through its Florestal subsidiary comprises a planted area of 85,000 hectares and a protected area of 64,000 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_2. 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_2 emissions. The widely accepted industry assumption in Brazil has so far considered that this CO_2 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 Vallourec Brazil's Environment Department, with the assistance of the University of Lavras, the University of Viçoza, and consulting firms RS and GeoConsult, all under the supervision of the French National Forests Office.

The study considered the scientific research and data that have been available for the past 30 years, and used public aerial surveys to determine the scope and nature of the native or exploited forest.

(1) International Energy Agency (2023), Electricity Market Report 2023, Electricity Market Report 2023 - Analysis - IEA.

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_2 (indexed) 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_2 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, in 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.

E) 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 annual allowances allocated to the sites concerned for 2023 are as follows:

- 85,838 metric tons for Germany (vs. 93,720 metric tons in 2021 and 2022);
- 9,722 metric tons for France (estimated, as the register has not yet been updated), vs. 16,102 metric tons in 2022 and 25,788 metric tons in 2021. The Déville-lès-Rouen plant was no longer included in 2022. In addition, the Montbard plant was sold at the end of the first quarter of 2022. Finally, the Saint-Saulve plant (France) was closed at the end of 2022.

CO_2 emissions from the four German sites in Rath and Mulheim were lower than in 2021 and 2022 (around 53,735 metric tons in 2023, vs. 98,261 metric tons in 2022 and 97,419 metric tons in 2021). A large surplus of free allowances was generated in view of actual emissions in 2023. As a result, 45,000 metric tons of CO_2 were sold on the market.

The Aulnoye-Aymeries site maintained its emissions at the 2021 level, although the allowances allocated to it were reduced. In 2023, the actual emissions of Vallourec's sites in France exceeded the free allowances allocated to them. This imbalance was offset by the surplus of allowances accumulated in previous years.

These figures will be confirmed once all regulatory verifications of annual greenhouse gas emission declarations of our European plants have been carried out.

2.2.2.3 Adapting to climate change

I) A STRATEGIC CHALLENGE

Climate change, which is synonymous with extreme weather events, flood risk, water stress and temperature variations, could have a significant impact on the entire production process, from supply chain to product distribution.

Some major climatic events have occurred recently:

- 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 resumed operations. Since 2023, the site has been fully operational again.

Understanding and assessing a company's vulnerability to climate change has therefore become strategic. The analysis of climate risks allows the Group to anticipate the damage linked to climate change so as to build a resilient business model with regard to its environment and in terms of the use of natural resources.

In 2014, the Group conducted its first review of climate change risks and identified eight regions with distinct climatic characteristics. These regions were assessed based on eight studied hazards covering all identified risks. The study 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, climate events, and the greater precision of the simulation methods. The findings of the risk study were submitted to the regional and site management teams concerned, with adaptation plans brought in accordingly.

II) RISK MANAGEMENT PROCESS

In 2023, the Group launched a new study to consolidate new governance arrangements for risk identification and management. This was overseen by the Sustainable Development Department, with the help of an external provider. The aim is to meet the requirements of the CSRD and Taxonomy regulations and to redefine our risk identification and management processes, taking more mature climate models into account.

Once identified, the risk management process is integrated into the Group's CapEx process when investments are required, and then directly into operational processes. Projects are proposed by the regional operating departments and defended by the CapEx Committee, which validates them based on budget, timing, scope, organization and alignment with the Group's objectives (see Chapter 2 – Introduction "Strategic guidelines"). In 2023, climate change adaptation investments amounted to nearly €1 million (see Chapter 2 – Introduction "Strategic guidelines").

III) EXPOSURE TO CLIMATE RISKS

The 2023 study involved a comprehensive screening of the Group's sites, as well as certain suppliers and strategic ports. The analysis covers the four categories of climate-related risks (temperature, wind, water, or solid mass), broken down into 28 climate hazards (heat wave, drought, cyclones, floods, landslides, etc.) aligned with the CSRD and the European Taxonomy.

Two scenarios are used. The first, known as "intermediate" (SSP2-4.5[1]), corresponds to an increase in temperature of around 3°C by 2100 compared with the pre-industrial period. It takes into account the impact of public policies currently in place or planned, but does not factor in the achievement of reduction targets announced by governments if they are not backed up by a concrete policy agenda. The second, known as "fossil-fueled development" (SSP5-8.5)[1] corresponds to an increase of over 4°C, consistent with the absence of any new climate policies and the failure to deliver on climate policies currently in place or planned. The worst-case scenario (SSP5-8.5) serves as a benchmark for quantifying the risks of property damage and business interruption in the short term (2030-2050), as well as for the design of adaptation measures.

The exposure analysis corresponds to the quantification of around a hundred climate indicators for both scenarios, characterizing the 28 hazards in the localities of the 47 selected sites, partners or ports.

IV) VULNERABILITY TO CLIMATE-RELATED RISK

A) Definition of impact curves

The study is similar to an FMECA[2] analysis: after analyzing the risk exposure, its potential impact on the company's activities must be determined, taking into account a prospective vision of future climate change. The impact curves were constructed in internal workshops aimed at gathering site-specific resilience information. The study makes it possible to estimate the probability and magnitude of the impact of climate-related risks for a given site, thereby characterizing its potential vulnerability to business interruption and material damage.

The results of this in-depth analysis provide an understanding of climate challenges – how will these risks affect facilities, workforce and operational costs?

B) Impact of climate change

The 2023 study highlighted the various risks to which the Group's value chain is exposed. All climate hazards must be taken into account in the company's adaptation plan. The figures below show the risks associated with the absolute impact of climate change on the Group's sites.

(1) The SSP (Shared Socio-economic Pathways) scenarios use different assumption in terms of socio-economic development (population, education, GDP, urbanization) depending on whether or not climate policies are implemented. They were developed by the IPCC (report 6), and include climate policies aligned with the Paris Agreement (SSP 1-1.9, SSP 1-2.6), voluntary but insufficient (SSP 2-4.5) or absent (SSP 3-7.0, SSP 5-8.5).

(2) FMECA: Failure Mode, Effects and Criticality Analysis.

Potential impact of different climate hazards by 2030 under the SSP 5-8.5 scenario

		Cold	Drought	Flooding	Heat	Storm	Wildfire
France	Aulnoye	2	2	3	2	1	1
Indonesia	PTCT	0	2	4	1	1	1
China	Tianda	1	2	4	3	4	1
	VCHA	1	2	5	3	5	1
Saudi Arabia	VSA	0	2	3	3	1	1
Singapore	Singapore	0	2	1	1	1	1
Mexico	Mexico City	0	1	3	3	3	1
United States	Muskogee	2	2	3	3	3	1
	Houston	0	2	3	2	4	1
	Youngstown	3	2	4	2	4	1
	Houma	0	2	4	2	4	2
Brazil	Florestal	0	1	1	3	1	1
	Mineracao	0	2	4	3	1	1
	Jeceaba	0	2	5	3	1	4
	Barreiro	0	2	4	2	1	1

The impact of the risks is rated on a scale of 0 to 5 in relation to the site's activity.
Sites have already been able to implement certain measures, not included in the analysis, that will help reduce the impact.

V) CLIMATE CHANGE ADAPTATION PLAN

Identifying the main risks allows the Group to formulate a comprehensive action plan targeting its most vulnerable activities.

With flooding identified as the most significant operational risk related to climate hazards, several sites, in China and Brazil for example, have upgraded their flood contingency plans. In Brazil, protection against flooding associated with 100-year rainfall events in urban areas has also been strengthened. In the United States, gutters and roof drains are inspected on a quarterly basis.

Adaptation measures to address 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.

The measures resulting from the study's overall adaptation plan will be fine-tuned and adapted during site visits starting in 2024. The findings confirm the importance of climate change adaptation. They highlight the need for initiatives to mitigate potential impact over a 10-30 year timeframe.

2.2.2.4 European Taxonomy

The European Union (EU) published Regulation 2020/852[(1)] on June 18, 2020 (the "Taxonomy" regulation), which sets out a framework for facilitating sustainable investment in the EU. This Regulation was supplemented on June 27, 2023 by Delegated Act 2023/3851[(2)], which sets out the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems, and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, and amending Delegated Regulation (EU) 2021/2178[(3)] as regards specific public disclosures for those economic activities. The Group has accordingly reported performance indicator values for 2023 showing the proportion of its Turnover, CapEx and OpEx that is classified as eligible and aligned under the Taxonomy for the six environmental objectives: climate change mitigation; climate change adaptation; 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.

(1) *https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139&from=EN*
(2) *https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=PI_COM:C(2023)3851*
(3) *EUR-Lex - 32021R2178 - EN - EUR-Lex (europa.eu).*

On the objectives of 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 by the Sustainable Development Department, the Finance Department, the Investments Department, the Consolidation and Financial Reporting Department, and the Group's various business lines.

On the other four environmental objectives, a first assessment of the eligibility and alignment of the Group's activities was made in 2023, in accordance with the above-mentioned Delegated Act 2023/3851. The alignment assessment is not a regulatory requirement for 2023. It is a voluntary process adopted by the Group.

The methodology behind the Group's analysis (definitions, assumptions and estimations) is outlined below.

2.2.2.4.1 METHODOLOGY

Analysis of Taxonomy criteria

Working from the list of activities determined as eligible, the Group identified those that met the three following conditions:

- **A. Substantial contribution:** contribute substantially to one or more of the six environmental objectives set out in Article 9 of the Delegated Regulation (EU) 2023/3851 in accordance with Articles 10 to 16;
- **B. DNSH ("Do No Significant Harm"):** do not cause any significant harm to any of the six environmental objectives in accordance with Article 17 of the Regulation, because in addition to making substantial contributions to at least one of the environmental objectives, the Group must ensure that it does not compromise the achievement of the other five.

  Regarding climate change adaptation, compliance with the criteria set out in Annex A of Delegated Regulation (EU) 2021/2139 is common to many activities. The Group responded to this in 2023 by updating the study of the risks related to the consequences of climate change in the regions where Vallourec operates. The assumptions are based on the 28 chronic and acute climate-related hazards listed in Annex A, grouped into four risk categories related to temperature, wind, water and solid masses. The analysis includes an examination of the Group's activities' exposure to physical climate-related risks, an assessment of the associated vulnerability, and an evaluation of adaptation solutions to reduce the risk(s). The conclusions of this study are detailed in section 2.2.2.1 "Inherent climate-change risks" of this Universal Registration Document and meet the requirements of the Taxonomy.
- **C. Minimum safeguards:** comply with the OECD guidelines and the United Nations guiding principles as referred to in Article 18 of the Regulation[(1)]. 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 2.1.5) and the fight against corruption, business ethics and tax compliance (see section 2.4.3). The Vallourec Group was not convicted of any offenses related to human rights, tax law, corruption or competition law during the period under review.

Particular care has been taken to avoid multiple counting of eligible or adjusted amounts – in relation to several environmental objectives, for example. The eligibility rate is therefore assessed separately for each pillar. Where an activity meets the criteria of more than one pillar, the most relevant environmental objective is identified and shown in bold in the consolidation table in the appendix.

II. Indicator calculations

The Group calculated indicator values in compliance with the requirements of the various Taxonomy Directives and Delegated Acts, using its existing reporting processes and systems.

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.

The results cover all Group activities included in the financial consolidation scope at December 31, 2023.

a) Revenue

The proportion of eligible and aligned revenue is calculated on the basis of analytical accounting of items considered eligible and aligned. 77% of consolidated revenue (€3,923 million), is generated in the Oil & Gas and Petrochemicals sector. As regards climate change mitigation and adaptation, the Group's Taxonomy-eligible revenue represents 94% 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 €5,114 million as published in Note 2.2 Revenue in chapter 7.

b) Capital expenditure

The proportion of eligible capital expenditure (CapEx) is determined by dividing the total capital expenditure of eligible activities by the total capital expenditure appearing in the consolidated financial statements.

European Taxonomy-eligible CapEx for climate change mitigation and adaptation represents 89% of the total. This percentage is assessed by reference to the denominator of the acquisition of property, plant and equipment during the year (i.e., €212.6 million, as mentioned in Note 4.6. Reconciliation of outflows related to acquisitions of non-current assets with the statement of cash flows of chapter 7) plus the acquisition of rights of use (i.e., €13.5 million, as mentioned in Note 4.4 Property, plant and equipment of chapter 7).

(1) EUR-Lex - 32020R0852 - EN - EUR-Lex (europa.eu).

c) Operating expenditure

The operating expenditure calculated by the Group in application of Annex 1 of 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 denominator of the operating expenses ("OpEx") to be analyzed under the Taxonomy is 7.8% of the Group's 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.

The tables referred to in Commission Delegated Regulation 2023/3851 setting out the details of revenue, CapEx and OpEx indicators are provided in Appendix 7, "Summary of Taxonomy-related indicators" of this Universal Registration Document.

2.2.2.4.2 CLIMATE

A) Eligibility

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, II, III and IV of Delegated Regulation (EU) 2021/2139:

1. The Group offers smart tubular solutions, including steel tubes and related services, under NACE code 24.20 "Manufacture of tubes, pipes, hollow profiles and related fittings, of steel" in the European statistical classification of economic activities. This activity, listed in category "Manufacture of iron and steel" of the European Taxonomy, is an eligible transition activity.
2. In its Florestal entity, which manages a eucalyptus forest in Brazil, the Group has started the industrialization phase of an innovative and patented solution intended to eliminate methane emissions during the production of charcoal. This activity falls under NACE code "M71.12 Engineering activities." Listed in the "Close to market research, development and innovation" category of the European Taxonomy, this eligible activity is considered enabling.
3. In Brazil, investments related to the collection and processing of recovered scrap metal are linked to the "Material recovery from non-hazardous waste" activity of the Taxonomy, an eligible enabling activity. It falls under NACE code E38.32 "Recovery of sorted materials." The scrap is used as a raw material for the fuel of the electric arc furnaces for steel production at the Jeceaba site in Brazil.
4. In December 2023, the Group inaugurated its Delphy vertical hydrogen storage pilot plant in Aulnoye-Aymeries (France). The facility uses tubes and connections with proven sealing and corrosion resistance. Investments linked to the development of this solution are associated with the "Storage of hydrogen", an eligible and enabling Taxonomy activity. This activity does not currently have a dedicated NACE code.
5. Finally, the Group widened the Lisa dike, protecting ecosystems, public infrastructure and homes downstream of the Pau Branco Mine in Brazil. These investments, associated with the "Flood risk prevention and protection infrastructure" activity (NACE code F42.91 "Construction of water projects") meet the criteria for technical screening as they correspond to the reconstruction of a physical water retention structure to cope with extreme climatic conditions, in line with the precipitation indicators of the IPCC SSP 5-8.5 scenario.

Turnover and other CapEx linked to the mining of iron ore or production of charcoal in Brazil (NACE codes 07.10 and 02.20 respectively), as well as the services delivered by Serimax (NACE code 27.90) do not appear in the list of activities of the European Taxonomy. The Group has therefore classified them as non-eligible.

B) Alignment – Climate change mitigation

Analysis of the “substantial contribution,” “do no significant harm” and “minimum safeguards” criteria led to the following alignment:

Activities within the meaning of the Taxonomy (NACE code)	Eligible activities		Activities meeting the technical criteria[a]		Aligned activities	
	Revenue	CapEx	Revenue	CapEx	Revenue	CapEx
Iron and steel manufacturing (C24.20)	€4,802m	€184m	€1,705m	€43m	€0m	0
	94%	81%	33%	19%	0%	0%
Close to market research, development and innovation (Carboval) (M71.12)	0	€9m	0	€9m	0	€9m
	0%	4%	0%	4%	0%	4%
Material recovery from non-hazardous waste (E38.32)	0	€8m	0	€8m	0	€8m
	0%	4%	0%	4%	0%	4%
Storage of hydrogen (Delphy) (no NACE code)	0	<€1m	0	<€1m	0	<€1m
	0%	<1%	0%	<1%	0%	<1%
TOTAL	**€4,802M**	**€201M**	**€1,705M**	**€60M**	**€0M**	**€17M**
	94%	89%	33%	27%	0%	8%

(a) Voluntary indicator chosen by the Group indicating the percentage of activities aligned if the DNSH criterion on pollution had been met.

Taxonomy-eligible turnover was up 6% year on year. This is directly linked to the increase in turnover derived from the Group’s production of steel tubes. The proportion of activities meeting technical criteria is stable, moving from 34% in 2022 to 33% in 2023. The share of domestic sales in the United States, which accounts for the vast majority of the Group’s turnover from activities that meet technical criteria, varied only slightly. As in 2022, none of our activities relating to pollution qualified as aligned on the DNSH criterion.

Eligible CapEx is 14% higher than in 2022, due to the increase in total CapEx and the higher proportion allocated to tube production. Alignment has increased significantly, from €4 million in 2022 to €17 million in 2023. On the one hand, the amounts allocated to the implementation of the Carboval process have almost doubled. On the other hand, following the Group’s new strategic guidelines, investments in scrap recovery and storage of hydrogen account for half of the total Taxonomy-aligned amounts this year.

Iron and steel manufacturing (C24.20)

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.

The steel produced in the United States in the Youngstown (Ohio) steel mill is made from 98% recycled scrap iron. Electricity from low-carbon sources is supplied at 100% through a nuclear Power Purchase Agreement 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.

The steel produced in Brazil in the Jeceaba steel mill (Minas Gerais) comes from a mix of recycled steel scrap and cast iron produced using plant-based charcoal. As the share of scrap iron is 63% (i.e., below the 70% threshold), it is necessary to assess the carbon intensity of the intermediate products derived from the ore. The Group has chosen to include methane emissions in the carbon weight of intermediate products, even if they occur upstream of the pelletization process and the blast furnace. The carbon content of hot metal and iron ore pellets is therefore:

- Below the thresholds set by Commission Delegated Regulation (EU) 2019/331 for the Carboval process, with no methane emissions.
- Above these thresholds without the Carboval process.

To conclude, with regard to the Iron and Steel Production activity, all production in the United States and production using the Carboval process in Brazil contribute substantially to climate change mitigation within the meaning of the European Taxonomy.

B. “Do no significant harm”

a) Climate change adaptation

The update of the climate-related risk assessment meets the criteria of Annex A of Delegated Regulation (EU) 2021/2139 (see section 2.2.2.4.1 “Methodology”).

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 and Brazil 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

Delegated Regulation (EU) 2021/2139 does not include criteria on this point.

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 2023/3851 of June 27, 2023 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 2.1.2 "Risk management in health and safety risks" and 2.3.2.1 "Health and safety".

e) Protection and restoration of biodiversity and ecosystems
The production sites in the United States and Brazil 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.

Close to market research, development and innovation (Carboval) (M71.12)

A. Substantial contribution

The technical criteria of Annex I of Delegated Regulation (EU) 2021/2139 are met with respect to the CapEx linked to the first industrial unit of the Carboval process. First, it is part of a broader activity, Iron and Steel Production, that meets the technical criteria for eligibility for the European Taxonomy. Carboval significantly reduces greenhouse gas emissions for the production of biosmass charcoal by eliminating all methane emissions. Other advantages make it an environmentally friendly solution, such as improved gravimetric efficiency, the production of by-products or the reduction of ash in the charcoal produced. The technology is covered by a patent less than 10 years old, and the absence of methane emissions has been demonstrated at the Canabrava pilot site in Brazil. As soon as the Carboval solution has been implemented on an industrial scale, Vallourec will account for the corresponding emissions by integrating the results of methane emission measurements from the site in question into its calculation. The result will be integrated into the company's carbon footprint, which covers the upstream and downstream phases of the process and will be verified by a third party.

B. "Do no significant harm"

a) Climate change adaptation
The update of the climate-related risk assessment meets the criteria of Annex A of Delegated Regulation (EU) 2021/2139 (see section 2.2.2.4.1 "Methodology").

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 Brazil 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
Analysis of Article 17(1), point (d), of Regulation (EU) 2020/852 shows that Carboval has a positive co-benefit for the circular economy, as the higher quality charcoal enables the use of fine particles as a substitute for natural gas, as well as the production of by-products. Improved gravimetric efficiency also allows resource savings upstream in the value chain.

d) Pollution prevention and control
The Carboval process reduces the emission of fumes by means of an internal combustion process. Vallourec Florestal is ISO 14001 certified, including challenges related to pollution prevention and control.

e) Protection and restoration of biodiversity and ecosystems
Vallourec Florestal is ISO 14001 certified, including challenges related to biodiversity and surrounding ecosystems.

Material recovery from non-hazardous waste (E38.32)

A. Substantial contribution

In Brazil, the collection, crushing and sorting of recovered scrap metal makes it possible to increase the share of recycled steel, whose carbon footprint is much smaller than steel produced from ore. This activity makes a substantial contribution to the fight against climate change, as the Capex approved in 2023 will allow the commissioning of new equipment that will produce 0.75 metric tons of excellent quality scrap per metric ton of incoming low-cost scrap iron. This puts the material recovery rate well above 50%, the threshold set by the (EU) Taxonomy Regulation.

B. "Do no significant harm"

a) Climate change adaptation
The update of the climate-related risk assessment meets the criteria of Annex A of Delegated Regulation (EU) 2021/2139 (see section 2.2.2.4.1 "Methodology").

b) Sustainable use and protection of water and marine resources
Delegated Regulation (EU) 2021/2139 does not include criteria on this point.

c) Transition to a circular economy
Delegated Regulation (EU) 2021/2139 does not include criteria on this point.

d) Pollution prevention and control
Delegated Regulation (EU) 2021/2139 does not include criteria on this point.

e) Protection and restoration of biodiversity and ecosystems
The Jeceaba site is ISO 14001 certified, including challenges related to biodiversity and surrounding ecosystems.

Storage of hydrogen

A. Substantial contribution

The construction of facilities for the vertical storage of hydrogen is in itself a substantial contribution to the climate change mitigation objective as defined in Annex I of Delegated Regulation (EU) 2021/2139.

B. "Do no significant harm"

a) Climate change adaptation
The update of the climate-related risk assessment meets the criteria of Annex A of Delegated Regulation (EU) 2021/2139 (see section 2.2.2.4.1 "Methodology").

b) Sustainable use and protection of water and marine resources
Delegated Regulation (EU) 2021/2139 does not include criteria on this point.

c) Transition to a circular economy
The CapEx reported in this chapter for vertical hydrogen storage relates to the commissioning of a demonstrator on the Aulnoye-Aymeries site. If the demonstrator were to be dismantled, all components – including the steel of the tubes used for storage – would be reused or recycled wherever possible. The demonstrator site will be monitored for the percentage of waste recovered. The objective is to maintain an annual result of 98% or more, made possible by the Group's By-products program.

d) Pollution prevention and control
The demonstrator's storage capacity is 100 kg to 150 kg of hydrogen, depending on the pressure applied, which meets this criterion.

e) Protection and restoration of biodiversity and ecosystems
The Aulnoye-Aymeries site is ISO 14001 certified, including challenges relating to biodiversity and surrounding ecosystems.

C) Alignment – Climate change adaptation

Analysis of the “substantial contribution,” “do no significant harm” and “minimum safeguards” criteria led to the following alignment:

	Eligible activities		Aligned activities	
Activities within the meaning of the Taxonomy (NACE code)	**Revenue**	**CapEx**	**Revenue**	**CapEx**
Flood risk prevention and protection infrastructure (F42.91)	0	€0.3m	0	€0.3m
	0%	<1%	0%	<1%
Other eligible activities (C24.20, M71.12, E38.32, Storage of hydrogen)[(a)]	€4,802m	€201m	0	0
	94%	89%	0%	0%
TOTAL	**€4,802M**	**€202M**	**0**	**€0.3M**
	94%	89%	0%	<1%

(a) The total above includes all CapEX associated with activities eligible under the climate change adaptation objective, including those also aligned with other environmental objectives (consistent with the simplified table in Appendix 7).

Flood risk prevention and protection infrastructure (F42.91)

A. Substantial contribution

The CapEx relating to the increase in the water retention capacity of the Lisa dike at the Pau Branco mine in Brazil is a solution overcoming a material climate-related risk for mining activity, as evidenced by the January 8, 2022 tailings slide and the conclusions of the study of risks linked to climate change (see section 2.2.2.3 “Adapting to climate change").

This project makes it possible to substantially reduce the acute climatic risk of “landslide” appearing in Annex A of Delegated Regulation (EU) 2021/2139. The infrastructure has been designed to withstand the probable maximum rainfall event on a 10,000-year scale. The extreme climatic conditions considered for the design of the dike are consistent with the analysis of the exposure of the Vallourec Group’s activities to changes in physical climatic risks according to the SSP 5-8.5 scenario by 2050, taken into account in the modeling carried out in 2023.

B. “Do no significant harm”

a) Climate change mitigation

Delegated Regulation (EU) 2021/2139 does not include criteria on this point.

b) Sustainable use and protection of water and marine resources

Located several hundred kilometers from the coast, and with the sole objective of regulating the flow of rainfall in the event of an extreme climatic event, the construction of the dike has no direct impact on marine ecosystems or on the discharges of the same catchment area. The impact of the overtopping of the previous dike on marine environments was analyzed by an independent third party, whose findings were presented to local environmental authorities. A remediation plan has been initiated. It includes a program to monitor the quality of hydrological resources and sediments, as well as a hydrobiological control program.

c) Transition to a circular economy

Each Vallourec Group site reports its recycling rate for non-hazardous waste. For the Pau Branco mine, it was around 90% in 2023, which is above the 70% threshold set by the Taxonomy.

d) Pollution prevention and control

The Lisa dike collects only rainwater and groundwater. There is no mixing with untreated wastewater.

e) Protection and restoration of biodiversity and ecosystems

An environmental impact study of mining activity on the ecosystems of the watershed downstream of the Lisa dike has been carried out, and a program to protect spaces or restore areas affected by the January 8, 2022 incident is underway. The project, formalized through the Degraded Areas Recovery Program (DARP), received approval from local environmental authorities in late 2023.

Other eligible activities (C24.20, M71.12, E38.32, Storage of hydrogen)

The study of the vulnerabilities of the Group’s activities has been finalized to align it with the new Taxonomy and CSRD analysis standards. Site audits will begin in 2024 to determine, on a site-by-site basis, whether the measures already planned are consistent with the study’s findings, and if necessary, to identify and implement further actions. Pending these audits, the Group has chosen not to qualify any activity with regard to the substantial contribution to climate change adaptation criterion, other than the CapEx specific to the construction of the Lisa dike.

2.2.2.4.3 SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES

The Vallourec Group has numerous water treatment units to maximize recirculation and ensure the right quality for industrial and sanitary purposes. This operation is integrated into the tube manufacturing process, and does not generate turnover as such, neither does it involve the sale of water management products or services to a third party. Taking into account the list of Taxonomy-eligible activities defined at the beginning of the chapter and in accordance with Article 14 of Regulation 2020/852, no activity is eligible with regard to the sustainable use and protection of water and marine resources.

2.2.2.4.4 TRANSITION TO A CIRCULAR ECONOMY

A) Eligibility

Following a comprehensive review of the Group's portfolio of activities and products, the only activity identified as Taxonomy-eligible on the basis of the activities listed in Annexes I, II, III and IV of Delegated Regulation (EU) 2021/2139 is "Material recovery from non-hazardous waste." This falls under NACE code E38.32 "Recovery of sorted materials." This is the CapEx corresponding to the commissioning of the scrap metal shredder in Jeceaba, whose substantial contribution to climate change mitigation is discussed in the "Climate" section.

B) Alignment

Analysis of the "substantial contribution," "do no significant harm" and "minimum safeguards" criteria led to the following alignment:

	Eligible activities		Aligned activities	
Activities within the meaning of the Taxonomy (NACE code)	**Revenue**	**CapEx**	**Revenue**	**CapEx**
Material recovery from non-hazardous waste (E38.32)	0	€8m	0	€8m
	0%	4%	0%	4%

Material recovery from non-hazardous waste (E38.32)

A. Substantial contribution

The investment in the shredder allows the use of lower quality scrap metal. This CapEx of more than €8 million in 2023 meets the criteria for a substantial contribution to the transition to a circular economy.

The scrap metal is collected, transported and separated to be stored next to the Jeceaba steel mill before being sorted and shredded.

The useful material recovery rate is 75%. This puts it above the 50% threshold.

A waste management system has been implemented, in accordance with ISO 14001 and the Group's reduction, reuse and recycling policy.

The material obtained from the process allows the effective substitution of cast iron produced from ore, reducing the consumption not only of this resource, but also of the water, charcoal and energy required for its production.

B. "Do no significant harm"

a) Climate change mitigation
Delegated Regulation (EU) 2021/2139 does not include criteria on this point.

b) Climate change adaptation
The update of the climate-related risk assessment meets the criteria of Annex A of Delegated Regulation (EU) 2021/2139 (see section 2.2.2.4.1 "Methodology").

c) Sustainable use and protection of water and marine resources
The Group has based its analysis on the ISO 14001 certifications of the steel and seamless tube production sites in Brazil. These third-party audits allow the Group to implement best practices in accordance with Annex B of Delegated Regulation (EU) 2021/2139.

d) Pollution prevention and control
Delegated Regulation (EU) 2021/2139 refers to the use of best available techniques for the recovery of non-hazardous waste, covering the shredding of recovered metal scrap.

Within the Vallourec process, the procedure for characterizing waste that can be shredded is defined to exclude undesirable elements. Inventories are monitored to calculate the proportion of recycled steel from external and internal sources consolidated at Group level. The resulting products are used for steelmaking in the electric arc furnace, and the plant has upstream sorting technologies including magnetic drums.

e) Protection and restoration of biodiversity and ecosystems
The Jeceaba site is ISO 14001 certified, including challenges related to biodiversity and surrounding ecosystems.

2.2.2.4.5 POLLUTION PREVENTION AND CONTROL

Considering the list of activities eligible for the Taxonomy defined at the start of this chapter and in accordance with Article 14 of Regulation 2020/852, no activity can be considered as making a substantial contribution to pollution prevention and control.

2.2.2.4.6 PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS

Considering the list of activities eligible for the Taxonomy defined at the start of this chapter and in accordance with Article 15 of Regulation 2020/852, no activity can be considered as making a substantial contribution to the restoration of biodiversity and ecosystems.

2.2.3 Sustainable use of water resources

SDG 6.3, 6.4

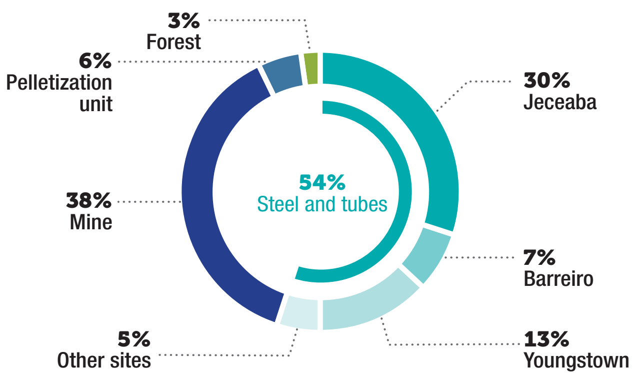
In 2023, water consumption across the Group totaled nearly 9.8 million cu.m., including rainwater. In 2022, the volume was 10.3 million cu.m., including rainwater. Water intake represents approximately 60% of the total resources in terms of mass, highlighting the importance of continuing to improve water management.

Water use within the Group is tracked on a process-by-process basis to ensure specific monitoring:

- 38% of this quantity concerns the Mine activity. However, not all of this water is consumed. Much of it comes from pumping in wells to maintain ground stability during excavation. Rainwater or run-off is also pumped from the Mine floor. This water is either returned to the natural environment or used to process the ore. In the event of a shortage of water for process requirements, water is taken from the river.
- 3% is consumed by the Forest, notably to grow new plants. Rainwater that naturally irrigates the land on which the trees grow is not included in the reporting.
- 6% is consumed by the pelletization unit, particularly during the ore aggregation process.
- 54% is consumed for the manufacture of steel and tubes, notably for the following uses:
  - 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 total, 11% of the water used in steel and tube production is covered by rainwater harvesting. This represents a volume of 577,000 cu.m. harvested in 2023.

Distribution of water intake by site in 2023, rainwater included



2.2.3.1 Risks regarding water as a natural resource

Water is a common good, essential for the daily life of the communities living near the sites and an integral part of the company's production processes. Potential water stress induced by climate change is therefore a major challenge for the planet and with regard to access to water, especially in the context of risks of conflicting usages. Vallourec's use of water is therefore closely monitored in order to minimize the impact of withdrawals on the environment, while anticipating the risk of shortages.

I) 2011-2022: FIRST STUDY PHASE

For the first time in 2011, and then again in 2015 and 2018, the Group measured its "Water Footprint" on catchment areas using the Water Impact Index. The largest sites have been studied, including sites in France (Aulnoye-Aymeries), in China (Tianda), in Saudi Arabia (VSA), in the United States (Youngstown, Houston), in Brazil (Pau Branco iron mine, Barreiro and Jeceaba). The German (Mülheim, Rath) and French (Montbard) sites, which are now closed, were also part of the study.

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 cubic meters 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.

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.

II) 2023: ADDITION OF THE IMPACT OF CLIMATE CHANGE TO THE ANALYSIS

In 2023, the study of the exposure and vulnerability of the Group's activities to climate change, informed by the expertise and climate models of an external specialist consultant (see section 2.2.2.3), clarified the impact of climate change on water stress. Water stress is a critical situation that arises when available water resources fall short of demand.

In this new study, water requirements are quantified by taking into account demand for:

- domestic and industrial usage, extrapolated from gross domestic product and population;
- crop irrigation, estimated from crop demand based on weather conditions, crop density, total cultivated area and irrigation process yields;
- livestock requirements, extrapolated from gross domestic product and population.

Water resources are calculated by taking into account, among other factors, the variability of rainfall in a catchment area, soil porosity, water supply from rivers, the recharging capacity of groundwater tables, water retention in the soil, snowfall and existing vegetation.

The table below shows projected change in water stress by 2030 and 2050 in the SSP5-8.5 scenario. For ease of reading, the chart only shows the annual values for water stress. The following points should be noted:

- water stress is indicated by an index between 40 and 60;
- high water stress is indicated by an index between 60 and 80;
- extreme water stress is indicated by an index over 80.

Water scarcity index by site illustrating areas with potential "water stress" by 2050:

			SSP5-8.5	
		Baseline	2030	2050
FRANCE	Aulnoye	67.2	75.5	95.9
INDONESIA	PTCT	7.5	5.6	7.2
CHINA	Tianda	6.7	6.1	6
	VCHA	22.6	20.7	19.7
SAUDI ARABIA	VSA	>100	>100	>100
SINGAPORE	Singapore	4.3	4.9	5.3
MEXICO	VAM Mexico City	11.8	15.6	14.9
UNITED STATES	Muskogee	25.5	36.4	32.8
	Houston	28.7	36.3	50.1
	Youngstown	5.3	6.2	7.1
	Houma	0.2	0.3	0.3
BRAZIL	Florestal	10.2	17.7	17.8
	Mineracao	10.2	17.7	17.8
	Jeceaba	7.2	13.6	12.7
	Barreiro	10.2	17.7	17.8

This analysis allows Vallourec to fine-tune its strategy with regard to reducing water intake from the environment, taking into account the contributions and needs of the catchment area.

- the Aulnoye-Aymeries (France) and VSA (Saudi Arabia) sites have already implemented measures to increase their resilience to the water stress conditions highlighted in the study, through water recirculation and the use of seawater. These measures are particularly appropriate given that water scarcity could increase with climate change;
- at the Houston site (United States), water stress could become significant in the medium or long term. This is already one of the Group's most efficient sites in terms of the amount of water used per metric ton of tube processed;
- the steel mills, which are the most water-intensive sites due to the nature of their activity, are located in the Group's most abundant catchment areas, which are theoretically not in a situation of water stress. However, the large volumes taken from very localized sources make it particularly important to implement the water reduction roadmap at these sites (see 2.2.3.3 "Key actions for 2017-2025").

III) SITE RISK ANALYSES AND ACTION PLANS

The Group's industrial sites have varying degrees of resilience to water supply risks. In accordance with the risk analysis set out above, the Group is putting an increased focus on the following sites:

- the Aulnoye-Aymeries site uses rainwater collected on its site. The use of this volume with regard to metric tons produced thus has little impact, despite it being a 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;
- 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. However, most of this water is returned to the natural environment;
- the Tianda site in China has installed rainwater harvesting basins and mainly consumes tap water, but the water stress indicator remains very low in this region;
- finally, Vallourec Saudi Arabia uses desalinated seawater, thereby avoiding the use of the region's very scarce water resources reflected in the water stress indicator.

In conclusion, the impact from water intake on the Group's sites seems reasonable thanks to the management efforts taken. However, the Group must remain vigilant by integrating climate-related risks into its enterprise risk management process.

2.2.3.2 Strategy and key commitments

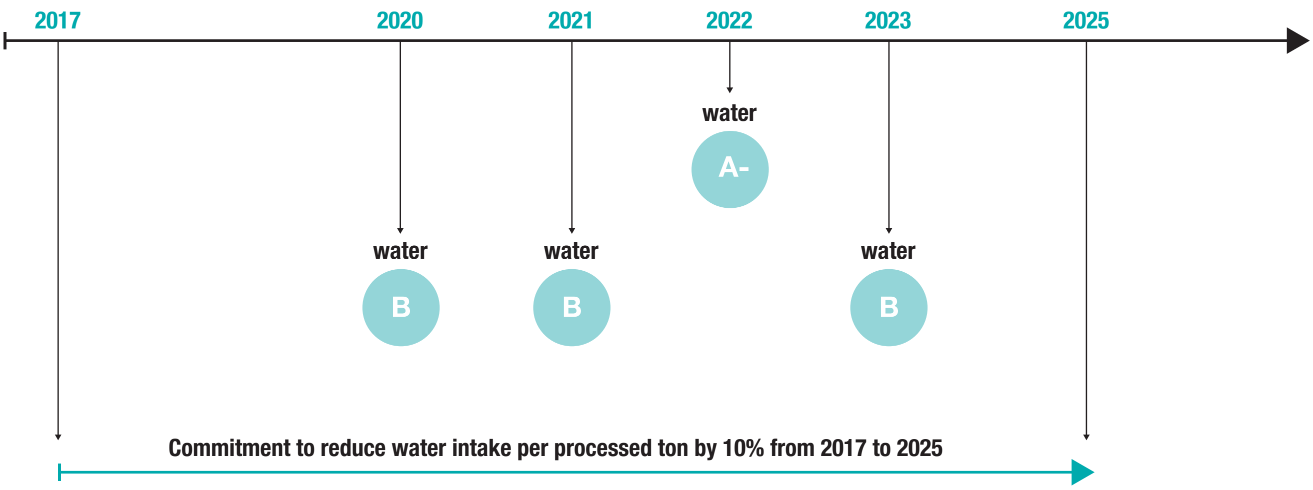
Water management is not confined to measuring intake or monitoring the quantity and quality of discharges: a specific action plan for reducing intake is piloted by the sites' environmental managers and its operational implementation is monitored quarterly during Group Environment Committee meetings attended by a member of the Executive Committee and the Group Environment division.

In 2019, the Group made a public commitment to reduce water intake by 10% per metric ton processed in 2025 compared with 2017 for all activities in the steel and tubes segment. The relevance of this commitment, which enabled the Group to initiate an action plan in 2019, was underlined by:

- the double materiality analysis; which highlighted the importance of water resource management (see chapter 2, Introduction "Anticipation of the Corporate Sustainability Reporting Directive (CSRD) through double materiality analysis");
- the analysis of climate-related risks; which highlighted an increase in the frequency and intensity of droughts (see Site risk analyses and action plans);
- the new CSRD and Taxonomy regulations, which include water use as one of the six defining environmental pillars for a company (see section 2.2.2.4. "European Taxonomy").

The Group will continue its efforts to reach its 2025 target and align its consumption reduction targets with the latest international standards.

Furthermore, 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 a B rating in 2023, in line with its 2020 and 2021 results. This is a better rating than that of the "Metal smelting, refining and forming sector", which is rated C. These results show that the company is capable of meeting the increasing demands of its stakeholders, and has been doing so continuously since 2020.



2.2.3.3 Key actions for 2017-2025

Over the past few years, Vallourec has focused on setting up systems for collecting rainwater and increasing reuse rates. The main actions undertaken in 2017-2022 are:

- the Barreiro site in Brazil installed a 1,500 cu.m. buffer tank for storing excess process water and rainwater for later use. This reservoir has allowed Vallourec to reduce its 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 each year 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;
- 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.

In 2023, the following major advances were made:

- in Indonesia, the installation of water meters to better monitor consumption. Harvested rainwater, previously considered surface water, will be counted as such next year;
- the Tianda site in China has commissioned two rainwater collection basins and pumps with the aim of saving 18,000 cu.m. of municipal water per year, i.e., 15% to 20% of the site's total water consumption;
- the Jeceaba site in Brazil replaced blast furnace slag cooling water distribution system as well as the equipment linked to the pelletization unit furnace.

The Group is also preparing its roadmap for the years to come, with the following actions:

- the Youngstown site in the United States has finalized its study for the commissioning of a rainwater collection basin. The water will be used primarily to dampen roads to limit dust;
- the Jeceaba site in Brazil has planned the replacement of cooling towers for its steel mill;
- set up 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;
- promote best practices across the sites with the most compliant sites sharing their knowledge and processes in this area;
- monitor monthly water intake and discharges at corporate level, and on a quarterly basis by the Environment Committee to maintain strong performance accountability at each site.

2.2.3.4 Measuring our performance

I. MONITORING OUR COMMITMENT

In 2019, the Group announced its commitment to reduce its water intake by 10% by 2025 per metric ton of tubes processed for the steel and tubes compared with the 2017 baseline.

Initially, the Group saw a sharp increase in water consumption in 2020. Specific water consumption peaked at 1.62 cu.m. per metric ton processed. This was mainly due to the disrupted operation of the plants during periods of low activity and repeated shutdowns and restarts in the wake of the brutal economic and health crisis.

Since then, water intake has fallen sharply thanks to the installation of metering systems and the replacement of faulty equipment (see 2.2.3.3 "Key actions for 2017-2025"). Last year, water intake declined from 1.31 cu.m. per metric ton to 1.29 cu.m. per metric ton.

In 2023, headway was also made on rainwater harvesting. This has enabled Vallourec to reduce its surface water and groundwater intake, reducing net consumption (excluding rainwater) from 1.19 cu.m. per metric ton to 1.15 cu.m. per metric ton processed in the Steel and Tubes segment, a reduction of nearly 3% compared with 2022.

Water withdrawals at production units* (excluding rainwater recovery)

Year	Total water withdrawals *(cu.m.)*	Water withdrawals 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)
2022	6,464,419	1.31 (1.19)
2023	**5,300,653☑**	**1.29 (1.15)**

* *For steel mills, tube mills, finishing lines, and related services. Only the figures in brackets exclude rainwater.*

Progress in terms of water consumption reduction is therefore noticeable However, the Group Environment Committee notes the importance of rapidly implementing its roadmap in order to achieve the expected results by 2025.

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).

Water withdrawals needed for the "Vallourec Mineração" mine processes

Year	2017	2018	2019	2020	2021	2022	2023
Iron ore production *(metric tons)*	4,394,245	4,693,317	6,269,028	7,904,437	8,297,517	4,069,231	7,070,272
Total water withdrawals *(cu.m.)*	2,967,715	3,097,651	2,862,980	4,222,303	3,754,433	3,078,069	3,697,115
cu.m./metric tons of iron ore	0.68	0.66	0.46	0.53	0.45	0.76	0.52

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 2.2.2.1) 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.

In 2023, the upturn in activity brought the ratio back to the 2019-2021 level, i.e., 0.52 cu.m. per metric ton.

III. MONITORING WATER INFLOWS AND OUTFLOWS

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 2023 assessment is as follows for the Steel and Tubes scope (excluding mine, pelletization and forest):

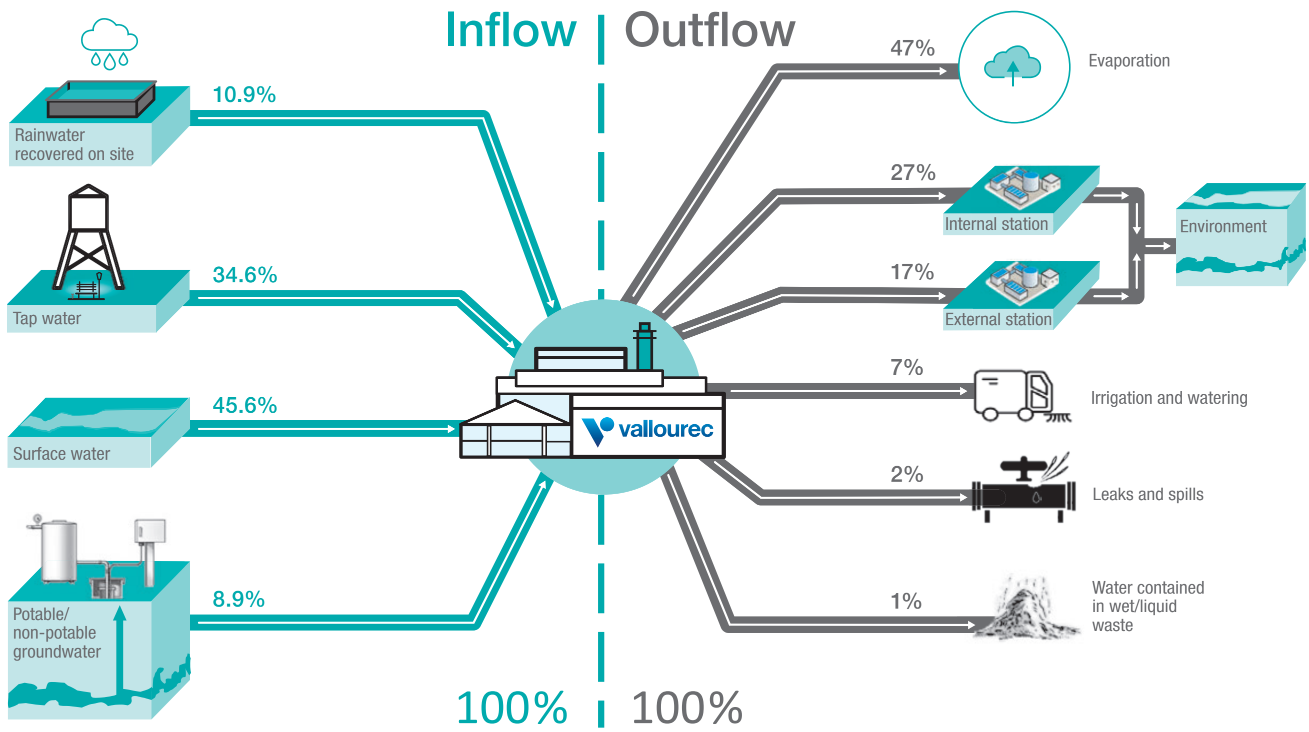
Incoming*

Type of water	cu.m.	%
Tap water	1,834,394	35%
Surface water	2,417,690	46%
Groundwater	472,001	9%
Rainwater	576,568	11%
TOTAL INCOMING	**5,300,653**☑	**100%**

* *The sum may differ from the total due to rounding.*

Outgoing

Water usage	cu.m.	%
Discharge to external treatment station	878,440	17%
Discharge to internal treatment station	1,412,339	27%
Evaporation	2,503,871	47%
Irrigation and watering	354,714	7%
Leaks and spills	106,099	2%
Water in waste	45,193	1%
Stock shortfall	(2)	0%
TOTAL OUTGOING	**5,300,653**	**100%**



2.2.4 Preventing pollution risks

SDG 6.3, 12.4, 12.5, 14.1

2.2.4.1 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(1), 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.

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.

(1) These risks relate in particular to carcinogenic, mutagenic or reprotoxic (CMR) substances.

2.2.4.2 Discharges into water

I) STRATEGY

In addition to optimizing its use of water resources (further details in section 2.2.3), Vallourec also seeks to reduce the quantities of process water discharged into the natural environment after being treated at internal purification plants, for example, thereby significantly improving internal water recycling.

The sites monitor their polluting discharges in agreement with the local authorities and the Group reports annually on total discharges into the natural environment.

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.

III) PERFORMANCE

The quality of plant waste has improved over recent years.

The 2023 assessment provided the following figures:

Year	2017	2018	2019	2020	2021	2022	2023
SPM (suspended particulate matter) *(metric tons)*	15.7	17.1	37.5	91.5	42.3	26.0	23.4
COD (chemical oxygen demand) *(metric tons)*	63.6	77.2	125.0	71.1	49.1	94.1	99.9
BOD (biochemical oxygen demand) *(metric tons)*	9.7	18.0	30.6	15.4	11.2	7.2	3.5
TH (total hydrocarbons) *(metric tons)*	0.40	0.35	0.15	0.11	0.08	0.33	1.15
Heavy metals* *(metric tons)*	0.75	0.46	0.46	0.30**	0.64**	0.66	0.53

* *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 with 2022, all monitored parameters are stable, in line with the volumes of water discharged into the environment. A reduction in suspended particulate matter (SPM) was observed as a result of increased monitoring and changes to the water treatment processes at the Jeceaba site in 2022. Discharges of heavy metals decreased significantly, mainly due to the scaling down of activity at sites in Germany and the transfer of certain activities to Brazil.

Biochemical oxygen demand (BOD) continued to decrease, thanks to the improved efficiency of bioreactors at the Jeceaba site, demonstrating our commitment to improving the quality of our wastewater discharges.

Total hydrocarbon (TH) remains low in relation to the level of activity and the various actions taken to limit hydrocarbon leaks in the circuits. However, the Jeceaba site recorded an incident in 2023, leading to a small release of 1 metric ton with no impact.

Nevertheless, there was a slight increase in chemical oxygen demand (COD) in 2023, mainly due to the nature of the discharges associated with the Group's activities.

It is important to note that our discharges are all well within the regulatory limits set for our site, despite these variations. No non-compliance was noted

2.2.4.3 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_2) 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

Atmospheric emissions *(metric tons per year)*	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
VOCs	319	260	535	481	420	368	329	471
Nox	492	633	719	691	514	495	540	492☑
SO_2	4.4	5.9	6.4	4.4	4.0	4.4	4.8	4.3
Particles	N/A	N/A	487	571	1,134	668	882	662

In 2023, combustion gas emissions (NOx and SO_2) decreased as a result of lower natural gas consumption linked to the company’s value over volume strategy.

Particulate emissions were also down significantly, returning to their 2021 level. This reduction is attributable mainly to a series of optimizations of dust collection systems during maintenance work. It is important to note that most particulate emissions are associated with the activity of our steel mill in Brazil. Particle emissions did, however, also decrease at our Jeceaba (Brazil) pipe mill, as a result of improved control of capture processes.

In 2023, primary emissions of volatile organic compounds (VOCs), before their capture and filtration, increased due to the resumption of activities on finishing and coating lines. However, our sites are committed to improving processes to reduce solvent consumption. For example, at the Vallourec Oil & Gas site in Aulnoye-Aymeries, our research and development and methods teams have improved technical performance to broaden the range of qualified products using water-based paints, thereby reducing solvent use. They have also worked on optimizing spray systems to reduce the amount of product sprayed. In addition, a study is underway to switch to water-based paints, which would virtually eliminate emissions from the line. 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.

2.2.4.4 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 2024, work will be undertaken with an external service provider to draw up a decontamination strategy for the site.

In Aulnoye-Aymeries, underground investigations were conducted on an old disposal site for miscellaneous materials. The site remains under close monitoring. A recent review of the biodiversity study confirmed that there was no impact on the site's biodiversity.

In Montbard, underground investigations were also conducted on an old disposal site, following a 2002 order issued by the prefecture. A groundwater quality synthesis and an environmental status interpretation were carried out in 2023. An additional piezometer has been installed to improve groundwater monitoring.

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 began in 2023. The next readings, scheduled for 2024, will confirm the effectiveness of the decontamination work. At the same time, industrial facilities are being dismantled.

Work is underway on ensuring the safety of the Saint-Saulve site, which was shut down in December 2022. Further investigations were conducted in 2023 to determine the level of pollution at the site, which is continuing to wind down.

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 rehabilitation of the former sludge depot will be completed (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.

2.2.4.5 Use of hazardous substances

This matter is covered under health and safety (see section 2.3.2.1).

2.2.4.6 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 nuisances.

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.

2.2.5 Limiting the use of natural resources

SDG 6.4, 9.4, 12.4, 12.5

2.2.5.1 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;
- supply shortages of steel making resources such as iron ore and coal.

Steel has the advantage of being infinitely recyclable. The Group aims to maximize sourcing of recycled steel upstream and to maximize recycling or reuse of by-products downstream.

2.2.5.2 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 mixed blast furnace and electric arc furnace process at Jeceaba (Brazil, which produces cast iron and uses scrap metal) and the all-electric process at Youngstown (USA). 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.

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.

2.2.5.3 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.

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.

2.2.5.4 Measuring our performance

I) UPSTREAM

Internal production and steel purchases in 2023

Plant *(metric tons)*	Inputs for blast furnace			
	Iron ore	Pellets	Charcoal	Cast iron produced
VSB Jeceaba	57,483	412,968	207,682	304,016
TOTAL	**57,483**	**412,968**	**207,682**	**304,016**

Plant *(metric tons)*	Inputs for electric steel mills			
	Cast iron purchased	Scrap iron	Of which % internal recycling	Scrap and cast iron used
VSB Jeceaba	28,388	511,764	25%	824,534
Youngstown	10,913	484,755	12%	495,668
TOTAL	**39,301**	**996,520**	**19%**	**1,320,203**

In 2023, 19% of the scrap recovered to produce steel came from internal sources, compared with 17% in 2022.

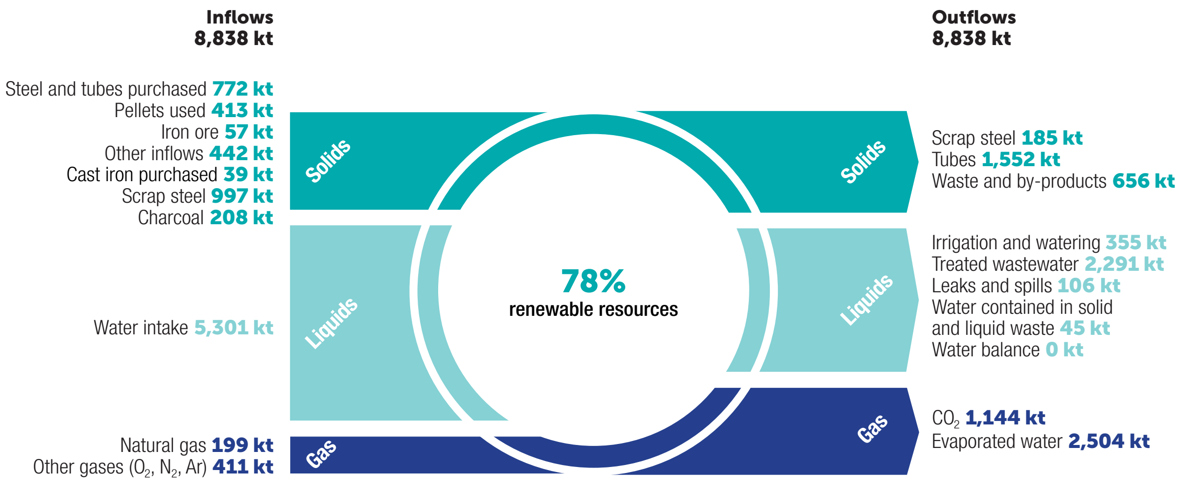
The electric process (Youngstown and Jeceaba steel mills) accounted for 87% of Vallourec's internal steel production. The increase in scrap metal recycling contributes to reducing the call upon natural raw materials.

In Brazil, the proportion of scrap metal input to the electric arc furnace rose from 59% in 2021 to 63% in 2022 and 2023, owing chiefly to load limitations at the Jeceaba blast furnace.

Regarding steel purchased in 2023 to supply all of the Group's regions, the blast-furnace process accounted for 85%, down from 90% in 2022. This decline is attributable to the closure of German sites (reducing our dependence on our steel suppliers in Europe), the partial substitution of recycled steel produced internally by recycled steel purchased from Nucor in the United States, and the increase in the supply of recycled steel in several countries such as France and China.

All kinds of steel combined (both produced and purchased), the electric process share rose three percentage points between 2022 and 2023, from 53% to 56%.

Group mass flow assessment, 2023:



In 2023, the shipped production of 1,552 thousand metric tons of tubes required the consumption of 8.8 million metric tons of various inputs, 21% less than the 11.08 million metric tons in 2022. 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, 6.2 metric tons in 2022 and 5.67 metric tons in 2023.

It should also be emphasized that 78% of the resources consumed are renewable (scrap, charcoal, water and oxygen), demonstrating the limited nature of the Group's net environmental footprint. This figure was 78% in 2020 and 2021, and 79% in 2022. In 2023, the extraction of non-renewable resources represented 124% of production shipped (94% in 2019, 138% in 2020, 146% in 2021 and 126% in 2022).

Record of the raw materials footprint

	2017	2018	2019	2020	2021	2022	2023
Inputs/outputs *(kt)*	10,786	12,843	11,739	9,841	10,914	11,077	8,803
Production shipped *(kt)*	2,256	2,364	2,291	1,599	1,640	1,804	1,552
% of renewable resources	85	80	81	78	78	79	78
Ratio of shipments/inputs *(%)*	21	18	20	16	15	16	18

II) DOWNSTREAM

Waste recovery

In 2023, 675 metric kilotons of waste were produced, which includes the mine and the pelletization unit, 2.9% of which was hazardous waste.

In 2023, the waste recovery rate was 97.6%, the same as in 2021. This year, 15,930 metric tons of waste could not be recovered, representing 5,980 metric tons less than in 2022. The work and investments related to the establishment of the new Vallourec scope were completed in 2023. The transfer of certain production activities from one region to another, combined with site closures, resulted in the production of non-recoverable waste in 2022.

Waste management indicators monitored, Vallourec Group, 2017-2023:

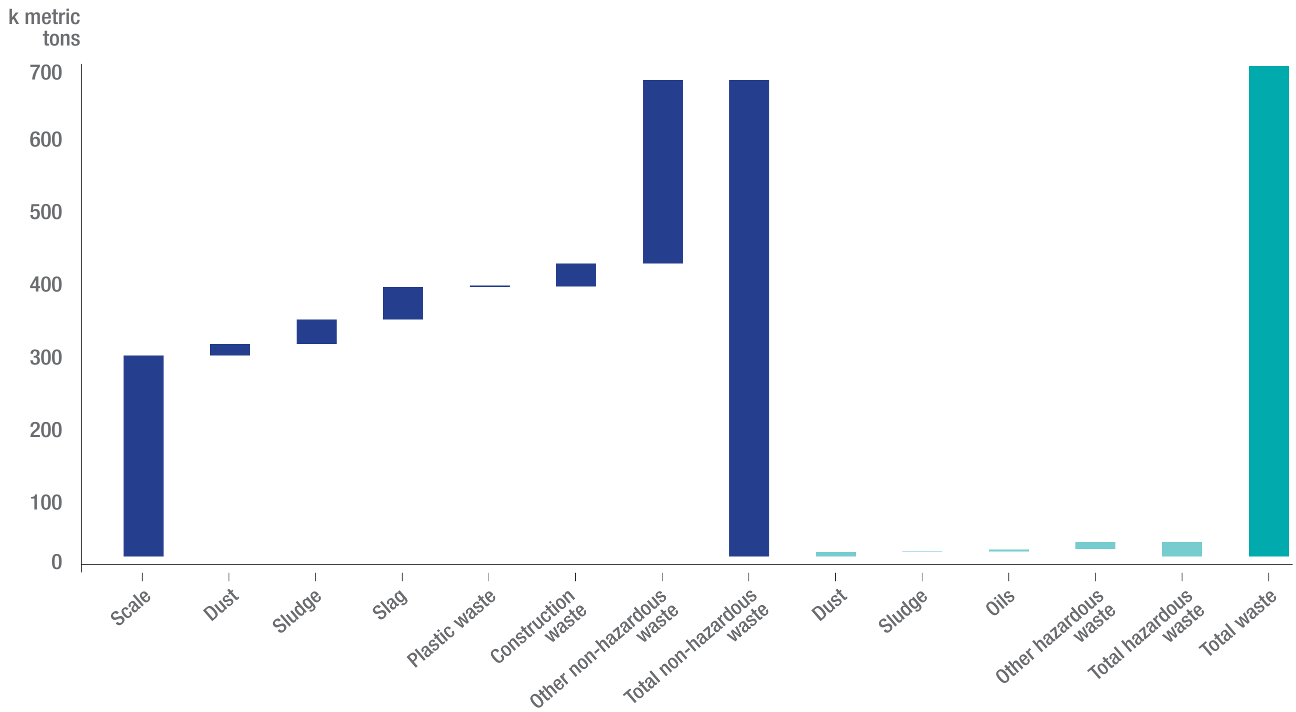
	2016	2017	2018	2019	2020	2021	2022	2023
Waste *(thousands of metric tons)*	459	697	731	669	551	674	803	675☑
Waste/production processed *(%)*	15	13	13	13	15.7	16.1	16.3	16.5
% of hazardous waste	6.0	3.5	3.3	3.9	2.8	2.6	2.6	2.9
% of recovery	94.4	94.0	95.5	95.8	97.0	97.6	97.3	97.6☑

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.

Other than the various types of final waste, sludge is the main type of waste still landfilled. Despite our efforts to improve its separation, a significant proportion remains difficult to recover.

The proportion of plastic waste in total industrial waste is extremely low and represents 0.1% of the total volume of waste generated. In addition, it may be noted that 97.6% of that industrial plastic waste is recycled or reused.

Breakdown of waste produced by the Group in 2023:



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.

  At the pelletization site, the fine particles recovered by our dust collection systems are now treated as raw materials and no longer classified as waste. They are now sold as products in their own right.

- **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;
- 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 92.9%, of waste incinerated to produce energy 4.7%, and of landfill waste 2.4%. Progress was made in the recycling of materials in 2023, 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.

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. Annual tonnages were down slightly compared with 2022, representing 2.9% of all waste.

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.

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.

2.2.6 Preserve biodiversity and ecosystems

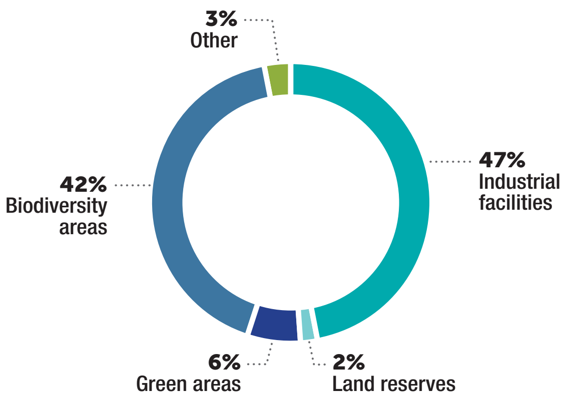
SDG 11.4, 15.A, 15.B

2.2.6.1 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.

2.2.6.2 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. Vallourec owns 85,000 hectares of eucalyptus forests used for charcoal production and 64,000 hectares of protected natural areas, including areas protected as legal reserves under Brazil's Native Vegetation Protection Law (LPVN) and Permanent Protection Zones (ZPP) in France, as well as the maintenance of ecological corridors that promote landscape connectivity and the dispersal of biota.

The Group is the only company in the "Metal smelting, refining and forming sector" to have completed the CDP Forest questionnaire every year since 2021. For 2023, the CDP awarded Vallourec a C rating, which corresponds to "Awareness."

2.2.6.3 Action plan and allocated resources

Measures to preserve biodiversity have been put in place for several years, primarily in Brazil and Indonesia.

I) BRAZIL

Barreiro

The unit located in the city of Belo Horizonte, in the state of Minas Gerais, known as Barreiro, is currently responsible for the maintenance of an area called Barreiro Environmental Education Center (CEA Barreiro). This area is owned by the Belo Horizonte City Hall and is preserved by an agreement between Vallourec and the City Hall. CEA Barreiro has approximately 20 hectares, preserving vegetation common to three different biomes: Cerrado, Atlantic Forest and Transitional Forest, as well as species introduced to increase biodiversity.

Through a contract signed in partnership between Vallourec and a third-party company, an Ecological Park is planned for the location, which will be open to the community. The unit also maintains, in some parts around the plant, a "green belt" composed of tree species, with the aim of minimizing possible impacts and expanding the areas with vegetation, having a positive impact on biodiversity and neighboring communities.

Jeceaba

The creation of Atlantic Forest Revegetation Reference Center in Jeceaba unit represents a significant advance in the environment context. The unit established the Reference Center on the Atlantic Forest in an area of approximately 660 hectares in the Industrial District of Jeceaba. At the time, this initiative was conceived in collaboration with the State Forestry Institue (IEF) and Federal University of Lavras (UFLA), with the aim of replanting this area with around 400 species native to the region. This location also includes the legal reserve, as established by local forestry legislation and a "green belt" around the plant.

The concept behind this area is the creation of an extensive "green belt" that serves as a buffer zone for the possible impacts resulting from the industrial operations, ensuring not only the preservation of fauna and flora species, but also providing comfort to local communities.

The Vallourec Florestal 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 ecological 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 flora and fauna study projects with local Brazilian administrations (Regional Forest Institute), universities and/or international NGOs. The site actively participates in the regular meetings of Minas Gerais forestry sector associations *(Associação Mineira da Indústria Florestal* - AMIF). In 2023, the scope of periodic biodiversity monitoring was maintained for insects, fish, reptiles, amphibians, bats, and non-flying mammals. In 2021, two new 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. In 2023, 12 wildlife monitoring campaigns were carried out, notably in the dry and rainy seasons.

The general objective of the Vallourec Fauna Monitoring Programs is to monitor the communities of the Fauna thematic groups in the area of influence of the Mining and Forestry units over time, to identify the possible environmental impacts arising from the projects on the fauna communities and propose mitigating measures, and map to correlate with natural areas of biological importance for environmental conservation.

Furthermore, it seeks to identify fauna species of interest for conservation, including those threatened with extinction, endemic, indicators of environmental quality and included in Action and Conservation Plans at national level and in the appendix of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

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 Florestal activity does not involve the degradation of land with high carbon stock, too. Our planted forests constantly capture and store carbon as they grow over 7 years, until harvest time. And this is positive for the objectives of Climate Change Mitigation and Adaptation to Climate Change.

The carbon capture (sequestration) and storage (stock) capacity of the Florestal unit (eucalyptus plantations) has already been measured in the past, in 2013. And there is a ongoing work to update the methodology, so that this measurement can be carried out annually.

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” as Legal Reserve and Permanent Preservation Areas (PPA), in accordance with local forestry legislation. Vallourec teams conduct regular monitoring of water and air quality, along with cave surveillance to protect the fauna (invertebrates and bats) and flora specific to these environments. A field monitoring program began in August 2023, and covers species of fish, reptiles, amphibians, mammals, and birds.

The Vallourec Mineração unit also has a seedling nursery, whose objective is to receive specimens of flora rescued from the surrounding area, as well as propagating seedlings for forest recovery and restoration.

The Mining unit is located in the Quadrilatero Ferrífero of Minas Gerais, in addition to being located in an ecotone zone between the Atlantic Forest and Cerrado Biomes. The Quadrilatero Ferrífero is the most important mineral province in southeastern Brazil, considered a biodiversity hotspot, as it is home to a large number of endemic and endangered species of flora and fauna.

II) IN 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 of which are 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.

In 2023 PTCT continued to plant and care for trees and some flowers in the Batam Botanical Garden. We grow about 3000 plants (trees and flowers plants) in the Botanical Garden and will continue next year.

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.

In 2022 and early 2023, field studies were carried out and correlated with a literature review. Two protected flora species were recorded, as well as a number of fauna species including the viviparous lizard, a protected species in France that has been observed on the site since 2014, and the European hedgehog, another protected species. Several species of birds and bats have also been recorded.

Other species are considered potentially present, particularly in view of the literature collected on the study area, such as the spotted newt, the alpine newt and the smooth snake, as well as the mammals mentioned in the 2014 and 2017 studies carried out by consulting firm Biotope. The development of habitats on fallow land and the drought in 2022 were not conducive to the observation of reptiles or amphibians. These potential species were therefore taken into account when determining issues on the site.

2.3 Our social and societal commitments

2.3.1 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.

2.3.1.1 Changes and breakdown

As at December 31, 2023, 15,482 employees worked at more 35 production or service sites under contracts with Vallourec (short-term or permanent contracts), compared to 16,056 employees in 2022. In 2023, Vallourec continued to implement its transformation plan, particularly in Europe, in France, Germany and the United Kingdom, and in other geographies including China, with an adjustment of the workforce.

I) BREAKDOWN BY GEOGRAPHICAL AREA

	Number of employees	
Country	**2022**	**2023**
Brazil	7,231	7,514
France	1,564	1,334
Germany	2,285	1,692
United States	1,801	1,937
China	1,086	943
Indonesia	637	698
United Kingdom	292	224
Mexico	442	438
Saudi Arabia	181	207
United Arab Emirates	94	96
Malaysia	210	196
Other regions	233	203

Workforce as at December 31 (short-term and permanent contracts)	2022	2023	2022/2023 change	2022 breakdown	2023 breakdown
Europe	4,184	3,276☑	-21.7%	26%	21%
Brazil	7,231	7,514☑	3.9%	45%	49%
Asia	2,047	1,952☑	-4.6%	13%	13%
North America (United States, Canada, Mexico)	2,252	2,384☑	5.9%	14%	15%
Middle East	280	310☑	10.7%	2%	2%
Africa	62	46☑	-25.8%	0%	0%
TOTAL	**16,056**	**15,482☑**	**-3.6%**	**100%**	**100%**

II) BREAKDOWN BY GENDER

As at December 31, 2023, the Group had 1,984 women (1,886 with permanent contracts), which represents 13% of the total permanent workforce. Marginally present in the category of production staff, women mainly hold administrative and sales positions. They represent 29% of the Group's technical and supervisory staff (administrative personnel, technicians or field supervisors), and 26% of its managers. The overall breakdown remained unchanged for the 2022-2023 period by geographic area, for the Group as a whole.

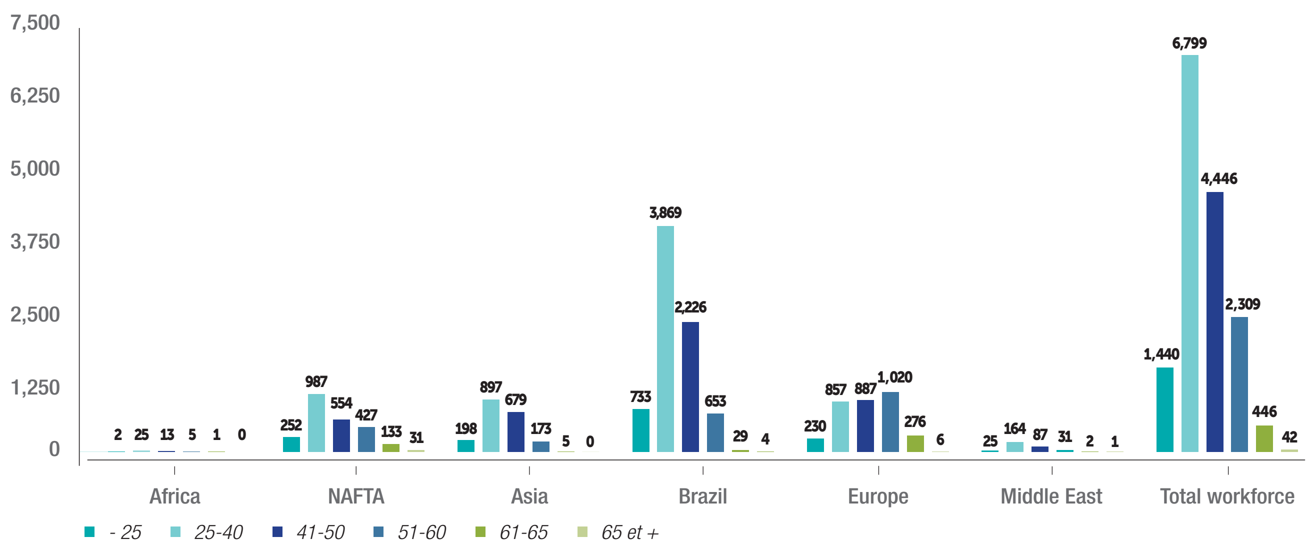
	Production staff		Technical and supervisory staff		Managers (*cadres*)		Total	
% of women (permanent)	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**
Europe	1%	1%	32%	31%	23%	25%	11%	12%
Brazil	8%	9%	33%	31%	28%	31%	12%	13%
Asia	10%	9%	30%	30%	22%	21%	16%	16%
North America (United States, Canada, Mexico)	2%	3%	27%	26%	21%	23%	10%	10%
Middle East	2%	1%	25%	22%	19%	22%	13%	12%
Africa	5%	17%	13%	10%	0%	0%	8%	11%
WORLD	**6%**	**6%**	**31%**	**29%**	**24%**	**26%**	**12%**	**13%**

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.

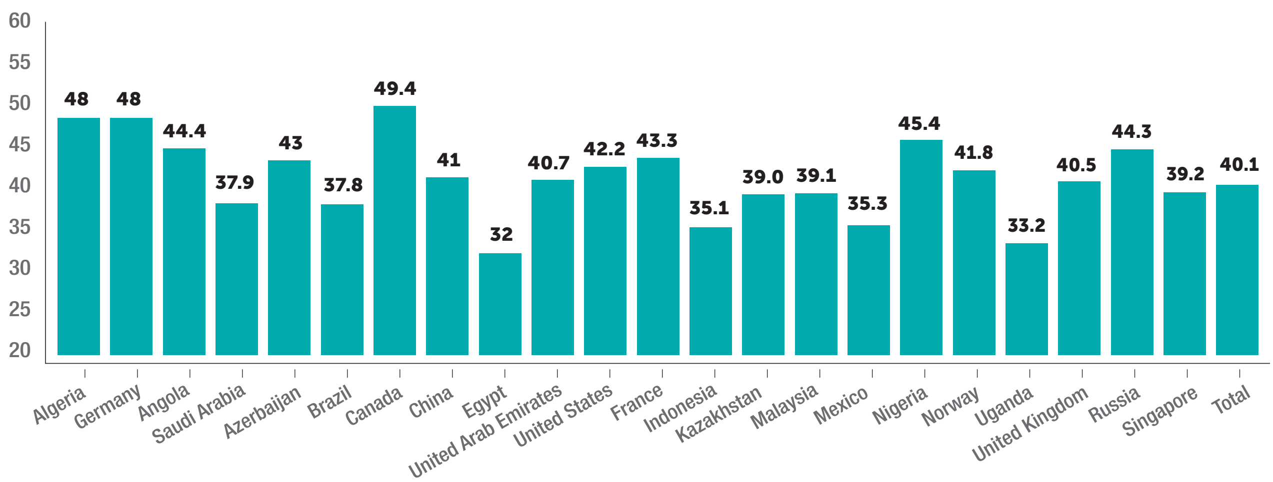
The Brazilian employee population is young, with a strong concentration in the 25- to 40-year-old segment. In the North America region, the distribution of the population among the various age categories is well balanced. Asia has practically no employees older than 55. Conversely, Europe continues to be characterized by a large number of employees over the age of 50 (approximately 40% 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



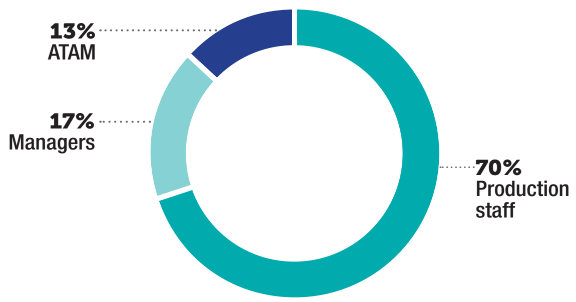
IV) BREAKDOWN BY PROFESSIONAL CATEGORY

Production staff represents more than two-thirds of the headcount.

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 2023

In 2023, the proportion of managers and technical and supervisory staff remained unchanged from 2022.



Group's registered workforce by professional category	2022	2023
Managers (*cadres*)	2,681	2,710☑
Technical and supervisory staff	2,118	1,987☑
Production staff	11,257	10,785☑
TOTAL	**16,056**	**15,482**☑

Breakdown of registered workforce	Production staff		Technical and supervisory staff		Managers (*cadres*)		Total	
	2022	2023	2022	2023	2022	2023	2022	2023
Europe	15%	12%	4%	4%	6%	5%	25%	21%
Brazil	36%	39%	3%	3%	6%	7%	45%	49%
Asia	9%	8%	3%	3%	2%	2%	14%	13%
North America (United States, Canada, Mexico)	9%	10%	2%	2%	3%	3%	14%	15%
Middle East	1%	1%	<1%	<1%	<1%	<1%	2%	2%
Africa	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%
WORLD	**70%**	**70%**	**13%**	**13%**	**17%**	**18%**	**100%**	**100%**

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 2023, 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

	2022			2023		
Breakdown by area	**Permanent**	**Fixed-term contract (including apprentices)**	**Temporary**	**Permanent**	**Fixed-term contract (including apprentices)**	**Temporary**
Africa	62	-	-	46	-	-
North America	2,252	-	266	2,384	-	223
Asia	1,814	233	235	1,649	303	165
Brazil	7,058	173	58	7,296	218	22
Europe	3,943	241	86	3,086	190	162
Middle East	272	8	-	310	-	-
WORLD	**15,401**	**655**	**645**	**14,771**	**711**	**572**

In 2023, there were 14,771 permanent workers worldwide, compared to 15,401 at the end of 2022.

2.3.1.2 New joiners and departures

I) NEW HIRES AND TRANSFERS

The total number of hires on permanent contracts in the Group is up slightly on 2022. The most significant change in 2023 was in Brazil.

While the overall Group headcount remained more or less constant, that in Brazil and the North America region continued to increase, at a similar rate to 2022.

The breakdown of new hires by professional category and geographical area is as follows:

Breakdown of new hires by professional category

	2022			2023		
Area	**BC**	**WC1**	**WC2**	**BC**	**WC1**	**WC2**
Africa	-	1	-	11	15	-
North America	503	62	48	391	45	58
Asia	90	36	26	139	41	14
Brazil	1,009	65	75	983	74	122
Europe	116	49	49	67	82	90
Middle East	13	7	7	49	17	3
TOTAL	**1,731**	**220**	**205**	**1,640**	**274**	**287**

Breakdown of new hires of women by professional category

	2022			2023		
Area	**BC**	**WC1**	**WC2**	**BC**	**WC1**	**WC2**
Africa	-	-	-	2	2	-
North America	19	20	12	25	12	19
Asia	3	21	7	7	20	5
Brazil	130	26	14	181	29	44
Europe	2	21	13	1	39	45
Middle East	4	1	3	2	4	1
TOTAL	**158**	**89**	**49**	**218**	**106**	**114**

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 13%. 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 2022 to 2023. The same is true of the temporary workforce. In 2023, we recorded some 363 departures in North America 911 in Brazil, 283 in the Asia area, and 1,039 in the Europe area.

Turnover rate by area

Turnover rate (permanent workforce)	2022	2023
Africa	1%	56%
North America (United States, Canada, Mexico)	25%	19%
Asia	8%	12%
Brazil	14%	14%
Europe	10%	15%
Middle East	9%	21%
WORLD	**13%**	**15%**

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).

This takes into account departures, new joiners and transfers within areas.

Reasons for termination of employment contracts by area

	Retirement		Resignation		Dismissal		Other reasons	
	2022	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**
Africa	-	-	-	2%	-	77%	-	20%
North America	7%	6%	56%	50%	32%	39%	4%	4%
Asia	9%	8%	51%	24%	32%	52%	8%	16%
Brazil	<1%	0%	19%	24%	77%	65%	4%	11%
Europe	14%	3%	33%	11%	19%	70%	34%	16%
Middle East	4%	-	54%	85%	15%	4%	27%	11%

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 2023, at around 65%, though this is slightly lower than the prior-year figure, chiefly because of the higher number of resignations.

The number of dismissals increased in all regions (with the exception of Brazil). In all regions other than Europe, there was an increase in numbers of voluntary departures. In Europe, there were few retirements this year (compared to 14% in 2022) and voluntary departures accounted for 11% (compared to 33% in 2022). In 2023, Vallourec continued its restructuring plan, with a significant reduction in the European workforce.

2.3.2 Working conditions

SDG 3.9, 8.8, 10.4, 13.3

2.3.2.1 Health and safety

The Group's health and safety risks are presented in section 3.1.2. "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.

Reminder of the 2023 objectives:

No fatalities and a TRIR of 1.1 or better in 2023, i.e., a 27% reduction target compared with 2022.

Achievement of the 2023 objective

The Group did not record any fatalities in 2023.

As part of work to review and harmonize safety reporting practices, the Group undertook detailed work in the last quarter of 2023 to systematically review all incidents to ensure consistency of reporting with the Group's harmonized incident reporting process.

This work resulted in a restatement of the TRIR reported by the Brazilian scope in the Group consolidation. This restatement only concerns the internal reporting of the TRIR. All incidents in Brazil have also been duly reported locally and have been subject to analysis and preventive action in accordance with the Group's requirements in this area. No adjustments of this nature were required for the Group's other scopes and the LTIR and severity rate indicators for the Group scope were not materially affected.

Taking into account this harmonization, the Vallourec Group's TRIR was 2.35 in 2023, a reduction of 20.4% compared with the restated 2022 TRIR of 2.96.

Results and objectives will now be expressed in line with the harmonized Vallourec classification, based mainly on the US OHSA rules.

2024 objective

Our safety objective remains to prevent fatalities and life-changing events, and to continue our efforts to achieve an LTIR of well below 1.0 and a TRIR of less than 2 in 2024 in order to remain on track towards our target of a TRIR below 0.2.

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 2023, 97% of Vallourec sites were ISO 45001 certified, with certified sites representing Vallourec's entire production in metric tons. Vallourec has been rolling out its health and safety management tool and its 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 fatal or serious accidents and, starting in 2016, a specific focus on subcontractors.

Since 2016 the performance indicators have incorporated Vallourec staff, temporary workers and subcontractors.

At end-2023 the Lost Time Injury Rate (LTIR) stood at 0.59, i.e., 36.5% compared with 2022.

In 2023, the severity rate (SR) of the lost time injury rate was 0.043, a decrease of 15.9% compared with 2022.

There were no fatalities in 2023, although unfortunately there were four life-changing events. In 2024, we plan to continue our efforts to achieve zero fatalities or life-changing events.

Utmost attention was paid to risk assessment, individual and collective risk awareness, training on safety management, and personnel supervision during operations.

Risk reduction initiatives will continue in 2024, with a particular focus on developing the leadership of our managers and the health and safety culture of our teams and subcontractors.

Changes in safety indicators

Following work to harmonize incident reporting in the last half of 2023, the figures for 2022 and 2023 are reported on a harmonized basis.

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 Senior Vice President 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;
- 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 (Security and GembaWalks), examination and remediation of safety issues, and assessment of leadership skills;
- strong employee involvement to stop and report any situation involving risk.

In 2023, the Group upgraded its 8 Golden Rules to 12 basic safety rules, in line with IOGP best practice.

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.

Particular emphasis is placed on potentially serious events (PSEs) with a potential severity greater than 5, regardless of the severity expressed during the occurrence of these first aid, near-accidents, or dangerous conditions.

Where accidents occur, hands are the most frequently injured body part.

Failure to follow the basic rule of never being in the line of fire is the main cause of these accidents.

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. Many members of management visit sites for this event. The site recording the best progress in safety performance also receives a safety award on that day.

II) HEALTH

A) Health policy

The Group has not signed any collective agreements regarding occupational health and safety. 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.

Several 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) HSE teams also strive to reduce the risk of exposure through substitution or the installation of barriers in accordance with specific instructions. In 2023, all HSE teams took part in a refresher course on chemical risk awareness. For example, the use of hydrofluoric acid (HF), which can be very dangerous, has been reduced to a few rare applications subject to strict handling rules associated with controlled preventive measures;

d) 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 connections (Cleanwell Dry 2) has allowed Vallourec 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;

e) 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 904 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. Since 2022, consideration has only been given to products identified as substitutable. The list of non-substitutable products is reviewed annually to take into account any changes. These products cannot therefore be automatically considered as substituted. In 2022 the substitution rate was 59.1%, compared with 57.7% in 2021. 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. In 2023, the Group decided to intensify its substitution approach by setting the target of replacing 95% of substitutable CMRs by 2025. Monthly monitoring of actions is now in place, and several working groups bringing together HSE, purchasing, process communities and methods departments have been set up in the regions. At the end of 2023, 90.2%[(1)] of the 714 plant items identified as substitutable CMRs[(2)] had been replaced[(3)]. For example, numerous actions have been taken to replace solvent-based products such as paints. As mentioned above, 17 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, 21% are integrated in machines or structures, with no risk of exposure (insulation materials, for example), 24% are used in closed-compartment laboratory testing techniques, 7% in coating processes, and 47% 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;

b) lead dope: tests and qualifications allowed Vallourec 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 2023, sites used 203 metric tons of grease, which included 29 metric tons of leaded grease, i.e., 14.3% compared to 13.4% in 2022. 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 have made it possible to quickly implement substitution at certain sites. Qualification tests have also been carried out, making it possible for 80% of lines to operate with non-CMR products in 2023. 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 over the past several years 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.

The substitution of cobalt, implemented and validated by the R&D teams, was also one of the successes of 2023.

2.3.2.2 Employee training and career development

New Vallourec has led to a complete overhaul of talent management policies and processes, with a dual objective:

- ensure the Group has the skills and expertise it needs for its development, now and in the future;
- optimize levers of employee engagement.

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 performance management and career development processes, talent reviews and succession planning.

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.

(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.

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 engineer and manager cohorts.

A) Annual performance reviews

Performance management was revisited at the end of 2022 to allow a fairer assessment of employee performance, with the dual objective of performance management and recognition.

For managers, performance is assessed at least once a year during dedicated interviews.

The previous year's achievements, linked to mastery of the position and specific objectives, are discussed and evaluated, as is the implementation of the Group's leadership skills, which were redefined last year.

In addition, a mid-year performance review is widely encouraged between July and September, to take stock of progress on the current year's objectives and to provide specific feedback linked to performance in the first half.

Performance reviews are conducted through our Talent 360 tools for all managers, with a completion rate exceeding 96% in recent years.

The system is also accessible to technical and supervisory staff in most of the countries where the Group operates.

B) Talent reviews

The talent review, run by the Human Resources Department in collaboration with the 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. It is planned to provide feedback to selected employees in 2024 to let them know what the Group can offer them in terms of future positions and associated development plans.

The talent review process was overhauled this year to consolidate the development plans of our key employees and then plan targeted development initiatives for each of them.

There is a sharp focus on Group experts whose skills are of capital importance, especially given our cutting-edge technological position.

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.

C) Succession plans

This year, Vallourec strengthened its succession plans to prepare for future movements in key positions by bringing together all the critical positions in the organization and examining replacement scenarios for each.

In 2023, particular attention was paid to the Group's pool of women to ensure that they are fully integrated into succession plans.

The Group's key positions were mapped in terms of their criticality in 2023, in order to identify points of strength and areas of attention with regard to the pool of internal successors for each of them.

II) SKILLS DEVELOPMENT

A) Expert Program

The Expert Program encourages and values individual career paths in the Group's technical expertise professions, and allows Vallourec to develop its competitiveness to satisfy increasingly demanding markets. To date, this program has allowed some 235 experts to be recognized through the Group.

B) Expertise program

A new program was launched this year. It aims to identify the Group's areas of expertise across the board. A total of 300 were counted, classified by field and major domain. The criticality and risk assessment of each of these areas of expertise has been assessed, and action plans have been drawn up to be implemented from the beginning of 2024.

C) Training

Against the backdrop of the Group's extensive transformation, Vallourec has a growing need for trained and motivated employees capable of adapting to 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.

The training offered to employees is largely based on individual development plans identified during the career and development interview, as well as on actions resulting from the talent reviews.

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 the New Vallourec program.

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).

The Vallourec University 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, cybersecurity, etc.);
- Leadership and Soft Skills, which prepares for handling the specific challenges encountered in management and leadership roles. The implementation of leadership skills, redefined last year, is central to supporting the New Vallourec program;
- Business Expertise and Skills, which provide expertise in processes and technologies and business lines (sales, purchasing, project management, etc.). These skills are particularly important in view of the challenges of the energy transition.

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 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 2023, over 745,000 hours were devoted to professional training for employees. Data collected through the unique LMS training management system shows a very significant increase in the number of employee training hours, with a 220% increase in volume compared to 2022.

This very sharp growth in the volume of training hours was due in particular to Brazil's ambitious target of achieving a minimum of 80 hours of training per employee by 2023, and to the Peony project in China, aimed at implementing our value over volume strategy.

It is expected that 2024 will see a return to training volumes more in line with previous years.

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 (*cadres*)		Total	
	2022	2023	2022	2023	2022	2023	2022	2023
GROUP TOTAL*	**68%**	**83%**	**100%**	**100%**	**98%**	**100%**	**78%**	**90%**

* *% 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 2023, each participating Group employee completed an average of around 42 hours of training, compared to 17 hours in 2022.

All categories of employees benefited from the increase in the volume of training. For example, 83% of the production staff category attended at least one training course in 2023.

Face-to-face training represents close to 77% of the volume of training hours, confirming the trend towards a return of this form of training since the end of the health crisis.

E-learning continues to grow: it accounted for 20% of training volume in 2023, up from 13% in 2022, with the number of hours of online training up more than 400% year on year.

Distance learning accounted for around 2% of training hours.

	Total number of training hours in 2023	%	Total number of training hours in 2022	%	Change
Fundamentals & Culture	9,344.4	1.3%	6,140.9	2.6%	52%
Leadership & Soft Skills	89,774.5	12%	20,370.7	8.7%	341%
Business Expertise & Skills	646,351.6	86.7%	206,727	88.6%	213%
including HSE	*172,851.5*	*23.2%*	*107,596.9*	*46.1%*	*61%*
including Languages	*11,615.5*	*1.6%*	*10,119.4*	*4.3%*	*15%*
TOTAL	**745,470.6**	**100%**	**233,238.5**	**100%**	**220%**

Mandatory e-learning modules assigned to managers and technical and supervisory staff

	Completion rate in 2023
Anti-corruption; competition rules	96.42%
Cyber security	96.12%

All training areas benefited from the considerable increase in volume in 2023, particularly training related to soft skills, where the number of hours increased by 341% between 2022 and 2023, confirming the centrality of the management skills necessary for the implementation and success of the New Vallourec program.

The development of technical or professional skills was another important area, with a 213% increase in volume between 2022 and 2023, demonstrating the Group's determination to enhance the professional skills of teams in all of our businesses. This is illustrated by the relaunch of our "Sales school" and "Sourcing school" in 2023.

Safety training remains a priority for the Group, with a 61% increase in HSE training. It comes in a variety of forms, including "DOJO" training, launched in Brazil in 2023. DOJO is an immersive training concept in which participants learn in practice, through experience and not necessarily in the traditional way of passing on content through readings, presentations or classes. DOJO has five training rooms, each focusing on a different topic: Safety, 5S, Quality, Maintenance and Environment. During the training sessions, an average of 35 participants attend each day. They are divided into five groups so that each participant goes through the five training rooms and is trained in each topic for 45 minutes.

2.3.2.3 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.

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.).

Innovative solutions have been implemented, which vary based on cultural factors and applicable national laws.

The Group also respects the laws of the countries in which it operates with regard to service in the armed forces. In the United States, the Group grants military leave to regular employees for the expected duration of active military service under the specific training program or the required period of service in any branch of the uniformed services, up to the maximum amount of time to which the employee is entitled by law. An employee's cumulative military leave cannot exceed five years. Military leave is granted in addition to normal vacation or other paid leave granted by the company.

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	
	2022	2023	2022	2023
Europe	1,406	1,062	37	29
Brazil	1,982	1,891	126	53
North America	2,533	2,300	477	404
Asia	2,362	1,688	582	540
Middle East	2,223	1,899	397	473
Africa	1,684	1,368	167	20

Average number of hours worked per employee	2022	2023
Algeria	1,992	2,024
Germany	1,292	1,141
Angola	1,982	1,904
Saudi Arabia	2,366	2,470
Australia	1,680	464
Azerbaijan	1,999	1,876
Brazil	1,982	1,891
Canada	1,878	1,841
China	2,909	2,665
South Korea	1,908	-

Average number of hours worked per employee	2022	2023
Egypt	1,518	1,192
United Arab Emirates	1,989	2,035
United States	2,268	2,341
France	1,526	1,615
Indonesia	2,007	2,271
Italy	1,498	390
Kazakhstan	1,838	1,699
Malaysia	765	825
Mexico	2,794	2,718
Nigeria	1,581	746
Norway	1,277	1,449
Uganda	-	797
United Kingdom	1,570	1,843
Russia	1,013	502
Singapore	2,034	2,019
Sweden	1,876	496

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

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.

The other regions where Vallourec operates have also adopted work-from-home arrangements, adapting to the regulations and customs of each country. In addition, parental leave is offered in some regions to promote work-life balance. Since January 2023, maternity leave in the United States has been extended to 12 weeks and paid paternity leave to 2 weeks.

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 2023, the absenteeism rate at Group level was 3.52% compared with 4.52% in 2022.

Absenteeism rate	2022	2023
Europe	9.74%	8.48%
Brazil	3.29%	2.61%
North America	2.32%	2.09%
Asia	2.60%	2.07%
Middle East	1.24%	0.82%
Africa	0.42%	0.07%
TOTAL	**4.52%**	**3.52%** ☑

2.3.2.4 Wage policy

I) PAYROLL

In 2023, Group payroll, excluding temporary workers, totaled €909 million:

- €703 million in salaries;
- €30 million in employee profit-sharing;
- €18 million in expenses associated with stock options and performance shares;
- €158 million in social security costs.

Breakdown of payroll costs by country:

Breakdown of total payroll costs	2022	2023
Germany	19%	18%
Brazil	23%	25%
China	3%	3%
United States	26%	27%
France	20%	18%
Mexico	2%	2%
United Kingdom	3%	2%
Other	4%	5%
TOTAL	**100%**	**100%**

II) EMPLOYEE PROFIT SHARING AND BONUSES

Profit sharing plans are designed to associate employees with the Company's performance. In 2023, 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.

III) EMPLOYEE SHARE OWNERSHIP

In 2023, the Group implemented Vallourec Invest 2023, an employee shareholding offer open to all Group employees. The subscription price was set at €8.83 per share, representing a 20% discount. This system has the advantage of allowing employees to benefit from a matching contribution and a vesting period reduced from five to two years if the subscription is made in the form of directly held shares. The Vallourec Invest 2023 offer was a success: 5,115 Group employees – or nearly one in two eligible employees – opted to participate, thereby benefiting from the discount and the matching contribution.

The offer reflects Vallourec's desire to share the value created by the Group with its employees, and recognizes the progress made to date in the implementation of the New Vallourec Plan.

Shares held by employees represented 0.57% of Vallourec's share capital as at December 31, 2023, compared to 0.27% as at December 31, 2022.

2.3.2.5 Healthcare coverage

In almost all countries, except in African and Middle Eastern 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.

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.

2.3.3 Diversity and equal opportunities

SDG 5.5, 8.5, 8.8, 10.4

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 broadened the notion of diversity, which had previously focused mainly on gender diversity, to include multi-generational, multicultural and disability diversity. This new impetus is part of the We are Vallourec program, which has led to the creation of steering committees and action plans for each region.

The broad outlines of the program are defined at monthly steering committee meetings, where KPIs and actions in each country are monitored.

2.3.3.1 Gender equality

Women now represent nearly 26% of the Group's managers and executives (compared with 25% as of December 31, 2022). The proportion of women in Senior Management has increased significantly, from 9.8% as of December 31, 2022, to 12.7% at the end of 2023.

The proportion of women on the Executive Committee was stable at 23%, after its significant increase in recent years (from 0% in 2020 to 17% in 2021).

In July 2023, the Group's objectives in terms of gender diversity were reaffirmed in conjunction with the launch of the We are Vallourec program:

- 30% women among the Engineers and Managers population by January 1, 2027;
- 30% women among the Top Management population (Top 80 Leaders) by January 1, 2027;
- 30% women on the Executive Committee by January 1, 2027.

To address equity and diversity issues, the following priorities have been reaffirmed:

- 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 2023 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.

Training has been offered to HR recruiters to raise awareness on gender bias.

The 2022 remuneration study designed to analyze pay gaps Group wide, was renewed in 2023. The wage disparity rate was calculated for a scope representing almost 80% of the Group's managers and supervisors. The observed rate is 4% in favor of men, essentially the same as in 2022. As in 2022, 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 29% of promotions to management positions.

The proportion of women in the external recruitment of engineers and managers has increased significantly. In 2023, they accounted for 36% of new hires, up from 24% in 2022.

2.3.3.2 Cultural diversity

As an international group, Vallourec enjoys a great cultural diversity. To ensure the conditions for a harmonious and rewarding collaboration, engineers and managers involved in working with multicultural teams benefit from an adapted training program. This program will be reinforced, with training specifically designed to strengthen cooperation between France and Brazil.

A regular communication campaign is planned for 2024 to highlight unique aspects of the culture of the various countries in which the Group operates, with a view to improving mutual knowledge and understanding.

Particular attention will be paid to cultural diversity within the Group's management committees, so that they better reflect our international presence.

2.3.3.3 Generational diversity

From 2024, particular attention will be paid to the formation of Project groups in Vallourec's various functions and geographies, factoring the criterion of diversity – and generational diversity in particular – into their composition.

A multi-generational community is also due to be launched in the first half of 2024 to promote and intensify the use of artificial intelligence within the Group.

2.3.3.4 Disabilities

Individual support initiatives have been implemented in the Group's main countries. These include increasing the number of people recognized as disabled workers in France, facilitating the integration of the hearing impaired in Brazil (training of 48 employees in sign language) and/or developing specific systems related to the reception of an employee with reduced mobility (United States).

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.

2.3.4 Employee relations

SDG 10.4

2.3.4.1 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, the vast majority of the workforce is covered by industry- or company-wide collective agreements.

In Europe, the dialog occurs at several levels:

- a European Works Council meets at least once a year. It meets with Management, which provides information about changes in the Group's activities, results, and strategy;
- a European Works Council office also holds meetings several times a year, and regularly meets with Management to discuss the Group's future, along with other European issues.

Meetings in 2023 kept Council members up to date on the Group's economic, commercial, and industrial situation as well as on the implementation of the restructuring plans as per the agreements signed in France Germany and in the United Kingdom.

IN FRANCE

In 2023, 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:

- Information and consultation process regarding the closure of Vallourec Umbilicals, leading to the signature of a unanimous agreement with the representative unions;
- Implementation of the restructuring of French plants and entities as per the majority agreement signed with the unions in 2022;
- Implementation of the new metallurgy collective agreement and its new job classification methodology;
- Negotiation and signature of a new collective agreement implementing a new performance premium for blue collars and white collars harmonizing all existing schemes applicable in the various plants.

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 2023, the major part of the dialogue has been related to the implementation of the social plan and the corresponding social collective agreement which was signed at the end of 2022 in the context of the closure of German operations at the end of 2023. The 2023 related part of the agreement has been duly implemented leading to a closure operational process fully in line with the objectives.

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 2023 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).

Workforce communications through Townhalls and face-to-face meetings remain an important focus as changes are being implemented to meet the New Vallourec performance expectations.

Cross functional Groups within the organization, such as “We are Vallourec” or “Winning as one”, contribute as well to the overall quality of social dialogue and employee relations.

“We are Vallourec” (Diversity, Equity, and Inclusion) initiative led to modifications in our parental leave adding paid time off for both birthing and non-birthing parents to support recovery and bonding time. This group continues to review our policies and practices to identify areas to strengthen our employee value proposition especially pertaining to generational, gender, sexual orientation, and ethnic origin differences.

The Winning as One program provides opportunities for employees to volunteer for teams focused on strategic topics, process improvements, and employee submitted ideas that positively impact 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.

These efforts, along with others, resulted in our workforce recertifying Vallourec in 2023 as a great place to work. While there is much to be proud of, we will continue working to strengthen the Employee Value Proposition in 2024.

The next employee satisfaction survey will take place in Fall 2024.

IN SOUTH AMERICA

In Brazil, employees are represented by Trade Unions, clearly regulated, and protected by several Laws, including our Federal Constitution of 1988. These Unions are generally formed by employees not only from Vallourec, but also from other companies covered by their territorial base.

These unions are responsible for bargaining salaries and benefits increases, as well as the work conditions.

Moreover, the employees can also be 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.

Other than the Unions, and CRE named above, companies usually have the CIPA (Internal Accident Prevention Committee). Half of this Committee is composed by employees elected by the other employees, and the other half is composed by employees named by the company. As the name states, this committee is only oriented to Health & Safety issues.

Employee relations in 2023 focused mainly on yearly negotiations and discussions around strategic opportunities to improve operational performance and production 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. The Labor Union was established in Tianda Chuzhou in 2021. In the entity without trade union or employee representatives, employer-employee dialog occurs through direct contact between the production staff and management via internal communication meetings.

In 2023, the headcount reduction plan has been discussed with Unions in Tianda.

IN INDONESIA

PTCT employees located in Batam are represented through one trade union (Spices) which includes representatives from all departments. Monthly meetings are performed between Union leaders and management team. One collective labor agreement (CLA) was signed in Sept 2022 and will be applicable until Sept 2024. Negotiation take place annually regarding the new salary ranges.

2.3.4.2 Internal survey on employee satisfaction

A satisfaction survey was conducted in the United States from October 6 to 23, 2023.

The response rate was 62% and the employee satisfaction rate was 70%, allowing the subsidiary to obtain Great Place To Work certification.

Following organizational changes at our Brazilian subsidiary, the Group decided to postpone until 2024 the satisfaction survey originally planned for 2023 in its main countries of operation.

2.3.4.3 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;
- "Coffee n' Connect" meetings between the Chairman and Chief Executive Officer 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.).

2.3.5 Relations with stakeholders

SDG 4.4, 8.4, 11.4, 12.6, 13.3

2.3.5.1 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, B&L Pipeco, P2 Energy Services;
- service companies such as Baker Hughes, Halliburton, SLB 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 2023, the Group's ten largest customers represented 45% of consolidated revenue, and the five largest customers 36% 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 while increasing sales efficiency.

The program defines a clear framework for our sales operations through commercial guidelines, compliance policy, and provides optimized tools and processes to simplify the day-to-day work of our salespeople.

Sales team management and development is a key driver of this program, through specially devised training curricula via Vallourec University Sales School, and complemented by a mentoring program.

Another cornerstone is the management of Vallourec's strategic ‘Key Account’ customers. Our dedicated Key Account Managers are specifically trained and certified to establish a special relationship at all levels of the customer's organization. They identify their particular needs and contribute to differentiated sales. The community of Key Account Managers meets regularly to exchange views and share best practices.

Customer satisfaction is at the heart of Vallourec’s focus. Regular surveys are undertaken with our customers to develop detailed knowledge of their experience and level of satisfaction. In these surveys, the satisfaction rate of the customers is measured according to several criteria (response time, quality of technical support, quality of products and services, offer range, and lead times). When a gap is highlighted between expectations and Group performance, actions are taken to remedy any issue and to improve the overall degree of satisfaction.

This approach is inseparable from the Group's efforts to raise the level of quality of its products and associated services.

2.3.5.2 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 2.1 “Vigilance Plan” and in section 3.1 “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	
2023 INDICATOR	**2023 RESULTS**
73% of purchases from suppliers subject to formal CSR assessment	The number of suppliers, with expenditure in 2023, having undergone a CSR report was 1009, 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 2023 purchases from these suppliers represented 73% of Vallourec's total expenditure, vs. 71% in 2022. As at December 31, 2023, 85% of suppliers with revenue of over €1 million, conducted a formal CSR assessment.
	2024 OBJECTIVE
	Maintain the percentage of purchases from suppliers subject to formal CSR assessment above 70%, giving priority attention to suppliers considered “at risk” as regards: ethics, environment, labor practices and human rights. 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 2023, the Group's purchases totaled €3,460 million, i.e., a 6% decrease compared to 2022. They break down geographically as follows: 37% in South America, 26% in Europe, 22% in North America and 15% in the Middle East/Asia.

I) 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 €728 million, 93% 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.

II) 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 several processes for improving supplier selection and performance: purchasing strategies by category; a formal contracting process; supplier performance metrics; and supplier risk analysis. All these processes take into consideration Corporate Social Responsibility (CSR) such as sustainable development, ethical conduct, corruption prevention, conflict minerals and safety.

In 2023, pursuant to this policy, Vallourec:

- continued the formal and systematic evaluation of suppliers based on CSR criteria. As of December 31, 2023, suppliers representing 73% of Vallourec's expenditure conducted a complete assessment and put in place progress action plans;
- continued a specific process to prevent supplier risks with a quarterly risk steering committee conducted by the Group's Purchasing Department. In 2023, 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 commits to monitor the use by its suppliers of 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. Monitoring will continue in 2024.

III) 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 and onboarding process. 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 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. 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.

2.3.5.3 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 mainly concern donations and voluntary initiatives 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, and it must ensure that they respect the specific prohibitions identified.

II) ACTIONS TAKEN IN FAVOR OF LOCAL COMMUNITIES

In 2023, resources assigned to financing various partnerships totaled around €2.3 million, an increase compared to 2022 (€1.3 million), with exchange rates generally stable.

The survey on employee engagement was conducted in line with the new principles outlined above. In 2023, 260 employees volunteered to take part in community initiatives, a decrease on the 286 in 2022. The great majority of volunteer employees were in the United States and the engagement rate was 1.7% of the workforce in 2023. 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 followed a structured monitoring process in close collaboration with local authorities. These actions, which benefited from tax incentives, include economic, social, cultural, medical and sports development programs. They also foster greater integration between Vallourec and its host communities, thereby promoting greater awareness of Vallourec's activities, impacts and socio-environmental responsibility. Examples among the 135 actions include:

- 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 Theatro 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, educational and social activities in the communities of Barreiro, Jeceaba and Mineração, especially for children;
- donations were made for cultural and art therapy projects, with music and painting workshops;
- 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;
- specific actions to assist the elderly;
- financial support and donations of equipment to sports centers.

b) **In the United States,** we have identified some 40 actions of various kinds, 40% of which relate to education:

- donations were made to universities and business incubators on development of education and training in science, technology, engineering or mathematics with the aim of developing the skills of young people;
- other financial support and donations of equipment were given to charities helping children in difficulty;
- sports tournament to support children and students in need;
- humanitarian sports event to help populations in crisis situations (derailment of a train in eastern Palestine);
- raising awareness among communities about steel-related environmental issues through educational murals created by students.
- to mark Earth Day 2023, around 20 volunteer employees joined forces to renovate and clean an urban greenhouse;

- during the year, around 50 volunteer employees came together to collect waste around Vallourec sites.

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 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 through the Citramas foundation.

Environmental projects were also carried out in the city of Batam, including the planting and maintenance of flowers and plants in the Kebun Raya botanical gardens.

PT Citra Tubindo TBK has been developing and financing various educational programs for several years now:

- the "Social Internship" program is a designed for the employee's family or friends. It aims to familiarize them with PTCT's industry and consists of a six-month apprenticeship at PTCT. At the end of the program, PTCT assesses whether the participant can be hired, based on their capabilities and demand;
- the VALERIE program offers partner students six month intensive training in specific skills (such as CNC or Computer Numerical Control machining, heat treatment operations, sorting operations, inspection and maintenance). Here, students develop the skills they need to enter the job market (Accelerated Professional Learning for Industrial Excellence);
- the TERRIE program offers new graduates and final-year students industry experience helping them to respond to demand for qualified job positions for six months;

- the SARAH program offers skills refresh and re-qualification activities for students completing the Valerie and Terrie courses and former job-holders. The participants are job seekers or students from various high schools and higher education institutions. The program was attended by 40 participants (skills and competency development through apprenticeship);
- a donation was also made for the construction of a plant inside the PTCT area, which cooperates with the vocational school to use the teaching plant as a place of industry, giving students the opportunity to exercise practical skills with operating tools.

e) To mark World Cleanup Day on September 16, 2023, employees in **France,** the **United States** and **China** mobilized to collect waste around the Group's sites.

2.3.5.4 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 2023, the Group participated in 280 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.

The overall approach used by the Group with respect to shareholders and investors is presented in sections 5.6.2 "Relations with institutional investors and financial analysts" and 5.6.3 "Relations with individual shareholders" of this Universal Registration Document.

2.4 Our commitments to business ethics and compliance

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

2.4.1 Governance

Risks relating to business ethics and corruption are presented in section 2.1 "Vigilance Plan" and in section 3.1.3 "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 and anti-competitive practices, dedicated to compliance with applicable international economic sanctions. 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 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, which reports to the Group Compliance Officer, is made up of specialists dedicated to this function at headquarters and in the Group's regions. The Compliance team 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.

The Compliance Department communicates regularly on matters concerning competition rules and the fight against corruption. Information is distributed regularly via the Group's social network and appears on the Ethics and Compliance page of its intranet to ensure good Group-wide visibility.

2.4.2 Action plans and measures

SDG 8.7, 16.5

2.4.2.1 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 Ethics Charter is supplemented by an Anti-Corruption Code of Conduct. 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 serves as a reference and is supplemented by internal policies that elaborate on each of the points it covers.

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.

The Compliance Department is responsible for the following tasks aimed at ensuring effective take-up of the Code of Ethics and Anti-Corruption Code of Conduct among all employees, and managers in particular:

- assisting Group companies in communicating the Code of Ethics and the Anti-Corruption Code of Conduct;
- coordinating actions to educate new employees on the Code of Ethics and the Anti-Corruption Code of Conduct;
- participating in the definition of application procedures and measures arising from the Code of Ethics and the Anti-Corruption Code of Conduct and enabling their effective implementation;
- addressing any interpretation or application difficulty raised by an employee;
- reporting cases of non-compliance with the Code of Ethics to the Compliance Committee and the Audit Committee; to this end, it receives information on breaches of the principles of the Code of Ethics and the Anti-Corruption Code of Conduct.

2.4.2.2 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 includes a corruption detection and prevention system compliant with the provisions of French Law 2016-1691 of December 9, 2016 on transparency, anti-corruption and the modernization of economic life, known as Sapin II.

It also contains a system for preventing violations of applicable international economic sanctions, and a prevention system for preventing the risks of infringement of competition law.

The Compliance Program is rolled out by the Compliance Department and overseen by the Chairman of the Board of Directors and Chief Executive Officer, and focuses primarily on the following:

- the commitment of the governing body, and particularly that of the Chairman of the Board of Directors and Chief Executive Officer, 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, messages issued frequently on the Group's sites.

  In addition, the system is monitored directly by the Compliance Committee, led by the Compliance Department and comprising all members of the Group Executive Committee, which meets at least quarterly;

- a Group risk map, supplemented by dedicated mapping of corruption and influence peddling risks. Following the Group's reorganization, corruption risk mapping was overhauled in 2023 to effectively and thoroughly cover all of the Group's operational processes in its new organization;
- prevention and control measures included in a set of internal procedures including the Anti-Corruption Code of Conduct, which applies to employees and third parties alike.

  In 2023, the Group reinforced its policies on gifts and invitations, the use of sales agents and local partners, conflicts of interest, control of patronage operations, sponsorship, lobbying and political life;
- 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.

  In particular, the Group relies on a Welcome Package. 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.

  The training program includes face-to-face or distance learning, including the Mission Compliance e-learning course on the Vallourec University Learning Management System (LMS), which is designed to raise awareness of anti-corruption issues and provide thematic training on the Anti-Corruption Code of Conduct. This e-learning is followed by all new employees, and by all Group employees every two years. It is accompanied by a message from the Chairman of the Board of Directors stressing the importance of all Group employees following this training program and adopting the principles, rules and values set out in the Code of Ethics and the Anti-Corruption Code of Conduct.

  E-learning courses raising awareness of the risks of anti-competitive practices and reminding people about competition law are dispensed on the Learning Management System (LMS).

  Initiatives to raise awareness of ethics were also rolled out in the Group's plants.
- an internal whistleblowing system, as described in section 2.1.6 "Whistleblowing and reporting systems",

  This internal whistleblowing system is the subject of a policy and dedicated communication operations to make each of the Group's employees fully aware of it;
- a third-party integrity evaluation program, which aims to assess the risk of its third parties with regard to corruption and violation of international economic sanctions. In 2023, the Group strengthened its third-party evaluation and control measures. Key measures included:
  - the implementation of a supplier control system using a dedicated platform managed by a committee bringing together the Compliance Department and the Group Purchasing Department;
  - the strengthening of procedures for controlling customers, commercial intermediaries, licensees, distributors and beneficiaries of donations and sponsorship;
- internal controls specifically designed to prevent corruption.

  In 2023, the Group began a review of its entire internal control system, significantly strengthening its system for monitoring the proper dissemination of its control rules in all its companies, particularly with a view to preventing corruption. The new internal control system will continue to be implemented in 2024;
- a list of points to check during audits, monitored and completed during regular meetings, at least quarterly, 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.

2.4.3 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, 2023, no Group entity was involved in a dispute over tax evasion.

Appendices

Appendix 1 - Methodological note

Chapter 2 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 Articles L.225-102-1, L.22-10-36, and R.225-105 of the French Commercial Code. The information contained herein is derived from database systems deployed worldwide, at each site concerned.

All CSR information published in Chapter 2 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.

CSR indicator guidelines

Vallourec defined its guidelines by reproducing the list of CSR information that appears in Articles L.22-10-36, L.225-102-1, and R.225-105 of the French Commercial Code (see cross-reference table in appendix 3). Other indicators were constructed based on those published by the Corporate Sustainable Reporting Directive (CSRD) and the Global Reporting Initiative (GRI), which proposes CSR reporting indicators for global companies or other specific international reporting standards such as the GHG Protocol.

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).

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.

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 Meudon and Rath, except for the small sales offices (less than 20 people), which represent less than 1% of the Group's total headcount;
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);
6. the PTCT port in Batam (Indonesia) was not consolidated in 2023. It will be from January 1, 2024.

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 2023 are excluded from the reporting scope.

The data presented do not take into account employees on redeployment leave or time off.

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 based on 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.

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.

Production calculations

By "metric ton processed", Vallourec means metric ton produced in each plant (number of units of work produced in the plant). They are counted as iron ore for the mine, charcoal for the forest, iron ore pellets for the pelletizer, steel for steel plants, and hot-rolled tubes or cold-finished tubes for tube mills, heat treatment and finishing plants.

Steel and tube production of each plant is added together to calculate the total steel and tube 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.

Dividing by production, expressed as metric tons of tubes processed, is done to assess the performance of a given step of the process. It also allows different sites to be compared.

By "metric ton shipped" or "metric ton sold" Vallourec means metric tons of tubes and accessories shipped to customers during the year. This indicator is published in the Group's results.

Dividing by sales, expressed as metric tons of tubes shipped, is done to assess the consolidated performance of the company. It is used to communicate the environmental footprint of tubes shipped to customers.

Verification of CSR information

All CSR information published in Chapter 2 of the Universal Registration Document was verified by an independent third party. A selection of indicators identified by the symbol ☑ was checked more 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_x and SO_2 (Kg)	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_x and SO_2 emissions are calculated by multiplying its natural gas consumption (in kWh) by the following emissions factors: 0.0001944 for NO_x and 1.73913×10^{-6} for SO_2 kg/kWh (EF source: gas suppliers in France).
Wastewater quality	Vallourec Tubes France (and Aulnoye-Aymeries tube mill), Vallourec Deutschland Rath, Vallourec Star Houston, PT Citra Tubindo, VSB Barreiro, Jeceaba and Florestal, Mineração, , Tianda, VAM HR, VAM MR, VOG MX, VTA Houma and RR	Indicators for monitoring wastewater quality (SPM, COD, BOD, 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 may only concern 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	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 & M Florestal, Minas Gerais, Brazil”, which is available at: https://cdm.unfccc.int/Projects/DB/BVQI1354824411.24/view 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). 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.
Sequestration by Florestal	Vallourec Florestal	The method for calculating amounts of CO_2 sequestered by the forest during the reference year derives from the study conducted in cooperation with numerous scientific authorities (see section 2.2.2.2 III) D). 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_2e emissions linked to electricity purchases (Scope 2)	All plants	The CO2 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”. Vallourec also calculates “location-based” emissions using the national or regional electric mix and the relevant emission factors (e.g., states in the United States) provided in public databases (e.g., IEA, ADEME, US EPA, etc.).

<table>
<tr><th>Issue</th><th>Plant concerned</th><th>Description</th></tr>
<tr><td>Indirect CO_2e emissions linked to external steel purchases (Scope 3 upstream)</td><td>Steel suppliers</td><td>Emissions relating to our steel purchases are calculated by multiplying, for each steel mill, the tonnage purchased by an emission factor (kg CO_2 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). We currently consider both direct emissions (Scopes 1 and 2) of our steel suppliers, but also their own indirect upstream emissions (Scope 3), such as those concerning purchases of raw materials for steel production.</td></tr>
<tr><td>% of steel used made from scrap</td><td>Vallourec steel mills in Jeceaba (Brazil) and Youngstown (United States)</td><td>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).</td></tr>
<tr><td>Scope 3 emissions related to upstream and downstream external transport ordered by the Company</td><td>All plants</td><td>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). Activity is estimated in ton-kilometers (therefore accounting for both tonnage and distance) and associated to the emissions factor for various transport modes (truck, train, barge, and maritime freight).</td></tr>
<tr><td>Indirect CO_2e emissions linked to the use of products sold (Scope 3 downstream)</td><td>All plants</td><td>The calculation method was developed with the support of the Carbone 4 consulting firm.

We started from Vallourec's annual revenue (in € millions) for each of its six main markets: Oil & Gas; Petrochemicals; Power Generation; Mechanicals; Automotive; Construction and Other.

Each revenue is multiplied by a predefined carbon intensity (metric tons of CO_2 per € million of revenue) specific to each of these markets. These intensities were calculated using recognized sources (ADEME, ATEE, IEA, Ecoinvent). For example, for the oil segment, the emissions intensity is based on the barrel, its price, and its energy content.

For the Oil & Gas market, we took into account emissions relating to extraction and processes in place but did not include 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.

Carbon intensities used for each market:
<table>
<tr><th>Market</th><th>Carbon intensity (metric tons of CO_2 per € million of revenue)</th></tr>
<tr><td>Oil & 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 & other</td><td>1,494</td></tr>
</table></td></tr>
<tr><td>Indirect CO_2e emissions linked to the end of life of products sold (Scope 3 downstream)</td><td>All plants</td><td>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".</td></tr>
<tr><td>Water withdrawals</td><td>Vallourec Mineração</td><td>Water withdrawals of the mine correspond to the water extracted from the ground to lower water tables, as well as the one withdrawn from the environment to be used for the processing of iron ore, land watering and dust control.</td></tr>
<tr><td>Raw materials</td><td>All plants</td><td>Raw materials consumption (iron ore, iron ore pellets, charcoal, charcoal dust, scrap, cast iron) corresponds to the amounts used for steel production.

Scrap is considered by Vallourec as a by-product and is included neither in consolidated waste nor in the recovery rate.</td></tr>
<tr><td>Compensation</td><td>All plants</td><td>The "Compensation" indicator is calculated as the sum of staff compensation, social security charges and pension expenses.</td></tr>
</table>

Issue	Plant concerned	Description
Turnover	All plants	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). This takes into account departures, new joiners and transfers within areas. The reasons for departure included are retirement, resignation, dismissal, and other (death, change of category, contract termination, termination after trial period).
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 plants	In the United States, lost days for workplace accidents are not counted beyond the 180th day in accordance with applicable OHSA regulations. This accounting method is specific to the United States and differs from the rule recommended by the Group for accounting for lost days. 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.
Number of training hours	All plants	The data relating to the number of training hours published covers in-person learning that exceeds or equals to 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. In-person learning of less than two hours and apprentice training are excluded from this data.
Number of hours worked	Vallourec Tianda	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. 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 of December 31.
Absenteeism rate	All plants	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 of December 31.
Gender Pay gap	All plants	Gender Pay gap was calculated across the following scope: Germany, Brazil (excluding Serimax), the United States, France (excluding Serimax). This scope accounts for around 84% of the Group's supervisory and managerial staff.

Appendix 2 - Report of 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 2023

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[(1)], we have undertaken a limited assurance engagement on the historical 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 December 31st, 2023 (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 also performed work designed to express a reasonable assurance conclusion on the information selected by the entity and identified by the sign ☑ in the Statement.

LIMITED ASSURANCE CONCLUSION

Based on the procedures we performed as described under the "Nature and scope of procedures" paragraph and the evidence we obtained, nothing has come to our attention that causes 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

In our opinion, 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 of 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

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 historical information (observed or extrapolated) 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.

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 our accreditation, 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 law),
- the fairness of information set out in Article 8 of Regulation (EU) 2020/852 (Green Taxonomy),
- the compliance of products and services with 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 engagements, 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 ISAE 3000 (revised)[1].

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 six people between October 2023 and March 2024 and took a total of eleven weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about fifteen 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 main related risks,
- 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 of the French Commercial Code as well as information regarding compliance with human rights, anti-corruption and tax avoidance legislation, 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 provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the main risks,
- We verified that the Statement presents the business model and a description of main risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, products or services, as well as policies, measures and the outcomes thereof, including key performance indicators related to the main 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 the Appendices. Concerning certain risks(1), 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(2),
- We verified that the Statement covers the consolidated scope, i.e. all the entities within the consolidation scope 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 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 the Appendices, 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(2) and covers between 43% 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' activities.

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 Appendices 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 51% 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, March 8th, 2024

KPMG S.A.

French original signed by

Alexandra Saastamoinen
Partner

Raffaele Gambino
ESG Expert

(1) *Diversity; Occupational health; Corruption; Respect of ethics (excluding corruption); Equal opportunity / discrimination risk; Quality of products and services / customer relations; Consequences of global responses to climate change; Adaptation to the consequences of climate change.*

(2) *Vallourec Soluções Tubulares do Brasil Barreiro & Jeceaba (Brazil); Vallourec Florestal (Brazil); Vallourec Mineração (Brazil); VSTAR Youngstown (USA); P.T. Citra Tubindo (Indonesia); Vallourec Tianda (China); Vallourec S.A. (France).*

Appendix A

Qualitative information (actions and results) considered most important
Competency and skills management systems
Employee satisfaction assessment systems
Inclusion and diversity program
Measures taken to promote gender equality and related results
Occupational health and safety policy and management approach
Actions to promote employee safety
Compliance with environmental regulations
Policy and measures to reduce greenhouse gas emissions / carbon footprint
Measures to adapt to climate change
Policies and actions to manage water resources responsibly
Actions implemented to limit the use of natural resources and improve waste recovery
Programs and actions implemented to manage customer relations / ensure customer satisfaction
Business ethics compliance procedures in place
Anti-corruption procedures in place

Appendix B

Key performance indicators and other key quantitative results considered most important

Social	Level of assurance
Workforce as at 31.12 and breakdown by age, gender, category and geographical area	Reasonable
Absenteeism rate	
Lost time injury frequency rate (LTIR)	
Total recordable injury rate (TRIR)	
Number of training hours	Limited
Severity rate of occupational accidents	
Wage disparity rate	
CMR product replacement rate	
Environmental	**Level of assurance**
Electricity consumption	Reasonable
Natural gas consumption	
Percentage of energy consumed from renewable sources	
Water withdrawals (by source)	
Volume of hazardous waste	
Volume of non-hazardous waste	
Percentage of waste recovered (including recycled)	
Percentage of steel used, made from scrap	
NOx emissions (nitrogen oxides)	
GHG emissions from scopes 1 and 2	
GHG emissions from scope 3 related to: losses in energy extraction, storage and transport; purchases of materials, goods and services; upstream & downstream transport of goods; use of sold products	
Water discharges	Limited
Amount of heavy metals discharged	
VOC emissions (volatile organic compounds)	
Raw material consumption: ores, pellets, scrap, charcoal and pig iron	
Societal	**Level of assurance**
Percentage of purchases from suppliers subject to formal CSR assessment	Limited
Number of internal and external alerts	

Appendix 3 - Cross-reference table between the information required under Articles L.22-10-36, L.225-102-1 and R.225-105-1 of the French Commercial Code and the information in this chapter

1°	**THE GROUP'S BUSINESS AND VALUE CREATION MODEL**	Profile/chapter 1, paragraph 1.1.3
2°	**DESCRIPTION OF MAIN RISKS**	
a)	Environmental issues	Introduction chapter 2/2.1.1/2.1.4/3.1.2
b)	Social issues	Introduction chapter 2/2.1.1/2.1.2/3.1.2
c)	Corruption and tax evasion issues	Introduction chapter 2/2.1.6/3.1.3.1/ 3.1.3.3
d)	Human rights issues	Introduction chapter 2/2.1.1/2.1.5 /3.1.2/ 3.1.3
3°	**DESCRIPTION OF POLICIES APPLIED AND THEIR RESULTS**	
a)	Environmental issues	2.2
b)	Social issues	2.3
c)	Corruption and tax evasion issues	2.4
d)	Human rights issues	2.1.1/2.1.5/2.4
4°	**SOCIAL INFORMATION**	
a)	**Employment**	
1.	Total number and breakdown of employees by gender, age and geographical area	2.3.1
2.	New hires and dismissals	2.3.1.2
3.	Compensation and compensation trends	2.3.2.4
b)	**Organization of work**	
4.	Organization of working time	2.3.2.3
5.	Absenteeism	2.3.2.3
c)	**Health and safety**	
6.	Health and safety conditions at work	2.3.2.1
7.	Workplace accidents, including their frequency and severity, and occupational illnesses	2.3.2.1
d)	**Employee relations**	
8.	Dialog between employers and employees, including procedures for informing, consulting and negotiating with staff	2.3.4.1
9.	Review of collective bargaining agreements	2.3.4.1
e)	**Training**	
10.	Training policies implemented, particularly for environmental protection	2.3.2.2
11.	Total number of training hours	2.3.2.2
f)	**Equal opportunity**	
12.	Measures taken to promote gender equality	2.3.3.1
13.	Measures taken to promote the employment and integration of people with disabilities	2.3.3.4
14.	Anti-discrimination policy	2.1.6/2.3.3
5°	**ENVIRONMENTAL INFORMATION**	
a)	**General environmental policy**	
15.	Organization of the Company to take environmental issues and, where appropriate, environmental assessment or certification efforts into account	2.2.1.1
16.	Resources devoted to the prevention of environmental risks and pollution	2.2.1.1/2.2.4/3.1.2
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

b)	**Pollution**	
18.	Measures to prevent, reduce or remediate discharges into the air, water and soil which seriously impact the environment	2.2.4/2.2.4.2/2.2.4.3/2.2.4.4
19.	Consideration of all forms of pollution specific to a business, particularly noise and light pollution	2.2.4/2.2.4.5/2.2.4.6
c)	**Circular economy**	
	Waste prevention and management	
20.	Waste prevention, recycling, reuse, other forms of recovery and elimination methods	2.2.4.1/2.2.5.2/2.2.5.3/2.2.5.4
21.	Actions to combat food waste	N/A
	Sustainable use of resources	
22.	Water consumption and water supply according to local constraints	2.2.3
23.	Consumption of raw materials and measures to improve efficiency in their use	2.2.5
24.	Energy consumption, measures to improve energy efficiency and use of renewable energy	2.2.2.2
25.	Land use	2.2.4.4
d)	**Climate change**	
26.	Significant items for greenhouse gas emissions generated from the Company's activity, particularly through use of goods and services that it produces	2.2.2.2
27.	Measures taken for adaptation to the consequences of climate change	2.2.2.3
28.	The medium- and long-term reduction objectives set voluntarily for the reduction of greenhouse gas emissions and the means implemented to this end	2.2.2.2
e)	**Biodiversity protection**	
29.	Measures taken to preserve or enhance biodiversity	2.2.6
6°	**SOCIETAL INFORMATION**	
a)	**Societal commitments to support sustainable development**	
30.	Impact of the Company's business on employment and local development	2.3.5.2/2.3.5.3
31.	Impact of the Company's activity on neighbors or local populations	2.3.5.2/2.3.5.3
32.	Relations maintained with the Company's stakeholders and dialog with them	2.3.5
33.	Partnership or sponsorship actions	2.3.5.3
b)	**Subcontracting and suppliers**	
34.	Consideration of social and environmental issues in the purchasing policy	2.3.5.2
35.	Consideration of relations with suppliers and subcontractors and their CSR responsibility	2.3.5.2
c)	**Fair practices**	
36.	Measures for consumer health and safety	2.3.5.1
7°	**ANTI-CORRUPTION INFORMATION**	
37.	Actions to prevent corruption	2.1.6/2.3.5.2/2.4
8°	**INFORMATION ON ACTIONS THAT SUPPORT HUMAN RIGHTS**	
	Promotion of and respect for the fundamental conventions of the International Labour Organization in relation to:	
38.	• R for freedom of association and the right to collective bargaining	2.1.1/2.1.5
39.	• Elimination of discrimination in respect of employment and occupation	2.1.1/2.1.5
40.	• Elimination of forced or compulsory labor	2.1.1/2.1.5
41.	• Effective abolition of child labor	2.1.1/2.1.5
9°	**ADDITIONAL INFORMATION**	
42.	The impact on climate change of the company's activities and the use of the goods and services it produces, including direct and indirect greenhouse gas emissions related to upstream and downstream transportation activities, together with an action plan to reduce these emissions, in particular through the use of rail and inland waterway transportation, and environmentally friendly biofuels and electric mobility	2.2.2/2.2.4/2.2.5
43.	Societal commitments to support sustainable development	2.3.5.2/2.3.5.3

44.	Societal commitments to support the circular economy	2.2.1.2/2.2.5.4
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/2.2.6
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	2.3.4.1
50.	Actions to combat discrimination and promote diversity	2.1.6/2.3.3
51.	Actions to promote the link between the nation and the armed forces and to support engagement in the reserves	2.3.2.3
52.	Actions to promote physical and sporting activities	2.3.2.5/2.3.5.3

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 - GRI content index

Statement of use	**Vallourec has disclosed the information set out in this GRI content index for the period from January 1, 2023 to December 31, 2023.**
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organization details	Chapter 5: General information on the Company and its capital 5.1 Main legal provisions and bylaws 5.2 General information on share capital 5.7 Scope of consolidation
	2-2 Entities included in the organization's sustainability reporting	Chapter 2: Appendix 1 – "Scope of consolidation" methodological note 5.7 Scope of consolidation
	2-3 Reporting period, frequency and contact point	5.1.6 Fiscal year (Article 20 of the Articles of Association) 8.1.3 Person responsible for the Group's legal affairs
	2-4 Restatements of information	Chapter 2: Appendix 1 – Methodological note 5.7.2 Changes in the Group's scope of consolidation in 2023
	2-5 External assurance	Chapter 2: Appendix 2 – Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial statement 4.5 Statutory Auditors' special report on regulated agreements 7.2 Statutory Auditors' Report on the consolidated financial statements 7.4 Statutory Auditors' Report on the financial statements
	2-6 Activities, value chain and other business relationships	1.1 Looking ahead to a New Vallourec 1.2 Strategy and objectives 2.3.5 Relations with stakeholders 2.3.5.1 Customer relations 2.3.5.2 Relations with subcontractors and suppliers
	2-7 Employees	2.3.1 Group workforce 2.3.1.1 Changes and breakdown Chapter 2: Appendix 1 – Methodological note
	2-8 Workers who are not employees	Reason for omission: "Information unavailable or incomplete. the personnel management system does not inventory workers who are not employees"
	2-9 Governance structure and composition	Chapter 2: CSR governance Chapter 4: Corporate governance 4.2.1 Membership and operating procedures of the Board of Directors 4.2.1.1 Membership of the Board of Directors

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body	4.2.1.2.5 Committees of the Board of Directors D) Nomination and Governance Committee 4.2.1.3.2 Activities of Board Committees D) Activities of the Nomination and Governance Committee
	2-11 Chair of the highest governance body	4.2 Administrative and management bodies 4.2.2.1 Chairman and Chief Executive Officer 4.4.5 Management of conflicts of interest
	2-12 Role of highest governance body in overseeing the management of impacts	Chapter 2: CSR governance 4.2.1.2 Operating procedures of the Board of Directors
	2-13 Delegation of responsibility for managing impacts	4.2.1.3 Activities of the Board of Directors and the Board Committees in 2023 4.2.1.3.1 Activities of the Board 4.2.1.3.2 Activities of Board Committees 4.2.2 Executive Management
	2-14 Role of highest governance body in sustainability reporting	Chapter 2: CSR governance 4.2.1.2.5 Committees of the Board of Directors C) CSR Committee 4.2.1.3.2 Activities of Board Committees C) Activities of the CSR Committee
	2-15 Conflicts of interest	4.4.5 Management of conflicts of interest
	2-16 Communication of critical concerns	2.1.6 Whistleblowing and reporting systems
	2-17 Collective knowledge of the highest governance body	4.2.1.2.5 Committees of the Board of Directors
	2-18 Evaluation of the performance of the highest governance body	4.2.1.4 Self-assessment of the Board of Directors 4.3 Corporate officers’ remuneration and benefits
	2-19 Remuneration policies	4.3 Corporate officers’ remuneration and benefits
	2-20 Process to determine remuneration	4.2.1.2.5 Committees of the Board of Directors E) Remuneration Committee 4.2.1.3.2 Activities of Board Committees E) Activities of the Remuneration Committee
	2-21 Annual total compensation ratio	4.3.2.4 Remuneration ratios and year-on-year changes in remuneration, Company performance and the average remuneration of employees during the last five fiscal years/Pay ratios
	2-22 Statement on sustainable development strategy	1.1.2.3 Respecting each other and the environment Chapter 2: Introduction
	2-23 Policy commitments	Chapter 2: Issues identified in terms of impacts, risks and opportunities 2.1 Vigilance Plan 2.3.2.1 Health and safety 2.4 Our commitments to business ethics and compliance 2.4.1 Governance 2.4.2 Action plans and measures
	2-24 Embedding policy commitments	Chapter 2: Issues identified in terms of impacts, risks and opportunities 2.1 Vigilance Plan 2.3.2.1 Health and safety 2.4 Our commitments to business ethics and compliance
	2-25 Processes to remediate negative impacts	Chapter 2: Issues identified in terms of impacts, risks and opportunities Chapter 2: Stakeholder consultation 2.1 Vigilance Plan 2.1.6 Whistleblowing and reporting systems 2.3.5 Relations with stakeholders 2.4.2 Action plans and measures

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	2.1.6 Whistleblowing and reporting systems 2.3.4.2 Internal survey on employee satisfaction 2.4 Our commitments to business ethics and compliance 4.2.1.2.5 Committees of the Board of Directors
	2-27 Compliance with laws and regulations	2.4 Our commitments to business ethics and compliance 2.4.1 Governance 2.4.2.2 Compliance program 2.4.3 Action plan and resources on combating tax evasion
	2-28 Membership associations	Chapter 2: Strategic guidelines
	2-29 Approach to stakeholder engagement	Chapter 2: Stakeholder consultation 2.3.5 Relations with stakeholders
	2-30 Collective bargaining agreements	2.3.4.1 Employer-employee dialog
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Chapter 2: Introduction Stakeholder consultation Single materiality analysis: methodology Single materiality analysis: results Anticipation of the Corporate Sustainability Reporting Directive (CSRD) through double materiality analysis
	3-2 List of material topics	Chapter 2: Introduction Stakeholder consultation Single materiality analysis: methodology Single materiality analysis: results Issues identified in terms of impacts, risks and opportunities Anticipation of the Corporate Sustainability Reporting Directive (CSRD) through double materiality analysis
	3-3 Management of material topics	Chapter 2: Stakeholder consultation Issues identified in terms of impacts, risks and opportunities Anticipation of the Corporate Sustainability Reporting Directive (CSRD) through double materiality analysis 2.1 Vigilance Plan 2.1.1 Governance and management of duty of care 2.1.2 Risk management in health and safety issues 2.1.3 Risk management linked to the supply chain 2.1.4 Risk management in environmental issues 2.1.5 Risk management related to human rights 2.1.6 Whistleblowing and reporting systems 2.2.2.1 Inherent climate-change risks 3.1 Risk factors 3.2 Risk management and internal control system
GRI 200 – ECONOMIC		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	7.1 Consolidated financial statements
	201-2 Financial implications and other risks and opportunities due to climate change	Chapter 2: Introduction Issues identified in terms of impacts, risks and opportunities 2.2.2 Combating climate change 3.1.2 Operational risks
	201-3 Defined benefit plan obligations and other retirement plans	4.3 Corporate officers' remuneration and benefits 4.3.3.1 Remuneration and retirement obligations for the Group's main executives Chapter 7: Note 8 Employee benefit obligations
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	2.3.1 Group workforce 2.3.1.2 New joiners and departures

GRI standard	Disclosure	Location
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	2.3.5.3 Support for the local socio-economic fabric
	203-2 Significant indirect economic impacts	2.3.5.3 Support for the local socio-economic fabric II) Actions taken in favor of local communities
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	2.3.5.2 Relations with subcontractors and suppliers I) National purchases
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	2.4 Our commitments to business ethics and compliance 2.4.1 Governance 2.4.2.2 Compliance program 2.4.3 Action plan and resources on combating tax evasion 3.1.3 Legal and tax risks
	205-2 Communication and training about anti-corruption policies and procedures	2.4.2.1 Code of Ethics and Anti-Corruption Code of Conduct 2.4.2.2 Compliance program
	205-3 Confirmed incidents of corruption and actions taken	2.1.6 Whistleblowing and reporting systems
GRI 207: Tax 2019	207-1 Approach to tax	2.4.3 Action plan and resources on combating tax evasion 3.1.3 Legal and tax risks
	207-2 Tax governance, control, and risk management	2.4.3 Action plan and resources on combating tax evasion 3.1.3 Legal and tax risks
GRI 300 – ENVIRONMENTAL		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	2.2.5 Limiting the use of natural resources 2.2.5.4 Measuring our performance
	301-2 Recycled input materials used	2.2.5 Limiting the use of natural resources 2.2.5.4 Measuring our performance
GRI 302: Energy 2016	302-1 Energy consumption within the organization	2.2.2.2 Decarbonizing our activities and promoting a low-carbon economy III) Performance monitoring B) Detailed energy assessment C) Assessment of GHG emissions Appendix 1 – Methodological note
	302-3 Energy intensity	2.2.2.2 Decarbonizing our activities and promoting a low-carbon economy III) Performance monitoring B) Detailed energy assessment
	302-4 Reduction of energy consumption	2.2.2.2 Decarbonizing our activities and promoting a low-carbon economy III) Performance monitoring B) Detailed energy assessment Appendix 1 – Methodological note
	302-5 Reductions in energy requirements of products and services	Reason for omission: “Not applicable. Vallourec sells steel products that do not consume energy during use.”
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	2.2.3 Sustainable use of water resources 2.2.3.1 Risks regarding water as a natural resource 2.2.3.2 Strategy and key commitments 2.2.3.3 Key actions for 2017-2025
	303-2 Management of water discharge-related impacts	2.2.4.2 Discharges into water
	303-3 Water withdrawal	2.2.3 Sustainable use of water resources 2.2.3.4 Measuring our performance Appendix 1 – Methodological note
	303-4 Water discharge	2.2.3 Sustainable use of water resources 2.2.3.4 Measuring our performance 2.2.4.2 Discharges into water

GRI standard	Disclosure	Location
GRI 303: Water and Effluents 2018	303-5 Water consumption	2.2.3 Sustainable use of water resources 2.2.3.4 Measuring our performance Appendix 1 – Methodological note
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Vallourec discloses information on operating sites of considerable importance for biodiversity outside protected areas, in the CDP Forest Disclosure (F1.3 - F.1.4)”
	304-2 Significant impacts of activities, products and services on biodiversity	Vallourec discloses information on the impact of its activities, products and services on biodiversity in the CDP Forest Disclosure (F1.6 - F.1.7)”
	304-3 Habitats protected or restored	2.2.6 Preserve biodiversity and ecosystems 2.2.6.1 Biodiversity and ecosystem risks relating to our activities 2.2.6.2 Strategy and key commitments 2.2.6.3 Action plan and allocated resources Appendix 1 – Methodological note
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Vallourec discloses information on species with habitats in areas affected by operations in the CDP Forest Disclosure (F4.6b) “
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	2.2.2 Combating climate change 2.2.2.2 Decarbonizing our activities and promoting a low-carbon economy C) Assessment of GHG emissions Appendix 1 – Methodological note Appendix 6 - Summary of social and environmental indicators
	305-2 Energy indirect (Scope 2) GHG emissions	2.2.2 Combating climate change 2.2.2.2 Decarbonizing our activities and promoting a low-carbon economy C) Assessment of GHG emissions Appendix 1 – Methodological note Appendix 6 - Summary of social and environmental indicators
	305-3 Other indirect (Scope 3) GHG emissions	2.2.2 Combating climate change 2.2.2.2 Decarbonizing our activities and promoting a low-carbon economy C) Assessment of GHG emissions Appendix 1 – Methodological note Appendix 6 - Summary of social and environmental indicators
	305-4 GHG emissions intensity	2.2.2.2 Decarbonizing our activities and promoting a low-carbon economy C) Assessment of GHG emissions Appendix 6 - Summary of social and environmental indicators
	305-5 Reduction of GHG emissions	2.2.2.2 Decarbonizing our activities and promoting a low-carbon economy I) Strategy and key commitments II) Action plans and measures C) Assessment of GHG emissions a) Methodology B) Monitoring our commitments on emissions reduction by 2025 Appendix 6 - Summary of social and environmental indicators
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	2.2.4.3 Atmospheric emissions

GRI standard	Disclosure	Location
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	2.2.5 Limiting the use of natural resources 2.2.5.1 Risks relating to the use of natural resources
	306-2 Management of significant waste-related impacts	2.2.5 Limiting the use of natural resources 2.2.5.2 Strategy and key commitments 2.2.5.3 Action plans undertaken to limit the use of natural resources
	306-3 Waste generated	2.2.5 Limiting the use of natural resources 2.2.5.4 Measuring our performance
	306-4 Waste diverted from disposal	2.2.5 Limiting the use of natural resources 2.2.5.4 Measuring our performance
	306-5 Waste directed to disposal	2.2.5 Limiting the use of natural resources 2.2.5.4 Measuring our performance
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	2.3.5.2 Relations with subcontractors and suppliers II) Responsible purchasing policy
	308-2 Negative environmental impacts in the supply chain and actions taken	2.1.3 Risk management linked to the supply chain 2.3.5.2 Relations with subcontractors and suppliers
GRI 400 – SOCIAL		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	2.3.1.2 New joiners and departures
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	2.3.4.1 Employer-employee dialog 2.3.4.3 Group internal communications
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	2.3.2.1 Health and safety
	403-2 Hazard identification, risk assessment and incident investigation	2.3.2.1 Health and safety 3.1.2 Operational risks
	403-3 Occupational health services	2.3.2.1 Health and safety II) Health B) Prevention of chemical risk C) Product substitution plans
	403-4 Worker participation, consultation, and communication on occupational health and safety	2.3.2.1 Health and safety I) Safety II) Health B) Prevention of chemical risk C) Product substitution plans
	403-5 Worker training on occupational health and safety	2.3.2.1 Health and safety
	403-6 Promotion of worker health	2.3.2.1 Health and safety 2.3.2.5 Healthcare coverage
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2.1.2 Risk management in health and safety issues 2.3.2.1 Health and safety
	403-8 Workers covered by an occupational health and safety management system	2.3.2.5 Healthcare coverage
	403-9 Work-related injuries	2.3.2 Working conditions 2.3.2.1 Health and safety I) Safety Appendix 6 - Summary of social and environmental indicators
	403-10 Work-related ill health	2.3.2 Working conditions 2.3.2.1 Health and safety I) Safety Appendix 6 - Summary of social and environmental indicators

GRI standard	Disclosure	Location
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	2.3.2.2 Employee training and career development II) Skills development
	404-2 Programs for upgrading employee skills and transition assistance programs	2.3.2.2 Employee training and career development II) Skills development
	404-3 Percentage of employees receiving regular performance and career development reviews	2.3.2.2 Employee training and career development I) Staff assessments
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	4.2.1.1 Membership of the Board of Directors 4.2.2.2 Executive Committee 2.3.1.1 Changes and breakdown II) Breakdown by gender III) Breakdown by age
	405-2 Ratio of basic salary and remuneration of women to men	2.3.3 Diversity and equal opportunities I) Gender equality
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	2.1.1 Governance and management of duty of care 2.1.6 Whistleblowing and reporting systems 2.3.3 Diversity and equal opportunities
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	2.3.4.1 Employer-employee dialog 2.3.5.2 Relations with subcontractors and suppliers
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	2.3.5.3 Support for the local socio-economic fabric I) Local community support policy
	413-2 Operations with significant actual and potential negative impacts on local communities	II) Actions taken in favor of local communities
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	2.3.5.2 Relations with subcontractors and suppliers II) Responsible purchasing policy
	414-2 Negative social impacts in the supply chain and actions taken	2.1.3 Risk management linked to the supply chain 2.3.5.2 Relations with subcontractors and suppliers

Appendix 5 - TCFD cross-reference table

Topics	TCFD recommendations	Corresponding chapter	Mitigation	Adaptation	Key points
GOVERNANCE	a) Describe the board's oversight of climate-related risks and opportunities.	2.1. CSR governance	✓	✓	Since 2018, Vallourec has had a CSR Committee made up of members of the Board of Directors, which meets four times a year. In 2022, the new management team created a second CSR Committee in which all members of the Executive Committee meet quarterly. These two bodies review, validate and steer the Group's Climate Strategy. In addition, to manage the Group's mitigation and adaptation roadmaps, the operational teams meet every two months in the Group Climate Committee, chaired by the Sustainable Development Department and sponsored by the Vice-President in charge of energy transition.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	2.1. CSR governance 2.1.4.1 Risk management in environmental issues – Organization	✓	✓	The Group Climate Committee validates the conclusions of the risk analyses carried out by the Group Environment, North America, South America and Eastern Hemisphere departments. It approves the measures to be included in the action plans for mitigation and adaptation to climate change and the management of related projects. The CapEx Committee, sponsored by the Group Director of Industrial Excellence, Capital Expenditure and Insurance, is responsible for monitoring investments in roadmap projects.
STRATEGY	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2. Introduction – Issues identified in terms of impacts, risks and opportunities	✓	✓	The dual materiality analysis carried out by the Group in 2023 identified the material non-financial risks to which the Group is exposed. The results of the overall risk mapping were cross-referenced with the results of the single materiality analysis conducted in 2021. 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 results are presented in the "Summary of non-financial risks and opportunities" table.
		Table: Summary of non-financial risks and opportunities	✓	✓	
		2.2.2.3. Exposure to climate risks		✓	In 2023, the Group also conducted a detailed analysis specific to the physical risks linked to climate change, covering all of its sites, as well as 13 key suppliers and 7 strategic ports with regard to the 28 climate hazards listed in the CSRD.
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2.2.2.1 Inherent climate-change risks	✓		The Group's internal risk management process includes the quantification of the impact of all climate-related risks, whether they relate to transition risks or to the physical risks of property damage and business interruption. On that point, this year, the Group is presenting the impact of six families of climate hazards (cold, drought, flooding, heat, storm, wildfire) on 14 of its main sites, noting that the analysis has been carried out for all sites (see Strategy a).
		2.2.2.3. Adapting to climate change – Vulnerability to climate-related risk		✓	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	2.2.2.3. Climate change resilience strategy	✓		The Group's climate change mitigation strategy is aligned to a below 2°C trajectory, as evidenced by the reduction of the Group's greenhouse gas emissions in line with the SBTi trajectories. This is reflected in the low carbon footprint of the products sold by the Group compared with its competitors, which minimizes its vulnerability to future regulatory developments and increasing customer demands with regard to environmental performance.
		7.4.2 *Impairment tests*	✓		The Group also tested the resilience of its business plan to the economic and energy changes affecting its stakeholders in a world in transition. Sales outlooks by sector (oil, gas, new energies, etc.) are calibrated according to the International Energy Agency's Announced Pledges Scenario (APS) trajectory for 2030 and 2035, which corresponds to global warming of 1.7°C by the end of the century.
		2.2.2.3. Adapting to climate change – Climate change adaptation plan		✓	Finally, the resilience of the company's infrastructure and processes to climate hazards was assessed against the IPCC's most pessimistic scenario (SSP 5-8.5), which corresponds to a temperature rise of more than 4°C. For this analysis, it is obviously preferable to use the most conservative scenario to ensure that the company's overall adaptation plan includes investments compatible with the most extreme climate situations, especially when infrastructure is designed to last more than a decade.

Topics	TCFD recommendations	Corresponding chapter	Mitigation	Adaptation	Key points
RISK MANAGEMENT	a) Describe the organization's processes for identifying and assessing climate-related risks.	2.1.4 Risk management in environmental issues 2.1.4.1 Organization	✓	✓	Each site director is responsible for establishing an effective environmental management system tailored to the local context and the site's activity. The director appoints an Environment Manager tasked with identifying environmental risks and opportunities within his or her area of responsibility, and drawing up a roadmap consistent with the Group's guidelines. The director reports to the HSE Director of each region.
		2.1.4.2 Measures Chapter 2: Introduction – Stakeholder consultations	✓	✓	At Group level, several projects have given rise to comprehensive screening of risks related to climate change in compliance with current regulations. Through consultation with a panel of internal and external stakeholders, a dual materiality analysis was carried out at Group level.
	a) Describe the organization's processes for managing climate-related risks.	2.1.4.2 Risk management in environmental issues – Measures	✓	✓	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. These are presented in the "Summary of non-financial risks and opportunities" table.
		2.2.2.2. Decarbonizing our activities and promoting a low-carbon economy – Action plan implemented	✓		To maintain its sector leadership in terms of carbon footprint, Vallourec has set new targets for reducing CO_2 emissions by 2030 and 2035 based on an emissions projection model incorporating production forecasts (aligned with the Group's business plan), technological levers, purchasing levers, sales forecasts (in line with market changes) and externalities (based on the IEA's Announced Pledges scenario).
		2.2.2.3. Adapting to climate change – Risk management process		✓	In 2023, the Group reviewed the identification and management of physical risks related to climate change. This was done with the help of an external service provider. Local environmental representatives and risk management engineers intervened at each stage of the process (scope definition, exposure, vulnerability, action plan), during workshops dedicated to various processes (Purchasing, Mining, Forestry, Steel Production, Tube Production). The project was led by the Group Environment Department and sponsored by the Sustainable Development Group Director.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2.1.1. Governance and management of duty of care 3.2. Risk management and internal control system	✓	✓	Vallourec applies a Group risk management policy to anticipate and prevent all types of risk, including those related to climate change. It is managed by decentralized committees which address the following points: • validation of analysis and follow-up of action plans; • validation of the key risk indicators. 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.

Topics	TCFD recommendations	Corresponding chapter	Mitigation	Adaptation	Key points
METRICS AND OBJECTIVES	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	2. Introduction – Issues identified in terms of impacts, risks and opportunities	✓	✓	The main metrics monitored at Group level are presented in the “Summary of non-financial risks and opportunities” table. With regard to climate change mitigation, they include the Group’s carbon footprint (Scopes 1, 2, 3 upstream and 3 downstream), the carbon intensity of products, the proportion of revenue linked to new energies, and low-carbon and renewable energy indicators. With regard to climate change adaptation, they include the proportion of assets at material risk before taking into account climate adaptation measures, and for which climate adaptation actions are implemented. The CSR dashboard also allows quantitative monitoring of the key performance indicators monitored by the Board of Directors on a quarterly basis.
		Table: Summary of non-financial risks and opportunities			
		2. Introduction – Strategic guidelines	✓		
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	2.2.2.2. Combating climate change – Performance monitoring – Detailed carbon footprint	✓		Performance monitoring with regard to decarbonization includes detailed tracking of energy consumption and greenhouse gas emissions (expressed in metric tons of CO_2 equivalent) since the baseline year: 2017. Outcomes are presented for all scopes of the value chain (1, 2, 3 upstream and 3 downstream). In accordance with the requirements of the GHG protocol, location-based Scope 2 emissions are reported separately, as are biogenic emissions linked to the use of charcoal in the company’s industrial processes.
		Appendix 6 - Summary of social and environmental indicators	✓		
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2.2.2.2. Combating climate change – Strategy and key commitments	✓	✓	Ambitious climate commitments have been validated by the SBTi for the 2017-2025 period, enabling the Group’s greenhouse gas emissions trajectory to be aligned with a below 2°C warming scenario. These targets, set for 2025, have been achieved ahead of schedule for all carbon footprint scopes: 1, 2, 3 upstream and 3 downstream. The Group also wishes to accelerate the reduction in the carbon intensity of products sold by 2030 and 2035, thanks to the “Climate Challenge” program. These overall emission reduction targets are broken down into sub-targets, included in Vallourec’s decarbonization plan. The Group has identified adaptation to climate change as a material challenge and will disclose the relevant metrics provided for in the CSRD.

Appendix 6 - Summary of social and environmental indicators

Social indicators

	2017	2018	2019	2020	2021	2022	2023
Headcount	18,325	20,093	18,827	16,636	16,685	16,056	15,482☑
Turnover (%)	13	14	11	11	13	13	15
SAFETY[(a)]							
LTIR[(b)]	1.24	1.00	1.01	0.760	1.11	0.94	0.59☑
TRIR[(c)]						2.96	2.35☑
Severity rate	0.06	0.045	0.058	0.052	0.06	0.051	0.043
TRAINING							
Number of employees having participated in a training session	13,615	13,990	13,550	10,980	11,846	13,639	14,795
Number of training hours	282,542	303,588	270,551	135,080	197,070	233,238.5	745,471

(a) *As part of work to review and harmonize safety reporting practices, the Group undertook detailed work in the last quarter of 2023 to systematically review all incidents to ensure consistency of reporting with the Group's harmonized incident reporting process. This work resulted in a restatement of the TRIR reported by the Brazilian scope in the Group consolidation. This restatement only concerns the internal reporting of the TRIR. All incidents in Brazil have also been duly reported locally and have been subject to analysis and preventive action in accordance with the Group's requirements in this area. No adjustments of this nature were required for the Group's other scopes and the LTIR and severity rate indicators for the Group scope were not materially affected. Historical data prior to 2021 have not been adjusted and are not therefore disclosed.*

(b) *LTIR (Lost Time Injury Rate): number of accidents with lost time per million hours worked.*

(c) *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	
	2022	2023	2022	2023	2022	2023	2022	2023
Europe	1%	1%	32%	31%	23%	25%	11%	12%☑
Brazil	8%	9%	33%	31%	28%	31%	12%	13%☑
North America	2%	3%	27%	26%	21%	23%	10%	10%☑
Asia	10%	9%	30%	30%	22%	21%	16%	16%☑
Middle East	2%	1%	25%	22%	19%	22%	13%	12%☑
Africa	5%	17%	13%	10%	0%	0%	8%	11%☑
WORLD	**6%**	**6%**	**31%**	**29%**	**24%**	**26%**	**12%**	**13%☑**

Breakdown between permanent and non-permanent contract staff

	Permanent		Fixed-term contract (including apprentices)		Temporary	
	2022	2023	2022	2023	2022	2023
Europe	3,943	3,086☑	241	190	86	162
Brazil	7,058	7,296☑	173	218	58	22
Asia	1,814	1,649☑	233	303	235	165
North America	2,252	2,384☑	-	-	266	223
Middle East	272	310☑	8	-	-	-
Africa	62	46☑	-	-	-	-

Environmental indicators

Indicators	Units	2017	2018	2019	2020	2021	2022	2023
Manufacturing	metric tons “processed”	5,245,292	5,523,792	5,295,678	3,518,835	4,193,437	4,925,273	4,093,793
	metric tons shipped	2,256,100	2,364,000	2,290,900	1,598,725	1,639,800	1,804,000	1,552,240
Water withdrawals*	**cu.m./year**	**6,483,189**	**6,889,346**	**6,412,486**	**5,711,575**	**6,614,828**	**6,464,419**	**5,300,653**☑
	cu.m./metric ton “processed”	1.24	1.25	1.21	1.62	1.58	1.31	1.29
	cu.m./metric ton “processed”	2.87	2.91	2.80	3.57	4.03	3.58	3.41
Water discharged*	**cu.m./year**	**3,202,705**	**3,220,811**	**2,920,223**	**2,583,513**	**2,315,127**	**2,284,193**	**2,290,780**
	cu.m./metric ton “processed”	0.61	0.58	0.55	0.73	0.55	0.46	0.56
	cu.m./metric ton “processed”	1.42	1.36	1.27	1.62	1.41	1.26	1.48
WASTE								
Non-hazardous waste	metric tons/year	693,674	706,711	642,584	535,657	656,958	781,956	655,463
Hazardous waste	metric tons/year	26,095	24,777	26,090	15,217	17,207	20,877	19,507
% recovered waste	%	94	95.5	95.8	97	97.6	97.3	97.6☑
TOTAL WASTE	**METRIC TONS/YEAR**	**719,769**	**731,488**	**668,674**	**550,874**	**674,165**	**802,833**	**674,970**☑
	kg/metric ton “processed”	137	132	126	157	161	163	165
	kg/metric ton shipped	319	309	292	345	411	445	435
ENERGY								
Natural gas	GWh/year	3,526	3,680	3,280	2,384	2,530	2,848	2,580☑
	kWh/metric ton “processed”	779	666	619	678	600	570	630
	kWh/metric ton shipped	1,563	1,557	1,432	1,491	1,535	1,577	1,662
Electricity	GWh/year	1,797	1,881	1,717	1,434	1,614	1,608	1,542☑
	kWh/metric ton “processed”	343	341	324	409	351	326	377
	kWh/metric ton shipped	796	796	749	899	899	891	993
CO_2								
TOTAL DIRECT EMISSIONS (SCOPE 1)	**METRIC TONS/YEAR**	**1,948,179**	**2,482,606**	**2,023,168**	**1,800,257**	**1,740,712**	**1,605,092**	**924,691**☑
	kg CO_2e/metric ton “processed”	371	449	382	512	415	326	226
	kg CO_2e/metric ton shipped	864	1,050	883	1,126	1,062	890	596

* *Associated with steel and tube production.*

Analysis of greenhouse gas emissions – 2023

Scope	Businesses	Summary of emissions in metric tons of CO2 equivalent							
		Mine	Forest	Iron and steel production	Rolling and heat treatments of tubes	Finishings & Services	Sub-total *(metric tons CO_2e)*	% subtotal	% total
Scope 1	Natural gas combustion			57,290	341,463	77,796	476,550	69%	
Non-biogenic direct CO2 emissions	Fuels for internal transportation	33,774	15,100	1,127	5,510	11,657	67,168	10%	
	Iron and steel manufacturing			148,031			148,031	21%	
	Total – Scope 1 non-biogenic	33,774	15,100	206,449	346,973	89,453	691,749	100%	
Scope 1 **Biogenic direct CH_4 emissions**	Carbonization of charcoal		232,942				232,942	100%	
Scope 1 **Non-biogenic and biogenic direct emissions**	**Total – Scope 1**	33,774	248,042	206,449	346,973	89,453	924,691 ☑	100%	12%
Scope 2 **Market-based emissions related to electricity**	**Electricity – Total – Scope 2 (market-based)**	1,792	50	6,646	65,566	21,912	95,966☑	100%	1%
Scope 3[(a)]	Upstream and inter-site transport						104,231☑	5%	
Other upstream emissions, indirect	Waste treatment						42,260	2%	
	Employee transportation and travel						29,559	2%	
	Purchases of materials and services						1,555,336 ☑	80%	
	Emissions related to the carbon content of industrial equipment proportionate to depreciation						91,696	5%	
	Emissions linked to losses during extraction, storage and transportation of energies[(b)]						120,115 ☑	6%	
	Total – Scope 3 upstream						1,943,196	100%	25%
Scope 3[(a)]	Downstream and external transport						150,380 ☑	3%	
Other downstream emissions, indirect	Use of sold products						4,572,052 ☑	96%	
	End of life of sold products						51,224	1%	
	Total – Scope 3 downstream						4,773,656	100%	62%
Scope 3 **Upstream and Downstream**	**Total – Scope 3**						6,716,852		
TOTAL		**35,566**	**248,091**	**213,094**	**412,539**	**111,365**	**7,737,509**		**100%**
	Additional sequestration		(1,312,516)				(1,312,516)		
TOTAL NET GENERAL		**35,566**	**(1,064,424)**	**213,094**	**412,539**	**111,365**	**6,424,993**		**100%**

(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 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 for 2019, 2020 and 2021, but also, retroactively, for 2017 and 2018.*

(b) *Energies = electricity, natural gas, gasoline, gas oil, propane, bioethanol.*

Scope	Businesses	Ancillary emissions in metric tons of CO_2 equivalent (2023)					
		Mine	Forest	Iron and steel production	Rolling and heat treatments of tubes	Finishings & Services	Sub-total *(metric tons CO_2e)*
Scope 1	Carbonization of charcoal		1,008,087				1,008,087
Carbonization and combustion	Combustion of charcoal			626,628			626,628
Direct biogenic emissions (CO_2 only)	**Total – CO_2 Scope 1 biogenic**		1,008,087	626,628			1,634,715
Scope 2	Electricity	5,891	164	163,562	131,151	59,946	360,715
Location-based emissions related to electricity	Total – Scope 2 (location-based)						

Appendix 7 – Summary of Taxonomy-related indicators

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - Disclosure covering year 2023

Financial year	2023			Substantial contribution criteria						Do no significant harm criteria ("DNSH criteria") [h]									
ECONOMIC ACTIVITIES	Code [a]	Turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, 2022	Category enabling activity	Category transitional activity
		€ millions	%	YES; NO; N/EL [b] [c]						YES/NO						YES/NO	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%								0%		
Of which transitional		0	0%	0%	0%	0%	0%	0%	0%								0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)[g]																			
				EL; N/EL[f]															
Activity 1[e]			%	EL;	EL;			EL;									%		
Manufacture of tubes, pipes, hollow profiles and related fittings, of steel meeting the substantial contribution criterion (NACE 24.20)	CCM 3.9 CCA 3.9	1,705	33%	EL	EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	NO	YES	YES	YES	34%		
Manufacture of tubes, pipes, hollow profiles and related fittings, of steel – other (NACE 24.20)	CCM 3.9 CCA 3.9	3,096	61%	EL	EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	NO	YES	YES	YES	59%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,802	94%	94%	94%	0%	0%	0%	0%								93%		
A. TURNOVER OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1 + A.2)		**4,802**	**94%**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**								**93%**		

Financial year	2023			Substantial contribution criteria						Do no significant harm criteria ("DNSH criteria") [(h)]									
ECONOMIC ACTIVITIES	Code [(a)]	Turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, 2022	Category enabling activity	Category transitional activity
		€ millions	%	YES; NO; N/EL [(b) (c)]						YES/NO						YES/NO	%	E	T
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		312	6%																
TOTAL		**5,114**	**100%**																

(a) - The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO

For example, the Activity "Afforestation" would have the Code: CCM 1.1.

Where activities are eligible to make a substantial contribution to more than one objective, the codes for all objectives should be indicated.

For example, if the operator reports that the activity "Construction of new buildings" makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. /CE 3.1.

The same codes should be used in Sections A.1 and A.2 of this template.

(b) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below:

	Proportion of turnover/total turnover	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0%	94%
CCA	0%	94%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

(d) The same activity may align with only one or more environmental objectives for which it is eligible.

(e) The same activity may be eligible and not aligned with the relevant environmental objectives.

(f) EL – Taxonomy-eligible activity for the relevant objective;
N/EL – Taxonomy-non-eligible activity for the relevant objective.

(g) Activities shall be reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template.

(h) For an activity to be reported in Section A.1 all DNSH criteria and minimum safeguards shall be met. For activities listed under A2, columns (5) to (17) may be filled in on a voluntary basis by non-financial undertakings. Non-financial undertakings may indicate the substantial contribution and DNSH criteria that they meet or do not meet in Section A.2 by using: (a) for substantial contribution – Y/N and N/EL codes instead of EL and N/EL; and (b) for DNSH – Y/N codes.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – Disclosure covering 2023

Financial year	2023			Substantial contribution criteria						Do no significant harm criteria (h)									
ECONOMIC ACTIVITIES	Code(a)	CapEx	Proportion of CapEx , year	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Capex, 2022	Category enabling activity	Category transitional activity
		€ millions	%	YES; NO; N/EL (b) (c)						YES/NO						YES/ NO	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Close to market research, development and innovation [Carboval]	CCM 9.1 CCA 9.1	9	3.8%	**YES**	NO	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	2%	E	
Material recovery from non-hazardous waste	CCM 5.9 CCA 5.9 CE 2.7	8	3.5%	**YES**	NO	N/EL	N/EL	YES	N/EL	YES	YES	YES	YES	YES	YES	YES	0%	E	
Storage of hydrogen	CCM 4.12 CCA 4.12	1	0.4%	**YES**	NO	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	0%	E	
Flood risk prevention and protection infrastructure	CCA F42.91 (NACE)	<1	0.1%	N/EL	**YES**	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	YES	0%	E	
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		18	7.8%	7.7%	0.1%	0.0%	0.0%	3.5%	0.0%	YES	YES	YES	YES	YES	YES	YES	0%		
Of which enabling			7.8%	7.7%	0.1%	0.0%	0.0%	3.5%	0.0%	7.7%	0.1%	0.0%	0.0%	3.5%	0.0%	7.8%	2%	E	
Of which transitional			0.0%	0.0%	0.0%	0.0 %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(g)																			
				EL;N/EL(f)	EL;N/EL(f)	EL;N/EL(f)	EL;N/EL(f)	EL;N/EL(f)	EL;N/EL(f)										
Manufacture of tubes, pipes, hollow profiles and related fittings, of steel meeting the substantial contribution criterion (NACE 24.20)	CCM 3.9 CCA 3.9	43	19.1%	EL	EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	NO	YES	YES	YES	16%		
Manufacture of tubes, pipes, hollow profiles and related fittings, of steel – other (NACE 24.20)	CCM 3.9 CCA 3.9	141	62.3%	EL	EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	NO	YES	YES	YES	60%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		184	81.4	81.4%	81.4%	0.0%	0.0%	0.0%	0.0%								76%		

Financial year	2023			Substantial contribution criteria						Do no significant harm criteria [h]									
ECONOMIC ACTIVITIES	Code[a]	CapEx	Proportion of CapEx , year	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Capex, 2022	Category enabling activity	Category transitional activity
		€ millions	%	YES; NO; N/EL [b] [c]						YES/NO						YES/ NO	%	E	T
A. CAPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2)		**202**	**89.2%**	**89.1%**	**81.5%**	**0.0%**	**0.0%**	**3.5%**	**0.0%**								**78%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		24	10.8%																
TOTAL		**226**	**100%**																

(a) *The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:*
- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO.
For example, the Activity "Afforestation" would have the Code: CCM 1.1.
Where activities are eligible to make a substantial contribution to more than one objective, the codes for all of these objectives should be indicated. For example, if the operator reports that the activity "Construction of new buildings" makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.
The same codes should be used in Sections A.1 and A.2 of this template.

(b) *Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;*
Yes, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(c) *Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below:*

	Proportion of CapEx /Total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	7.7%	89.1%
CCA	0.1%	81.5%
WTR	0.0%	0.0%
CE	3.5%	3.5%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

(d) *The same activity may align with only one or more environmental objectives for which it is eligible.*

(e) *The same activity may be eligible and not aligned with the relevant environmental objectives.*

(f) *EL – Taxonomy-eligible activity for the relevant objective;*
N/EL – Taxonomy-non-eligible activity for the relevant objective.

(g) *Activities shall be reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template.*

(h) *For an activity to be reported in Section A.1 all DNSH criteria and minimum safeguards shall be met. For activities listed under A2, columns (5) to (17) may be filled in on a voluntary basis by non-financial undertakings. Non-financial undertakings may indicate the substantial contribution and DNSH criteria that they meet or do not meet in Section A.2 by using: a) for substantial contribution — the codes YES/NO and N/EL instead of EL and N/EL and b) for the DNSH criteria — the codes YES/NO.*

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – Disclosure covering 2023

Financial year	2023			Substantial contribution criteria						Do no significant harm criteria [h]									
ECONOMIC ACTIVITIES	Code[a]	OpEx	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx , 2022	Category enabling activity	Category transitional activity
		€ millions	%	YES; NO; N/EL(b)(c)						YES/NO						YES/NO	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of tubes, pipes, hollow profiles and related fittings, of steel meeting the substantial contribution criterion (NACE 24.20)	CCM 9.1 CCA 9.1	0	0%														0%		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	CCM 9.1 CCA 9.1	0	0%														0%		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(g)																			
				EL;N/EL(f)	EL;N/EL(f)	EL;N/EL(f)	EL;N/EL(f)	EL;N/EL(f)	EL;N/EL(f)										
Manufacture of tubes, pipes, hollow profiles and related fittings, of steel meeting the substantial contribution criterion (NACE 24.20)	CCM 9.1 CCA 9.1	0	0%														0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	%	%	%	%	%	%								0%		
A. OPEX OF TAXONOMY-ELIGIBLE ACTIVITIES (A.1+A.2)		**0**	**0%**	**%**	**%**	**%**	**%**	**%**	**%**										

Financial year	2023			Substantial contribution criteria						Do no significant harm criteria [h]									
ECONOMIC ACTIVITIES	Code[a]	OpEx	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, 2022	Category enabling activity	Category transitional activity
		€ millions	%	YES; NO; N/EL(b)(c)						YES/NO						YES/NO	%	E	T
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		333	100%																
TOTAL[1]		**333**	**100%**																

(a) *The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:*
- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC;
- Biodiversity and ecosystems: BIO
For example, the Activity "Afforestation" would have the Code: CCM 1.1.
Where activities are eligible to make a substantial contribution to more than one objective, the codes for all of these objectives should be indicated.
For example, if the operator reports that the activity "Construction of new buildings" makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. /CE 3.1.
The same codes should be used in Sections A.1 and A2 of this template.

(b) *YES, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;*
NO, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(c) *Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below:*

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	%	%
CCA	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

(d) *The same activity may align with only one or more environmental objectives for which it is eligible.*

(e) *The same activity may be eligible and not aligned with the relevant environmental objectives.*

(f) *EL – Taxonomy-eligible activity for the relevant objective;*
N/EL – Taxonomy-non-eligible activity for the relevant objective.

(g) *Activities shall be reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template.*

(h) *For an activity to be reported in Section A.1 all DNSH criteria and minimum safeguards shall be met. For activities listed under A2, columns (5) to (17) may be filled in on a voluntary basis by non-financial undertakings. Non-financial undertakings may indicate the substantial contribution and DNSH criteria that they meet or do not meet in Section A.2 by using: a) for substantial contribution — the codes YES/NO and N/EL instead of EL and N/EL and b) for the DNSH criteria — the codes YES/NO.*

(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.*

CHAPTER 3

3

RISK AND RISK MANAGEMENT

3.1 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.

3.1.1 Risks related to the Group's strategy and operations

3.1.1.1 Risks related to the Group's dependence on the Oil & 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 2023, 70% 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 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.

Oil and gas demand and supply balance is the main driver for growth in exploration and production capital spending by (i) national oil companies (NOCs) and (ii) international oil companies (IOCs), with a potential impact for Vallourec as a partner of choice in providing premium tubular solutions to its customers (both NOCs and IOCs) for onshore and offshore projects across the globe. Over the 2014-2023 period, oil prices fell to a low of USD 9.1 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. The post Covid-19 rebound in global oil demand drove up oil prices. Over the 2014-2023 period, the price of Brent crude peaked at USD 133.2 per barrel on March 8, 2022. In 2023, Brent prices ranged from a low of USD 71.03 on March 17 to a high of USD 97.1 on September 27, ending the year at USD 77.7.

In 2022, the uncertainties caused by the Russia/Ukraine conflict drove a rise in gas prices to a yearly high of €9.68/mBtu in August before they decreased in 2023 to finish at €2.51/mBtu at end-December 2023. 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 2023.

Having bottomed out at USD 300 billion in 2020, spending by oil companies increased by almost 22% in 2021 to USD 367 billion. This upward trend continued in 2022, with spending by oil companies increasing sharply by 40% to USD 514 billion. In 2023, capital expenditure increased by 12% to USD 575 billion.

In the international market, the number of rigs in operation rose in 2023, driven in particular by the Middle East and Africa regions. 54 rigs were added over the year, with an average of 955 rigs in operation in December 2023. In the North America region, after the sharp growth recorded in 2022, the active rig count fell by 155 units in 2023. At end-December 2023, the North America region had an average of 708 units, of which 622 in the United States.

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.

3.1.1.2 Risks related to the Group's dependence on particular customers

In 2023, the Group earned 36% of its consolidated revenue from its five largest customers and 45% of its consolidated revenue from its ten largest customers. Only one customer accounted for more than 10% of the Group's consolidated revenue in 2023, with 11.2%. 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 anticipates this risk with termination clauses providing for compensation mechanisms.

The Group is also exposed to a potential risk on outstanding customer receivables. 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.

3.1.1.3 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 with repercussions on the Group's other business sectors: Mechanicals, Automotive, Construction and Power Generation/Other, where business cycles follow the trends in the economic climate and are also 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 or a major geopolitical event such as a war, could have a material adverse effect on the Group's revenue, income, cash flow and outlook.

3.1.1.4 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 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.

3.1.1.5 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 also 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.

The Group might also find itself at a competitive disadvantage if it were unable to develop or access (either alone, through partnerships or through agreements with suppliers) technology, products or services equivalent to those of its competitors that have an impact on its offering, 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.

3.1.1.6 Risks related to social, political, geopolitical and macroeconomic instability*

Due to Vallourec's strategy of being located close to its customers – enabling it to increase its responsiveness and to develop appropriate products and services in these markets, a significant part of the Group's business is conducted in countries potentially exposed to risks of political, economic and/or social instability (e.g., the nationalization and expropriation of assets, uncertainty as to applicable laws and the application of laws, the impact of sanctions, etc.) as well as financial instability and more acute foreign exchange risk.

The Group could also be faced with an upsurge in geopolitical disputes involving the countries where it does business, and an increase in the reprisal measures and protectionist regulations that could indirectly result from this conflict.

This trend could be reflected in a proliferation of trade defense measures, especially 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 is closely monitoring the situation and is complying – and will continue to comply – with all applicable sanctions. The Group had no activity in Russia in 2023, and activity in Ukraine represented only 0.01% of consolidated revenue.

The situation between Israel and Gaza in the Middle East creates a risk of operational, political and economic instability in neighboring countries, including for maritime traffic in the region. This could impact the Group's operations, particularly as regards the seaborne shipping of tubes.

3.1.2 Operational risks

3.1.2.1 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.

Hüttenwerke Krupp Mannesmann (HKM), in which Vallourec Tubes has a 20% equity interest, produces steel rounds and slabs intended exclusively for its shareholders, who are committed to certain volumes. In 2021, Vallourec terminated the cooperation and supply agreements, effective December 31, 2028, i.e., at the end of the contractually agreed seven-year notice period.

Given the decision taken in 2022 to close its German operations by the end of 2023, Vallourec has developed an international client portfolio to which it has started to sell the steel purchased from HKM, mainly in the form of slabs.

Based on expected future cash flows from this contract, it has been accounted for as a derivative contract with a negative fair value of €127 million. This amount corresponds to Vallourec's best estimate of the present value of the expected future cash flows resulting from the execution of this contract over the residual period until the end of 2028. The estimated fair value of the expected losses will be regularly revised until the end of the supply agreement to take into consideration prevailing market conditions and developments in the trading model. In substance, this supply agreement is therefore treated as a derivative, in accordance with IFRS 9, in Vallourec's consolidated financial statements (see section 7, notes 7.2 and 7.4 to the consolidated financial statements).

In the current inflationary context, 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.

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).

3.1.2.2 Industrial, mining and environmental risks

The Group's industrial and mining 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 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, particularly for the mining business, 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, and which may have an impact on its earnings. Due to changes in their industrial activities related to the Group's transformation and in accordance with legal provisions, only three facilities in France are still subject to environmental protection regulations under a classified facilities system (ICPE).

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.

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. In May 2023, Vallourec obtained the necessary authorizations to resume full operation of the Cachoeirinha core tailings pile.

Vallourec is anticipating completing the Phase 1 mine extension at end-2024, and Phase 2 – a more significant capital project – in 2027. Total capital expenditure for both projects is expected to be disbursed over the next few years. Vallourec management is currently engaging with state and national regulators to obtain the required production and environmental permits for both extensions.

3.1.2.3 Inherent climate-change risks

The Group is exposed, especially through its supply chain, 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. Any adaptation plans will be defined with the plants.

Measures to combat the effects of climate change may also be imposed by various authorities.

3.1.2.4 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 lead to 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. Despite the quality control measures in place and its insurance cover (see section 5.3), the Group may not be in a position to protect itself or cover all of these risks.

3.1.2.5 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. 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.

3.1.2.6 Risks related to information systems and cybercrime*

The Group uses complex information systems (in particular to manage its sales, logistics, accounting and reporting), which are essential for conducting its commercial, industrial and financial activities. 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 or a cyber attack 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 digitalize 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 and its strategic suppliers could fall victim to complex targeted attacks on their IT systems (cyber attacks, data piracy, ransomware, spying, etc.). 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 – or those of its strategic suppliers – that is linked to hacking, cyber attacks 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.

3.1.3 Legal and tax risks

3.1.3.1 Risks related to business ethics, international sanctions 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 in particular lead to criminal, civil and/or administrative sanctions, including heavy fines, and may also harm Vallourec's image and reputation.

In addition, as Vallourec operates in all countries across the world, it may be subject to export control regulations and international economic sanctions. Accordingly, Vallourec could be exposed to transactions that contravene these regulations, which could give rise to significant criminal, civil and administrative penalties.

Vallourec has set up a Compliance Program, as described in section 2.4.2.2 "Compliance program", which is implemented by the Group's Compliance Department under the responsibility of the Compliance Committee, in order to ensure compliance with regulatory requirements in the areas of anti-corruption, free competition, export controls and international economic sanctions in all of its operations and countries in which it operates.

This program includes the following components, and was significantly strengthened in 2023:

- in order to accurately determine vulnerabilities, the Group has implemented a risk mapping system that clearly identifies these risks, including a specific corruption risk map that complements the Group's general risk map;
- to manage identified risks, the Group has set up a prevention system that includes specific procedures such as an Anti-corruption Code of Conduct, which supplements the Group's Code of Ethics, as well as systems for assessing third parties. Awareness-raising and training campaigns are organized to ensure that employees are fully aware of this system, and in particular of the disciplinary measures applicable in the event of non-compliance;
- in order to detect risks and manage any weaknesses that may be observed, the Group has set up an internal control system including procedures dedicated to corruption risks, which was overhauled in 2023 (see section 3.2.2.3 "Actions to prevent corruption and specific accounting checks: lines of defense"), a whistleblowing system overseen by a dedicated committee (see section 2.1.6 "Whistleblowing and reporting systems"), and an internal audit system.

It cannot be ruled out, however, that infringements of legislation that could lead to significant civil and/or criminal sanctions could have an adverse effect on the Group's financial position or image.

3.1.3.2 Risks related to intellectual property and counterfeiting

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 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.

Like other tubular products and accessories manufacturers, the Group has also 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.

Since 2015, the Group has 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®. Alleged counterfeiters are sent a letter asking them to cease the unlawful use of the Vallourec Group's patented technologies and/or trademarks.

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.

3.1.3.3 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. These entities ensure they organize such activities in compliance with the relevant applicable laws and regulations. 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).

Where laws and regulations do not establish clear or definitive guidelines, the tax regime that is applied to intragroup activities, transactions or restructurings (whether past or future) is or may be based on interpretations. 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 Group is exposed to changes in tax regulations or 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 tax reassessment proceedings and disputes. When the Group considers that a loss relating to the disputes is probable, a provision is recognized according to the best estimate of foreseeable expenses. 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 tax losses (see Note 3 to the Group's 2023 consolidated financial statements for a discussion of the resulting accounting implications, in chapter 7 of this Universal Registration Document), the use of which depends on a number of factors, including (i) the ability to generate tax income, (ii) the limits applicable to any tax losses imposed by French 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.

3.1.4 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 7.1.7 of this Universal Registration Document.

3.1.4.1 Liquidity risk

As at December 31, 2023, the maturities of current loans and other borrowings totaled €122,197 thousand; the maturities of non-current loans and other borrowings totaling €1,348,131 thousand are shown in the table below:

3.1.4.1.1 BREAKDOWN BY MATURITY OF NON-CURRENT LOANS AND OTHER BORROWINGS (>1 YEAR)

In € thousands	>1 year	>2 years	>3 years	>4 years	5 years and more	Total
As at December 31, 2022	1,102	3,310	1,136,889	221,546	4,347	1,367,194
Non-current borrowings	4,136	1,106,955	230,158	1,709	5,173	1,348,131
AS AT DECEMBER 31, 2023	**4,136**	**1,106,955**	**230,158**	**1,709**	**5,173**	**1,348,131**

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.

3.1.4.1.2 BANK FINANCING

As at December 31, 2023, 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 €900 million. The Group's liquidity therefore totaled €1,539 million.

In June 2021, Vallourec arranged a committed credit facility for an amount of €462 million, maturing in June 2026. As at December 31, 2023, 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. At that date, the ratio did not exceed 100%. 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, 2023, USD 9 million of this facility had been used, exclusively in the form of letters of credit. However, no drawdowns had been made for financing purposes.

3.1.4.1.3 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 (NEU CP) program on October 12, 2011 to meet its short-term needs. The program has a €1 billion ceiling. As at December 31, 2023, Vallourec had no outstanding commercial paper. This commercial paper program is rated B by Standard & Poor's.

As at December 31, 2022, it was included in the financial statements for €1,105 million, as calculated in accordance with IFRS. For information, the fair value (mark-to-market) of the bonds was €1,036 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.

3.1.4.2 Market risks

3.1.4.2.1 FOREIGN EXCHANGE RISK

A) 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.

In 2023, 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% rise in exchange rates would have increased or decreased net income Group share by around €84 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 €756 million impact as at December 31, 2023) which, in recent years, have mainly been attributable to changes in the US dollar and Brazilian real.

Foreign currency translation reserve – Group share

In € thousands	31/12/2022	31/12/2023
USD	386,852	335,632
GBP	(12,938)	(12,719)
BRL	(1,132,280)	(1,069,968)
CNY	25,453	13,770
Other	(18,442)	(22,787)
TOTAL	**(751,355)**	**(756,072)**

As far as the Group is aware, translation risk is unlikely to threaten its financial equilibrium.

B) 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 29% of consolidated revenue in 2023) 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:

- 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.

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.

As at December 31, 2023 and 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

In € thousands	31/12/2022	31/12/2023
Forward exchange contracts – forward sales	1,332,907	1,535,526
Forward exchange contracts – forward purchases	95,701	135,518
Currency options – sales	-	-
Currency options – purchases	-	-
Raw materials and energy – purchases, options	-	-
TOTAL	**1,428,608**	**1,671,044**

Contract maturities as at December 31, 2023

Contracts on commercial transactions *In € thousands*	**Total**	**1 year**	**1 to 5 years**	**> 5 years**
Exchange contracts – forward sales	1,535,526	1,497,348	38,178	-
Exchange contracts – forward purchases	135,518	135,518	-	-
Currency options – sales	-	-	-	-
Currency options – purchases	-	-	-	-
Raw materials and energy – purchases, options	-	-	-	-
TOTAL	**1,671,044**	**1,632,866**	**38,178**	**-**

Forward sales (€1,212 million of the €1,536 million total) correspond mainly to sales of US dollars. These contracts were entered into at an average forward EUR/USD rate of 1.10, an average forward USD/CNY rate of 7.01 and an average forward USD/BRL rate of 5.16. In 2023, as in 2022, 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 72 million (€67 million);
- forward sales for GBP 24.2 million (€27.8 million);
- forward purchases for RMB 889 million (€112.8 million);
- forward purchases for MXN 43.7 million (€2.3 million);
- forward sales for CAD 1 million (€0.7 million).
- forward sales for BRL 663 million (€118.9 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.

3.2 Risk management and internal control system

3.2.1 Risk management

Risk management measures 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.

3.2.1.1 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.

In liaison with Internal Control, the Audit 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.

3.2.1.2 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 Internal Audit and Risk 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, at which the Audit and Risk Department provides input. The heads of the corporate departments affected by specific risks may also be invited to attend, in particular those of the Legal, Group Industry, 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.

3.2.2 Internal control

Executive Management sets internal control policy and oversees its implementation in all the companies in which Vallourec directly or indirectly holds the majority of share capital and which it controls. It is supported by a Group Internal Control Department responsible for deploying and implementing this policy throughout the organization. Companies whose shares are listed or jointly controlled have an appropriate internal control system structure, consistent with applicable local legislation.

3.2.2.1 Objectives and general principles of internal control

The internal control system developed and implemented within the Vallourec Group 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);
- accuracy of accounting and financial information; and
- managing the risks identified in the risk map.

The internal control process is constantly evolving in order to adapt to changes in the economic and regulatory environment and the Group's structure and strategy.

To ensure the consistency of the Group's internal control procedures worldwide, internal control also relies on the Regions and the corporate departments to draw up procedures, give instructions and monitor compliance.

In order to ensure the consistency of the daily measures undertaken worldwide on behalf of the Group, Vallourec has put in place a set of key internal control procedures. These procedures formally set down the rules applicable to the Group's main engagement processes, reflect the governance principles defined by Executive Management, and help prevent corruption and fraud. In 2023, Vallourec launched initiatives to strengthen its internal control procedures.

3.2.2.1.1 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 2.4. ("Our commitments to business ethics and compliance") of this Universal Registration Document.

3.2.2.1.2 INTERNAL APPROVAL MANUAL

The level of authority given to each manager within the Group must remain compatible with the governance defined by Executive Management and requires broad oversight of the application of rules common to all Group entities as well as efforts to prevent corruption and fraud.

To meet these requirements, the aim of the internal approval manual is to clearly define the prerequisite approval levels for the material commitments entered into by any Group entity. Approvals may not contravene applicable legal and/or regulatory provisions.

This procedure is adapted as often as required and was updated in 2023 in view of the changes in the Group's organizational structure. It is taken up and adapted accordingly in each region. The strict application of the internal approval manual is systematically verified during the internal audits of the Group's entities.

3.2.2.1.3 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.

3.2.2.1.4 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.

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.

3.2.2.1.5 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.

3.2.2.1.6 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.

3.2.2.2 Internal control system

3.2.2.2.1 GENERAL PRINCIPLES

The Group's internal control system is built around Group procedures, the most important of which are described above. The Internal Control Department ensures that these procedures are consistent across the Group's organizations and regions.

A) Segregation of duties

Segregation of duties is an essential tool in the fight against fraud, which is why internal control ensures that the principle of segregation of duties is understood and applied in terms of both the organization of the units and the management tools used.

In this regard, regular reviews are organized by internal control with input from regional Heads of Internal Control and from IT, which uses a dedicated tool to identify risks in the configuration of management software packages. Corrective or offset measures are identified by the dedicated department in charge of analyzing segregation of duties risks. The implementation of any such measures is validated by the internal control team.

B) Annual internal control campaign

An annual review of internal control maturity is carried out at the initiative of the central Internal Control Department.

This review is based on a questionnaire and on a support tool common to all Group units.

The questionnaire, developed by the Internal Control Department, sets down the internal control measures required to manage the regulatory, financial and operational risks identified in the risk map.

The level of detail in the questionnaire is adapted to each unit according to proportionate contribution to the Group's earnings as well as the potential risks that certain activities or locations may pose to the Group. These analyses are centralized in a tool that positions internal control maturity levels along geographical, business and cyclical axes.

Action plans are required to bring the level of maturity up to the level expected by Executive Management.

These plans are validated by local and/or central internal control teams. They are monitored on a monthly basis to ensure their implementation.

In this regard, the Internal Control Department supports the units and individuals in charge of internal control by providing assistance in identifying and designing action plans, and in validating their effective implementation.

During their assignments, internal auditors also have access to data relating to the audited unit such as assessments and action plans, which the auditors can reevaluate according to the findings of their tests.

Internal control supports the units and people in charge of internal control activities by helping to identify and design action plans and validate their effective implementation.

During their assignments, internal auditors have access to data relating to the audited unit such as assessments and action plans, which the auditors can reevaluate according to the findings of their tests.

C) Ad hoc assignments

The Internal Control Department is involved in ad hoc organizational assignments in terms of organizing and reviewing processes such as production management and fixed asset inventories.

3.2.2.3 Actions to prevent corruption and specific accounting checks: lines of defense

A specific approach is currently being rolled out to raise awareness of anti-corruption issues throughout the organization. Three lines of defense will be set up as part of this system:

- First line of defense: Elaboration of detailed accounting controls for all units responsible for ensuring that requirements are met, in order to identify actions to be taken.
- Second line of defense: Verification by regional internal control teams that first-level internal control activities are conducted as described, in order to define any corrective actions to be taken in the event of identified weaknesses.
- Third line of defense: Verification by Internal Audit of the first and second lines of defense, in order to assess the effectiveness of the entire system.

3.2.2.4 Internal control system for financial and accounting information

3.2.2.4.1 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.

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.

3.2.2.4.2 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.

3.2.2.4.3 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.

3.2.2.4.4 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.

3.2.2.5 Other key internal control procedures

3.2.2.5.1 CAPITAL EXPENDITURE

Executive Management reviews the Group's capital expenditure position presented by the Capital Expenditure 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 as well as the Management Control Department and examines the fundamental aspects of the projects at each of the three stages (market assumptions, profitability, technical choices, budget, planning and risks), meeting once a month under the aegis of the Capital Expenditure Department. The Authorization Committee brings together either the Senior Vice President Industry, Group and Eastern Hemisphere, the Director of Industrial Excellence, Capital Expenditure and Insurance, and the Director of Capital Expenditure 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 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 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 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.

3.2.2.6 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.

3.2.2.6.1 QUALITY – HEALTH & SAFETY

The Group's Health & Safety Department and the Quality Department are in charge of proposing Group guidelines and objectives in terms of Health & Safety and Quality to Executive Management, and are also responsible for defining applicable standards on the subject for the Group as a whole. In addition to that, they intervene directly in 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 (ISO 45001).

The Health & Safety Department and the Quality Department 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 health and 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 Executive Management's concern regarding health and safety as well as quality, the Board of Directors starts each of its meetings with a progress report on the Group's Health & Safety and Quality performance.

3.2.2.6.2 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 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 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.

3.2.2.6.3 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 ideation process. 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 product line 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 quarterly by an R&D steering committee attended by members of the Group Executive Committee, which ensures that all the necessary elements are in place to ensure the product, service or solution is brought to market according to schedule.

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. A Project Management Office (PMO) for R&D and innovation projects was set up in 2023 to coordinate these training, support and oversight activities.

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.

3.2.2.6.4 PURCHASING

In 2023, 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).

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_2 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.

3.2.2.7 Information systems

In 2023, 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, user mobility, emerging technologies and practices.

IT security in the industrial environment has made significant progress, 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 is 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 has been launched in 2023 and new recurrent awareness initiatives are starting;
- sharing CNIL (French data privacy agency) practices with the Legal Department;
- a training program on protecting information, with a focus on test phishing campaigns and fraud detection, in all Regions;
- updating IT security rules and procedures, which are published under the Group guidelines available on the Intranet.

3.2.2.7.1 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.

3.2.2.7.2 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.

3.2.3 Entities and persons involved in risk management and internal control

3.2.3.1 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.

3.2.3.2 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 Executive Management, 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.

3.2.3.3 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 governance 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.

On a quarterly basis, the Audit Committee also monitors the effectiveness of the compliance systems (see section 2.4 "Our commitments to business ethics and compliance"), the effective handling and review of whistleblowing reports, the rollout of the Group's compliance program and follow-up on action plans designed to strengthen it, and the controls dedicated to the preventing corruption and influence peddling (see section 3.2.2.3 of this Universal Registration Document).

3.2.3.4 Head of Internal Audit and Risk Management

The Head of Internal Audit and Risk Management is in charge of 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.

The Group's Internal Audit and Risk 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 and Risk 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.

In order to prepare its annual audit plan, the Internal Audit and Risk 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 and Risk 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 and Risk 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.

3.2.3.5 Internal Control Department

The Internal Control Department comprises a dedicated team which reports to the Accounting and Consolidation Department.

The central team in charge of defining principles and providing support and centralization tools is supported by regional correspondents who are responsible for implementing internal control policy locally with the operating units to which they provide assistance and advice.

3.2.3.6 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.

3.2.4 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.

3.2.5 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.

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.

3.3 Policy with regard to insurance

The Group's policy regarding protection against risks 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, the Logistics Department to cover products during transportation 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, as well as insurance covering transport of goods;
- 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.

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 a multi-year schedule of visits to the Group's 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.

For property-casualty insurance, civil liability and transport insurance, policies are divided between the "Master" policies taken out for the Group and the policies taken out locally in the countries where the Group operates. The Master policies prevail where terms or limits differ from those under the local policies issued by the partners of the lead insurer.

3.3.1 Property-casualty insurance

3.3.1.1 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.

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).

3.3.1.2 Property-casualty insurance relating to the transport of goods

This insurance covers transport-related risks that may affect the Group's raw materials, products and equipment during land-sea-air transport worldwide, with the exception of countries or regions explicitly excluded by insurers.

The limit on liability was successively increased in 2022 and then again in 2023, notably in line with the growth of the Group's Brazilian production operations, the gradual closure of its German plants and the change in the Group's industrial footprint.

3.3.2 Third-party liability insurance

3.3.2.1 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.

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.

3.3.2.2 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.

3.3.2.3 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.

3.3.3 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.

CHAPTER 4

4 CORPORATE GOVERNANCE

4.1 Adoption of the AFEP-MEDEF Corporate Governance Code

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.

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 20 minutes is held without the executive corporate officers being present. A session involving independent members only is held each year.
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.

4.2 Administrative and management bodies

4.2.1 Membership and operating procedures of the Board of Directors

4.2.1.1 Membership of the Board of Directors

4.2.1.1.1 OVERVIEW OF THE MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS AT FEBRUARY 29, 2024

The Board of Directors had eight members appointed for a four-year term, including an employee director and a Lead Independent Director, responsible for ensuring the proper operation of the Company's governing bodies.

INDEPENDENCE RATE*
71.4%

GENDER EQUALITY**
42.8%
3 members of the Board are women

AVERAGE AGE
60

DIVERSITY
4
members of the Board are non-French and **6 nationalities** are represented on the Board

EMPLOYEE REPRESENTATION
1
employee director, appointed by the Group Committee

AVERAGE ATTENDANCE RATE
93.75%

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 and Lead Director – CSR
- SF** Committee
- Audit Committee

Luciano Siani ◇
- 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 ◆ ●
- Employee director
- Remuneration Committee

OBSERVER

Austin Anton

◇ Independent member ◆ Non-independent member ● Employee director

* *NG Committee: Nomination and Governance Committee*

** *SF Committee: Strategic and Finance Committee*

The table below summarizes the membership of the Board of Directors and the Board Committees at February 29, 2024, in accordance with the template provided in Appendix 3 of the AFEP-MEDEF Code:

	PERSONAL INFORMATION				EXPERIENCE	POSITION ON THE BOARD				PARTICIPATION IN BOARD COMMITTEES				
	Age	**Gender**	**Nationality**	**Number of shares**	**Number of directorships in listed companies***	**Independence**	**Date of first appointment** *(mm-dd-yyyy)*	**Term of office expires**	**Seniority on the Board** *(years)*	**Audit Committee**	**SF Committee**	**CSR Committee**	**NG Committee**	**Remuneration Committee**
DIRECTOR														
Philippe Guillemot	64	M	French	463,000[(a)]	2	◆	3/20/2022	2026 OSM	2					
Pierre Vareille	66	M	French	70,000	4	◇	4/20/2021	2025 OSM	2		○		●	●
Corine de Bilbao	57	W	French	1,300	1	◇	3/21/2019	2025 OSM	4	○	○	●		
Angela Minas	59	W	Greek & American	13,827	2	◇	7/1/2021	2026 OSM	2	●		○	○	○
Hera Siu	64	W	Chinese	500	4	◇	7/1/2021	2026 OSM	2	○		○	○	○
Gareth Turner	60	M	Canadian	500	1	◆	4/20/2021	2025 OSM	2	○	●			
Luciano Siani	54	M	Italian & Brazilian	2,000	1	◇	12/11/2023	2025 OSM	1	○		○		
EMPLOYEE DIRECTOR														
Patrick Poulin	57	M	French	4,005	1	◆	3/6/2023	2025 OSM	1					○
OBSERVER														
Austin Anton	43	M	British	0	0	◆	7/1/2021	7/1/2025	2					

* *Including Vallourec SA*

(a) *Preferred shares (Tranches 2, 3 and 4): 2,058,876*

● *Chairman*

○ *Member*

◇ *Independent member as defined by the criteria set out in the AFEP-MEDEF Code and assessed by the Board of Directors*

◆ *Non-independent member as defined by the criteria set out in the AFEP-MEDEF Code and assessed by the Board of Directors*

NG Committee: Nomination and Governance Committee

SF Committee: Strategic and Finance Committee

CSR Committee: Corporate Social Responsibility Committee

4.2.1.1.2 CHANGES IN THE BOARD'S MEMBERSHIP STRUCTURE DURING 2023 AND FIRST-QUARTER 2024

The table below summarizes changes in the membership structure of the Board of Directors and the Board Committees during 2023 and the first quarter of 2024, in accordance with the template set out in Appendix 3 of the AFEP-MEDEF Code:

	Departure	Appointment	Reappointment
Board of Directors	Maria Silvia Marques May 25, 2023	Luciano Siani Pires November 12, 2023	N/A
Audit Committee	Maria Silvia Marques May 25, 2023	Luciano Siani Pires November 12, 2023	N/A
Nomination and Governance Committee	N/A	N/A	N/A
Remuneration Committee	N/A	N/A	N/A
CSR Committee	Maria Silvia Marques May 25, 2023	Luciano Siani Pires November 12, 2023	N/A
Strategic and Finance Committee	N/A	N/A	N/A

The term of office as director of Maria Silvia Marques expired at the end of the Shareholders' Meeting of May 25, 2023 and Ms. Marques decided not to seek reappointment.

In its November 12, 2023 session, the Group Board of Directors decided to co-opt Luciano Siani as a member of Vallourec's Board of Directors. The ratification of Luciano Siani's appointment will be proposed to the next Shareholders' Meeting on May 23, 2024.

4.2.1.1.3 POLICY ON THE MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS

Every year, the Board of Directors reviews the desirable balance of its membership structure and that of its Committees, notably during its self-assessment. In particular, it ensures that Board members have experience relevant to the diversity and international footprint of the Group's businesses, and that the profiles and expertise represented on the Board reflect the challenges the Group may face in order to guarantee shareholders and the market that its duties are carried out with the necessary skills, independence and objectivity. The Board of Directors' policy on its membership structure is therefore based on the following four fundamental objectives:

A) 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, legal or corporate social responsibility expertise.

B) Balanced membership structure based on diversity

Like all of the Company's stakeholders, the Board of Directors is committed to the value-creating process in all of its forms. The Company's directors come from a variety of backgrounds and have diverse experience and skills that reflect the Group's global footprint and its various long-term strategic goals. As at February 29, 2024, six nationalities were represented on the Board, reflecting the Group's international presence, particularly in Brazil, the United States, China and Europe. The diversity and complementary skills and experience of the directors on the Board as at February 29, 2024 can be seen in their profiles and the tables and images below.

The balance sought in terms of the Board's membership also takes into account the proportion of men and women members required under applicable regulations. As at February 29, 2024, the Board of Directors had three women members: Corine de Bilbao, Angela Minas, and Hera Siu, representing 42.8% of the total number of directors (excluding the employee 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.

The Board also includes an employee representative appointed by the Group Employees' Committee.

The balance sought in terms of the Board's membership also takes into account the structure and changes in the Company's shareholder base.

C) 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.

As at February 29, 2024, the Board of Directors had five independent Directors, representing 71.4% of the total number of Directors (excluding employee directors in accordance with the AFEP-MEDEF Code).

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 potentially places the member in such a situation.

D) 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.

4.2.1.1.4 INDEPENDENCE OF MEMBERS OF THE BOARD OF DIRECTORS

The annual review of the independence of directors was conducted by the Board on February 29, 2024, 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, 2023 – 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;
- 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 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, the proportion of independent directors – as calculated in accordance with the AFEP-MEDEF Code – was 71.4%.

Criteria[a]	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	○	○	○	○	○	○	○	○
Luciano Siano Pires	○	○	○	○	○	○	○	○
Angela Minas	○	○	○	○	○	○	○	○
Hera Siu	○	○	○	○	○	○	○	○
Gareth Turner	○	○	○	○	○	○	○	●
Patrick Poulin	●	○	○	○	○	○	○	○

(a) In this table, ○ signifies that the independence criterion has been met and ● signifies that it has not been met.

4.2.1.1.5 DIVERSITY AND EXPERTISE OF BOARD MEMBERS

A) Overview of expertise of Board members

	Industry/Oil & Gas	Executive/operational management posts held within major groups	International experience	Financial/audit expertise	Governance of listed companies	Corporate social responsibility
Philippe Guillemot	X	X	X	X	X	X
Pierre Vareille	X	X	X	X	X	X
Corine de Bilbao	X	X	X		X	X
Luciano Siani Pires	X	X	X	X	X	X
Angela Minas	X	X	X	X	X	X
Hera Siu		X	X	X	X	X
Gareth Turner	X		X	X		
Patrick Poulin	X		X			

B) Training provided for members of the Board of Directors

Particular attention is paid to lifelong training for directors, to ensure that they have sound knowledge of the Group and of legal, social and environmental developments. In 2023, directors' training focused on matters relating to sustainability.

In 2023, the independent third party gave a presentation to the Board of Directors on the new non-financial reporting requirements under the Corporate Sustainability Reporting Directive (CSRD), to prepare for its implementation. This has enabled directors to bring a strategic focus to Board meetings underpinned by climate, environmental and social concerns.

4.2.1.1.6 PRESENTATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

6

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

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: Ordinary shares: 463,000
Preferred shares (T2, T3 and T4): 2,058,876

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*

OFFICES HELD BY PHILIPPE GUILLEMOT

Offices currently held

- Offices and positions held in Group companies
  - Chairman and Chief Executive Officer of Vallourec SA* (since March 20, 2022)
  - Chairman of Vallourec Tubes SAS (since 2022)
  - Chairman, Vallourec Tubes France SAS (since 2022)
  - Chairman, Vallourec Oil & Gs France SAS (since 2022)
- Offices and positions held in companies outside the Group
  - Director of Sonoco* (since July 13, 2017)

Offices that have expired in the last five years

- Chief Executive Officer of Elior Group (until March 2022)
- Director of Constellium (until 2019)

Philippe Guillemot does not receive any remuneration as a corporate officer of any of Vallourec's direct or indirect subsidiaries.

* *Listed company (for offices currently held).*

6

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

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 Centrale Supélec), Sciences-Po 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
- Company director
- 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

OFFICES HELD BY PIERRE VAREILLE

Offices currently held

- Offices and positions held in Group companies
  - Vice-Chairman of the Board of Directors and Lead Independent Director of Vallourec SA*
- Offices and positions held in companies outside the Group
  - Director of the London Metal Exchange (LME) since February 7, 2023*
  - 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
LEAD DIRECTOR – CSR
CHAIR OF THE CSR COMMITTEE
MEMBER OF THE AUDIT COMMITTEE
MEMBER OF THE STRATEGIC AND FINANCE COMMITTEE

5

Main areas of expertise

Industry/Oil & Gas

Executive/operational management posts held within major groups

International experience

Governance of listed companies

Corporate social responsibility

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

OFFICES HELD BY CORINE DE BILBAO

Offices currently held

- Offices and positions held in Group companies
  - Director of Vallourec SA* (since July 2021)
- Offices and positions held in companies outside the Group
  - President of Microsoft France (since 2021)

Offices that have expired in the last five years

- Director of Orpea* (until December 31, 2023)
- Chief Executive Officer of Segula Technologies International (until 2021)
- Member of the Supervisory Board of Vallourec SA (until June 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).*

6

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

LUCIANO SIANI PIRES

INDEPENDENT DIRECTOR
MEMBER OF THE AUDIT COMMITTEE
MEMBER OF THE CSR COMMITTEE

Date of birth: February 10, 1970 – Brazilian-Italian
Date of first appointment: November 12, 2023
Term expires: 2025 OSM
Number of Vallourec shares held: 2,000

Summary of main areas of expertise and experience

- Degree in Mechanical Engineering from Pontifical Catholic University of Rio de Janeiro (PUC-RJ) (1991)
- MBA from New York University's Stern School of Business, graduating with distinction (2001)
- Several management roles at the Brazilian Development Bank (1992-2003), including Head of Export Financing (2001-2003)
- Consultant at McKinsey & Company (2003-2005)
- Head of Capital Markets (2005-2006) and Executive Secretary to the President (2007) at the Brazilian Development Bank
- Member of the Board of Directors of Suzano Papel e Celulose (2005-2008) and Tele Norte Leste (2005-2008), Brazil's leading pulp, paper and telecommunications companies
- Group Strategy Director of Vale SA (2008-2009, 2011-2012)
- Group Human Resources Director of Vale SA (2009-2011)
- Group Chief Financial Officer of Vale SA (2012-2021) Voted Best Latin American CFO in the mining and metals sector for nine consecutive years (2013-2021) by Institutional Investor magazine
- Member of the Board of Directors of The Mosaic Company in the United States (2018-2022)
- Executive Vice-President for Strategy and Business Transformation at Vale SA (2021-2023)

Main positions and roles outside the Company

- Senior Advisor to Accenture – Chemicals and Natural Resources

OFFICES HELD BY LUCIANO SIANI PIRES

Offices currently held

- Offices and positions held in Group companies
  - Director of Vallourec SA (since November 2023)
- Offices and positions held in companies outside the Group
  - Member of the Advisory Board of Construtora Barbosa Mello (since 2023)
  - Member of the Executive Council of O9 Solutions, Inc. (since 2023)

Offices that have expired in the last five years

- Executive Vice-President of Vale SA (until 2023)
- VLI SA (until 2023)
- Moisaic & Co* (until 2022)
- Vale SA (until 2021)

* *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

6

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

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)
- 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

OFFICES HELD BY ANGELA MINAS

Offices currently held

- Offices and positions held in Group companies
  - Director of Vallourec SA* (since July 2021)
- Offices and positions held in companies outside the Group
  - Director of Woodside Energy*, member of the Audit and Risk Committee, Sustainability Committee, and Nomination and Governance Committee (since April 2023)

Offices that have expired in the last five years

- Director of Crestwood Equity Partners LP (until 2023)
- Director of Westlake Chemical Partnes (until 2023)
- Director of CNX Midstream (until 2020)
- Director of Weatherford International (until 2019)

* *Listed company (for offices currently held).*

3

Main areas of expertise

Industry/Oil & Gas

International experience

Automotive

PATRICK POULIN

EMPLOYEE DIRECTOR
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: 4,005

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-Châtel (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

OFFICES HELD BY PATRICK POULIN

Offices currently held

- Offices and positions held in Group companies
  - Employee director of Vallourec SA since March 2023*
- Offices and positions held in companies outside the Group
  - N/A

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

5

Main areas of expertise

Executive/operational management posts held within major groups

International experience

Financial/audit expertise

Governance of listed companies

Corporate social responsibility

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

OFFICES HELD BY HERA SIU

Offices currently held

- Offices and positions held in Group companies
  - Director of Vallourec SA* (since 2021)
- Offices and positions held in companies outside the Group
  - Director, member of the Finance Committee and the Committee on Corporate Responsibility and Compliance of Goodyear Tires & Rubber* (since December 2019)
  - Member of the Supervisory Board of TeamViewer AG* (since February 2022)
  - Director and member of the Audit Committee of ASMTP* (since August 2022)

Offices that have expired in the last five years

- Director of AInnovation (until 2021)
- Director of ASTRI (until 2019)

* *Listed company (for offices currently held).*

3

Main areas of expertise

Industry/Oil & Gas

International experience

Financial/audit expertise

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

OFFICES HELD BY GARETH TURNER

Offices currently held

- Offices and positions held in Group companies
  - Director of Vallourec SA* (since April 2021)
- Offices and positions held in companies outside the Group
  - Director of Arconic Corporation (since August 2023)

Offices that have expired in the last five years

- Director of Phoenix Services (until 2023)
- Chairman of the Finance Committee and member of the Compensation Committee of Warrior Met Coal (until November 2021)

* *Listed company (for offices currently held).*

Observer

Austin Anton

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

4.2.1.1.7 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.

4.2.1.2 Operating procedures of the Board of Directors

4.2.1.2.1 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 and in accordance with its Internal Rules, 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;

(xii) to convene shareholders' meetings and determine their agenda; and

(xiii) upon the Chief Executive Officer's proposal, and taking into consideration any advice, proposals, recommendations and opinions of the Corporate Social Responsibility Committee, to regularly determine the Company's multi-year CSR and climate strategy and action plans, and to regularly review, at least once a year, the Company's implementation of this strategy and action plans.

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 Articles 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 4.2.2.1.4 "Restrictions on the Chairman and Chief Executive Officer's powers set by the Board of Directors").

4.2.1.2.2 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 4.2.2.1.4 below, "Restrictions on the Chairman and 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 4.4.5 ("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*;

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.

4.2.1.2.3 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 2023, 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.

4.2.1.2.4 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;
- 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 negatives*) 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.

4.2.1.2.5 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 February 29, 2024, 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.

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.

A) Audit Committee

a) 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 February 29, 2024, it had five members: Angela Minas (Chair), Corine de Bilbao, Luciano Siani Pires, 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 Chair – 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 4.2.1.1.6 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/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 Chair, whom he can contact at any time.

The Observers may also attend all Audit Committee meetings, but they may not participate in any votes.

b) 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:

- monitor the process used to prepare the Group's financial information and, where applicable, make recommendations to ensure its integrity;
- review the methodology of reporting on non-financial information, and ensure the draft non-financial information is consistent with the internal audit results and with the financial information and to verify the integrity and the relevance of the CSR information communicated to the Board during a joint session with the CSR committee;
- 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, and make recommendations to the Board when the reappointment of the Statutory Auditor(s) is being considered under the conditions set out in Article L.823-3-1;
- 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.

As part of its work, the Audit Committee reviews Group litigation and all off-balance sheet commitments, including guarantees and warranties, on a quarterly basis. It ensures that conflicts of interest are avoided and reviews related-party agreements.

The Audit Committee also reviews the process used to compile non-financial information, ensuring consistency with financial data along with the relevance and integrity of CSR information provided to the Board. It also reviews CSR risks together with the CSR Committee.

c) 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 Chair 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.

B) Strategic and Finance Committee

a) Membership

The Strategic and Finance Committee comprises a minimum of three and a maximum of five members. As at February 29, 2024, it had three members: Gareth Turner (Chairman), Corine de Bilbao and Pierre Vareille.

The Observers may attend all meetings of the Strategic and Finance Committee, but they may not participate in any votes.

b) 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.

c) Operating procedures

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).

C) CSR Committee

a) Membership

The CSR Committee comprises a minimum of three and a maximum of five members. As at February 29, 2024, it had four members: Corine de Bilbao (Chair), Luciano Siani Pires, Angela Minas and Hera Siu, all of whom are independent.

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.

b) 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;
- 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;
- issuing a recommendation on the appointment of the independent third party responsible for auditing sustainability information in accordance with Articles L.821-40 and L.822-17 of the French Commercial Code.

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.

c) 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.

D) Nomination and Governance Committee

a) Membership

The Nomination and Governance Committee comprises a minimum of three and a maximum of five members. As at February 29, 2024, 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.

b) 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. This policy is described in further detail in section 2.3.3 Diversity and inclusion, of this Universal Registration Document.

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.

c) 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).

E) Remuneration Committee

a) Membership

The Remuneration Committee comprises a minimum of three and a maximum of five members. As at February 29, 2024, it had four members: Pierre Vareille (Chairman), Hera Siu, Angela Minas and Patrick Poulin (employee director). Out of these members only Patrick Poulin is not independent, it being specified that as an employee director, Patrick Poulin was not included in the calculation of the independence rate.

The Observers may attend all Remuneration Committee meetings, but they may not participate in any votes.

b) Roles and responsibilities

The Remuneration Committee is responsible for preparing and facilitating the Board of Directors' deliberations regarding the remuneration of Company Directors and the executive corporate officer. 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 Chair of a Committee;
- putting forward proposals to the Board regarding the remuneration policies for the executive corporate officer, as well as the structure and level of their remuneration (fixed portion, variable portion, benefits in kind, performance shares and stock options, where applicable);
- 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, it is required that the Committee be informed of the remuneration policy applicable to Executive Committee members who are not corporate officers, in which case the executive corporate officer must be involved in the Committee's work.

c) Operating procedures

The Remuneration Committee meets at least twice a year and always before any meeting held to approve the executive corporate officer's 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).

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.

4.2.1.3 Activities of the Board of Directors and the Board Committees in 2023

4.2.1.3.1 ACTIVITIES OF THE BOARD

The Board of Directors met eight times in 2023.

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-yearly and quarterly financial statements, and the budget;
- oversight of the New Vallourec plan;
- 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 adoption of a Stock Market Code of Conduct;
- the membership structure of the Board of Directors and the Board Committees after Maria Silvia Bastos Marques was not reappointed, and the appointment of Luciano Siani Pires;
- the independence of the members of the Board of Directors;
- 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;
- corporate officers' remuneration, with the introduction of a new remuneration policy for directors and a new share-based compensation system for executive corporate officers;
- the adoption of free performance share plans;
- the adoption of an employee share ownership plan (Vallourec Invest 2023).

4.2.1.3.2 ACTIVITIES OF BOARD COMMITTEES

A) Activities of the Audit Committee

The Audit Committee met four times in 2023 and held regular discussions with the Statutory Auditors. During these meetings the Audit Committee notably 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 internal audit within the Group and the audit plan;
- the organization of risk management and internal control within the Group, and the anti-corruption risk mapping process; the progress of audits by the French Anti-Corruption Agency, and efforts to ensure the Group's practices are compliant with applicable requirements;
- the follow-up of the Group's off-balance sheet commitments;
- the review of outstanding litigation;
- the annual review of related-party transactions;
- the selection of the Statutory Auditors to be presented at the Shareholders' Meeting in 2024.

The Statutory Auditors attended all Committee meetings in 2023. They reported to the Committee on their statutory audit work, highlighting the key findings of their audit and the accounting options selected.

B) Activities of the Strategic and Finance Committee

In 2023, the Strategic and Finance Committee met once. The progress of the New Vallourec plan was monitored by all directors at each Board of Directors' meeting.

C) Activities of the CSR Committee

The CSR Committee met four times in 2023.

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 progress of the chemical (CMR) substitution program;
- presentation of the approach used for the double materiality analysis;
- climate change adaptation and risk analysis;
- the preparation and implementation of the Corporate Sustainability Reporting Directive (CSRD);
- presentation of the CSR Committee roadmap.

CSR Committee members were also involved in reviewing the Group's value creation model and in its double materiality assessment. Each member of the CSR Committee thereby had input in identifying the positive and negative impacts as well as the risks and opportunities posed by ESG issues for Vallourec and its value chain. This enabled the Group to identify the main material issues, as set out in chapter 2 of this Universal Registration Document.

In terms of climate-related issues, CSR Committee members reviewed the Group's 2035 Global CSR roadmap. This features specific targets for 2025, 2030 and 2035, as disclosed in the non-financial statement, and includes an analysis of climate change adaptation risks.

Environmental issues such as water management, the use of chemicals and their replacement (notably under the Chemsafe program), enabled the directors on the CSR Committee to bring a strategic focus to Board meetings underpinned by climate, environmental and social concerns.

D) Activities of the Nomination and Governance Committee

The Nomination and Governance Committee met six times in 2023. At these meetings the Committee examined and issued opinions on the following subjects:

- the self-assessment of the Board of Directors;
- the review of the selection criteria for directors;
- the recruitment and appointment of a Director;
- amendments to the Internal Rules of the Board of Directors, the Audit Committee and the CSR Committee, in line with the provisions of the December 2022 AFEP-MEDEF Code and the recommendations of the French financial markets authority (*Autorité des marchés financiers*) in its 2022 report on corporate governance and executive remuneration;
- the review of director independence;
- the self-assessment of the Board of Directors and the adoption of an action plan to optimize its operating procedures;
- the analysis of compliance with the AFEP-MEDEF Code;
- the adoption of a Stock Market Code of Conduct;
- the succession plan for senior executives;
- the preparation of the Universal Registration Document, in particular the report on corporate governance.

E) Activities of the Remuneration Committee

The Remuneration Committee met six times in 2023. At these meetings the Committee examined and issued opinions on the following subjects:

- the review of 2022 variable remuneration, and the design of the 2023 remuneration policy for Philippe Guillemot in his capacity as Chairman and Chief Executive Officer;
- the review of the settlement agreement signed in 2022 between the Company and Édouard Guinotte relating to the termination of his duties as Chairman and Chief Executive Officer;
- the free share plans subject to performance conditions (LTIP) and the granting of shares under Management Equity Plans (2021 MEP and 2023 MEP) for Group employees and managers;
- the revision of the directors' remuneration policy and payment procedures;
- the approval of the amount of directors' remuneration in respect of their duties;
- the Valloured Invest 2023 employee share ownership plan.

4.2.1.3.3 ATTENDANCE OF THE MEMBERS OF THE BOARD OF DIRECTORS IN 2023

Attendance	Board of Directors	Audit Committee	Remuneration Committee	Nomination and Governance Committee	Strategic and Finance Committee	CSR Committee
Philippe Guillemot (Chairman of the Board)	100% (8/8)	–	–	–	–	–
Pierre Vareille (Vice-Chairman of the Board and Lead Independent Director)	100% (8/8)	–	100% (6/6)	100% (6/6)	100% (1/1)	–
Corine de Bilbao	100% (8/8)	75% (3/4)	–	–	100% (1/1)	100% (2/2)
Maria Silvia Marques[(a)]	50% (2/4)	100% (2/2)		–	–	100% (5/5)
Angela Minas	100% (8/8)	100% (4/4)	100% (6/6)	100% (6/6)	_	100% (4/4)
Hera Siu	100% (8/8)	100% (4/4)	100% (6/6)	100% (6/6)	–	100% (4/4)
Gareth Turner	87.5% (7/8)	100% (4/4)	–	–	100% (1/1)	–
Luciano Siani Pires[(b)]	100% (2/2)	–	–	–	–	–
Patrick Poulin[(c)]	100% (7/7)	–	100% (5/5)	–	–	–
Guillaume Wolf[(d)]	100% (1/1)	–	100% (1/1)	–	–	–
AVERAGE ATTENDANCE RATE	**93.75%**	**95%**	**100%**	**100%**	**100%**	**100%**

(a) *Between January 1, 2023 and May 25, 2023, as her term of office expired at the Shareholders' Meeting of May 25, 2023.*
(b) *Between November 12, 2023 and December 31, 2023.*
(c) *Between March 3, 2023 and December 31, 2023.*
(d) *Between January 1, 2023 and March 3, 2023, the date on which his term of office expired.*

4.2.1.4 Self-assessment of the Board of Directors

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.

In the first quarter of 2024, the Board of Directors carried out a formal assessment of its membership structure, organization and operating procedures on with the help of an external consultant. This assessment was performed under the aegis of the Nomination and Governance Committee.

For the purposes of this assessment, the external consultant organized one-on-one interviews with each member of the Board of Directors, based on a common discussion guide prepared with the assistance of the Lead Independent Director and the Group General Counsel. The interviews lasted an hour and a half on average and covered the following topics:

- the operation and membership structure of the Board of Directors and its Committees;
- the organization of the work of the Board and its Committees;
- items on the agenda for meetings of the Board of Directors and its Committees;
- the quality of discussions between members of the Board of Directors and members of the Group's management team;
- the quality of the input and effective contribution of each Board member;
- the skills of each member of the Board of Directors, particularly in terms of corporate social responsibility and corporate governance;
- the quality of information provided to Directors;
- the quality of the decision-making process within the Board of Directors;
- the quality of the Board of Directors' work in terms of monitoring the Group's performance, managing risk, participating in the development of the Group's strategy and in innovation efforts within the Group's businesses, and devising the succession plan.

A summary of the self-assessment was analyzed by the Lead Independent Director, the Nomination and Governance Committee and the Group General Counsel.

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, and sent sufficiently in advance of Board and Committee meetings to allow their work to be properly prepared; the frequency of meetings is considered adequate; the quality and transparency of discussions and debates are good; the organization of meetings is clear and well-structured, with a good balance between discussions and presentations; and the near-systematic attendance of Board and Committee members in person contributes to the quality of discussions;
- the work of the Board of Directors and its Committees is planned throughout the year; Committee members are extremely diligent and effectively prepare the Board's decisions;
- the Board of Directors is offered an annual on-site meeting and visits to plants, with presentations given by management and/or operational teams to provide a better understanding of the Group's activities.

4.2.2 Executive Management

4.2.2.1 Chairman and Chief Executive Officer

4.2.2.1.1 COMBINING THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Since March 20, 2022, Philippe Guillemot has been Chairman of the Board of Directors and Chief Executive Officer, and Pierre Vareille has been Lead Independent Director. The Board of Directors considers that combining the roles of Chairman and Chief Executive Officer around a close-knit Board of Directors promotes agile decision-making and fluid information-sharing. It therefore ensures that the Company's governance is fully aligned with the execution of its strategy. The rollout of the New Vallourec plan has vindicated this decision.

4.2.2.1.2 STATUS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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.

4.2.2.1.3 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.

4.2.2.1.4 RESTRICTIONS ON THE CHAIRMAN AND 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 on 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 of 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.

4.2.2.2 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 every month.

As at February 29, 2024, the Executive Committee members were:

13 MEMBERS

Philippe Guillemot
Chairman and Chief Executive Officer

Sascha Bibert
Group Chief Financial Officer

Philippe Carlier
Senior Vice-President Group Industry and Eastern Hemisphere

Jacky Massaglia
Senior Vice-President North America

Laurent Dubedout
Senior Vice-President OCTG Services and Accessories Business Line

Bertrand Frischmann
Chief Operating Officer of the America

Valeria Fernandes
Group Chief Digital and Information Officer

Sarah Dib
Group General Counsel

Bertrand de Rotalier
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

Damien Rebourg
Communication and Public Affairs Senior Vice President

4.3 Corporate officers' remuneration and benefits

This section, drawn up with the assistance of the Board's Remuneration Committee, describes the components of remuneration for Directors, executive corporate officers and members of Group management, and presents the long-term remuneration plans in place within the Group.

4.3.1 Remuneration policies for corporate officers for 2024 submitted to the Shareholders' Meeting for approval

The sections below set out the remuneration policies for the Company's corporate officers, particularly for 2024. 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 23, 2024. The previous remuneration policies for corporate officers were approved at the May 25, 2023 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.

The remuneration policies for corporate officers are determined by the Board of Directors based on proposals put forward by the Remuneration Committee, whose role is described in section 4.2.1.2.5(E)b. The definition of these policies and their application take into account the work accomplished, the results obtained and the responsibilities assumed, and rely on analyses of the market context, which are notably based on compensation surveys carried out by external consultants. The policies are reviewed annually.

4.3.1.1 Remuneration policy for Directors

In view of the reduced number of Directors, the Board of Directors submitted a revised remuneration policy for Directors to the May 25, 2023 Shareholders' Meeting based on proposals put forward by the Remuneration Committee. The aim is to encourage Directors to attend Board and Board Committee meetings in person. This new policy was approved by the Shareholders' Meeting on May 25, 2023. In light of the effectiveness of the new remuneration policy on Directors' attendance in 2023, the Shareholders' Meeting of May 23, 2024 is asked to renew the policy for 2024.

A) GENERAL PRINCIPLES

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 May 25, 2023 Ordinary and Extraordinary Shareholders' Meeting.

Members of the Board of Directors receive a portion of their remuneration as a fixed amount and another variable 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 Chair 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.

B) 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 Chair 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 Chair 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.

C) TRAVEL ALLOWANCE

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.

D) REIMBURSEMENT OF EXPENSES

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) within the limit of the applicable Group policy and subject to the provision of the supporting documentation.

4.3.1.2 Remuneration policy for executive corporate officers for 2024

Article L.22-10-8-II of the French Commercial Code requires that the remuneration policy for corporate officers be submitted to the Shareholders' Meeting for approval each year. The shareholder vote on executive corporate officer remuneration is binding (as opposed to advisory).

At its meeting on February 29, 2024, the Board of Directors, acting on a proposal put forward by the Remuneration Committee, approved the remuneration policy for the Chairman and Chief Executive Officer set out below.

The general principles governing remuneration policy for executive corporate officers, set out in section 4.3.1.2.1, were reviewed by the Board of Directors and have been set for 2024.

4.3.1.2.1 GENERAL PRINCIPLES OF THE REMUNERATION POLICY SET BY THE BOARD OF DIRECTORS FOR THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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, as well as CSR 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. The Board is careful to ensure that share awards are subject to stringent mandatory holding rules;
- 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 Chairman and Chief Executive Officer, is made up of a fixed portion and a variable portion, along with long-term incentive equity instruments.

4.3.1.2.2 COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S 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

A) Fixed portion

In general, the fixed portion of remuneration is reviewed regularly based on the responsibility assumed by the Chairman and Chief Executive 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 4.3.1.2.1 above.

The Board of Directors also ensures that changes in the fixed portion of the Chairman and Chief Executive Officer's remuneration are moderate as compared to the overall wage increases of Group employees over the same period.

B) Variable portion

The aim of allocating a variable portion of annual remuneration is to ensure that the Chairman and Chief Executive Officer has 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 2024, 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 2024 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.

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 the Group's key operating and financial indicators and CSR objectives, which are in line with the nature of its activities, its strategy and values, and the challenges it faces.

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.

For 2024, 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)*
1. Financial performance: EBITDA by metric ton, EBITDA "Inventories" (Days On Hold)	Weighting: 60%
2. Operating performance: Rapid performance improvement	Weighting: 20%
3. CSR: Quality, safety, carbon emissions and diversity	Weighting: 20%

- quality: number of customer claims per month;
- security: TRIR (total recordable incident rate per million hours worked);
- carbon emissions;
- diversity: percentage of women managers recruited or promoted to posts corresponding to grade 20 and above.

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.

C) Medium- and long-term incentive equity instruments (2021 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 (the "2021 MEP"). The terms and conditions of the 2021 MEP are detailed in section 4.3.3.2.1(A) of this Universal Registration Document.

The shares granted to the Chairman and Chief Executive Officer are T2 and/or T3 and T4 preferred shares, convertible into ordinary shares on a 1:1 basis. The shares granted may be existing shares or new shares to be issued.

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.

D) Benefits in kind for the Chairman and Chief Executive Officer

In terms of benefits in kind, the Chairman and Chief Executive Officer is entitled, as are the majority of the Group's senior executives, to a company car.

E) Remuneration of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer does not receive any remuneration or attendance fees for the corporate offices they hold in direct or indirect subsidiaries of the Vallourec Group.

F) Supplementary pension plans

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 two components:

a) 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[1]. This plan is detailed in section 4.3.3.1.2 of this Universal Registration Document. 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.

b) 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[2]. In accordance with France's "Macron Law", performance criteria have been set for the contributions under these plans to be paid. This plan is detailed in section 4.3.3.1.2 of this Universal Registration Document.

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.

G) Provisions applicable to termination of the duties of the Chairman and Chief Executive Officer

a) 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. No payments shall be made under the non-compete compensation after the executive concerned retires, and no compensation can be paid beyond the age of 70.

(1) Eligible beneficiaries are Vallourec employees in France whose annual remuneration exceeds four times the social security ceiling (in 2023: 4 x €43,992), i.e., around 73 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.

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 installments 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.

b) 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.

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.

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.:

- 2021: 98.93%;
- 2022: 68.15%;
- 2023: 95.06%.

H) 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.

I) 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.

4.3.2 Remuneration and benefits paid or awarded for 2023 (ex-post)

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 23, 2024. These votes relate to the total remuneration and benefits paid or awarded during the year ended December 31, 2023 to all corporate officers.

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.

4.3.2.1 Compliance of total remuneration with the remuneration policies for corporate officers approved by the shareholders

At its meeting on February 29, 2024, the Board of Directors ensured that the fixed, variable and extraordinary components comprising the total remuneration and benefits paid or awarded for 2023 to the Company's corporate officers complies with the remuneration policies for corporate officers approved by the Shareholders' Meeting of May 25, 2023, an adjustment to which will be submitted for approval to the Shareholders' Meeting to be held on May 23, 2024.

The Board also ensured that the remuneration for executive corporate officers contributes to the Company's long-term performance.

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 25, 2023, 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.

May 25, 2023 Shareholders' Meeting resolutions	Approval rate
Eighth resolution – Approval of the amendment to the remuneration policy for the Chairman and Chief Executive Officer for 2023	88.51%
Ninth resolution – Approval of the amendment to the remuneration policy for directors (other than the Chairman) for 2023	98.37%

4.3.2.2 Remuneration of directors

Pursuant to Articles L.22-10-34-I and L.22-10-9-I of the French Commercial Code, the fixed, variable and extraordinary components of the total remuneration and benefits paid during or awarded for a given fiscal year to the corporate officers are submitted each year to the Shareholders' Meeting for approval. The shareholder vote on director remuneration is binding (as opposed to advisory).

The table below sets out the individual remuneration received by members of the Board of Directors (fixed and variable portions combined) in consideration of their term of office as Directors in 2022 and 2023, in application of the remuneration policies described in section 4.3.1.1.

REMUNERATION RECEIVED BY MEMBERS OF THE BOARD (BASED ON THE TABLE 3 TEMPLATE PROVIDED BY THE AFEP-MEDEF CODE):

Remuneration received by non-executive corporate officers

Non-executive corporate officers	Amounts paid in respect of 2022	Amounts paid in respect of 2023
Pierre Vareille	252,000	203,000
Corine de Bilbao	144,000	116,000
Maria Silvia Marques	112,000	41,000
Luciano Siani Pires	N/A	21,500
Angela Minas	194,000	174,000
Hera Siu	120,000	124,500
Gareth Turner[(a)]	N/A	N/A
Patrick Poulin[(b)]	N/A	48,500
Guillaume Wolf[(c)]	N/A	N/A
TOTAL	**822,000**	**728,500**

(a) *Gareth Turner waived his entitlement to Directors' remuneration.*
(b) *Employee director as from March 6, 2023.*
(c) *Employee director until March 3, 2023. Guillaume Wolf waived his entitlement to Directors' remuneration.*

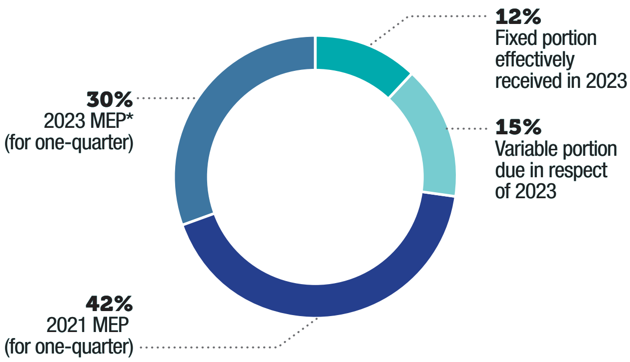
With the exception of the employee director, who received remuneration in respect of his salaried duties, non-executive corporate officers received no other remuneration from the Company or from a Group entity in connection with their corporate offices in 2022 or 2023.

4.3.2.3 Executive corporate officers' remuneration

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 2023.

4.3.2.3.1 COMPONENTS OF THE REMUNERATION AND BENEFITS OF EXECUTIVE CORPORATE OFFICERS

The respective weighting of each of the components of the remuneration of the Chairman and Chief Executive Officer was as follows in 2023 (as the 2021 MEP is intended to be a multi-year plan, one-quarter of its value has been taken into account for Philippe Guillemot):



* *Subject to the vote of the Annual General Meeting of the shareholders on May 23, 2024.*

In accordance with the remuneration policy for the Chairman and Chief Executive Officer approved by the Shareholders' Meeting of May 25, 2023, the various components of remuneration paid or awarded to Philippe Guillemot during 2023 are calculated as described below.

A) Fixed portion

In accordance with the remuneration policy, the annual fixed portion of remuneration payable to Philippe Guillemot, Chairman and Chief Executive Officer, amounted to €1,000,008 for 2023. This fixed portion has not changed since the remuneration policy was established for 2022.

In comparison, the fixed remuneration of the Group's French employees between 2019 and 2023 on a full-year basis increased by 10%.

B) 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.

The 2023 variable portion was contingent on the achievement of several precise and pre-defined quantitative or qualitative objectives, for which the minimum, target and maximum amounts were initially set by the Supervisory Board and maintained by the Board of Directors.

Based on a proposal put forward by the Remuneration Committee, the Board of Directors determined the components and targets of Philippe Guillemot's variable compensation for 2023 at its March 1, 2023 meeting. The objectives set for the Chairman and Chief Executive Officer's remuneration were based on three fundamental priorities:

- the Group's financial performance (four objectives);
  - EBITDA by metric ton,
  - EBITDA by metric ton (mining),
  - Group EBITDA,
  - "Inventories" (Days On Hold),
- operating performance (one objective),
  - rapid performance improvement,
- CSR (four objectives),
  - quality: number of customer claims per month,
  - TRIR: total recordable incident rate per million hours worked,
  - carbon emissions,
  - diversity: % of women managers recruited or promoted to posts corresponding to grade 20 and above.

For 2023, the variable portion of the Chairman and Chief Executive Officer's compensation could be increased by an additional 30% if the Group exceeds its debt reduction targets ("booster").

In 2023, 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 2022) and the weighting of CSR performance objectives was 20% of the target variable portion.

In view of the results achieved and based on a proposal put forward by the Remuneration Committee, the Board of Directors determined the quantitative and qualitative variable remuneration for 2023 at its meeting of February 29, 2024, as follows:

- Regarding Philippe Guillemot:

2023 variable portion	Philippe Guillemot From January 1 to December 31, 2023
STRUCTURE AND LEVEL OF THE VARIABLE PORTION *(expressed as a percentage of the fixed portion)*	Variable portion: 100% if the objectives set by the Board are met and 135% if they are exceeded
FINANCIAL PERFORMANCE OBJECTIVES	Weighting in target variable portion: 60%
EBITDA by metric ton	Criterion ranging from 0 to 21% if the target was met, and up to a maximum of 28.35%
The achievement rate for this indicator is	26.839%
EBITDA by metric ton (mining)	Criterion ranging from 0 to 6% if the target was met, and up to a maximum of 8.10%
The achievement rate for this indicator is	0.000%
Group EBITDA	Criterion ranging from 0 to 15% if the target was met, and up to a maximum of 20.25%
The achievement rate for this indicator is	20.069%
"Inventories" (Days On Hold)	Criterion ranging from 0 to 18% if the target was met, and up to a maximum of 24.30%
The achievement rate for this indicator is	0.000%
TOTAL AMOUNT AWARDED BASED ON FINANCIAL PERFORMANCE OBJECTIVES[A]	**€469,084**
OPERATING PERFORMANCE OBJECTIVES	Weighting in target variable portion: 20%
Accelerated operating performance	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	27.000%
TOTAL AMOUNT AWARDED BASED ON OPERATING PERFORMANCE OBJECTIVES	**€270,002**
CSR OBJECTIVES	Weighting in target variable portion: 20%
Quality	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	6.750%
Safety (TRIR)[a]	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	7.650%
Social and environmental responsibility composite indicator	Criteria ranging from 0 to 2.5% if the target was met, and up to a maximum of 3.375%
The achievement rate for these indicators is	3.375%
Diversity: percentage of women managers recruited or promoted to posts corresponding to grade 20 and above	Criteria ranging from 0 to 2.50% if the target was met, and up to a maximum of 3.375%
The achievement rate for these indicators is	3.375%
TOTAL AMOUNT AWARDED BASED ON CSR PERFORMANCE OBJECTIVES	**€211,502**
Actual percentage of the variable portion in relation to the target variable portion	95.058%
ACTUAL VARIABLE PORTION AS A PERCENTAGE OF THE FIXED PORTION OF REMUNERATION	**95.058%**
"Accelerator" Group debt reduction objectives	Criterion ranging from 0 up to a maximum of 30%
The achievement rate for this indicator is	30%
Percentage of the variable portion calculated after application of the "Accelerator" objective	123.575%
Actual variable portion after application of the "Accelerator" objective as a percentage of the fixed portion of remuneration	123.575%
ACTUAL VARIABLE PORTION (IN €)	**€1,235,764**

(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.*

In terms of the operating performance criteria, the Board of Directors – on the recommendation of the Remuneration Committee – decided to set the achievement rate at 27%, emphasizing:

- the delivery of the CapEx projects related to upgrading Brazil production tool capabilities, on time and to budget, and key to the success of the Group's transformation;
- the smooth transfer of products from Europe to Brazil (55 complex product references from Germany that were not previously manufactured in Brazil);
- successful ramp-down in Germany with no negative impacts on planned activity in 2023 and in line with safety, quality, volume and financial targets.

Pursuant to Article L.22-10-34 of the French Commercial Code, payment of the Chairman and Chief Executive Officer's variable remuneration is subject to the shareholders' approval at the Annual Shareholders' Meeting of the remuneration for each executive corporate officer concerned, as provided for in Article L.22-10-34-II of the French Commercial Code.

C) Long-term incentive equity instruments (2021 MEP)

The 2023 remuneration policies approved by the Shareholders' Meeting on May 25, 2023 referred to the Company's share-based payment mechanism introduced by the Board of Directors on October 13, 2021 (2021 MEP). The specific features of this mechanism based on performance and on terms and conditions generally applied by private equity funds, are explained in section 4.3.3.2.1(A) of this Universal Registration Document.

Table 7 in section 4.3.2.3.2 of this Universal Registration Document details the number of free shares granted in this respect in 2022 and fully vested in 2023.

Table 6 in section 4.3.2.3.2 of this Universal Registration Document details the number of free shares granted in 2023 to Philippe Guillemot in his capacity as Chairman and Chief Executive Officer, subject to the approval of the Shareholders' Meeting of May 23, 2024. In accordance with the provisions of the AFEP-MEDEF Code, this share grant was the subject of a press release dated July 27, 2023, and is subject to a vote at the Shareholders' Meeting to be held on May 23, 2024, on the adjustments to the compensation policy approved by the Shareholders' Meeting of May 25, 2023.

Table 9.1 in section 4.3.3.2.1(C) of this Universal Registration Document details past performance share grants to executive corporate officers under the MEP mechanism.

D) Benefits in kind

In 2023, the Chairman and Chief Executive Officer had use of a Company car.

E) Remuneration in respect of corporate offices

The Chairman and Chief Executive Officer did not receive any remuneration or compensation in 2023 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.

F) Supplementary pension plans

a) Mandatory group defined contribution plan (Article 83 of the French Tax Code)

In 2023, the contribution paid to the Chairman and Chief Executive Officer under the mandatory collective defined-contribution pension plan described in section 4.3.3.1.2(A) of this Universal Registration Document represented €21,116.16 on a full-year basis. The contribution is partly subject to social security charges.

The estimated amount of the annuity that will be paid under this plan upon settlement of French social security pension rights, calculated as at December 31, 2023, is indicated below for the Chairman and Chief Executive Officer:

Corporate officers	Estimated annuity as at December 31, 2023[(a)]
Philippe Guillemot	€1,828

(a) *On the basis of a post-retirement life expectancy of 20 years.*

b) Individual plan subject to performance criteria (Article 82 of the French Tax Code)

Concerning the individual pension plan subject to performance criteria described in section 4.3.3.1.2(B) of this Universal Registration Document, the Board of Directors validated the achievement of the performance condition applicable to the payment of the contribution to the Chairman and Chief Executive Officer's individual pension plan in respect of 2023. The maximum contribution was due as a result of the achievement of at least 50% of the annual bonus calculated for 2023. 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 2023	Amount of contributions payable	Amount payable in cash
Philippe Guillemot	€460,008	€230,004	€230,004

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 under this plan when they claim their French social security retirement benefits, calculated as at December 31, 2023, is indicated below for the Chairman and Chief Executive Officer:

Corporate officers	Estimated annuity as at December 31, 2023[(a)]
Philippe Guillemot	€17,370

(a) *On the basis of a post-retirement life expectancy of 20 years.*

G) Provisions applicable to termination of the duties of the Chairman and Chief Executive Officer

None.

H) Extraordinary remuneration

No extraordinary remuneration was paid to Philippe Guillemot.

I) Signing bonuses

No signing bonus was paid to Philippe Guillemot.

J) Deferred variable remuneration

No deferred variable remuneration was paid to Philippe Guillemot.

4.3.2.3.2 OVERVIEW OF REMUNERATION AND BENEFITS PAID TO EXECUTIVE CORPORATE OFFICERS

The following tables summarize the compensation, performance shares and stock options granted to Philippe Guillemot, Édouard Guinotte and Olivier Mallet for the years ended December 31, 2022 and 2023.

Table 1: Table summarizing the remuneration, stock options and performance shares granted or paid to executive corporate officers

The following table summarizes the remuneration and the value of the stock options and performance shares granted for 2022 and 2023:

In €	2022	2023
PHILIPPE GUILLEMOT **CHAIRMAN AND CHIEF EXECUTIVE OFFICER SINCE MARCH 20, 2022**		
Remuneration awarded for the year (see para. B) of section 7.6.2 below)	1,437,060	2,470,288
Value of stock options granted during the year (see para. C) of section 7.6.2 below)[a]	N/A	
Value of performance shares granted during the year (see para. E) of section 7.6.2 below)[a]	N/A	
Value of preferred shares granted during the year	13,515,172[b]	9,850,000[c]
TOTAL	**14,952,232**	**12,320,288**

(a) *No stock options or performance shares were granted to corporate officers in 2023.*
(b) *Grant made on June 4, 2022 under the 2021 MEP. Value of preferred shares is as indicated in chapter 7 of this Universal Registration Document.*
(c) *Grant made on July 27, 2023 under the 2021 MEP and contingent on the approval of the Shareholders' Meeting of May 23, 2024. Value of preferred shares is as indicated in chapter 7 of this Universal Registration Document.*

In €	2022	2023
ÉDOUARD GUINOTTE **CHAIRMAN AND CHIEF EXECUTIVE OFFICER UNTIL MARCH 20, 2022**		
Remuneration awarded for the year (see chapter 7, note 6.3 below)	1,479,033	323,937
Value of stock options granted during the year (see chapter 7, note 6.3 below)[a] under the long-term incentive plan of October 13, 2021	N/A	N/A
Value of performance shares granted during the year (see chapter 7, note 6.3 below)[a] 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[b]		
Value of preferred shares granted during the year under the MEP of October 13, 2021[b]		
TOTAL	**1,479,033**	**323,937**

(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 7 of the 2021 Universal Registration Document.*

In €	2022	2023
OLIVIER MALLET **DEPUTY CHIEF EXECUTIVE OFFICER UNTIL MARCH 20, 2022**		
Remuneration awarded for the year (see chapter 7, note 6.3 below)	200,506	0
Value of stock options granted during the year (see chapter 7, note 6.3 below)[a] under the long-term incentive plan of October 13, 2021	N/A	N/A
Value of performance shares granted during the year (see chapter 7, note 6.3 below)[a] 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[b]		
Value of preferred shares granted during the year under the MEP of October 13, 2021[b]		
TOTAL	**200,506**	**0**

(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 7 of the 2021 Universal Registration Document.*

Table 2: Summary of the remuneration awarded or paid to executive corporate officers

The tables below show the breakdown of fixed and variable remuneration and other benefits granted to Philippe Guillemot, Édouard Guinotte and Olivier Mallet for the years ended December 31, 2022 and 2023.

	2022		2023	
In €	**Amounts due for the year**	**Amounts paid during the year**	**Amounts due for the year**	**Amounts paid during the year**
PHILIPPE GUILLEMOT, CHAIRMAN AND CHIEF EXECUTIVE OFFICER FROM MARCH 20, 2022				
Fixed remuneration	782,615	782,615	1,000,008	1,000,008
Annual variable remuneration	533,352		1,235,764[(c)]	533,352
Article 82 payment in cash[(a)]	117,392		230,004[(c)]	117,392
Extraordinary remuneration				
Remuneration in respect of directorships				
Benefits in kind[(b)]	3,701	3,701	4,512	4,512
TOTAL	**1,437,060**	**786,316**	**2,470,288**	**1,655,264**
ÉDOUARD GUINOTTE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER UNTIL MARCH 20, 2022				
Fixed remuneration	130,435	130,435		
Annual variable remuneration	130,435[(c)]	593,580		130,435
Article 82 payment in cash[(a)]	19,165[(c)]	89,519		19,165
Extraordinary remuneration	-	-		
Attendance fees	-	-		
Benefits in kind[(b)]	839	839		
Termination benefit	793,238	793,238		
Non-compete compensation	404,921	404,921	323,937	323,937
TOTAL	**1,479,033**	**2,012,532**	**323,937**	**473,537**
OLIVIER MALLET, DEPUTY CHIEF EXECUTIVE OFFICER UNTIL MARCH 20, 2022				
Fixed remuneration	102,175	102,175		
Annual variable remuneration	76,631[(c)]	345,547		76,631
Article 82 payment in cash[(a)]	20,418[(c)]	93,920		20,418
Extraordinary remuneration	-	-		
Remuneration in respect of directorships	-	-		
Benefits in kind[(b)]	1,282	1,282		
TOTAL	**200,506**	**542,924**	**0**	**97,049**

(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 4.3.2.2.1.*

(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 23, 2024.*

Table 4 – Stock options granted during the year by Vallourec or by any Group company to each executive corporate officer

No stock options were granted to executive corporate officers in 2023.

Table 5 – Stock options exercised during the year by each executive corporate officer

No executive corporate officer exercised any stock options during 2023 under stock option plans set up in previous years.

Table 6 – Performance shares granted during the year by Vallourec or by any Group company to each executive corporate officer

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	2021 MEP July 27, 2023	T2 preferred shares[(b)], or 0.527%[(a)] of the share capital	1,250,000[(d)]	1,250,000	July 27, 2024	July 27, 2025	€9,850,000	Yes[(c)]

(a) *Based on the Company's share capital as at December 31, 2023.*

(b) *Preferred shares vest in full after one year. At the end of the first year, vested shares are subject to a one-year holding obligation.*

(c) *Preferred shares will be convertible if the weighted average share price for a period of 90 consecutive days is at least €16.19 for Tranche 2 shares.*

(d) *This award is contingent on the approval of the Shareholders' Meeting of May 23, 2024. It would represent 0.5268% of the Company's share capital as at December 31, 2023, with the Chairman and Chief Executive Officer's share representing 23.8% of all awards made in 2023, in accordance with the tenth resolution of the Shareholders' Meeting of September 7, 2021.*

Table 7 – Performance shares that became available in 2023 for each executive corporate officer

Name of executive corporate officer	Number of shares granted on June 15, 2020	Number of shares vested on June 15, 2023	Percentage of shares vested on June 17, 2022
Philippe Guillemot	N/A	N/A	N/A

Name of executive corporate officer	Plan number and date	Number and category of shares granted	Number and category of shares vested	Vesting date	Availability date	Performance conditions
Philippe Guillemot	2021 MEP of June 4, 2022	2,058,876 (i.e.: 957,938 Tranche 2 shares 957,938 Tranche 3 shares 143,000 Tranche 4 shares)	2,058,876 (i.e.: 957,938 Tranche 2 shares 957,938 Tranche 3 shares 143,000 Tranche 4 shares)	June 4, 2023	June 4, 2024	Yes [(a)]

(a) *Preferred shares will be convertible if the weighted average share price for a period of 90 consecutive days is at least €16.19 for Tranche 2 shares, €20.22 for Tranche 3 shares and €28.32 for Tranche 4 shares.*

Table 10 – Table summarizing the multi-annual variable remuneration paid to each executive corporate officer

N/A.

Table 11 – Summary of the status and departure arrangements for executive corporate officers

	Employment contract		Supplementary pension plan[(a)]		Benefits or entitlements due or likely to become due as a result of termination or change of position[(b)]		Benefits relating to a non-compete clause[(c)]	
	Yes	No	Yes	No	Yes	No	Yes	No
PHILIPPE GUILLEMOT Chairman and Chief Executive Officer Term expires: 2026 OSM		X	X		X		X	

(a) *For a description of the supplementary pension plan, see section 4.3.2.2.1(F) below.*

(b) *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 4.3.1.2.2 (G) above.*

(c) *For a description of the applicable non-compete compensation, see section 4.3.1.2.2 (G-a) above.*

4.3.2.4 Remuneration ratios and year-on-year changes in remuneration, Company performance and the average remuneration of employees during the last five fiscal years/Pay ratios

In accordance with Article L.22-10-9 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.

	2019	2020	2021	2022	2023
PHILIPPE CROUZET/ÉDOUARD GUINOTTE/PHILIPPE GUILLEMOT (SINCE MARCH 20, 2022)					
Remuneration[(a)]	€1,907,520	€786,785	€2,929,036	€4,386,532	€7,642,118
(Year-on-year change)	*-19.79%*	*-58.75%*	*272.28%*	*49.76%*	74.22%
Average remuneration of employees (full-time equivalent basis excluding corporate officers)[(b)(c)(d)]	€45,192	€49,462	€49,354	€60,279	€60,622
(Year-on-year change)	*-0.4%*	*9.4%*	*-0.2%*	*22.1%*	0.6%
Ratio compared with the average remuneration of employees (full-time equivalent basis excluding corporate officers)	42.2	15.9	59.3	72.8	126.1
(Year-on-year change)	*-19.5%*	*-62.3%*	*273.1%*	*22.6%*	73.2%
Median remuneration of employees (full-time equivalent basis excluding corporate officers)[(b)(c)]	€31,363	€33,774	€30,785	€37,869	€41,068
(Year-on-year change)	*-2.0%*	*7.7%*	*-8.8%*	*23.0%*	8.4%
Ratio compared with the median remuneration of employees (full-time equivalent basis excluding corporate officers)	60.8	23.3	95.1	115.8	186.1
(Year-on-year change)	*-18.2%*	*-61.7%*	*308.4%*	*21.7%*	60.6%
NET INCOME (LOSS) (COMPANY PERFORMANCE) ***(In € thousands)***	**(340,103)**	**(1,328,397)**	**(31,437)**	**(363,707)**	**523,910**
(Year-on-year change)	*32.00%*	*-290.60%*	*102.40%*	*-1,256.9%*	244.05%

(a) Philippe Guillemot's remuneration has been annualized. As the 2021 and 2023 MEPs can cover four years, one-quarter of the value of Philippe Guillemot's MEPs was taken into account for 2022 and 2023.

(b) The number of employees taken into account decreased from 976 in 2022 to 901 in 2023 (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, 13th-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 2019 and 2023 (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).

4.3.3 Executive incentives and employee profit-sharing

4.3.3.1 Remuneration and retirement obligations for the Group's main executives

4.3.3.1.1 REMUNERATION OF THE GROUP'S MAIN SENIOR EXECUTIVES

The total amount of all direct and indirect remuneration paid in 2023 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 2023, excluding the corporate officers) amounted to €5,043 thousand. Variable remuneration represented 18% 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 €6,684 thousand.

4.3.3.1.2 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.

A) 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.

B) 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);
- Vallourec's financial obligation is strictly limited in terms of amount and time since it can close the plan at any time.

C) 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 executives and corporate officers;
- 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;
- 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 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.

4.3.3.2 Long-term remuneration plans (performance shares, stock options, employee share ownership)

Vallourec is pursuing its long-standing policy of (i) enabling employees to share in the Group's earnings with the aim of supplementing their remuneration through a number of long-term mechanisms, and (ii) closely aligning the interests of Vallourec's management and those of its shareholders over the long term through mechanisms such as annual grants of stock options and/or performance shares subject to the achievement of performance objectives assessed over several fiscal years.

These grants designed for managerial staff members according to a predefined scope and volume are implemented worldwide[1].

The stock options and/or performance shares granted are contingent upon:

- continuous service within the Group; and
- meeting pre-defined, objective performance conditions.

Out of a wish to involve the Group's employees and managers in value creation and to develop employee share ownership in recognition of the progress already achieved, on July 27, 2023 the Board of Directors, acting on a proposal from the Remuneration Committee, decided:

- to set up, in accordance with the thirteenth and fourteenth resolutions of the Shareholders' Meeting of May 25, 2023, an employee share ownership plan for Group employees in France, the United States and Brazil, to be rolled out during the fourth quarter of 2023 (Vallourec Invest 2023);
- to set up, in accordance with the twelfth resolution of the Shareholders' Meeting of May 25, 2023, a long-term performance-based incentive plan for managers not eligible for the 2023 MEP plan mentioned below; and
- to set up, in accordance with the authorization granted by the tenth resolution of the Shareholders' Meeting of September 7, 2021, a long-term incentive plan (2023 MEP) for certain Group managers, excluding Philippe Guillemot, at his request. This plan is in addition to the share-based payment mechanism adopted by the Board of Directors on October 13, 2021 (2021 MEP), which provides for the granting, subject to continuous service and/or performance conditions, of ordinary shares and preferred shares convertible into free ordinary shares, to the Chairman and Chief Executive Officer, Executive Committee members and certain managers.

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.

4.3.3.2.1 MEP

A) 2021 MEP

On October 13, 2021 the Board of Directors set up a share-based compensation plan in accordance with the authorization granted under the tenth resolution approved by the Annual Shareholders' Meeting of September 7, 2021. The remuneration provided for in this 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.

Ordinary shares granted under the 2021 MEP ("Tranche 1 Shares") will vest in successive tranches over five years as from their grant date, i.e., 20% on each anniversary of the initial grant date, subject to the continuous service condition and provided that the ordinary share price is at least equal to €8.09 on each relevant vesting date. Tranche 1 Shares that vest in full on the first anniversary of their grant date are subject to a one-year holding period.

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 has been at least equal to €16.19 for a period of 90 consecutive trading sessions on the regulated market of Euronext Paris, within a maximum period of five years as from the effective date of the Company's restructuring (i.e., June 30, 2021);
- 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 has been at least equal to €20.22 for a period of 90 consecutive trading sessions on the regulated market of Euronext Paris, within a maximum period of five years as from the effective date of the Company's restructuring (i.e., June 30, 2021);
- 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 has been at least equal to €28.32 for a period of 90 consecutive trading sessions on the regulated market of Euronext Paris, within a maximum period of five years as from the effective date of the Company's restructuring (i.e., June 30, 2021).

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 any voting 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.

(1) 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 accordingly.

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 linked to the share price will take into account extraordinary dividend distributions made by the Company, such that performance triggers will be adjusted accordingly.

In 2021, the Board of Directors decided to award, subject to continuous service and/or performance conditions, to employees and executive corporate officers, under the 2021 MEP: a target number of 1,618,690 ordinary shares and 3,621,598 preferred shares, for 73 managers. Of these free shares, 300,571 ordinary shares and 2,548,628 preferred shares vested on October 13, 2022, and 146,498 ordinary shares vested on October 13, 2023.

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, under the 2021 MEPs:

- on June 4, 2022, a target number of 57,359 ordinary shares and 3,743,088 preferred shares(1); of these free shares, 11,472 ordinary shares and 3,743,088 preferred shares vested on June 4, 2023;
- on July 4, 2022, a target number of 276,458 preferred shares; of these free shares, 276,458 preferred shares vested on July 4, 2023;
- on July 14, 2022, a target number of 810,416 preferred shares; of these free shares, 810,416 preferred shares vested on July 14, 2023;
- on July 26, 2022, a target number of 429,166 preferred shares; none of these free shares had vested on July 26, 2023;
- on September 12, 2022, a target number of 16,168 preferred shares; of these free shares, 16,168 preferred shares vested on July 26, 2023;
- on December 14, 2022, a target number of 95,502 preferred shares; of these free shares, 66,254 preferred shares vested on December 14, 2023.

In 2023, 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, under the 2021 MEP:

- on March 1, 2023, a target number of 404,928 preferred shares;
- on July 27, 2023, a target number of 1,348,148 preferred shares(2);
- on November 12, 2023, a target number of 49,608 preferred shares.

B) 2023 MEP

Under the tenth resolution relating to performance and preferred shares, adopted by the September 7, 2021 Ordinary and Extraordinary Shareholders' Meeting, on July 27, 2023 the Board of Directors approved the terms and conditions of a plan awarding free ordinary shares subject to performance conditions ("2023 MEP").

This plan provides for the granting of free ordinary shares subject to the same cumulative performance and continued service conditions as the Tranche 1 Shares granted under the 2021 MEP plan.

Under this plan, the shares granted will vest in successive tranches over three years, i.e., 20% on the first anniversary of the grant date, 30% on the second anniversary and 50% on the third anniversary, subject to the continuous service condition and provided that the ordinary share price is at least equal to €8.09 on each relevant vesting date.

These ordinary shares are also 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).

On the same day, the Board of Directors decided to grant a target number of 1,251,010 free ordinary shares, i.e., 0.5272% of the share capital as at December 31, 2023, to 48 managers (excluding Philippe Guillemot at his request), subject to continuous service and performance conditions.

C) History of performance share awards under MEP plans

As at December 31, 2023, the number of shares not yet vested was (i) 670,611 preferred shares and 390,829 ordinary shares under the 2021 MEP, and (ii) 1,250,000 preferred shares (subject to shareholders' approval) and (iii) 917,933 ordinary shares under the 2023 MEP, representing 1.3610% of the Company's share capital as at that date.

The table below shows past performance share grants outstanding as at December 31, 2023, based on the Table 9 template in the Appendix to the AFEP-MEDEF Code.

(1) Including 2,058,876 preferred shares granted to Philippe Guillemot, breaking down as 957,938 T2 Shares, 957,938 T3 Shares and 143,000 T4 Shares.

(2) Including 1,250,000 T2 preferred shares granted to Philippe Guillemot. This award is contingent on the approval of the Shareholders' Meeting of May 23, 2024.

Table 9.1 – History of MEP performance share grants

	Plans approved by the Board of Directors pursuant to the tenth resolution of the Shareholders' Meeting of September 7, 2021								
	2021 Management Equity Plan								
Date granted by the Management Board	10/13/2021			06/04/2022			07/04/2022	07/14/2022	07/26/2022
Number of beneficiaries at plan launch date	73			6			1	1	1
Type of shares	Ordinary shares	Preferred shares	Total	Ordinary shares	Preferred shares	Total	Preferred shares	Preferred shares	Preferred shares
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
● Philippe Guillemot	-	-	-	-	2,058,876	2,058,876	-	-	-
	-	-	-	-	i.e., 0.8883% of the Company's share capital[d]	i.e., 0.8883% of the Company's share capital	-	-	-
● Édouard Guinotte	292,852	709,915	1,002,767	-	-	-	-	-	-
	i.e., 0.1264% of the Company's share capital[c]	i.e., 0.3063% of the Company's share capital[d]	i.e., 0.4326% of the Company's share capital	-	-	-	-	-	-
● Olivier Mallet	194,751	472,473	667,224	-	-	-	-	-	-
	i.e., 0.0840% of the Company's share capital[c]	i.e., 0.2038% of the Company's share capital[d]	i.e., 0.2879% of the Company's share capital	-	-	-	-	-	-
Percentage of the share capital that may potentially be granted to members of the Board of Directors[a]	0.2055%	0.4983%	0.7038%		0.8677%		-	-	-
Total number of shares granted to the ten Group 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
Total potential dilutive impact of the plan at the grant date[a]		2.21%			1.60%		0.12%	0.34%	0.18%
Performance conditions	Yes[c]	Yes[d]	-	Yes[c]	Yes[d]	-	Yes[d]	Yes[d]	Yes[d]
End of vesting period[b]	October 13, 2026	October 13, 2022		June 4, 2027	June 4, 2023		July 4, 2023	July 14, 2023	July 26, 2023
Total number of performance shares canceled or lapsed since the grant date	826,679	2,426,958	3,253,637	0	36,458	36,458	-	810,416	429,166
Performance shares outstanding as at December 31, 2023	344,942	0	344,942	45,887	0	45,887	0	0	0
Total potential dilution of the plan as at December 31, 2023[a]	0.1454%	0.00%	0.1454%	0.0193%	0.00%	0.0193%	0.00%	0.00%	0.00%

(a) *Based on the 237,271,828 shares comprising the share capital as at December 31, 2023.*

(b) *The ordinary shares (Tranche 1) vest at a rate of 20% after one year, 30% after two years and 50% after three 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 days is 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).*

(e) *Subject to approval at the Shareholders' Meeting.*

	Plans approved by the Board of Directors pursuant to the tenth resolution of the Shareholders' Meeting of September 7, 2021 (cont.)									
	2021 Management Equity Plan (cont.)									2023 Management Equity Plan
Date granted by the Management Board	09/12/ 2022	12/14/ 2022	02/01/ 2023	03/10/ 2023	03/13/ 2023	03/23/ 2023	06/21/ 2023	07/27/ 2023	12/14/ 2023	07/27/2023
Number of beneficiaries at plan launch date	1	4	7	1	1	1	3	1	2	48
Type of shares	Preferred shares	Preferred shares	Preferred shares	Preferred shares	Preferred shares	Preferred shares	Preferred shares	Preferred shares	Preferred shares	Ordinary shares
Total number of shares that can vest, including for:	16,168	95,502	199,584	327,562	17,605	37,037	108,526	1,250,000[e]	64,989	1,251,010
● Philippe Guillemot	-	-	-	-	-	-	-	1,250,000[e]	-	-
	-	-	-	-	-	-	-	i.e., 0.5268% of the Company's share capital	-	-
● Édouard Guinotte	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
● Olivier Mallet	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Percentage of the share capital that may potentially be granted to members of the Board of Directors[a]	-	-	-	-	-	-	-	0.53%	-	-
Total number of shares granted to the ten Group employees who are not corporate officers and to whom the largest number of shares was granted	16,168	95,502	199,584	327,562	17,605	37,037	108,526	-	64,989	1,088,830
Total potential dilutive impact of the plan at the grant date[a]	0.01%	0.04%	0.08%	0.14%	0.01%	0.02%	0.05%	0.53%	0.03%	0.53%
Performance conditions	Yes[d]	Yes[d]	Yes[d]	Yes[d]	Yes[d]	Yes[d]	Yes[d]	Yes[d]	Yes[d]	Yes[d]
End of vesting period[b]	Sept. 12, 2023	Dec. 14, 2023	Feb. 01, 2024	March 10, 2024	March 13, 2024	March 23, 2024	June 21, 2024	July 27, 2024	Dec. 14, 2024	July 27, 2026
Total number of performance shares canceled or lapsed since the grant date	-	29,248	24,804	-	-	-	59,888	-	-	333,077
Performance shares outstanding as at December 31, 2023	0	0	174,780	327,562	17,605	37,037	48,638	1,250,000[e]	64,989	917,933
Total potential dilution of the plan as at December 31, 2023[a]	0.00%	0.00%	0.07%	0.14%	0.01%	0.02%	0.02%	0.53%	0.03%	0.39%

(a) Based on the 237,271,828 shares comprising the share capital as at December 31, 2023.

(b) The ordinary shares (Tranche 1) vest at a rate of 20% after one year, 30% after two years and 50% after three 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 days is 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).

(e) Subject to approval at the Shareholders' Meeting.

4.3.3.2.2 FREE PERFORMANCE SHARE PLANS

A) 2017 LTIP

Under the twentieth resolution relating to performance shares, which was adopted by the Ordinary and Extraordinary Shareholders' Meeting of May 12, 2017, on June 17, 2019 the Management Board had decided, in agreement with the Supervisory Board, to grant, subject to attendance and performance conditions, a target number of 836,630 performance shares, or 0.18% of the share capital as at December 31, 2019, for 524 managers and two members of the Management Board (the "2017 LTIP").

Vesting of shares under this plan depended on cost reductions in 2019, 2020, and 2021 in comparison with the performance target 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 granted. This factor could range from 0 to 2.

On June 17, 2023, the Board of Directors placed on record the vesting of 11,103 ordinary shares by non-resident managers under the 2017 LTIP. These shares were delivered to their beneficiaries in the form of existing shares. As at December 31, 2023, there were no longer any performance shares still to vest under the 2017 LTIP.

B) 2020 LTIP

Under the twenty-seventh resolution relating to performance shares, which was adopted by the Ordinary and Extraordinary Shareholders' Meeting of April 6, 2020:

- On June 15, 2020 the Board of Directors decided to grant, subject to continuous service conditions and, for management above grade 20, performance conditions, a target number of 34,090 performance shares, or 0.29% of the share capital as at December 31, 2020, to 519 managers (the "2020 LTIP").

  Vesting of shares under this plan was subject to:

  - 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.
- On June 15, 2023, the Board of Directors placed on record the vesting of 30,112 ordinary shares under the 2020 LTIP. These shares were delivered to their beneficiaries in the form of existing shares. As at December 31, 2023, there were no longer any performance shares still to vest under the 2020 LTIP.
- On October 13, 2021 the Board of Directors decided to grant, subject to continuous service and performance conditions, a target number of 289,396 performance shares, or 0.13% of the share capital as at December 31, 2021, to 439 managers (the "2021 LTIP").

  Vesting of shares under this plan is subject to:

  - 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.

As at December 31, 2023, the performance shares not yet vested under the 2021 LTIP amounted to 255,597.

- On June 4, 2022, the Board of Directors decided to grant, 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 (the "2022 LTIP") .

  Vesting of shares under this plan is subject to:

  - 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.

As at December 31, 2023, the performance shares not yet vested under the 2022 LTIP amounted to 215,125.

C) 2023 LTIP

Under the twelfth resolution relating to performance shares, adopted by the May 25, 2023 Ordinary and Extraordinary Shareholders' Meeting, on November 12, 2023 the Board of Directors decided, with effect from November 17, 2023, to award, subject to continuous service and performance conditions, a target number of 371,950 performance shares, to 271 managers that are not beneficiaries of the 2023 MEP, representing 0.16% of Vallourec's share capital at December 31, 2023 (the "2023 LTIP").

Vesting of shares under this plan is subject to the following conditions for each beneficiary concerned:

- for 25%, the average of the daily-volume-weighted average price of the Vallourec share must be at least equal to €16.19 for a period of ninety (90) consecutive trading days during the vesting period;
- for 25%, the average of the daily-volume-weighted average price of the Vallourec share must be at least equal to €20.22 for a period of ninety (90) consecutive trading days during the vesting period;
- for the remaining 50%, only a continuous service condition applies.

As at December 31, 2023, the performance shares not yet vested under the 2023 LTIP amounted to 368,300.

D) History of performance share grants

The table below presents past performance share awards outstanding as at December 31, 2023, based on the Table 9 template in the Appendix to the AFEP-MEDEF Code. 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 have been updated accordingly.

Table 9.2 – History of performance share grants

	Plans authorized by the Shareholders' Meeting of May 12, 2017	Plan authorized by the Shareholders' Meeting of April 6, 2020	Plan authorized by the Shareholders' Meeting of April 20, 2021		Plan authorized by the Shareholders' Meeting of May 25, 2023
	2019 Plan	**2020 Plan**	**2021 Plan**	**2022 Plan**	**2023 Plan**
Date granted by the Management Board	06/17/2019	06/15/2020	10/13/2021	06/04/2022	11/17/2023
Number of beneficiaries at plan launch date	524	519	439	389	271
Total number of shares that can vest, including for[(a)]:	39,595	65,001	289,396	231,410	371,950
• Philippe Crouzet	4,048 (0.0018% of the Company's share capital)[(c)]	-	-	-	-
• Édouard Guinotte	-	5,706 (0.0025% of the Company's share capital)[(a)]	-	-	-
• Olivier Mallet	1,864 (0.0008% of the Company's share capital)[(c)]	3,904 (0.0017% of the Company's share capital)[(c)]	-	-	-
Percentage of the share capital that may potentially be granted to members of the Management Board[(b)(c)]	0.0025%	0.0041%	0.0%	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 granted	5,676	10,052	20,175	17,080	44,500
Total potential dilutive impact of the plan at the grant date[(c)]	None	None	0.122%	0.098%	0.157%
Performance conditions	Yes[(d)]	Yes[(e)]	Yes[(f)]	Yes[(g)]	Yes[(h)]
End of vesting period	06/17/2022 or 2023	06/15/2023	10/13/2024	06/04/2025	11/17/2025
Total number of performance shares canceled or lapsed since the grant date	9,916	34,889	33,799	16,285	3,650
Performance shares outstanding as at December 31, 2023	0	0	255,597	215,125	368,300
Total potential dilutive impact of the plan as at December 31, 2023[(b)]	None	None	0.1077%	0.0907%	0.1552%

(a) Based on a factor of 1.

(b) Corporate officers at the end of the year.

(c) Based on the share capital at the end of each year.

(d) 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.

(e) 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, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

(f) 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, Timken Steel 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 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, Timken Steel Corp., Salzgitter AG, ArcelorMittal SA, TMK and NOV.

(h) For 25% of shares granted, the average of the daily-volume-weighted average price of the Vallourec share must be at least equal to €16.19 for a period of ninety (90) consecutive trading days during the vesting period.

For 25% of the conditional share transfer rights, the average of the daily-volume-weighted average price of the Vallourec share must be at least equal to €20.22 for a period of ninety (90) consecutive trading days during the vesting period.

The remaining 50% of shares granted are not subject to performance conditions.

4.3.3.2.3 EMPLOYEE SHARE OWNERSHIP

In 2023, Vallourec implemented Vallourec Invest 2023, an employee shareholding offer open to all Group employees. The subscription price was set at €8.83 per share, a discount of 20%. Under this system, employees benefit from a matching contribution and a vesting period reduced from five to two years if the subscription is made in the form of directly held shares. The Vallourec Invest 2023 offer was a success: 5,115 Group employees – or nearly half of eligible employees – opted to participate, thereby benefiting from the discount and the matching contribution.

The offer was made pursuant to the delegations of authority granted by the Shareholders' Meeting of May 25, 2023 to the Board of Directors in its thirteenth and fourteenth resolutions. It reflects Vallourec's desire to share the value created by the Group with its employees and recognizes the progress made to date in the implementation of the New Vallourec plan. The offer resulted in the creation of 490,101 new shares, representing 0.21% of Vallourec's share capital as at December 31, 2023, of which 0.06% pursuant to the thirteenth resolution and 0.15% pursuant to the fourteenth resolution of the Shareholders' Meeting of May 25, 2023.

The Group has therefore achieved 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.

4.3.3.2.4 PROFIT-SHARING AND INCENTIVE PLANS

Most Group companies have put in place profit-sharing and incentive plans that give employees a stake in the financial performance of the Group's entities, 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	2018	2019	2020	2021	2022	2023
	15.57	31.65	17.32	35.55	29.49	30.14

4.3.3.2.5 COMPANY SAVINGS PLANS

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.

In 2023, under the Vallourec Invest 2023 plan described in paragraph 4.3.3.2.3 above, 134,732 ordinary shares were subscribed by employees through the company savings plan pursuant to the thirteenth resolution of the Shareholders' Meeting of May 25, 2023, representing 0.06% of Vallourec's share capital as at December 31, 2023.

The amounts paid by way of the employer's matching contributions over the last five fiscal years were as follows:

	2019		2020		2021		2022		2023	
In € millions	PEE	PERCO	PEE	PERCO	PEE	PERCO	PEE	PERCO	PEE	PERCO
	2.0	0.3	2.0	0.4	1.3	0.3	1.6	0.3	1.2[(a)]	0.3

(a) Including €28,702.70 for Vallourec Invest 2023.

4.3.3.2.6 STOCK OPTION PLANS

In order to simplify the structure of the long-term incentive plans, no stock option plans were set up in 2023.

Under the plans set up until 2022, each beneficiary is granted the conditional right to exercise a certain number of options at a set price, with each option entitling the holder to subscribe for or purchase one Vallourec share subject to performance conditions.

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.

The value of the stock option plans is disclosed in Note 6 to the consolidated financial statements, in chapter 7 of this Universal Registration Document.

A) Stock options awarded to the top ten employee grantees who are not corporate officers and options exercised by those grantees

The table below presents stock options awarded to the top ten employee grantees who are not corporate officers and options exercised by those grantees in 2023 (aggregate information).

	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 ten Group employees to whom the largest number of options was granted	0	0	0
Options exercised during the year by the ten Group employees who purchased or subscribed for the largest number of shares	–	–	–

B) History of stock option grants

The table below shows past stock option awards outstanding as at December 31, 2023. There are no other outstanding stock option plans, nor any other options on listed or unlisted shares of French or foreign Group companies, as set out in the Table 8 template in the Appendix to the AFEP-MEDEF Code. 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 have been updated accordingly.

	Plans authorized by the Shareholders' Meeting of May 28, 2014	
	2015 Plan	**2016 Plan**
Date granted by the Management Board	April 15, 2015	May 18, 2016
Number of beneficiaries at plan launch date	486	445
Total number of shares that can be subscribed, including by:	17,656	15,216
● Philippe Crouzet	-[d]	838
	-	i.e., 0.0004% of the Company's share capital[b]
● Jean-Pierre Michel	393	393
	i.e., 0.0002% of the Company's share capital[a]	i.e., 0.0002% of the Company's share capital[a]
● Olivier Mallet	393	393
	i.e., 0.0002% of the Company's share capital[a]	i.e., 0.0002% of the Company's share capital[a]
Percentage of the share capital that may potentially be allocated to members of the Management Board[a]	0.00%	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	1,494	1,365
Total potential dilutive impact of the plan at the grant date	0.15%	0.120%
Start date of exercise period	April 15, 2019	May 18, 2020
Expiration date of exercise period	April 15, 2023	May 18, 2024
Exercise price[b]	€488.14	€140.29
Performance conditions	Yes[d]	Yes[e]
Number of shares subscribed	-	-
Total number of options canceled or lapsed since the grant date	17,656	9,596
Options outstanding as at December 31, 2023	0	5,620
Total potential dilution of the plan as at December 31, 2023[a]	0.00%	0.00%

(a) Based on the 237,271,828 shares comprising the share capital as at December 31, 2023.

(b) Average undiscounted price of the Vallourec share over the 20 trading days preceding the grant 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) 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.

(d) 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).

(e) 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		
	2017 Plan	**2018 Plan**	**2019 Plan**
Date granted by the Management Board	May 18, 2017	June 15, 2018	June 17, 2019
Number of beneficiaries at plan launch date	11	10	10
Total number of shares that can be subscribed, including by:	8,135	9,851	9,851
• Philippe Crouzet	2,641 i.e., 0.0011% of the Company's share capital[(a)]	3,392 i.e., 0.0015% of the Company's share capital[(a)]	3,392 i.e., 0.0015% of the Company's share capital[(a)]
• Édouard Guinotte	-	-	-
• Olivier Mallet	1,237 i.e., 0.0005% of the Company's share capital[(a)]	1,563 i.e., 0.0007% of the Company's share capital[(a)]	1,563 i.e., 0.0007% of the Company's share capital[(a)]
Percentage of the share capital that may potentially be allocated to members of the Management Board[(a)]	0.0017%	0.00%	0.00%
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
Total potential dilutive impact of the plan at the grant date	0.060%	0.080%	0.077%
Start date of exercise period	May 18, 2021	June 15, 2022	June 17, 2023
Expiration date of exercise period	May 18, 2025	June 15, 2026	June 17, 2027
Exercise price[(b)]	€216.55	€197.84	€79.14
Performance conditions	Yes[(c)]	Yes[(d)]	Yes[(e)]
Number of shares subscribed	-	-	-
Total number of options canceled or lapsed since the grant date	5,829	8,238	6,950
Options outstanding as at December 31, 2023	2,306	1,613	2,901
Total potential dilution of the plan as at December 31, 2023[(a)]	0.00%	0.00%	0.00%

(a) Based on the 237,271,828 shares comprising the share capital as at December 31, 2023.

(b) Average undiscounted price of the Vallourec share over the 20 trading days preceding the grant 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, TimkenSteel 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 & Sumitomo Metal Corp., Tubacex SA, Tenaris SA, Voestalpine AG, Seah Steel Corp., Tubos Reunidos SA, TimkenSteel 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, TimkenSteel 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 relative external 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., 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 relative external 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 relative external 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., 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.*

	Plans authorized by the Shareholders' Meeting of April 6, 2020		
	2020 Plan	2021 Plan	2022 Plan
Date granted by the Management Board	June 15, 2020	October 13, 2021	June 4, 2022
Number of beneficiaries at plan launch date	113	36	29
Total number of shares that can be subscribed, including by:	89,462	123,518	58,425
• Philippe Crouzet	-	-	-
• Édouard Guinotte	16,291	-	-
	i.e., 0.0070% of the Company's share capital[(a)]	-	-
• Olivier Mallet	11,165	-	-
	i.e., 0.0048% of the Company's share capital[(a)]	-	-
Percentage of the share capital that may potentially be allocated to members of the Management Board[(a)]	0.01%	0.00%	0.00%
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	21,757	48,388	25,905
Total potential dilutive impact of the plan at the grant date	0.702%	0.054%	0.03%
Start date of exercise period	June 15, 2024	October 13, 2025	June 4, 2026
Expiration date of exercise period	June 15, 2030	October 13, 2031	June 4, 2032
Exercise price[(b)]	€33.60	€7.2565	€12.65
Performance conditions	Yes[(f)]	Yes[(g)]	Yes[(h)]
Number of shares subscribed	-	-	-
Total number of options canceled or lapsed since the grant date	52,182	20,318	1,750
Options outstanding as at December 31, 2023	37,280	103,200	56,675
Total potential dilution of the plan as at December 31, 2023[(a)]	0.02%	0.04%	0.02%

(a) Based on the 237,271,828 shares comprising the share capital as at December 31, 2023.

(b) Average undiscounted price of the Vallourec share over the 20 trading days preceding the grant 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, TimkenSteel 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 & Sumitomo Metal Corp., Tubacex SA, Tenaris SA, Voestalpine AG, Seah Steel Corp., Tubos Reunidos SA, TimkenSteel 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, TimkenSteel 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 relative external 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 relative external 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 relative external 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.*

4.4 Additional information

4.4.1 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.

4.4.1.1 Individual statements of executive managers

The following table summarizes 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 2023

Person concerned	Financial instruments	Nature of transaction	Transaction date	Unit price	Volume	Transaction amount
Pascal Veillat*	Shares	Purchase	January 9, 2023	€11.9000	1,000	€11,900.00
Pascal Veillat*	Shares	Purchase	January 13,2023	€12.2950	1,000	€12,295.00
Didier Hornet	Shares	Purchase	January 18,2023	€12.6850	8,000	€101,480.00
Philippe Guillemot	Company mutual fund units (FCPE)	Purchase	April 28, 2023	€27.3800	853.4054	€23,366.23985
Philippe Guillemot	T2 preferred shares	Full vesting following the grant of free preferred shares on June 4, 2022	June 4, 2023	0	957,938	0
	T3 preferred shares			0	957,938	0
	T4 preferred shares			0	143,000	0
Sascha Bibert	T2 preferred shares	Full vesting following the grant of free preferred shares on June 4, 2022	June 4, 2023	0	515,556	0
	T3 preferred shares			0	515,556	0
	T4 preferred shares			0	88,888	0
Luciano Siani Pires	Shares	Purchase	December 8, 2023	USD 14.6678	2,000	USD 29,335.6
Sascha Bibert	Shares	Vesting under Vallourec Invest 2023	December 13, 2023	€8.8300	27,417	€242,092.11

* *Person related to Corinne De Bilbao within the meaning of Article L.621-18-2 of the French Monetary and Financial Code.*

4.4.2 Related-party agreements

4.4.2.1 Loans and guarantees

No loans or guarantees have been granted by the Company or by a Group company to any of the corporate officers.

4.4.2.2 Service agreements providing for the grant of benefits

To the best of the Company's knowledge, there are no service agreements between any corporate officer and the Company providing for the grant of benefits.

4.4.3 Agreements between management or shareholders of the Company and controlled companies

In accordance with Article L.225-37-4 of the French Commercial Code, this report presents agreements between (i) a corporate officer or shareholder holding more than 10% of a company's voting rights and (ii) another company controlled by the latter within the meaning of Article L.233-3 of the French Commercial Code. These are not related-party agreements subject to prior authorization by the Board of Directors, as Vallourec SA is not a party to the agreement. Agreements with a wholly controlled subsidiary must also be identified (Order no. 2014-863 of July 31, 2014 on company law.) In 2023, Vallourec was not aware of any agreements between management or shareholders of the Company and controlled companies.

In this case, persons directly or indirectly involved in this agreement do not take part in its assessment.

4.4.4 Procedures used to regularly assess related-party agreements relating to routine transactions and entered into at arm's length conditions

The Audit Committee performs an annual review of the summary drawn up by the Company of the related-party agreements entered during the year between Vallourec and interested parties within the meaning of the regulation, in order to report to the Board of Directors as part of the procedure for the regular assessment of routine transactions entered into at arm's length conditions, pursuant to Article L. 22-10-12 of the French Commercial Code. If there is any doubt as to whether an agreement meets the definition of a related-party agreement, the Committee verifies that the agreement was entered into at arm's length and relates to routine transactions and where appropriate, the Board of Directors implements the related-party procedure.

In this case, persons directly or indirectly involved in the agreement do not take part in its assessment.

4.4.5 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).

4.4.6 Shareholder authorizations to issue shares and other securities

A table summarizing the current delegations of authority granted by the Shareholders' Meeting to increase the Company's share capital, showing the use made of these delegations of authority during the year, is provided in section 5.2.3.1 of this Universal Registration Document.

4.4.7 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 25, 2023 showed that 2,648 shareholders were in attendance, represented or had voted by post, owning 148,472,119 shares out of the 229,228,999 shares with voting rights, representing a quorum of 64.81%.

4.4.8 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:

4.4.8.1 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.

4.4.8.2 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 5.1.9 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.

4.4.8.3 Holders of securities with special rights of control

There are no securities that have special rights of control.

4.4.8.4 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.

4.4.8.5 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 SVP Global (the "SVP Global Shareholder Agreement"). The announcement by SVP Global of the disposal of its holding in Vallourec on October 7, 2022 ended the SVP Global Shareholder Agreement. The main terms of the Apollo Shareholder Agreement are described in section 5.3.3 of this Universal Registration Document.

4.4.8.6 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 5.3.3 of this Universal Registration Document).

4.4.8.7 Powers of the Board of Directors in the event of a public offer

The Shareholders' Meeting of May 23, 2024 will be asked to renew the prohibition on share buybacks during public offers concerning the Company's shares.

The Shareholders' Meeting of May 23, 2024 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 23, 2024.

4.4.8.8 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; the State-guaranteed loans entered into on the same date for a total nominal amount of €262 million, with an initial maturity of June 30, 2027; and the asset-based credit facility for USD 210 million entered into on November 7, 2022 and expiring November 7, 2027;
- the €1,023 million bond issued on June 30, 2021 and maturing on June 30, 2026.

4.4.8.9 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

N/A

4.5 Statutory Auditors' special report on regulated agreements

Annual General Meeting held to approve the financial statements for the year ended 31 December 2023

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.

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.

Paris-La-Défense, March 8, 2024

The Statutory Auditors

French original signed by

KPMG S.A.
Alexandra Saastamoinen

Deloitte & Associé
Véronique Laurent

CHAPTER 5

5

GENERAL INFORMATION ON THE COMPANY AND ITS CAPITAL

5.1 Main legal provisions and bylaws

5.1.1 Company name and registered office

The Company's corporate name is Vallourec.

Vallourec'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.

Tel.: +33 (0)1 49 09 35 00

Vallourec website: www.vallourec.com

5.1.2 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.

5.1.3 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.

5.1.4 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.

5.1.5 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.

5.1.6 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.

5.1.7 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.

5.1.8 Shareholders' Meetings (Article 16 of the Articles of Association)

5.1.8.1 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.

5.1.8.2 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.

5.1.9 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 person 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.

5.2 General information on share capital

5.2.1 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.

5.2.2 Share capital

As at the start of the 2023 fiscal year on January 1, 2023, the subscribed, fully paid-up 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.

On June 4, 2023, 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 11,472 ordinary shares, 1,723,917 Tranche 2 preferred shares (T2 Shares), 1,723,918 Tranche 3 preferred shares (T3 Shares) and 295,253 Tranche 4 preferred shares (T4 Shares). Consequently, on June 4, 2023, the Chairman and Chief Executive Officer decided to carry out a capital increase for a nominal amount of seventy-five thousand ninety-one euros (€75,091) through the issue of 11,472 new ordinary shares, 1,723,917 new T2 Shares, 1,723,918 new T3 Shares and 295,253 new T4 Shares.

On July 4, 2023, in connection with the MEP, the Chairman and Chief Executive Officer placed on record the vesting of 124,896 T2 Shares, 124,896 T3 Shares and 26,666 T4 Shares. Consequently, on July 4, 2023, the Chairman and Chief Executive Officer decided to carry out a capital increase for a nominal amount of five thousand five hundred and twenty-nine euros and sixteen cents (€5,529.16) through the issue of 124,896 new T2 Shares, 124,896 new T3 Shares and 26,666 new T4 Shares.

On July 14, 2023, in connection with the MEP, the Chairman and Chief Executive Officer placed on record the vesting of 374,652,074 T2 Shares, 374,652 T3 Shares and 61,112 T4 Shares. Consequently, on July 14, 2023, the Chairman and Chief Executive Officer decided to carry out a capital increase for a nominal amount of sixteen thousand two hundred and eight euros and thirty-two cents (€16,208.32) through the issue of 374,652 new T2 Shares, 374,652 new T3 Shares and 61,112 new T4 Shares.

On September 12, 2023, in connection with the MEP, the Chairman and Chief Executive Officer placed on record the vesting of 8,084 T2 Shares and 8,084 T3 Shares. Consequently, on September 12, the Chairman and Chief Executive Officer decided, in 2023, to carry out a capital increase for a nominal amount of three hundred and twenty-three euros and thirty-six cents (€323.36) through the issue of 8,084 new T2 Shares and 8,084 new T3 Shares.

On October 13, 2023, in connection with the MEP, the Chairman and Chief Executive Officer placed on record the vesting of 146,498 ordinary shares. Consequently, on October 13, 2023, the Chairman and Chief Executive Officer decided, to carry out a capital increase for a nominal amount of two thousand nine hundred and twenty-nine euros and ninety-six cents (€2,929.96) through the issue of 146,498 new ordinary shares.

On December 13, 2023, the Company's Chairman and Chief Executive Officer recorded the subscription of 490,101 ordinary shares and duly recorded a capital increase for a nominal amount of €9,802.02 through the issue of 490,101 new ordinary shares. The capital increase conducted in the context of the Vallourec Invest 2023 employee share ownership plan, adopted by the Board of Directors in its decision of Thursday, July 27, 2023, using the delegations of authority granted in the 13th resolution of the Shareholders' Meeting of May 25, 2023, in accordance with Articles L. 3332-18 *et seq.* of the French Labor Code, and in the 14th resolution of said Meeting, in accordance with Article L. 225-138 of the French Commercial Code.

As a result, the share capital was increased to four million seven hundred and forty-five thousand four hundred and thirty-six euros and fifty-six centimes (€4,745,436.56), divided into two hundred and twenty-nine million eight hundred and seventy-seven thousand and seventy (229,877,070) shares with a par value of €0.02 each (Ordinary Shares) and seven million three hundred and ninety-four thousand seven hundred and fifty-eight (7,394,758) preferred shares with a par value of €0.02 each (Preferred Shares) convertible into Ordinary Shares and comprising:

- 3,391,713 T2 Shares;
- 3,391,715 T3 Shares; and
- 611,330 T4 Shares.

5.2.3 Authorized capital not issued

5.2.3.1 Financial authorizations to issue shares and securities carrying rights to the Company's shares as at December 31, 2023

Authorizations to issue shares and securities carrying rights to the Company's shares were as follows as at December 31, 2023:

	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**
CAPITAL INCREASES WITH PRE-EMPTIVE SUBSCRIPTION RIGHTS (PSR)					
Capital increase by issuing shares and/or securities with immediate or deferred rights to shares, with PSR (18th resolution of the 2022 Shareholders' Meeting**)	€1,831,427[a]	€1.5 billion[a']	May 24, 2022	26 months	July 24, 2024
Capital increase paid up by capitalizing additional paid-in capital, reserves, profits, or any other amounts (26th resolution of the 2022 Shareholders' Meeting)	€1,373,570[b]	N/A	May 24, 2022	26 months	July 24, 2024
CAPITAL INCREASES WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS (PSR)					
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° of the French Monetary and Financial Code (19th resolution of the 2022 Shareholders' Meeting)	€457,857 [a''] [b]	€1.5 billion[a']	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° of the French Monetary and Financial Code (20th resolution of the 2022 Shareholders' Meeting)	€457,857 [b] [c]	€1.5 billion[a']	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 (23rd resolution of the 2022 Shareholders' Meeting)	10% of the Company's share capital €457,857[b] [c]	€1.5 billion[a']	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 (24th resolution of the 2022 Shareholders' Meeting)	€457,857 [b] [c]	€1.5 billion[a']	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 (25th resolution of the 2022 Shareholders' Meeting)	€457,857 [b] [c]	N/A	May 24, 2022	26 months	July 24, 2024
EMPLOYEE STOCK OWNERSHIP PLANS					
Capital increase reserved for members of employee stock ownership plans (13th resolution of the 2023 Shareholders' Meeting)	0.75% of the Company's share capital[a'''] [b] [e]	N/A	May 25, 2023	26 months	July 25, 2025
Capital increase by issuing shares and/or securities with immediate or deferred rights to shares, without pre-emptive subscription rights, to employees and corporate officers of the Company and Vallourec Group companies related to the Company within the meaning of Article L. 225-180 of the French Commercial Code, other than members of an employee share ownership plan (14th resolution of the 2023 Shareholder's Meeting	0.75% of the Company's share capital[a'''] [b] [f]	N/A	May 25, 2023	18 months	Nov. 25, 2024
STOCK OPTIONS AND PERFORMANCE SHARES					
Ordinary and preferred shares awarded to Vallourec Group employees and corporate officers (10th resolution of the September 2021 Shareholders' Meeting**)	5% of the Company's share capital [b] [c] [g]	N/A	Sept. 7, 2021	38 months	Nov. 7, 2024
Performance shares (ordinary shares) awarded to Vallourec Group employees and corporate officers (12th resolution of the 2023 Shareholders' Meeting)	0.17% of the Company's share capital[h]	N/A	May 25, 2023	14 months	July 25, 2024

	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
OTHER					
Determination of the issue price in the event of a capital increase without PSR through an offer to the public pursuant to the 19th or 20th resolutions of the 2022 Shareholders' Meeting (21st resolution of the 2022 Shareholders' Meeting)	10% of the Company's share capital per 12-month period (b) (d)	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 (22nd resolution of the 2022 Shareholders' Meeting)	For each issue, legal limit of 15% of the initial issue (b) (d)	N/A	May 24, 2022	26 months	July 24, 2024
SHARE BUYBACK PROGRAM					
Share buybacks (10th resolution of the 2023 Shareholders' Meeting)(i)	10% of the total number of shares comprising the Company's share capital at the date of buyback(j)	N/A	May 25, 2023	18 months	October 25, 2024
Cancellation of treasury shares (28th 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 25, 2023 ("2023 Shareholders' Meeting").*

** *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").*

(a) *Aggregate ceiling covering all capital increases carried out pursuant to the 13th and 14th resolutions of the 2023 Shareholders' Meeting, the 18th to 27th resolutions of the 2022 Shareholders' Meeting and the 10th resolution of the September 2021 Shareholders' Meeting.*

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

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

(a''') *This 0.75% ceiling applies to capital increases carried out pursuant to the 13th and 14th resolutions of the 2023 Shareholders' Meeting.*

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

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

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

(e) *As at December 31, 2023, the cumulative amount used under this authorization represented 0.06% of the share capital (see sections 4.3.3.2.3 and 4.3.3.2.5 of this Universal Registration Document).*

(f) *As at December 31, 2023, the cumulative amount used under this authorization represented 0.15% of the share capital (see section 4.3.3.2.3 of this Universal Registration Document).*

(g) *As at December 31, 2023, the cumulative amount used under this authorization represented 0.16% of the share capital (see section 4.3.3.2.2 of this Universal Registration Document).*

(h) *As at December 31, 2023, the cumulative amount used under this authorization represented 0.16% of the share capital (see section 4.3.3.2.1 of this Universal Registration Document).*

(i) *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.*

(j) *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.*

5.2.3.2 Potential dilution as at December 31, 2023

5.2.3.2.1 SHARE SUBSCRIPTION WARRANTS

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 12.79% of the share capital and 13.20% of the theoretical voting rights(1) as at December 31, 2023.

(1) *The calculation of the percentage of theoretical voting rights excludes the 7,394,758 preferred shares, which are stripped of voting rights.*

5.2.3.2.2 FREE PERFORMANCE SHARE PLANS (LTIP)

The ordinary free shares awarded until 2020 (see section 4.3.3.2.2 of this Universal Registration Document) are covered by existing shares, so they have no dilutive impact.

With regard to the ordinary free share plans set up since 2021 (see section 4.3.3.2.2 of this Universal Registration Document), the Board of Directors has 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 total number of shares not yet vested under the plans laid out in section 4.3.3.2.2 of this Universal Registration Document, as at December 31, 2023, this potential dilution amounted to 0.3536% of the Company's capital and 0.3650% of the theoretical voting rights.

5.2.3.2.3 FREE PERFORMANCE SHARE PLANS (MEP)

A) 2021 MEP

The Board of Directors has decided that the ordinary and preferred shares allocated under the 2021 MEP described in section 4.3.3.2.1(A) of this Universal Registration Document could be delivered to the beneficiaries concerned in the form of new shares. Given that preferred shares do not carry voting rights, their issue before conversion into ordinary shares, is only likely to result in capital dilution.

On the basis of the total number of unvested ordinary and preferred shares, as detailed in paragraph 4.3.3.2.1(A) and paragraph 4.3.3.2.1(C) of this Universal Registration Document[1], the potential dilution before conversion of the preferred shares amounts, at December 31, 2023, to 0.97% of the share capital and 0.17% of the theoretical voting rights[2].

The Board of Directors has also decided that if the performance conditions described in section 4.3.3.2.1(A) of this Universal Registration Document are met, preferred shares could be converted into newly-issued ordinary shares.

On the basis of the total number of vested or unvested preferred shares, as detailed in section 4.3.3.2.1(A) and section 4.3.3.2.1(C) of this Registration Document[3], the potential dilution after conversion of the preferred shares amounts, as at December 31, 2023, to 3.03% of the share capital and theoretical voting rights.

B) 2023 MEP

The Board of Directors has decided that the ordinary shares allocated under the 2023 MEP described in section 4.3.3.2.1(B) of this Universal Registration Document would be delivered to the beneficiaries concerned in the form of newly-issued shares.

On the basis of the total number of unvested ordinary shares, as detailed in section 4.3.3.2.1(B) and section 4.3.3.2.1(C) of this Universal Registration Document, the potential dilution amounts, at December 31, 2023, to 0.39% of the share capital and 0.40% of the theoretical voting rights[4].

5.2.3.2.4 STOCK OPTIONS

The award of share subscription options described in section 4.3.3.2.6 of this Universal Registration Document could, if the options are exercised, entail a dilution of shareholders.

Based on the total number of options currently outstanding, net of those canceled or that have lapsed as described in section 4.3.3.2.6(B), the potential dilution to shareholders as at December 31, 2023 was 0.088% of the share capital and 0.091% of the theoretical voting rights[5].

5.2.4 Share buybacks

5.2.4.1 Information on transactions under the share buyback program during 2023

5.2.4.1.1 SHARE BUYBACKS

As at January 1, 2023, Vallourec held 148,883 Vallourec ordinary shares representing 0.06% of the share capital, all earmarked to cover free share plans. In 2023, 41,215 of these shares were transferred to beneficiaries of free share plans upon vesting. Vallourec did not repurchase any ordinary shares between January 1 and December 31, 2023.

As a result of these transactions, at December 31, 2023, Vallourec held 107,668 Vallourec ordinary shares, representing 0.0454% of its share capital.

The carrying amount of the treasury share portfolio as at December 31, 2023 was €868,503.92, including a par value of €2,153.36 and a market value on the same date of €1,510,043.70.

(1) *Subject to the approval of the Shareholders' Meeting of May 23, 2024 of the allocation of 1,250,000 Tranche 2 preferred shares to Philippe Guillemot.*
(2) *The calculation of the percentage of theoretical voting rights excludes preferred shares, which do not carry voting rights.*
(3) *Subject to the approval of the Shareholders' Meeting of May 23, 2024 of the allocation of 1,250,000 Tranche 2 preferred shares to Philippe Guillemot.*
(4) *The calculation of the percentage of theoretical voting rights excludes the preferred shares, which do not carry voting rights.*
(5) *The calculation of the percentage of theoretical voting rights excludes the preferred shares, which do not carry voting rights.*

Total gross cash flows relating to purchases and disposals/transfers of ordinary shares between January 1 and December 31, 2023 were as follows:

	Purchasing	Transfers/sales
Number of shares	0	41,215
Average unit price (*in €*)	0	8.0665
AGGREGATE AMOUNT (*in €*)	**0**	**332,460.80**

5.2.4.1.2 VALLOUREC SHARES HELD INDIRECTLY

None.

5.2.4.1.3 OPEN DERIVATIVE POSITIONS AS AT DECEMBER 31, 2023

None.

5.2.4.2 Description of the 2023-2024 share buyback program, to be submitted to the Ordinary and Extraordinary Shareholders' Meeting of May 23, 2024 (13th 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 23, 2024.

5.2.4.2.1 OBJECTIVES OF THE SHARE BUYBACK PROGRAM TO BE SUBMITTED TO THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 23, 2024

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 23, 2024 are as follows:

1. to implement any Company share purchase options plan or any 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;
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.

5.2.4.2.2 TERMS AND CONDITIONS OF THE SHARE BUYBACK PROGRAM TO BE SUBMITTED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2024

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 23, 2024, as well as the maximum unit purchase price:

Share characteristics	Maximum percentage of capital	Maximum number of shares[(a)]	Maximum unit purchase price (*per share*)
Ordinary shares	10%	23 619 514	€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 February 19, 2024, i.e., €4,745,436.56, divided into 229,877,070 ordinary shares with a par value of €0.02 each and 7,394,758 preferred shares with a par value of €0.02 each. Based on the number of ordinary shares and preferred shares held by Vallourec at that date (i.e., a total of 107 668 shares), Vallourec could acquire 23 619 514 of its own shares.*

5.2.4.2.3 TERM OF THE SHARE BUYBACK PROGRAM TO BE SUBMITTED TO THE SHAREHOLDERS' MEETING OF MAY 23, 2024

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 23, 2024, i.e., until November 23, 2025, subject to the program's approval by the Ordinary Shareholders' Meeting.

5.2.5 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 €)*
05/26/2020	–	–	_	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
06/04/2023		11,472	Ordinary shares	231,789,099	229.44		4,635,781.98
06/04/2023		1,723,917	T2 Shares	233,513,016	34,478.34		4,670,260.32
06/04/2023		1,723,918	T3 Shares	235,236,934	34,478.36		4,704,738.68
06/04/2023		295,253	T4 Shares	235,532,187	5,905.06		4,710,643.74
TOTAL TRANSACTIONS FROM 06/04/2023		**3,754,560**		**235,532,187**	**75,091.2**		**4,710,643.74**
07/04/2023		124,896	T2 Shares	235,657,083	2,497.92		4,713,141.66
07/04/2023		124,896	T3 Shares	235,781,979	2,497.92		4,715,639.58
07/04/2023		26,666	T4 Shares	235,808,645	533.32		4,716,172.9
TOTAL TRANSACTIONS FROM 07/04/2023		**276,458**		**235,808,645**	**5,529.16**		**4,716,172.90**
07/14/2023		374,652	T2 Shares	236,183,297	7,493.04		4,723,665.94
07/14/2023		374,652	T3 Shares	236,557,949	7,493.04		4,731,158.98
07/14/2023		61,112	T4 Shares	236,619,061	1,222.24		4,732,381.22
TOTAL TRANSACTIONS FROM 07/14/2023		**810,416**		**236,619,061**	**16,208.32**		**4,732,381.22**
09/12/2023		8,084	T2 Shares	236,627,145	161.28		4,732,542.5
09/12/2023		8,084	T3 Shares	236,635,229	161.28		4,732,704.58
TOTAL TRANSACTIONS FROM 09/12/2023		**16,168**		**236,635,229**	**323.36**		**4,732,704.58**
TOTAL TRANSACTIONS FROM 10/05/2023		**0**		**236,635,229**	**0**		**4,732,704.58**
TOTAL TRANSACTIONS FROM 10/13/2023		**146,498**	**ORDINARY SHARES**	**236,781,727**	**2,929.96**		**4,735,634.54**
12/13/2023		134,732	Ordinary shares	236,916,459	2,694.64		4,738,329.18
12/13/2023		210,434	Ordinary shares	237,126,893	4,208.68		4,742,537.86
12/13/2023		144,935	Ordinary shares	237,271,828	2,898.7		4,745,436.56
TOTAL TRANSACTIONS FROM 12/13/2023		**490,101**	**ORDINARY SHARES**	**237,271,828**	**9,802.02**		**4,745,436.5**

5.2.6 Non-equity instruments

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

5.2.6.1 Securities carrying rights to the allocation of debt securities

As at December 31, 2023, the Board of Directors has not decided to issue any marketable securities entitling their bearers to be allocated debt securities.

5.2.6.2 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 20, 2023, and has the following main characteristics:

Maximum ceiling on the program	€1 billion	
Duration	> 1 day < 365 days	
Minimum unit value	€150,000	
Paying agent	Crédit Industriel et Commercial	
Underwriters	Aurel BGC, BNP Paribas, BRED Banque Populaire, Crédit Industriel et Commercial, Crédit du Nord, GFI Securities Limited,HPC,	ING Bank (France) S.A., Kepler Capital Markets, Natixis, 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) and the Banque de France (www.banque-france.fr/en).

5.2.6.3 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 16, 2023.

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 credit 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).

5.2.6.4 Rating

As at January 1, 2023, the opening date of the 2023 fiscal year, Vallourec's debt was rated ‘B+' by Standard & Poor's and the June 2026 Bonds were rated ‘BB-'.

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

On November 16, 2023, S&P Global once again upgraded Vallourec's long-term issuer credit rating to ‘BB’ with a positive outlook, from ‘BB-' with a positive outlook.

According to S&P, this positive outlook indicates the potential for a further upgrade by the end of 2024 if Vallourec completes the transformation proposed under the New Vallourec plan and reduces its net debt to less than €500 million. As indicated in Vallourec's third-quarter 2023 results press release, the New Vallourec plan remains fully on track to generate €230 million of recurring EBITDA uplift by the second quarter of 2024[(1)].

S&P Global also upgraded the issue rating on Vallourec's senior unsecured notes to ‘BB-’ from ‘BB' as well as confirming the ‘B’ short-term rating on its commercial paper program.

(1) Compared with 2021, in line with the New Vallourec plan announced in May 2022.

5.3 Share ownership

5.3.1 Changes in the distribution of the share capital in the last three fiscal years

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[(a)]	134,734,650	58.85%	134,734,650	58.85%	58.90%
Group employees[(b)]	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[(c)]	187,665	0.08%	187,665	0.08%	0.00%
TOTAL	**228,928,428**	**100.00%**	**228,928,428**	**100.00%**	**100.00%**

(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
221C0348	**02/08/2021**	**CDC group**	**1,670,273**	**14.59**	**14.85**	**Below the 15% capital and voting rights thresholds**	**11,449,964**	**11,809,652**
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

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
221C1714	**06/30/2021**	**CDC group**	**5,200,966**	**2.27**	**2.27**	**Below the 10% and 5% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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
221C1715	**06/30/2021**	**Total Apollo Management Inc.**	**53,168,605**	**23.22**	**23.22**	**Above the 5%, 10%, 15% and 20% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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
221C1716	**06/30/2021**	**Total Strategic Value Partners, LLC**	**28,159,346**	**12.3**	**12.3**	**Above the 5% and 10% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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
221C1977	**07/28/2021**	**Total The Goldman Sachs Group, Inc.**	**11,718,227**	**5.12**	**5.12**	**Above the 5% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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
221C1978	**07/29/2021**	**Total The Goldman Sachs Group, Inc.**	**490,117**	**0.21**	**0.21**	**Below the 5% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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
221C2007	**08/02/2021**	**Total The Goldman Sachs Group, Inc.**	**12,336,687**	**5.39**	**5.39**	**Above the 5% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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

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
221C2283	**09/01/2021**	**Total The Goldman Sachs Group, Inc.**	**12,351,858**	**5.40**	**5.40**	**No threshold crossed**	**228,928,428**	**228,928,428**
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
221C2303	**09/02/2021**	**Total The Goldman Sachs Group, Inc.**	**12,071,915**	**5.27**	**5.27**	**No threshold crossed**	**228,928,428**	**228,928,428**
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
221C2395	**09/10/2021**	**Total The Goldman Sachs Group, Inc.**	**129,110**	**0.06**	**0.06**	**Below the 5% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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
221C3298	**11/22/2021**	**Total Apollo Management Inc**	**61,540,138**	**26.88**	**26.88**	**Above the 25% capital and voting rights thresholds**	**228,928,428**	**228,928,428**

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 theoretical voting rights	% of exercisable voting rights at Shareholders' Meetings
	Ordinary shares	Preferred shares		Ordinary shares	Preferred shares		
Public[(a)]	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[(b)]	635,619	2,548,628	1.37%	635,619	0	0.28%	0.28%
Treasury shares[(c)]	148,883		0.06%	148,883		0.06%	-
TOTAL	**229,228,999**	**2,548,628**	**100.00%**	**229,228,999[(d)]**	**0**	**100.00%**	**100.00%**

(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
222C0696	**03/23/2022**	**CDC group**	**11,675,520**	**5.10**	**5.10**	**Above the 5% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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
222C0696	**03/24/2022**	**CDC group**	**5,519,133**	**2.41**	**2.41**	**Below the 5% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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
222C1283	**05/26/2022**	**Total Strategic Value Partners, LLC**	**14,423,640**	**6.30**	**6.30**	**Below the 10% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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
222C1648	**06/21/2022**	**CDC group**	**13,916,080**	**6.08**	**6.08**	**Above the 5% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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
222C1753	**06/30/2022**	**CDC group**	**10,945,210**	**4.78**	**4.78**	**Below the 5% capital and voting rights thresholds**	**228,928,428**	**228,928,428**
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%.

2023 (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
	Ordinary shares	Preferred shares		Ordinary shares	Preferred shares		
Public[a]	163,180,591		68.77%	163,180,591		70.99%	71.02%
Apollo	65,243,206		27.50%	65,243,206		28.38%	28.40%
Group employees[b]	1,345 605	6,482,631	3.30%	1,345,605	0	0.59%	0.59%
Treasury shares[c]	107,668	912,127	0.43%	107,668		0.05%	0.00%
TOTAL	**229,877,070**	**7,394,758**	**100.00%**	**229,877,070[d]**	**0**	**100.00%**	**100.00%**

(a) *A summary of the legal thresholds crossed in 2023 is provided in the table below.*

(b) *Group statutory employee profit-sharing as at December 31, 2023 includes all of the shares subscribed via company mutual funds under the international employee share ownership plans.*

(c) *Treasury shares include the ordinary shares held in treasury by the Company to cover free share plans. It also includes preferred shares transferred automatically and free of charge to the Company in the event of the departure of a beneficiary of the MEP, in application of the 2021 MEP regulations. As a result, the number of treasury shares may change at any time.*

(d) *This total does not include the 7,394,758 preferred shares without voting rights.*

Legal thresholds crossed in 2023

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
223C0320	02/14/2023	The Capital Group Companies	11,617,911	5.01	5.07	Above the 5% capital and voting rights thresholds	231,777,627	229,228,999
223C0441	03/10/2023	Société Générale	11,465,602	4.95	5.002	Above the 5% voting rights threshold	231,777,627	229,228,999
223C0452	03/15/2023	Société Générale	11,811,202	5.10	5.15	Above the 5% capital and voting rights thresholds	231,777,627	229,228,999
223C0483	03/17/2023	Société Générale	8,809,593	3.80	3.84	Below the 5% capital and voting rights thresholds	231,777,627	229,228,999
223C0619	04/18/2023	Société Générale	12,002,408	5.18	5.24	Above the 5% capital and voting rights thresholds	231,777,627	229,228,999
223C0719	05/10/2023	Société Générale	11,360,083	4.90	4.96	Below the 5% capital and voting rights thresholds	231,777,627	229,228,999

As at December 31, 2023, Vallourec's free float amounted to 68.77%.

5.3.2 Absence of control over the Company

No persons or entities exercise control over Vallourec.

5.3.3 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.

5.3.3.1 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).

5.3.3.2 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.

5.3.3.3 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.

5.4 Stock market information

5.4.1 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 5.2.6, "Non-equity instruments" above).

5.4.2 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;
- or by mail at the following address:
  EQ Shareowner Services P.O. Box 64504 St. Paul,
  MN 55164 – 0504 USA

5.4.3 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 Brent

Source: Bloomberg – base 100 as at January 1, 2019.

The table below summarizes Vallourec's market capitalization over the last five years:

In euros	2019	2020*	2021**	2022	2023
Number of ordinary shares outstanding (as at December 31)	457,987,760	11,449,694	228,928,428	229,228,999***	229,877,070
High	3.19	114.68	14.53	14.28	14.57
Low	1.37	11.19	6.01	6.59	9.61
Average (closing) price for the year	2.31	41.35	8.79	10.43	11.95
Year-end price	2.81	26.75	8.80	12.27	14.03
Market capitalization (year-end price)	1,286,945,606	306,279,314	2,014,570,166	2,812,639,818	3,224,025,907

Source: Euronext.

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

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

*** *The preferred shares are not admitted to trading on a regulated market. As at December 31, 2023, there were 7,394,758.*

5.5 Dividend policy

5.5.1 Dividend policy

At the Shareholders' Meeting of May 23, 2024 (third resolution), the shareholders will be asked not to pay a dividend in respect of 2023.

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
2019	0	None	0	-
2020	0	None	0	-
2021	0	None	0	-
2022	0	None	0	-
2023[a]	0	None	0	-

(a) Subject to approval at the Shareholders' Meeting of May 23, 2024.

Vallourec's dividend payment policy for fiscal years ending after December 31, 2023 will take into account its results, its financial position and the restrictions applicable to the payment of dividends which the Company is subject to.

5.5.2 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.

5.5.2.1 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.

5.5.2.2 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.

5.5.2.3 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).

5.6 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.

5.6.1 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) 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 (*Autorité des marchés financiers* – 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.

5.6.1.1 Shareholders' Meetings

The May 25, 2023 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.

5.6.1.2 Newsfeed

Vallourec offers shareholders and stakeholders the option to subscribe to a Group newsfeed via the Internet at 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.

5.6.2 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 Capital Markets Days are organized.** On September 12, 2023, the Group organized a Capital Markets Day in London. During the event, Vallourec's key executives presented the Group's new strategic orientations, current projects and capital allocation priorities. Accessible to all in the form of a webcast available on the Group's website, Capital Markets 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 280 meetings and conference calls, and dedicated around 17 days to roadshows and conferences.

5.6.3 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);
- 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 (“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 (“Investors/Shareholder space” section);
- lastly, the Investor Relations team is always available to answer shareholders’ questions.

5.6.3.1 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 La Défense - Cœur Défense Tour A, 90-110 Esplanade du Général-de-Gaulle, 92400 Courbevoie;
- by telephone on: +33 (0)1 40 14 80 17;
- by fax on: +33 (0)1 55 77 34 17.

5.6.4 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 or actionnaires@vallourec.com

5.6.5 2024 financial calendar (dates subject to change)

March 1, 2024	Publication of fourth-quarter 2023 results
May 16, 2024	Publication of first-quarter 2024 results
May 23, 2024	Ordinary and Extraordinary Shareholders’ Meeting
July 26, 2024	Publication of second-quarter and first-half 2024 results
November 15, 2024	Publication of third-quarter and nine-month 2024 results

5.7 Scope of consolidation

5.7.1 Valourec Group legal organization chart as at December 31, 2023[1]

VALLOUREC
100%
VALLOUREC TUBES

EUROPE/AFRICA (EA)

FRANCE

- 100% Vallourec Oil and Gas France
- 100% Vallourec Tubes France
- 100% Vallourec Umbilicals
- 80% Serimax Holdings

REST OF EUROPE

- 100% Vallourec Deutschland GmbH (Germany)
- 100% Vallourec Oil & Gas UK (United Kingdom)
- 20% Hüttenwerke Krupp Mannesmann (Germany)

AFRICA

- 100% VAM Field Service Angola, LDA (Angola)
- 100% Vallourec Nigeria Limited (Nigeria)
- 100% Vallourec Oil & Gas Egypt LLC (Egypt)
- 100% Vallourec Oil and Gas Kenya Limited (Kenya)
- 100% Vallourec O & G Nigeria Limited (Nigeria)
- 100% Vallourec Oil and Gas Uganda (Uganda)

MIDDLE EAST/ASIA (MEA)

MIDDLE EAST

- 75% Vallourec Al Qahtani LLC (Saudi Arabia)
- 100% Vallourec Middle East FZE (United Arab Emirates)
- 80% Vallourec Saudi Arabia LLC (Saudi Arabia)
- 49% Vallourec Tubular Services LLC (United Arab Emirates)

CHINA

- 99.7% Vallourec Tianda (Anhui) Co., Ltd.
- 100% Vallourec (China) Co., Ltd.
- 100% Vallourec Oil & Gas (China) Co., Ltd.

REST OF ASIA

- 81.7% PT Citra Tubindo Tbk (Indonesia)
- 100% Vallourec Asia Pacific Corp. Pte Ltd. (Singapore)
- 51% VAM Far East (Singapore)

SPECIALITY TUBES

- 100% Valinox Nucléaire Tubes (Guangzhou) Co., Ltd.

NORTH AMERICA (NA)

OCTG

- 100% Vallourec Canada Inc. (Canada) (2)
- 100% Vallourec Oil & Gas Mexico, SA de CV (Mexico)
- 100% Vallourec Star, LP (United States)
- 100% Vallourec Tube-Alloy, LLC (United States)
- 100% VAM USA LLC (United States)

MARKETING COMPANIES

- 100% Vallourec Canada Inc. (Canada) (2)
- 100% Vallourec USA Corp. (United States)

SOUTH AMERICA (SA)

BRAZIL & OTHER

- 100% Vallourec Tubos do Brasil Ltda
  - 100% Vallourec Tubular Solutions Ltda
  - 100% Vallourec Soluções Tubulares do Brasil S.A.
    - 75 % Vallourec Tubos para Indústria S.A.
  - 100% Vallourec Florestal Ltda
  - 100% Vallourec Transportes e Serviços Ltda
  - 100% Vallourec Uruguay S.A. (Uruguay)
  - 100% Vallourec Soluciones Tubulares Argentina S.A.U. (Argentina)

(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.*

5.7.2 Changes in the Group's scope of consolidation in 2023

The main changes in the scope of consolidation during 2023 were as follows:

- On April 24, 2023, Vallourec acquired the SPI and EIB Funds' 49.02% non-controlling interest in Vallourec Umbilical for the symbolic price of €1.
- 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.

CHAPTER 6

6 2023 BUSINESS REVIEW

6.1 Results of operations

6.1.1 Consolidated Group results

6.1.1.1 Income statement

Comparison of 2023 with 2022

Consolidated data *In € millions*	**2022**	**2023**	**Change**
Tubes volume sold ***(in thousands of metric tons)***	**1,804**	**1,552**	**-14%**
Revenue	**4,883**	**5,114**	**+4.7%**
Cost of sales[(a)]	(3,807)	(3,520)	-7.5%
Industrial margin	**1,076**	**1,594**	**+48.1%**
(as a % of revenue)	*22.0%*	*31.2%*	*+9.2 p.p.*
Selling, general and administrative expenses[(a)]	**(349)**	**(334)**	**-4.6%**
(as a % of revenue)	*-7.2%*	*-6.5%*	*+0.7 p.p.*
Other	(11)	(64)	-€53m
EBITDA	**715**	**1,196**	**+€481m**
(as a % of revenue)	*14.6%*	*23.4%*	*+8.8 p.p.*
Depreciation of industrial assets	(183)	(166)	-9.3%
Depreciation and amortization, restructuring costs and other	(618)	(316)	N/A
Impairment of assets and goodwill	(36)	145	N/A
Operating income (loss)	**(122)**	**859**	**+€981m**
NET INCOME (LOSS), GROUP SHARE	**(366)**	**496**	**+€862m**

(a) Before depreciation and amortization.

6.1.1.2 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	**2022**	**2023**	**Change**
First quarter	395	431	+9.1%
Second quarter	433	396	-8.5%
Third quarter	462	343	-25.8%
Fourth quarter	514	382	-25.7%
TOTAL	**1,804**	**1,552**	**-14.0%**

In FY 2023, volume decrease by (14%) was predominantly due to lower deliveries in Industry in Europe.

Sold production of iron ore

In thousands of metric tons	**2022**	**2023**	**Change**
First quarter	0.1	1.5	nm
Second quarter	1.0	1.9	93%
Third quarter	1.5	1.8	21%
Fourth quarter	1.4	1.7	20%
TOTAL	**4.0**	**6.9**	**71%**

In FY 2023, iron ore production sold reached 6.9 million tonnes, increasing by 71% year-over-year due to the recovery in volumes following the waste pile slippage experienced at the mine in 2022.

6.1.1.3 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 2022 exchange rates to these subsidiaries' 2023 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

Over the full year 2023, Vallourec recorded revenues of €5,114 million, up 5% year-on-year (+6% at constant exchange rates). The increase in Group revenues reflects:

- -14% volume decrease predominantly due to lower deliveries in Industry in Europe;
- 18% price/mix effect;
- 2% Mine and Forest;
- -2% currency effect mainly related to the strengthening of the Euro versus the US dollar.

REVENUE BY QUARTER

In € millions	First quarter	Second quarter	Third quarter	Fourth quarter	Full Year
2022	916	1,144	1,281	1,541	4,883
2023	1,338	1,358	1,142	1,276	5,114
% year-on-year change	+46%	+19%	-11%	-17%	+5%
o/w volume effect	*+9%*	*-8%*	*-26%*	*-26%*	*-14%*
o/w price/mix effect	*+26%*	*+27%*	*+20%*	*+10%*	*+18%*
o/w impact of Mine & Forest segment	*+6%*	*+2%*	*+1%*	*+1%*	*+2%*
o/w currency translation effect	*+5%*	*-2%*	*-5%*	*-3%*	*-2%*

In the first quarter of 2023, Vallourec recorded revenues of €1,338 million, up 46% year-on-year (41% at constant exchange rates). The increase in Group revenues reflects:

- 9% volume increase mainly driven by Oil & Gas in North America;
- 26% price/mix effect;
- 6% Mine and Forest;
- 5% currency effect mainly related to weaker EUR/USD and EUR/BRL.

In the second quarter of 2023, Vallourec recorded revenues of €1,358 million, up 19% year-on-year (+21% at constant exchange rates). The increase in Group revenues reflects:

- -8% volume decrease mainly driven by lower deliveries in Industry in Europe;
- 27% price/mix effect;
- 2% Mine and Forest;
- -2% currency effect mainly related to stronger EUR/USD.

In the third quarter of 2023, Vallourec recorded revenues of €1,142 million, down 11% year-on-year (-5% at constant exchange rates). The decrease in Group revenues reflects:

- -26% volume decrease mainly driven by lower deliveries in Industry in Europe and Oil & Gas Tubes in North America;
- 20% price/mix effect;
- 1% Mine and Forest;
- -5% currency effect mainly related to the strengthening of the EUR versus the USD.

In Q4 2023, Vallourec recorded revenues of €1,276 million, down -17% year-on-year, or -15% at constant exchange rates. The decrease in Group revenues reflects:

- -26% volume decrease mainly driven by lower deliveries in Industry in Europe and Oil & Gas Tubes in North America;
- 20% price/mix effect;
- 1% Mine and Forest;
- -5% currency effect mainly related to the strengthening of the EUR versus the USD.

REVENUE BY GEOGRAPHICAL MARKET

The following table shows the change in consolidated revenue by geographical region in which products were sold between 2022 and 2023:

In € millions	2022	% of revenue	2023	% of revenue	2023/2022 change at current exchange rates	2023/2022 change at constant exchange rates
Europe 27	606	13.0%	427	8.9%	-29.5%	-29.3%
North America	2,094	44.9%	2,329	48.5%	+11.2%	+13.9%
Middle East	434	9.3%	643	13.4%	+48.3%	+52.0%
Asia	389	8.3%	296	6.2%	-23.8%	-19.2%
South America	855	18.3%	846	17.6%	-1.1%	-1.7%
Rest of the world	285	6.1%	260	5.4%	-8.6%	-8.0%
TOTAL REVENUE – TUBES	**4,663**	**100.0%**	**4,802**	**100.0%**	**+3.0%**	**+4.9%**
Mine & Forest	245	_	375	_	+53.1%	+51.8%
Holding companies & Other	210	_	197	_	-6.2%	-5.7%
Inter-segment transactions	(235)	_	(258)	_	+10.2%	+10.2%
TOTAL REVENUE	**4,883**	_	**5,114**	_	**+4.7%**	**+6.5%**

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

In FY 2023, Tubes revenues were up 3% year on year which reflected a 14% reduction in shipments offset by a 20% increase in average selling price. These results reflected the closure of Vallourec's German rolling operations as well as the implementation of the Value over Volume strategy.

The following table shows the breakdown of the Group's revenue by business in 2022 and 2023:

In € millions	2022	2023	% change at current exchange rates	% change at constant exchange rates[(a)]
Oil & Gas and Petrochemicals	3,418	3,923	+14.7%	+16.8%
Industry	1,063	709	-33.3%	-33.0%
Power Generation & Other	181	170	-6.1%	+2.9%
TOTAL – TUBES	**4,663**	**4,802**	**+3.0%**	**+4.9%**
Mine & Forest	245	375	+53.1%	+51.8%
Holding companies & Other	210	197	-6.2%	-5.7%
Inter-segment transactions	(235)	(259)	+10.2%	+10.2%
TOTAL	**4,883**	**5,114**	**+4.7%**	**+6.5%**

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.

6.1.1.4 EBITDA

For FY 2023, EBITDA amounted to €1,196 million, or 23.4% of revenues, compared to €715 million (14.6% of revenues) for FY 2022. The increase was driven by substantially higher Tubes EBITDA due to favorable pricing in North America in H1 2023, and steadily improving Tubes results outside of North America, particularly in H2 2023.

In FY 2023, Tubes revenues were up 3% year-on-year which reflected a 14% reduction in shipments offset by a 20% increase in average selling price. These results reflected the closure of Vallourec's German rolling operations as well as the implementation of the Value over Volume strategy.

In FY 2023, Mine & Forest EBITDA reached €180 million versus €113 million in FY 2022, reflecting a strong volume recovery offset by higher costs.

The following table shows changes in the principal components of EBITDA in 2022 and 2023.

In € millions	2022	2023	Change
Revenue	**4,883**	**5,114**	**+4.7%**
Cost of sales[(a)]	(3,807)	(3,520)	-7.5%
Industrial margin	**1,076**	**1,594**	**+48,1%**
(as a % of revenue)	*22,0%*	*31.2%*	*+9.1 p.p.*
Selling, general and administrative expenses[(a)]	(350)	(334)	-4.6%
Other	(11)	(64)	nm
EBITDA	**715**	**1,196**	**+€481m**
(as a % of revenue)	*14,6%*	*23.4%*	*+8.7 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 FY 2023, the industrial margin was €1,594 million, or 31.2% of revenue, increasing by €518 million year on year, predominantly due to higher pricing in Oil & Gas markets.

The following table shows the breakdown of cost of sales (excluding depreciation and amortization) in 2022 and 2023:

In € millions	2022	2023	Change
Direct cost of sales	311	286	-8.0%
Cost of raw materials consumed	1,692	1,439	-15.0%
Labor costs	699	708	+1.3%
Other manufacturing costs[(a)]	1,122	1,046	-6.8%
Change in non-raw-material inventories	(17)	41	nm
TOTAL	**3,807**	**3,520**	**-7.5%**

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

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In FY 2023, selling, general and administrative expenses amounted to €334 million, or 6.5% of revenue, versus €350 million and 7.2% of revenue in FY 2022.

The following table shows the breakdown in SG&A (excluding depreciation and amortization) in 2022 and 2023:

In € millions	2022	2023	Change
Research and Development costs	40	30	-25.0%
Selling and marketing costs	68	65	-4.4%
General and administrative costs	242	239	-1.2%
TOTAL	**349**	**334**	**-4.6%**

PERSONNEL EXPENSES

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

In FY 2023, personnel expenses totaled €909 million compared to €910 million in FY 2022.

Personnel expenses can be broken down as follows:

In € millions	2022	2023	Change
Wages and salaries	709	703	-0.8%
Employee profit sharing and bonuses	29	30	+3.4%
Expenses related to stock options and performance shares	8	18	+125.0%
Social security costs	164	158	-3.7%
TOTAL	**910**	**909**	**-0.1%**

Group headcount as of December 31, 2023 was 15,348, compared to 15,766 as at December 31, 2022:

Headcount of consolidated companies as at December 31	2022	2023	Change
Managers (*cadres*)	2,708	2,703	(5)
Technical and supervisory staff	1,981	1,877	(104)
Production staff	11,077	10,768	(309)
TOTAL	**15,766**	**15,348**	**(418)**

For more details on the workforce, see section 2.3.1 “Group workforce” of this Universal Registration Document.

6.1.1.5 Operating income (loss)

FY 2023 operating income was positive at €859 million, versus the (€122) million loss incurred in 2022. Vallourec recorded a net €145 million impairment reversal, offset by (€279) million in charges largely related to the costs of executing the New Vallourec plan.

In 2022, Vallourec’s operating income was burdened by (€574) million of charges largely related to the costs of executing the New Vallourec plan.

DEPRECIATION AND AMORTIZATION

Depreciation of industrial assets decreased to €66 million in FY 2023 from €166 million in FY 2022.

Non-industrial (Research and Development, sales and administrative) depreciation and amortization represented a loss of €38 million in 2023, versus a loss of €44 million in 2022.

RESTRUCTURING COSTS AND ASSET IMPAIRMENT

Restructuring costs, asset impairment and other items represented a €279 million charge in FY 2023, versus a charge of €574 million in FY 2022.

In FY 2023, Vallourec recorded a charge predominantly related to its restructuring efforts in Germany. The largest component of this charge is a (€127) million expense booked in Q4 2023 for the Group’s ongoing supply agreement with its legacy steel supplier in Germany, HKM.

As disclosed in its 2022 Universal Registration Document, Vallourec has terminated its long-term supply agreement with HKM in conjunction with the shutdown of its German rolling mills. Vallourec’s remaining obligation under its supply agreement will therefore end in 2028 following the seven-year contractual notice period. Vallourec has been reselling excess steel products (largely slabs) throughout 2023, but currently expects these operations to be somewhat loss-making over the remainder of the contract.

Asset impairment can be broken down as follows:

In € millions	2022	2023
Impairment of property, plant and equipment	(36)	149
Other impairment of assets	-	(4)
TOTAL	**(36)**	**145**

In FY 2023, Vallourec recorded a €145 million income related to the reversal of previously-booked impairments. This reversal reflects an improved near-term earnings outlook in Eastern Hemisphere. This improvement, to be realized over the coming years, is due both to the successful results of the Group's restructuring efforts in Asia, including the premiumization strategy executed in China, as well as a favorable medium-term price outlook.

In FY 2022, the Group recorded a (€36) million impairment charge primarily related to assets in Europe.

6.1.1.6 Net financial income (loss)

The Group recorded a net financial loss of €66 million in FY 2022, compared to a net financial loss of €111 million in FY 2022.

In FY 2023, net interest expense amounted to €88 million. FY 2023 financial income (loss) benefitted from the settlement of a longstanding dispute in Brazil with one of the Company's electricity suppliers for €40 million.

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

In € millions	2022	2023	Change
Interest income	7	29	nm
Interest expense	(102)	(118)	+15.7%
Net interest expense	**(95)**	**(88)**	**-7.4%**
Other financial income and expenses	(13)	35	nm
Interest expense on leases	(9)	(8)	-11.1%
Other discounting expenses	6	(5)	nm
NET FINANCIAL INCOME (LOSS)	**(111)**	**(66)**	**€45m**

6.1.1.7 Income tax

Income tax amounted to (€269) million in FY 2023 compared to (€113) million in FY 2022. The increase was attributable to higher profits in most regions and the exhaustion of net operating losses in North America. The effective tax rate was elevated due to non-tax-deductible losses in Germany.

6.1.1.8 Net income (loss)

Non-controlling interests in net income (loss) represented a positive €28 million in FY 2023, compared with a positive €3 million in FY 2022, and were mainly related to Eastern Hemisphere entities.

In FY 2023, net income, Group share, was positive, amounting to €496 million, compared to (€366) million in FY 2022.

Earnings per diluted share amounted to €2.07, *versus* a (€1.60) loss in FY 2022. The increase reflects the above changes in net income as well as an increase in potentially dilutive shares largely related to the company's outstanding warrants, which are accounted for using the treasure share method.

6.1.2 Liquidity and capital resources

6.1.2.1 Overview

Adjusted free cash flow was €860 million in 2023, *versus* (€88) million in FY 2022. In addition to higher EBITDA, Vallourec saw a working capital release of €145 million as compared to a (€355) million cash use for working capital in 2022.

Total cash generation in FY 2023 was €568 million, *versus* (€200) million in FY 2022. This increase driven by higher EBITDA and a working capital release, offset by a (€362) million cash headwind for restructuring charges & non-recurring items related primarily to the closure of the company's German rolling operations and the global implementation of the New Vallourec plan.

As of December 31, 2023, net debt stood at €570 million, a significant decrease compared to €1,130 million on December 31, 2022. Gross debt amounted to €1,470 million including €49 million of fair value adjustment under IFRS 9 which will be reversed over the life of the debt. Gross debt decreased over the course of 2023 due to the reduction of ACC ACE financing in Brazil. Long-term debt amounted to €1,348 million and short-term debt totaled €122 million.

As of December 31, 2023, the liquidity position was very strong at €1,539 million, with cash amounting to €900 million, availability on our revolving credit facility (RCF) of €462 million, and availability on an asset-backed loan (ABL) of €177 million[1].

The Group has no long-term debt repayments scheduled before June 2026.

As of December 31, 2023, lease liabilities stood at €57 million, compared with €71 million at December 31, 2022 following the application of IFRS 16.

At the end of 2023, the Group's equity totaled €2,224 million *versus* €1,685 million as at December 31, 2022, a year-on-year increase of €539 million.

(1) As of December 31, 2023, the borrowing base for this facility was approximately $205 million, and $9 million in letters of credit and other commitments were issued.

6.1.2.2 Cash flow

CONDENSED STATEMENT OF CASH FLOWS

In € millions	2022	2023
Cash flow from operating activities	330	566
Change in operating working capital (+ decrease/(increase))	(355)	145
Net cash from (used in) operating activities (1)	**(25)**	**711**
Net cash used in investing activities (2)	**(162)**	**(130)**
Net cash from (used in) financing activities (3)	**91**	**(215)**
Impact of changes in exchange rates (4)	28	(15)
Impact of reclassification to assets held for sale and discontinued operations (5)	(2)	-
CHANGE IN CASH (1 + 2 + 3 + 4 + 5)	**(70)**	**351**

NET CASH USED IN OPERATING ACTIVITIES

In FY 2023, cash flow from operating activities was a positive €566 million compared to €330 million in FY 2022. The increase was driven largely by higher EBITDA generation.

Net cash flow used in operating activities represented an inflow of €711 million in FY 2023, compared to an outflow of €25 million in FY 2022 mainly due €355 million working capital increase.

For FY 2023, operating working capital release amounted to €145 million, *versus* an increase of €355 million in FY 2022.

Changes in working capital were as follows:

Gross amounts	31/12/2022	Translation differences	Change	Reclassification and other	Items held for sale	31/12/2023
Inventories	1,409,864	2,082	(71,456)	(24,996)	(13,272)	1,327,218
Trade receivables	838,121	(2,438)	(59,990)	(4,194)	2,281	777,974
Trade payables	(786,918)	10,488	9,123	8,583	4,799	(762,508)
Working capital	**1,461,067**	**10,132**	**(122,323)**	**(20,607)**	**(6,192)**	**1,342,684**
Other receivables and payables	(5,347)	(701)	(31,581)	10,294	(12,580)	(50,209)
Operating working capital	**1,455,720**	**9,431**	**(153,904)**	**(10,313)**	**(18,772)**	**1,292,475**
Impact of hedging instruments	–	–	**9,240**	–		–
TOTAL			**(144,664)**			
Change in operating working capital in the statement of cash flows			**144,664**			

NET CASH USED IN INVESTING ACTIVITIES

Gross capital expenditure was €213 million in FY 2023, compared to €191 million in 2022.

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

See section 6.1.2.3 “Capital expenditure” below for a description of the main investments in 2023 and 2024.

NET CASH FROM (USED IN) FINANCING ACTIVITIES

Net cash flow relating to financing activities represented an outflow of €215 million in FY 2023, compared to an intflow of €91 million in FY 2022. See section 6.1.3 “Consolidated statement of cash flows” below for a description of the main investments in 2023 and 2022.

6.1.2.3 Capital expenditure

INVESTMENT DECISIONS

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

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

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.

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, the Vice-President of Industrial Excellence, Capital Expenditure and Insurance, and the Senior Vice-President Group Industry 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 2022-2023 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.

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	2022	2023
Europe	14.6	15.1
North America	37.7	39.3
Central & South America	130.7[a]	156.9[b]
Asia	16.4	15.9
Other	0.5	(0.2)
TOTAL CAPITAL EXPENDITURE[b]	**199.9[c]**	**227.0**
o/w Capital expenditure payments during the year	190.7	212.6

(a) Including €8.5 million for biological assets.
(b) Including €10.6 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.

The largest capital expenditure programs in 2022 and 2023 are outlined below.

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 plan with expenditure of €120 million-equivalent to increase capacity in Brazil for the manufacture of tubes previously 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.

2023

In 2023, capital expenditure increased again compared with 2022.

In 2023, the budget for capital expenditure totaled €227 million, i.e., an increase compared to 2022. The 2023 budget covered:

- the continuation of the New Vallourec plan to bring on stream additional production capacity at the Brazilian plants;
- the completion of a project to build an automated furnace for the production of charcoal using the Carboval process (Brazil);
- the completion 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 2024

The capital expenditure budget for 2024 is expected to amount to €197 million, lower than in 2023 as the bulk of the New Vallourec plan will have been completed. The 2024 budget covers:

- capital expenditure for the completion of the New Vallourec plan to bring on stream additional production capacity at the Brazilian plants;
- the launch of the mine's long-term CAPEX plan with the relocation of facilities;
- the maintenance of the pellet plant;
- 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.

6.1.2.4 Free cash flow

In FY 2023, free cash flow represented a positive €498 million, compared to a negative €216 million in FY 2022.

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 2022 and 2023:

In € millions	**2022**	**2023**
Cash flow from (used in) operating activities	330	566
Change in operating working capital (+ decrease, (increase))	(355)	145
Net cash flow from (used in) operating activities	(25)	711
Gross capital expenditure	(191)	(213)
FREE CASH FLOW	**(216)**	**498**

6.1.2.5 Liquidity and debt

As of December 31, 2023, consolidated gross debt totaled €1,470 million, including €1,348 million in medium and long-term debt and €122 million in debt due within one year. As at that date, the Group had €900 million in cash and cash equivalents. Net debt therefore totaled €570 million at end-2023, down compared to the €1,130 million figure as of December 31, 2022.

As of December 31, 2023, 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 five-year tenor.

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, 2023:

In € millions	As at December 31, 2023
Bond issue – maturing in June 2026	1,105
State-guaranteed loans	229
ACC ACE programs	94
Other	42
TOTAL GROSS DEBT	**1,470**

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: the 2023 gearing doesn't exceed 100%. 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, 2023:

	2022	2023
> one year	1,102	4,136
> two years	3,310	1,106,955
> three years	1,136,889	230,158
> four years	221,546	1,709
Five years and more	4,347	5,173
TOTAL	**1,367,194**	**1,348,131**

6.1.2.6 Equity

The Group's equity totaled €2,224 million as at December 31, 2023, compared to €1,686 million as at December 31, 2022. This €538 million year-on-year increase is mainly due to the €524 million net gain in 2023 (*versus* (€364) million in net loss in 2022).

6.2 Outlook

6.2.1 Group outlook for 2024

In its 1 March 2024 press release reporting its 2023 results, the Group announced the following outlook for 2024:

In the first half of 2024, based on our assumptions and current market conditions, the Group expects:

- Group EBITDA in the first half of 2024 to be broadly similar to second half of 2023 (H2 2023 stood at €502 million):
  - slight sequential decline in international Tubes volumes to be offset by improved international pricing,
  - A moderating decline in US Tubes pricing will also be offset by improving US sales volumes versus the second half of 2023,
  - iron ore production sold to be approximately 3.0 million tonnes in H1 2024, with costs remaining elevated;
- total cash generation to be positive in the first half of 2024(1);
- further reduction in net debt *versus* the year-end 2023 level(2).

For the full year 2024, based on our assumptions and current market conditions, the Group expects:

- another year of strong EBITDA generation due to robust Tubes pricing in backlog and continued operational improvement:
  - continued strong market environment in Tubes with results benefitting from strong International pricing already in backlog,
  - full year iron ore production sold to be approximately 6.0 million tonnes with costs remaining elevated;
- full year total cash generation to be positive(2);
- a further reduction in net debt *versus* the year-end 2023(2).

Key items affecting Vallourec's cash flow in 2024 are expected to be as follows:

- financial cash out is expected to be approximately (€100) million, excluding any impacts of potential refinancing transactions;
- tax payments are expected to reflect a mid to high 20% cash tax rate relative to reported pre-tax income;
- capital expenditures are expected to be approximately (€200) million;
- restructuring charges and non-recurring items are expected to represent a cash use of approximately (€200) million. This estimate includes the impact of the provisions and charges recorded in Fourth Quarter 2023.

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 3 "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.

6.2.2 Main assumptions

The outlook for the year ending December 31, 2024 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, 2023.

The outlook for 2024 is mainly based on the assumptions outlined below:

1. Vallourec assumes stable drilling activity and tubular demand throughout the world, which leads to OCTG market prices broadly in line with current levels.
2. Vallourec's iron ore production sold is expected to be approximately 6 million tonnes. Iron ore prices are assumed to decrease moderately year-over-year.
3. Assumptions for the annual average price of raw materials include relatively stable prices for scrap steel and iron ore in the Americas, a slight decrease for carbon steel in China, as well as a modest decrease for alloys used in specialty steels.
4. Inflation excluding raw materials is expected to be slightly lower than for 2023, as a result of lower inflation expected in the United States, Europe and Brazil.
5. For 2023, the Group expects the EUR to rise slightly on average year-over-year against the USD, CNY, and BRL.
6. A stable political, regulatory and fiscal environment.
7. 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 €200 million.

(1) In all cases, total cash generation and net debt guidance excludes the potential positive impact of asset sales as well as potential capital markets transactions or other non-ordinary-course acquisitions or disposals.

6.3 Parent company earnings

Vallourec SA posted an operating loss of €7.7 million for 2023, an improvement on the €13.1 million operating loss for 2022. 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 €1,161 million in 2023, *versus* €1,671 million in 2022. This change can be explained by (i) a reversal of the provision for impairment of shares in Vallourec Tubes (€887 million reversal in 2023 compared to a €1,661 million reversal in 2022), and (ii) dividend received from Vallourec Tube for €250 million. 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.

Corporate income tax represented a benefit of €1.9 million.

Net income for the year amounted to €1,155.1 million, *versus* €1,657.9 million in 2022.

Subscribed capital, fully paid up, totaled €4,745,437 divided into 237,271,828 shares, each with a par value of €0.02.

Equity increased by €1,159 million to €5,928 million at December 31, 2024, from €4,769 million at December 31, 2022.

Borrowings totaled €1,312 million, up €2.2 million on 2022.

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 2023.

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, 2023.

Due (D = 31/12/2023) *In € thousands*	**Trade payables outstanding**	**0 to 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**91+ days past due**	**Total past due**
Total amount of invoices concerned, including VAT	630	(4)	2	0	176	174
Number of invoices concerned	84	33	46	0	40	119
Percentage of purchases, including VAT	7.44%	-0.05%	0.02%	0.00%	2.08%	2.05%
TOTAL	**630**	**(4)**	**2**	**0**	**176**	**174**

Due (D = 31/12/2023) *In € thousands*	**Trade receivables outstanding**	**0 to 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**91+ days past due**	**Total past due**
Total amount of invoices concerned, including VAT	840	-	-	-	-	-
Number of invoices concerned	1	-	-	-	-	-
Percentage of sales, including VAT	15.44%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL	**840**	**-**	**-**	**-**	**-**	**-**

6.3.1 Changes in scope

The main changes in the scope of consolidation during 2023 are as follows:

- on 1 January 2023, Valinox Nucléaire Tubes Guangzhou Co. Ltd was deconsolidated;
- on 1 January 2023 Vallourec Umbilicals moved from equity method to full consolidation method;
- on 30 November 2023, Vallourec One merged with Vallourec Services.

CHAPTER 7

7 ASSETS, FINANCIAL POSITION AND RESULTS

7.1 Consolidated financial statements

7.1.1 Vallourec Group consolidated income statement

In € thousands	Notes	2022	2023
Revenue		**4,882,700**	**5,113,719**
Cost of sales [(a)]	2.3	(3,807,143)	(3,519,664)
Selling, general and administrative expenses [(a)]	2.3	(349,279)	(333,273)
Other	2.3	(11,158)	(64,455)
EBITDA	**2.3**	**715,120**	**1,196,327**
Depreciation and amortization	2.4	(227,127)	(203,428)
Impairment of assets and goodwill	2.5	(36,172)	144,853
Asset disposals, restructuring costs and non-recurring items	2.6	(573,539)	(278,865)
Operating income (loss)		**(121,718)**	**858,887**
Interest income	7.1.6	7,002	29,483
Interest expense	7.1.6	(101,884)	(117,699)
Net interest expense	**7.1.6**	**(94,882)**	**(88,216)**
Other financial income and expenses	7.1.6	(16,569)	22,127
Net financial income (loss)	**7.1.6**	**(111,451)**	**(66,089)**
Pre-tax income (loss)		**(233,169)**	**792,798**
Income tax	3.1	(112,926)	(268,959)
Share in net income (loss) of equity-accounted companies	5	(17,612)	71
Net income (loss) from continuing operations		**(363,707)**	**523,910**
Net income (loss)		**(363,707)**	**523,910**
Attributable to non-controlling interests	6.1.6	2,676	28,000
Group share		**(366,383)**	**495,910**
Basic earnings (loss) per share	6.4	(1.6)	2.2
Diluted earnings (loss) per share	6.4	(1.6)	2.1

(a) Before depreciation and amortization.

7.1.2 Statement of comprehensive income

In € thousands	2022	2023
NET INCOME (LOSS)	**(363,707)**	**523,910**
Actuarial gains and losses on post-employment benefits	6,909	(6,469)
Tax attributable to actuarial gains and losses on post-employment benefits	(473)	2
Items that will not be reclassified to profit or loss	**6,436**	**(6,467)**
Translation differences on foreign operations	224,335	(8,474)
Change in fair value of hedging instruments	12,674	12,414
Tax attributable to the change in fair value of hedging instruments	(2,472)	(782)
Items that may be reclassified subsequently to profit or loss	**234,537**	**3,158**
OTHER COMPREHENSIVE INCOME (NET OF TAX)	**240,973**	**(3,309)**
TOTAL COMPREHENSIVE INCOME (LOSS)	**(122,734)**	**520,601**
Attributable to non-controlling interests	5,216	27,080
Group share	**(127,950)**	**493,521**

7.1.3 Statement of cash flows

In € thousands	Notes	2022	2023
Net income (loss)		**(363,707)**	**523,910**
Net additions to depreciation, amortization and provisions	2.7	644,737	(126,612)
Unrealized gains and losses on changes in fair value		(15,025)	151,737
Capital gains and losses on disposals of non-current assets and equity interests		31,090	(49,886)
Share in net income (loss) of equity-accounted companies		17,612	(71)
Other cash flows from operating activities		(712)	(688)
Cash flow from operating activities after cost of net debt and taxes		**313,995**	**498,390**
Cost of net debt	7.1.6	94,882	88,216
Tax expense (including deferred taxes)	3.1	112,926	268,959
Cash flow from operating activities before cost of net debt and taxes		**521,803**	**855,565**
Interest paid		(119,188)	(137,162)
Tax paid		(79,228)	(181,703)
Interest received		6,998	29,485
Cash flow from operating activities		**330,385**	**566,185**
Change in operating working capital	2.8	(355,374)	144,664
Net cash used in operating activities		**(24,989)**	**710,849**
Acquisitions of property, plant and equipment, and intangible and biological assets	4.6	(190,676)	(212,586)
Disposals of property, plant and equipment and intangible assets		36,765	80,376
Impact of acquisitions (changes in consolidation scope)		(2,921)	(375)
Impact of disposals (changes in consolidation scope)		212	-
Other cash flows from investing activities		(5,465)	2,891
Net cash used in investing activities		**(162,085)**	**(129,694)**
Increase or decrease in equity		699	4,326
Dividends paid to non-controlling interests		(2,477)	(4,708)
Proceeds from new borrowings	7.1.7	141,942	3,544
Repayments of borrowings	7.1.7	(41,519)	(209,861)
Repayment of lease liabilities		(29,515)	(23,340)
Other cash flows from (used in) financing activities		21,794	15,216
Net cash from (used in) financing activities		**90,924**	**(214,823)**
Impact of changes in exchange rates		**28,290**	**(14,905)**
Impact of reclassification to assets held for sale and discontinued operations		**(2,417)**	**-**
CHANGE IN NET CASH		**(70,277)**	**351,427**
Opening net cash		**617,065**	**546,788**
Closing net cash		**546,788**	**898,215**
Change		(70,277)	351,427

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 – 31 December 2023 and 2022

In € thousands	Notes	31/12/2022	Change	31/12/2023
Cash and cash equivalents (1)	7.1	551,603	348,345	899,948
Short-term bank facilities (2)	7.1	4,815	(3,082)	1,733
NET CASH (3) = (1) – (2)		**546,788**	**351,427**	**898,215**

In € thousands	31/12/2021	Change	31/12/2022
Cash and cash equivalents (1)	620,474	(68,871)	551,603
Short-term bank facilities (2)	3,409	1,406	4,815
NET CASH (3) = (1) – (2)	**617,065**	**(70,277)**	**546,788**

7.1.4 Vallourec Group statement of financial position

In € thousands	Notes	31/12/2022	31/12/2023
NON-CURRENT ASSETS			
Net intangible assets	4.3	36,820	42,037
Goodwill	4.1	39,600	39,817
Net property, plant and equipment	4.4	1,828,771	1,980,445
Biological assets	4.5	62,501	69,704
Investments in equity-accounted companies	5	15,969	15,736
Other non-current financial assets	7.3	82,474	74,196
Other non-current assets	2.8.3	105,573	85,090
Deferred taxes	3.2	237,725	208,576
Total non-current assets		**2,409,433**	**2,515,601**
CURRENT ASSETS			
Inventories	2.8.1	1,311,649	1,241,798
Trade and other receivables	2.8.2	824,462	756,060
Other current financial assets	7.3	40,783	58,993
Other current assets	2.8.3	210,536	239,771
Cash and cash equivalents	7.1	551,603	899,948
Total current assets		**2,939,033**	**3,196,570**
Assets held for sale and discontinued operations	10.1	9,414	1,081
TOTAL ASSETS		**5,357,880**	**5,713,252**

In € thousands	Notes	31/12/2022	31/12/2023
EQUITY			
Equity attributable to owners of the parent	7.1.5	1,643,252	2,156,640
Non-controlling interests	7.1.6	42,356	67,041
Total equity		**1,685,608**	**2,223,681**
NON-CURRENT LIABILITIES			
Loans and other borrowings	7.1	1,367,194	1,348,131
Employee benefits	8	104,709	102,069
Long-term provisions	9	246,143	200,798
Deferred taxes	3.2	51,836	83,354
Other non-current financial liabilities	7.2	50,622	115,742
Other non-current liabilities	2.8.3	50,746	39,867
Total non-current liabilities		**1,871,250**	**1,889,961**
CURRENT LIABILITIES			
Overdrafts and other short-term bank facilities	7.1	314,127	122,197
Short-term provisions	9	354,725	249,405
Trade payables	2.8.4	786,918	762,508
Other current financial liabilities	7.2	55,279	95,850
Other current liabilities	2.8.3	286,163	369,650
Total current liabilities		**1,797,212**	**1,599,610**
Liabilities related to assets held for sale and discontinued operations	10.1	3,810	-
TOTAL EQUITY AND LIABILITIES		**5,357,880**	**5,713,252**

7.1.5 Statement of changes in equity

In € thousands	Share capital	Additional paid-in capital	Consoli-dated 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
AS AT 31 DECEMBER 2021	**4,579**	**3,951,529**	**(1,237,306)**	**(978,649)**	**(15,785)**	**(869)**	**39,545**	**1,763,044**	**44,663**	**1,807,707**
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
Net income (loss) for 2022	**-**	**-**	**-**	**-**	**-**	**-**	**(366,383)**	**(366,383)**	**2,676**	**(363,707)**
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)	-	-	-	-	-	-	-	-
Change in share-based	-	-	7,569	-	-	-	-	7,569	-	7,569
Dividends paid	-	-	-	-	-	-	-	-	(2,477)	(2,477)
Share-based payments	-	-	(312)	-	-	312	-	-	-	-
Changes in consolidation scope and other	-	-	(5,093)	5,107	575	-	-	589	(5,046)	(4,457)
AS AT 31 DECEMBER 2022	**4,636**	**3,951,472**	**(1,189,552)**	**(751,355)**	**(5,009)**	**(557)**	**(366,383)**	**1,643,252**	**42,356**	**1,685,608**
Change in foreign currency translation reserve	-	-	-	(7,662)	-	-	-	(7,662)	(812)	(8,474)
Financial instruments	-	-	-	-	11,632	-	-	11,632	-	11,632
Actuarial gains and losses on retirement commitments	-	-	(6,359)	-	-	-	-	(6,359)	(108)	(6,467)
Other comprehensive income (loss)	-	-	(6,359)	(7,662)	11,632	-	-	(2,389)	(920)	(3,309)
Net income (loss) for 2023	**-**	**-**	**-**	**-**	**-**	**-**	**495,910**	**495,910**	**28,000**	**523,910**
Total comprehensive income (loss)	-	-	(6,359)	(7,662)	11,632	-	495,910	493,521	27,080	520,601
Appropriation of 2022 net income (loss)	-	-	(366,383)	-	-	-	366,383	-	-	-
Capital increase	10	4,316	-	-	-	-	-	4,326	-	4,326
Change in share-based	-	-	(557)	-	-	557	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(4,517)	(4,517)
Share-based payments	99	(99)	17,610	-	-	-	-	17,610	-	17,610
Changes in consolidation scope and other	-	-	(4,441)	2,945	(573)	-	-	(2,069)	2,122	53
AS AT 31 DECEMBER 2023	**4,745**	**3,955,689**	**(1,549,682)**	**(756,072)**	**6,050**	**-**	**495,910**	**2,156,640**	**67,041**	**2,223,681**

7.1.6 Statement of changes in non-controlling interests

In € thousands	Consolidated reserves	Foreign currency translation reserve	Revaluation reserve, net of tax	Net income (loss) for the period	Non-controlling interests
AS AT 1 JANUARY 2022	**48,281**	**3,649**	**841**	**(8,108)**	**44,663**
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 (loss)	391	2,148	1	-	2,540
Net income (loss) for 2022	**-**	**-**	**-**	**2,676**	**2,676**
Total comprehensive income (loss)	391	2,148	1	2,676	5,216
Appropriation of 2021 net income (loss)	(8,108)	-	-	8,108	-
Dividends paid	(2,477)	-	-	-	(2,477)
Changes in consolidation scope and other	(4,794)	(252)	-	-	(5,046)
AS AT 31 DECEMBER 2022	**33,293**	**5,545**	**842**	**2,676**	**42,356**
AS AT 1 JANUARY 2023	**33,293**	**5,545**	**842**	**2,676**	**42,356**
Change in foreign currency translation reserve	-	(812)	-	-	(812)
Actuarial gains and losses on retirement commitments	(108)	-	-	-	(108)
Other comprehensive income (loss)	(108)	(812)	-	-	(920)
Net income (loss) for 2023	**-**	**-**	**-**	**28,000**	**28,000**
Total comprehensive income (loss)	(108)	(812)	-	28,000	27,080
Appropriation of 2022 net income (loss)	2,676	-	-	(2,676)	-
Dividends paid	(4,517)	-	-	-	(4,517)
Changes in consolidation scope and other	2,351	(227)	(1)	(1)	2,122
AS AT 31 DECEMBER 2023	**33,695**	**4,506**	**841**	**27,999**	**67,041**

7.1.7 Notes to the consolidated financial statements for the year ended 31 December 2023

The Group's reporting currency is the euro. All amounts are expressed in thousands of euro (€ thousands), unless otherwise specified. Certain numerical figures contained in this document, including financial information and certain operating data, have been subject to rounding adjustments.

CONTENTS

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 31 December 2023, including the accompanying notes to the consolidated financial statements, were approved by Vallourec's Board of Directors on 29 February 2024 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 19 July 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, 2023.

These financial statements are available on the Company's website at 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 2023

The new mandatory standards and amendments applicable to financial periods beginning on or after January 1, 2023 correspond to amendments to IAS 1 ("Presentation of Consolidated Financial Statements") and IAS 8 ("Accounting Policies, Changes in Accounting Estimates and Errors"), IAS 12 ("Income Taxes") and IFRS 17 ("Insurance Contracts") and amendments to IFRS 17.

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, 2023.

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).

The main exchange rates used (euro/currency) are as follows:

	USD	GBP	BRL	CNY
AS AT 31 DECEMBER 2022				
Average rate	1.05	0.85	5.44	7.05
Closing rate	1.07	0.89	5.64	7.36
AS AT 31 DECEMBER 2023				
Average rate	1.08	0.87	5.40	7.66
Closing rate	1.11	0.87	5.36	7.85

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);
- deferred tax assets recognized on tax loss carryforwards (see Note 3.2);
- provisions for disputes, onerous contracts, restructuring and contingent liabilities (see Note 9).

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

CHANGES TO VALLOUREC MANAGEMENT TEAM

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 operations. This new organization aims at making the Group more efficient and more agile, closer to its customers, and at enhancing its industrial performance, through two export bases, Brazil and Asia.

In April 2023, Sarah Dib was appointed Group General Counsel. She succeeded Nathalie Joannes and joined the Executive Committee. Sarah Dib joined the Group in January 2023 as Head of Legal Affairs in charge of corporate governance and stock exchange law and Secretary to the Board of Directors, after having worked for several years as a lawyer in international law offices.

In May 2023, Vallourec announced the appointment of Valeria Fernandes as Digital & Information Systems Director. She succeeded Naïla Giovanni and joined the Executive Committee.

In September 2023, to accelerate the implementation of Vallourec's turnaround under the New Vallourec plan, the Group announced the following changes within its Executive Committee:

- Bertrand Frischmann, previously Senior Vice President of the North America region, was appointed Chief Operating Officer (COO) of the Americas, covering both North and South America;
- Bertrand Frischmann was also appointed Acting Senior Vice President of the South America region, replacing Pierre d'Archemont;
- Jacky Massaglia, previously Senior Vice President, Business Line Project Line Pipe and Process, was appointed Senior Vice President of North America, replacing Bertrand Frischmann, and will report to him in his role as COO of the Americas;
- Bertrand de Rotalier, formerly OCTG Sales Director for Europe and Africa, was appointed Senior Vice President Business Line Project Line Pipe and Process, replacing Jacky Massaglia. Bertrand de Rotalier joins the Executive Committee.

Vallourec's Executive Committee comprises 13 members under the leadership of Philippe Guillemot, Chairman and Chief Executive Officer.

NEW BOARD MEMBER APPOINTMENT

In its November 12, 2023 session the Group Board of Directors decided to co-opt Mr. Luciano Siani as a member of the Vallourec Board of Directors. The ratification of Mr. Luciano Siani's appointment will be proposed to the Group's next Shareholders' meeting on 23 May 2024.

Mr. Siani has held key leadership positions within Vale Group for almost 15 years, most of them as a Senior member of Vale Executive Committee. He has been Group Financial Officer and most recently Executive Vice President Strategy and Business Transformation until January 2023.

Prior to joining Vale, Mr. Siani worked for 14 years for the Brazilian Development Bank (BNDES) in various senior roles related to export finance, capital markets and infrastructure assets. He represented the bank on the Boards of several large Brazilian companies. Prior to this, he also worked as a consultant at McKinsey & Company.

The Board of Directors considered that Mr. Luciano Siani qualifies as an independent member under the criteria set forth by the AFEP-MEDEF corporate governance code.

Mr. Siani is also appointed as member of the Audit Committee and of the Corporate Social Responsibility (CSR) Committee.

The Board of Directors of Vallourec comprises of eight Board members, of which 42% are women and 71% independent Board members

EMPLOYEE INVESTMENT PROGRAM LAUNCHED

In October 2023, Vallourec launched Vallourec Invest 2023, a share investment program reserved for employees, as per the decision made on 27 July 2023, by the Board of Directors in accordance with the thirteenth and fourteenth resolutions of the Annual General Meeting of Shareholders on 25 May 2023.

This share capital increase reserved for employees aims to involve the Group's employees in value creation and to develop employee share ownership as a recognition of the progress achieved thus far and strengthen their participation in the construction of the New Vallourec plan as a direct or indirect shareholder.

Employee investments resulted in the creation of 490,101 new shares (representing 0.21% of Vallourec's capital) and brings the total number of shares composing the capital to 237,271,828 as of December 13, 2023.

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.
- The Pau Branco mine returned to normal operations at the end of the second quarter of 2023 following the release of the Cachoeirinha waste pile in May 2023.
- Vallourec has provided guidance for the Mine and Forest segment to generate around €100 million of annualized EBITDA for the near-term, assuming iron ore market prices of approximately $110 per tonne. However, Vallourec has two projects designed to enhance the profitability of its mine, the so-called Phase 1 and Phase 2 extensions:
  - In late 2024, Vallourec anticipates that the Phase 1 mine extension project will be finalized and will lead to an EBITDA increase for the Mine & Forest business of €20 to €25 million per year, assuming iron ore prices broadly consistent with the $110 level discussed above.
  - In 2027, Vallourec anticipates a more significant capital project, the Phase 2 mine extension, to be completed. This should lead to further incremental Mine & Forest EBITDA of €50 to €75 million per year.
  - Total capital expenditures for both projects are expected to be less than €150 million and are expected to be spent over the next several years. Vallourec management is currently engaging with state and national regulators to obtain the required production and environmental permits for both extensions.

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.

The Group monitor its performance and profitability and consequently 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 Executive Committee'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 (DII).

Vallourec presents geographical information for the Tubes segment for Europe, North America, South America, Asia, the Middle East and the Rest of the World), among others.

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 mine is currently capable of producing approximately 6 million tonnes per year.

Following the commissioning of the Phase 2 extension work in 2027, the Group sees potential to increase this production rate by 1 to 2 million tonnes. Surplus production that exceeds internal consumption (currently estimated at approximately 1 million tonnes) 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.

RESULTS, ASSETS AND LIABILITIES BY OPERATING SEGMENT

As at 31 December 2023	Tubes	Mine & Forests	Holding companies & Other	Inter-segment transactions	Total
INCOME STATEMENT					
Revenue	4,801,700	374,617	196,655	(259,253)	5,113,719
EBITDA	1,050,643	179,613	(31,994)	(1,935)	1,196,327
Depreciation of industrial assets	(170,193)	(21,238)	(11,997)	-	(203,428)
Impairment of assets and goodwill	147,686	(517)	(2,316)	-	144,853
Asset disposals, restructuring costs and non-recurring items	(263,417)	6,076	(21,130)	(394)	(278,865)
OPERATING INCOME (LOSS)	**764,719**	**163,934**	**(67,437)**	**(2,329)**	**858,887**
Unallocated income	-	-	-	-	29,482
Unallocated expenses	-	-	-	-	(95,571)
Pre-tax income (loss)	-	-	-	-	792,798
Income tax	-	-	-	-	(268,959)
Share in net income (loss) of equity-accounted companies	-	-	-	-	71
Net income (loss)	-	-	-	-	523,910
STATEMENT OF FINANCIAL POSITION					
Non-current assets	2,110,115	320,916	84,570	-	2,515,601
Current assets	2,182,530	104,419	408,589	(398,916)	2,296,622
Cash and cash equivalents	1,080,445	50,482	1,135,012	(1,365,991)	899,948
Assets held for sale and discontinued operations	-	1,081	-	-	1,081
TOTAL ASSETS	**5,373,090**	**476,898**	**1,628,171**	**(1,764,907)**	**5,713,252**
CASH FLOWS					
Investments in property, plant and equipment, intangible assets and biological assets	183,078	25,933	3,575	-	212,586
Non-Group revenue	4,746,204	269,119	98,396	-	5,113,719

As at 31 December 2022	Tubes	Mine & Forests	Holding companies & Other	Inter-segment transactions	Total
INCOME STATEMENT					
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)
OPERATING INCOME (LOSS)	**(43,485)**	**19,362**	**(98,565)**	**970**	**(121,718)**
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)
STATEMENT OF FINANCIAL POSITION					
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
TOTAL ASSETS	**5,103,032**	**451,385**	**1,008,590**	**(1,205,127)**	**5,357,880**
CASH FLOWS					
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

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) as well as the Middle East. 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.

	Revenue		Non-current assets	
	2022	2023	2022	2023
Europe	606,304	427,303	87,942	69,228
North America	2,093,952	2,328,864	957,508	857,300
South America	855,039	845,529	764,092	876,098
Asia	388,661	296,346	99,456	193,279
Middle East	433,880	643,422	76,290	113,689
Rest of the world	284,677	260,236	843	521
Total – Tubes	**4,662,513**	**4,801,700**	**1,986,130**	**2,110,115**
Mine & Forests	**244,851**	**374,617**	**335,067**	**320,916**
Holding companies & Other	**210,086**	**196,655**	**88,235**	**84,570**
Inter-segment transactions	**(234,750)**	**(259,253)**	**-**	**-**
TOTAL	**4,882,700**	**5,113,719**	**2,409,433**	**2,515,601**

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 sales of product (tubes and Iron Ore) 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 (International Commercial Terminologies) of a given contract. For some of the revenues, services and in particular welding activities, the Group recognize revenue for contract using the percentage of completion.

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 2022 and 2023:

	2022	2023
Oil & Gas	3,418,475	3,922,630
Industry	1,063,317	709,352
Other	180,721	169,718
Total – Tubes	**4,662,513**	**4,801,700**
Mine & Forests	**244,851**	**374,617**
Holding companies & Other	**210,086**	**196,655**
Inter-segment transactions	**(234,750)**	**(259,253)**
TOTAL	**4,882,700**	**5,113,719**

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:

	2022	2023
Revenue	**4,882,700**	**5,113,719**
Cost of sales	**(3,807,143)**	**(3,519,664)**
• Of which direct cost of sales	(311,365)	(286,357)
• Of which cost of raw materials consumed	(1,691,423)	(1,438,676)
• Of which labor costs	(698,915)	(707,525)
• Of which other manufacturing costs [(a)]	(1,122,153)	(1,045,647)
• Of which change in non-raw-material inventories	16,713	(41,459)
Selling, general and administrative expenses	**(349,279)**	**(333,273)**
• Of which research and development costs	(39,274)	(29,573)
• Of which selling and marketing costs	(67,734)	(64,520)
• Of which general and administrative costs	(242,271)	(239,180)
Other	**(11,158)**	**(64,455)**
• Of which employee profit-sharing, bonuses and other	(25,454)	(30,136)
• Of which other income and expenses	14,296	(34,319)
Total gross operating expenses	**(4,167,580)**	**(3,917,392)**
EBITDA	**715,120**	**1,196,327**

(a) *"Other manufacturing costs" mainly include energy and consumables, subcontracting and maintenance expenditure, and provisions.*

PERSONNEL EXPENSES

	2022	2023
Wages and salaries	(708,903)	(703,056)
Employee profit-sharing	(29,486)	(30,136)
Expenses related to stock options and performance shares	(7,569)	(17,610)
Social security costs	(163,861)	(158,111)
TOTAL	**(909,819)**	**(908,914)**

See Note 8 for information about retirement commitments.

Headcount of consolidated companies at 31 December	2022	2023
Managers	2,708	2,703
Technical and supervisory staff	1,981	1,877
Production staff	11,077	10,768
TOTAL	**15,766**	**15,348**

2.4 Depreciation and amortization

Depreciation and amortization breaks down as follows:

	2022	2023
Depreciation of industrial assets	(183,107)	(165,715)
Depreciation of right-of-use assets	(23,587)	(20,717)
Amortization of capitalized research and development costs	(3,103)	(1,383)
Depreciation and amortization – contract and selling and marketing costs	(1,268)	(795)
Depreciation and amortization – general and administrative costs	(16,062)	(14,818)
TOTAL DEPRECIATION AND AMORTIZATION	**(227,127)**	**(203,428)**

2.5 Impairment of assets and goodwill

	2022	2023
Impairment of goodwill	-	(3,677)
Impairment of property, plant and equipment	(35,135)	148,239
Impairment of right-of-use assets	(1,037)	808
Impairment of biological assets		(517)
TOTAL	**(36,172)**	**144,853**

As at December 31, 2023 the Group recognized net reversal of provisions for a total of €145 million, mainly constituted by a reversal of €153 million on Eastern Hemishpere CGU, following the impairment test carried out as at December 31, 2023, reflecting the improved outlook for the main entities comprised in this CGU (see Note 4.2).

2.6 Asset disposals, restructuring costs and non-recurring items

	2022	2023
Reorganization measures (net of expenses and provisions)	(406,245)	(84,754)
Gains and losses on disposals of non-current assets and other non-recurring items	(167,294)	(194,111)
TOTAL	**(573,539)**	**(278,865)**

The Group continued its restructuring in 2023, which led to the recognition of €85 million in costs for adaptation measures (net of expenses and provisions).

Other non-recurring items in 2023 (corresponding to €194 million) were mainly attributable to following:

- Given the decision taken in 2022 to close the German operations by the end of 2023, Vallourec has developed an international client portfolio to which it has started to sell the steel purchased from HKM, mainly in the form of slabs. Though Vallourec has been successful in setting up alternative outlets for the 625kt of steel supply required by its contract, the 2023 results of this trading operation had a negative impact on Vallourec's financial statements. Based on expectations of future cash flows under this contract, a negative fair value has been accounted for as a derivative contract, in the total amount of €127 million. This amount corresponds to Vallourec's best estimate of the present fair value of the expected cash flows resulting from the execution of this contract over the residual period until the end of 2028. The estimated fair value of these expected losses will be regularly revised until the effective end of the supply agreement to take into consideration the market conditions prevailing at that time together with the developments in the trading business model. In accordance with IFRS 9, this supply agreement has therefore been treated as a derivative in Vallourec's financial statements (see notes 7.2 and 7.4).
- A positive impact of €39 million further to the disposal of the Mülheim site.
- The remaining non-recurring items for 2023 are related to gains and losses on asset disposal, scrapped assets and other restructuring cost (fees and operating expenses related to the discontinuation of manufacturing operations).

As a reminder:

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 program 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).

Measures taken under the New Vallourec plan led to a total loss of €495 million. including reorganization measures (redundancy plans, contract terminations, etc.), and restructuring costs, operating expenses related to the discontinuation of manufacturing operations and disposal of assets.

2.7 Reconciliation of net additions to provisions with the statement of cash flows

	Notes	2022	2023
Depreciation and amortization	**2.4**	**(227,127)**	**(203,428)**
Impairment of assets and goodwill	**2.5**	**(36,172)**	**144,853**
Additions to provisions net of reversals included in EBITDA		53,008	11,735
Additions to provisions net of reversals included in asset disposals, restructuring costs and non-recurring items		(416,894)	178,195
Additions to provisions net of reversals included in net financial income (loss)		(17,551)	(4,743)
TOTAL		**(644,737)**	**126,612**
Net depreciation, amortization and provisions recorded in the statement of cash flows		**644,737**	**(126,612)**

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.

	31/12/2022			31/12/2023		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and goods for resale	474,080	(73,564)	400,516	423,481	(61,036)	362,445
Work-in-progress	358,913	(7,453)	351,460	341,494	(6,478)	335,016
Semi-finished and finished goods	576,871	(17,198)	559,673	562,243	(17,906)	544,337
TOTAL	**1,409,864**	**(98,215)**	**1,311,649**	**1,327,218**	**(85,420)**	**1,241,798**
Additions to provisions		(49,167)			(51,561)	
Reversals of provisions		67,201			67,853	

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.

	31/12/2022			31/12/2023		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Advances and partial payments on orders	69,585	-	69,585	32,970	-	32,970
Trade and other receivables	768,536	(13,660)	754,876	739,988	(16,898)	723,090
TOTAL CURRENT	**838,121**	**(13,660)**	**824,462**	**772,958**	**(16,898)**	**756,060**
Non-current trade receivables	-	-	-	5,016	(4,946)	70
TOTAL CURRENT AND NON-CURRENT	**838,121**	**(13,660)**	**824,462**	**777,974**	**(21,844)**	**756,130**
Additions to provisions		(6,774)			(10,976)	
Reversals of provisions		7,278			6,976	

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, 2023 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 0.1% 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.

In September 2023 the Group terminated its receivable factoring without recourse program with financial institutions in Germany. As at December 31, 2023 no amounts were outstanding under this program.

2.8.3 OTHER ASSETS AND LIABILITIES

	31/12/2022				31/12/2023			
	Assets		Liabilities		Assets		Liablities	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Tax receivables/liabilities	46,540	99,977	8,227	58,686	46,721	128,137	7,600	110,602
Social security receivables/ liabilities	-	4,141	-	167,697	-	3,815	-	178,458
Other	61,984	123,494	42,519	59,780	43,359	117,863	32,267	80,590
Provisions	(2,951)	(17,076)	-	-	(4,990)	(10,044)	-	-
TOTAL	**105,573**	**210,536**	**50,746**	**286,163**	**85,090**	**239,771**	**39,867**	**369,650**

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 2023 were as follows:

Gross amounts *(in € thousands)*	**31/12/2022**	**Translation difference**	**Change**	**Reclassification and other**	**31/12/2023**
Inventories	1,409,864	2,082	(71,456)	(13,272)	1,327,218
Trade receivables and supplier advances	838,121	(2,438)	(59,990)	2,281	777,974
Trade payables	(786,918)	10,488	9,123	4,799	(762,508)
Working capital	**1,461,067**	**10,132**	**(122,323)**	**(6,192)**	**1,342,684**
Other receivables and payables	(5,347)	(701)	(31,581)	(12,580)	(50,209)
OPERATING WORKING CAPITAL	**1,455,720**	**9,431**	**(153,904)**	**(18,772)**	**1,292,475**
Impact of hedging instruments			9,240		
TOTAL			**(144,664)**		
Change in operating working capital in the statement of cash flows			144,664		

Changes in working capital during 2022 were as follows:

Gross amounts *(in € thousands)*	**31/12/2021**	**Translation difference**	**Change**	**Reclassification and other**	**Items held for sale**	**31/12/2022**
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)
Working capital	**1,110,671**	**67,910**	**276,294**	**(20,607)**	**26,799**	**1,461,067**
Other receivables and payables	(73,838)	(4,585)	67,844	10,294	(5,062)	(5,347)
OPERATING WORKING CAPITAL	**1,036,833**	**63,325**	**344,138**	**(10,313)**	**21,737**	**1,455,720**
Impact of hedging instruments			11,236			
TOTAL			**355,374**			
Change in operating working capital in the statement of cash flows			(355,374)			

Note 3 • Income taxes

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:

- tax loss carryforwards;
- long-term deferred tax assets 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.

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

	2022	2023
Current tax expense	(74,430)	(201,830)
Deferred taxes	(38,496)	(67,129)
Net expense (-), Net benefit (+)	**(112,926)**	**(268,959)**
Consolidated net income (loss)	(346,095)	523,839
Tax expense	(112,926)	(268,959)
Pre-tax income (loss)	**(233,169)**	**792,798**
Statutory tax rate applicable to the parent	25.83%	25.83%
Theoretical tax	60,228	(204,780)
Impact of main tax loss carryforwards	(153,794)	(64,594)
Impact of permanent differences	(69,922)	(18,372)
Other impacts	-	(40)
Impact of differences in tax rates	50,662	18,827
Net expense (-), Net benefit (+)	**(112,926)**	**(268,959)**
Effective tax rate	**-48%**	**34%**

The 34% effective tax rate can be analyzed as follows:

- the impact of tax loss carryforwards and temporary differences are mainly related to the non-recognition of deferred tax assets (DTAs) for the year in Germany and France;
- permanent differences reflect the taxation (add-back) of financial expenses in France and unused tax credits (tax credits generated on withholding taxes on financial income mostly);
- differences in tax rates mainly reflect the diverse range of tax rates applied in the Group's various countries (United States 21%, Brazil 34.0%, China 25%, and Saudi Arabia 20%).

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.

	31/12/2022	31/12/2023
Deferred tax assets	237,725	208,576
Deferred tax liabilities	51,836	83,354
NET DEFERRED TAX ASSETS / (DEFERRED TAX LIABILITIES)	**185,889**	**125,222**

31/12/2023	Assets	Liabilities	Net deferred tax assets/ (liabilities)
Non-current assets	-	57,614	
Other assets and liabilities	47,002	-	
Inventories	16,381	-	
Employee benefits	8,354	-	
Derivatives	2,940	-	
Net balance	**74,677**	**57,614**	**17,063**
Recognition of tax losses	108,159	-	108,159
TOTAL	**182,836**	**57,614**	**125,222**

31/12/2022	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	-	
Net balance	**40,085**	**36,050**	**4,035**
Recognition of tax losses	181,854	-	181,854
TOTAL	**221,939**	**36,050**	**185,889**

Deferred taxes (gross values) as at 31 December 2023 and 31 December 2022 break down as follows:

31/12/2023	Gross value	Corresponding deferred tax	Recognized deferred tax	Unrecognized deferred tax
Tax loss carryforwards	4,777,188	1,359,646	108,159	1,251,487
Other tax assets	-	-	100,417	55,625
Total tax assets	**-**	**1,359,646**	**208,576**	**(1,307,112)**
Tax liabilities	-	-	(83,354)	-
Total tax liabilities	**-**	**-**	**(83,354)**	**-**
TOTAL	**-**	**-**	**125,222**	**(1,307,112)**

31/12/2022	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
Total tax assets	**-**	**1,333,255**	**237,725**	**(1,304,776)**
Tax liabilities	-	-	(51,836)	-
Total tax liabilities	**-**	**-**	**(51,836)**	**-**
TOTAL	**-**	**-**	**185,889**	**(1,304,776)**

Deferred tax assets are recognized when there is reasonable assurance that they will be recovered in the foreseeable future (within 5 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, 2023 mainly relate to Brazil, representing €80 million that the Group expects to recover within 5 years.

Unrecognized deferred taxes as at December 31, 2023 relate primarily to France and Germany due to recent losses and the lack of near-term prospects of recovery.

Tax loss carryforwards not recognized as at December 31, 2023 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.

Changes in deferred taxes break down as follows:

	31/12/2022	31/12/2023
As at 1 January	**210,366**	**185,889**
Impact of changes in exchange rates	16,666	7,252
Recognized in profit or loss	(38,496)	(67,129)
Recognized in other comprehensive income (loss)	(2,945)	(796)
Changes in consolidation scope	(180)	5
Other	478	1
Assets held for sale and discontinued operations	-	-
AS AT 31 DECEMBER	**185,889**	**125,222**

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.

The EU Pillar Two Directive of December 16, 2022 setting a minimum level of taxation for multinational companies at 15% has been transposed into French law, and the new rules will be effective as from 2024. The initial estimates carried out show that the directive will not have a material impact on the Group's financial statements.

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 performed 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".

	31/12/2022			31/12/2023		
	Gross value	**Impairment**	**Net value**	**Gross value**	**Impairment**	**Net value**
Goodwill	590,236	(550,636)	39,600	577,431	(537,614)	39,817

BREAKDOWN OF GOODWILL BY CASH-GENERATING UNIT

	Vallourec do Brasil Tubes	Vallourec Eastern Hemisphere Tubes	Total
As at 31 December 2021	**36,057**	**1,492**	**37,549**
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)
As at 31 December 2022	**38,007**	**1,593**	**39,600**
Impact of changes in exchange rates	1,810	31	1,841
Impairment during the year	-	(3,677)	(3,677)
Impact of changes in consolidation scope	-	2,053	2,053
AS AT 31 DECEMBER 2023	**39,817**	**-**	**39,817**

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 restructuring 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);
- Vallourec South America Tubes, comprising a steel mill, tube mills and the finishing lines that these mills supply;
- Vallourec Mine & Forests, comprising the Pau Branco iron ore mine in Minas Gerais, and the eucalyptus forests which supply charcoal to the blast furnace located in Jeceaba in the Brazilian state of Minas Gerais.

IMPAIRMENT INDICATIONS

Considering the absence of remaining unallocated assets, such as goodwill, related to the above described CGUs except for Mine and Forest and South America Tubes, impairment indications are assessed at the level of the underlying individual assets when necessary.

Therefore, as at December 31, 2023, impairment tests were carried out on individual assets, in particular the assets of Vallourec China and the French industrial assets.

RECOVERABLE VALUE

For each CGU tested, the recoverable value of the assets is considered equal to the value in use, which corresponds to the present value of the forecast future cash flows the related assets are expected to generate.

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, currencies, raw materials, inflation, etc.). In particular, several external sources including IEA, Rystad, BTU, Westwood were taken into account to estimate the volume of E&P Oil & Gas investments by region. On the basis of these elements, the central departments, coordinating with regional teams, establish 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 Group 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 group 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).

All forecast information is derived from the budget and from the mid-term forecasts reviewed by the Group's Board of Directors in December 2023.

Vallourec expects that over the term of the strategic plan, it will continue to derive benefits from the New Vallourec competitiveness plans launched by the Group over the past two years.

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 is calculated for the years beyond 2031 taking into account the following outlooks:

- Negative sales growth for Oil & Gas tubes, on a region per region basis, which is based on the Oil & Gas production assumption stated in the Announced Pledges Scenario (APS) of the International Energy Agency (IEA) published in 2023. The APS, introduced in 2021, illustrates the extent to which announced ambitions and targets can deliver the emissions reductions needed to achieve net zero emissions by 2050.
- Positive sales growth for tubes designed for renewable energies, such as hydrogen, geothermal energy, carbon capture and storage, and carbon reuse, are also based on APS projections.
- Inflation by region, using forecasts by the International Monetary Fund (IMF).

The resulting growth rates used are 1.7% for the Vallourec Eastern Hemisphere Tubes CGU, and 1.6% for the Vallourec South America 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 South America Tubes CGU and Mine & Forests CGU.

DISCOUNT RATE

The CGUs’ discount rates correspond to their Weighted Average Cost of Capital (WACC).

The cost of equity of each CGU has been estimated using the Capital Asset Pricing Model (CAPM) which main components are:

- the risk-free rate, fixed by reference to the current yield on 10-year government bonds;
- a systematic risk premium obtained by multiplying the CGU’s equity market risk premium by a beta calculated using market data from a sample of listed companies operating similar businesses;
- a country risk premium.

The after-tax cost of debt of each CGU is calculated by increasing the risk-free rate by a market credit spread.

The Gearing (or debt-to-equity ratio) of each CGU’s WACC has been fixed considering the observed debt/market capitalization ratio of the listed companies comprised in the sample used to estimate the appropriate beta.

The discount rate for each CGU is estimated in line with the main currency in which future cash flows are generated.

The use of this approach results in discount rates of 10.7% for the Vallourec Eastern Hemisphere Tubes CGU and 14.0% for the Vallourec South America 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. While 2025 emissions reduction goals are already achieved, our 2030 and 2035 targets will be met through specific action plan, which includes the transfer of production from Germany to Brazil, reducing methane emissions for biomass charcoal production in Brazil, and a higher proportion of steel made from recovered scrap. The Group took these factors into account when drawing up its strategic plan.

Regarding challenges incurred by the transition to a more sustainable economy, the impairment tests also take into account the outlooks of the Oil & Gas sector as set out in the "Perpetuity growth rate" section above.

In addition, the Group has identified physical climate risks. The analysis covers all Vallourec sites, key suppliers and ports. It takes into account 28 climate hazards (e.g. floods, heat waves, water stress, landslides, storms, etc) projected under the SSP5-8.5 scenario by 2030 and 2050, modeling local events expected to occur on a planet more than 4°C warmer on average. Climate events that did occur 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, 2023 did not result in the recognition of any impairment losses.

For the Vallourec Eastern Hemisphere Tubes CGU, the tests performed on the assets results in a net reversal of impairments recognized previously, for a total of €153 million, reflecting the improved outlook for the main entities comprised in this CGU.

The CGU with the highest sensitivity to assumptions is the South America 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 BRL millions)*		**Vallourec South America Tubes**
Net assets		
• Of which current		2,474
• Of which non-current		3,636
Base tested as at 31/12/2023		6,110
CGU value in use		**6,598**
Impairment loss		**488**
Sensitivity analysis (in BRL millions)		
Sensitivity to the discount rate	+0.5 pts -0.5 pts	(210) 227
EBITDA sensitivity	+10% per year -10% per year	395 (395)
BRL/USD foreign exchange rate sensitivity	+5 cts -5 cts	(278) 278
Sensitivity to the perpetuity growth rate	+0.5 pts -0.5 pts	94 (86)

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.

	31/12/2022			31/12/2023		
	Gross value	Depreciation and impairment	Net value	Gross value	Depreciation and impairment	Net value
Intangible assets	369,023	(332,203)	36,820	376,950	(334,912)	42,037

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
BUILDINGS	
Buildings	30-40
Fixtures and fittings	10
TECHNICAL PLANT, EQUIPMENT AND TOOLS	
Industrial plant	20-25
Other (automated equipment, etc.)	5-10
OTHER PROPERTY, PLANT AND EQUIPMENT	
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.

	31/12/2022			31/12/2023		
	Gross value	Depreciation and impairment	Net value	Gross value	Depreciation and impairment	Net value
Land	125,039	(49,041)	75,998	107,711	(45,924)	61,787
Buildings	881,643	(604,842)	276,801	798,748	(442,791)	355,957
Technical installations, industrial equipment and tools	4,037,566	(2,838,840)	1,198,726	3,812,284	(2,635,553)	1,176,731
Property, plant and equipment in progress	155,984	(2,715)	153,269	282,614	(4,684)	277,930
Other property, plant and equipment	326,234	(202,257)	123,977	317,850	(209,810)	108,040
TOTAL	**5,526,466**	**(3,697,695)**	**1,828,771**	**5,319,207**	**(3,338,762)**	**1,980,445**

Property, plant and equipment (excluding right-of-use assets)	Gross value	Depreciation and impairment	Net value
As at 31 December 2021	**5,074,476**	**(3,357,540)**	**1,716,936**
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	157,947	(138,021)	19,926
As at 31 December 2022	**5,393,182**	**(3,615,789)**	**1,777,393**
Acquisitions	215,966	-	215,966
Disposals	(368,025)	344,736	(23,289)
Net depreciation expense for the year	-	(165,274)	(165,274)
Impairment	-	148,238	148,238
Impact of changes in exchange rates	(43,008)	46,214	3,206
Reclassifications and other changes	9,255	(30,407)	(21,152)
Assets held for sale and discontinued operations	-	-	-
AS AT 31 DECEMBER 2023	**5,207,370**	**(3,272,282)**	**1,935,088**

RIGHT-OF-USE ASSETS

	Gross value	Impairment	Net value
As at 31 December 2021	**112,857**	**(77,058)**	**35,799**
Acquisitions	37,883	0	37,883
Disposals	(19,589)	12,984	(6,606)
Net depreciation expense for the year	0	(15,060)	(15,060)
Impairment	0	(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)	-
As at 31 December 2022	**133,283**	**(81,905)**	**51,378**
Acquisitions	13,515	-	13,515
Disposals	(37,855)	37,209	(646)
Net depreciation expense for the year	-	(19,910)	(19,910)
Impairment	-	808	808
Impact of changes in exchange rates	(180)	283	103
Other	3,074	(2,965)	109
Assets held for sale and discontinued operations	-	-	-
AS AT 31 DECEMBER 2023	**111,837**	**(66,480)**	**45,357**

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.

	31/12/2022	31/12/2023
As at 1 January	**37,733**	**62,501**
Investments	8,525	10,557
Measurement at fair value	32,963	19,606
Net depreciation expense for the period	(4,969)	(6,983)
Impairment	-	(517)
Reclassification to inventory	(9,748)	(8,546)
Impact of changes in exchange rates	3,748	3,255
Other changes	(5,751)	(10,169)
Assets held for sale and discontinued operations	-	-
AS AT 31 DECEMBER	**62,501**	**69,704**

As at 31 December 2023, the company cultivated approximately 99,886 hectares of eucalyptus over a total area of 211,665 hectares.

4.6 Reconciliation of outflows related to acquisitions of non-current assets with the statement of cash flows

	2022		2023	
	Property, plant and equipment and intangible assets	Biological assets	Property, plant and equipment and intangible assets	Biological assets
Acquisitions of intangible assets	1,016		483	
Acquisitions of property, plant and equipment	190,323	8,525	215,966	10,557
Total capital expenditure	**191,339**	**8,525**	**216,448**	**10,557**
Changes in liabilities on non-current assets and partner contributions	(9,188)		(14,419)	
TOTAL	**182,151**	**8,525**	**202,029**	**10,557**
Statement of cash flows: cash outflows for acquisitions of property, plant and equipment and intangible and biological assets:		190,676		212,586

4.7 Operating off-balance sheet commitments

Off-balance sheet commitments received amounted to €4.5 million as at 31 December 2023, compared with €8 million as at 31 December 2022, and primarily corresponded to orders for non-current assets.

COMMITMENTS GIVEN BY MATURITY

	31/12/2022	31/12/2023	< 1 year	1 to 5 years	> 5 years
Trade receivables	473	676	676	-	-
Other commitments	223,855	74,449	47,331	7,566	19,552
TOTAL	**224,328**	**75,125**	**48,007**	**7,566**	**19,552**

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.

	HKM	Other	Total associates	Total joint ventures	Total
Activity	Steel mill				
Location	Germany				
As at 31 December 2022	**-**	**15,969**	**15,969**	**-**	**15,969**
Net income (loss) for the year	-	71	71	-	71
Dividends paid	-	-	-	-	0
Impairment	-	-	-	-	0
Impact of changes in exchange rates	-	(561)	(561)	-	(561)
Reclassification and other changes	-	257	257	-	257
AS AT 31 DECEMBER 2023	**-**	**15,736**	**15,736**	**-**	**15,736**

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 31 December 2028, i.e., at the end of the contractually agreed seven-year notice period (see Note 2.6).

5.1 Data relating to associates

Condensed financial data (100%) for HKM is presented below.

HKM	31/12/2022	31/12/2023
Non-current assets	560,005	504,608
Current assets	748,675	673,659
Non-current liabilities	445,714	411,093
Current liabilities	459,545	363,754
Net assets	**403,421**	**403,420**
Sales	3,786,868	3,276,210
Operating income (loss)	1,385	(1,409)
Total comprehensive income	14	15

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	31/12/2022	31/12/2023
Net assets	403,421	403,420
Vallourec Group percentage interest in HKM	20%	20%
Value of equity-accounted investment	-	-
HKM net income	14	15
Vallourec Group percentage interest in HKM	20%	20%
Share of net income	3	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 31 December 2023 and 31 December 2022.

5.2 Related-party transactions

	Associates HKM
Sales to related parties	3,297
Purchases from related parties	298,887
Receivables from related parties	-
Payables from related parties	11,477

Purchases mainly concern steel rounds for Vallourec own operations and slabs purchased from HKM and resold to third parties as part of Vallourec's commitment through the supply agreement contract (see Notes 2.6 "Asset disposals, restructuring costs and non-recurring items").

5.3 Executive compensation

Total compensation for members of the Executive Committee based on its membership structure as at 31 December 2023, as well as retirement commitments at the reporting date, can be analyzed as follows:

	2022	2023
Compensation and benefits in kind	11,533	6,816
Share-based payments [a]	30,318	16,534
Retirement commitments	524	525
Supplementary retirement commitments	2,398	1,003

(a) *Information provided based on the 2020 stock option and performance share plans and the 2022 and 2023 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 31 December 2015), as well as by plans set up on 1 April 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 31 December 2023, 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 €0.7 million in 2023, compared with €0.8 million in 2022.

Note 6 • Equity, share-based payment and earnings per share

6.1 Equity attributable to owners of the parent

SHARE CAPITAL

At 31 December 2023, Vallourec's share capital comprised 237,271,828 shares with a par value of €0.02 per share, all fully paid up, versus 231,777,627 shares at 31 December 2022. The Group issued 5,494,201 new shares during the year to cover the award of free shares under the Management Equity Plan and Vallourec Invest 2023 plan.

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 31 December 2022	231,777,627	0.02	4,635,553
Capital increase without pre-emptive subscription rights by issuance of new shares	5,494,201	0.02	109,884
SHARE CAPITAL AT 31 DECEMBER 2023	**237,271,828**	**0.02**	**4,745,437**

As at 31 December 2023, the price of the Vallourec share was €14.02.

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
As at 31 December 2021	**291,136**	**(11,747)**	**(1,259,048)**	**29,801**	**(28,791)**	**(978,649)**
Change	95,716	(1,191)	126,768	(4,348)	10,349	227,294
As at 31 December 2022	**386,852**	**(12,938)**	**(1,132,280)**	**25,453**	**(18,442)**	**(751,355)**
Change	(51,220)	219	62,312	(11,683)	(4,345)	(4,717)
AS AT 31 DECEMBER 2023	**335,632**	**(12,719)**	**(1,069,968)**	**13,770**	**(22,787)**	**(756,072)**

6.2 Non-controlling interests

Non-controlling interests mainly correspond to Incotep's stake in Vallourec Tubos para Industria Ltda and non-controlling interests in Saudi Arabia (Al Qhatani).

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 Management Board on 30 June 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 30 June 2021 (adjustment factor of 1.89929156 applied to the number of options awarded and to the exercise price).

The characteristics of the plans are as follows:

	2015 Plan	2016 Plan	2017 Plan	2018 Plan
Award date	15 April 2015	18 May 2016	18 May 2017	15 June 2018
Maturity date	15 April 2019	18 May 2020	18 May 2021	15 June 2022
Expiration date	15 April 2023	18 May 2024	18 May 2025	15 June 2026
Exercise price *(in euros)*	488.14	140.29	216.55	197.84
Number of options awarded	17,656	15,216	8,135	9,851

	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Award date	17 June 2019	15 June 2020	13 Oct. 2021	4 June 2022
Maturity date	17 June 2023	15 June 2024	13 Oct. 2025	4 June 2026
Expiration date	17 June 2027	15 June 2030	13 Oct. 2031	4 June 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	2022	2023
Options outstanding as at 1 January	**254,288**	**295,174**
Options exercised	-	-
Options lapsed	(8,776)	(6,328)
Options canceled	(8,763)	(79,251)
Options distributed	58,425	-
OPTIONS OUTSTANDING AS AT 31 DECEMBER	**295,174**	**209,595**
Of which exercisable options	18,745	12,440

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 31 December 2023, the average exercise price was €27.71.

VALUATION [(A)]

	2022 Plan
Share price on the award date	€12.88
Volatility [(b)]	40%
Risk-free rate [(c)]	1.42%
Exercise price	€12.65
Dividend rate [(d)]	3.00%
Fair value of the option [(e)]	€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 2023 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 30 June 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 30 June 2021 (adjustment factor of 1.89929156 applied to the number of shares awarded).

The characteristics of the plans are as follows:

Performance share plans	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Award date	17 June 2019	15 June 2020	13 October 2021	4 June 2022	17 November 2023
Vesting period	3 years (French residents) or 4 years (non-French residents)	3 years	3 years	3 years	2 years
Holding period	2 years (French residents) or none (non-French residents)	None	None	None	None
Performance conditions	Yes [(a)]	Yes [(b)]	Yes, only for management above grade 20 [(c)]	Yes, only for management above grade 20 [(d)]	Yes [(e)]
Theoretical number of shares awarded	39,595	64,747	289,396	231,410	371,950

(a) 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.

(b) 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.

(c) 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.

(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 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.

(e) The performance conditions are as follows:

- *50% of the award is subject to continued presence only. The number of performance shares affected by this condition is 185,975;*
- *25%, the average daily trading volume weighted average price of the Vallourec share must be equal to or greater than €16.19 for a period of ninety (90) consecutive trading days during the Vesting Period. The number of performance shares affected by this condition is 93,030;*
- *25%, the average daily trading volume weighted average price of the Vallourec share must be equal to or greater than €20.22 for a period of ninety (90) consecutive trading days during the Vesting Period. The number of performance shares affected by this condition is 92,945.*

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	2022	2023
Number of shares not yet vested as at 1 January	**398,664**	**578,087**
Shares delivered over the year	(38,739)	(41,215)
Shares awarded for outperformance	9,447	-
Shares canceled	(22,695)	(69,800)
Shares awarded over the year	231,410	371,950
NUMBER OF SHARES NOT YET VESTED AS AT 31 DECEMBER	**578,087**	**839,022**

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 [a]	2022 Plan	2023 Plan
Share price on the award date	€12.88	€13.18
Risk-free rate [b]	0.62%	3.15%
Dividend rate [c]	3%	0% in 2024 and 9.00% in 2025
Fair value of the share	€11.76	Continuous service only: €11.98 Share price condition €16.19: €7.56 Share price condition €20.22: €4.87
NUMBER OF SHARES AWARDED	**231,410**	**371,950**

(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.*

Management Equity Plans

During 2023, the Vallourec Group set up new Management Equity Plans (MEP) for its employees and executive corporate officers.

1 FEBRUARY 2023 MEP

Under the MEP set up on 1 February 2023, 199,584 free performance shares were awarded to Group employees and executive corporate officers. The award comprises preferred shares, broken down into three tranches.

Characteristics of the plan

The characteristics of the performance share plan are as follows:

Valuation	Tranche 2	Tranche 3	Tranche 4
Share price on the award date	€13.48	€13.48	€13.48
Vesting period [(a)]	30%: 1.35 years 70%: 3.41 years	30%: 1.69 years 70%: 3.41 years	30%: 2.10 years 70%: 3.41 years
Holding period [(a)]	3.41 years	3.41 years	3.41 years
Performance conditions [(b)]	Yes	Yes	Yes
Volatility [(c)]	49.60%	49.60%	49.60%
Risk-free rate [(d)]	2.82%	2.82%	2.82%
Dividend rate [(e)]	3.00%	3.00%	3.00%
Fair value of the share [(f)]	€8.93	€7.09	€4.52
Number of shares awarded	94,721	94,718	10,145

(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 3.41 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 3.41 years.

(b) The tranche 2, 3 and 4 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price represents at least €16.19, €20.22 and €28.32 over 90 trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.35 years, 1.69 years and 2.10 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 (the French Institute of Actuaries' yield curve).

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

(f) Following amendments to the applicable performance conditions voted at the May 25, 2023 Shareholders' Meeting, the fair values of tranches 2, 3 and 4 were revised upwards, adding €1.17, €1.03 and €0.78 respectively to their previous fair values.

10 MARCH 2023 MEP

Under the MEP set up on 10 March 2023, 327,562 free performance shares were awarded to executive corporate officers. The award comprises preferred shares, broken down into three tranches.

Characteristics of the plan

The characteristics of the performance share plan are as follows:

Valuation	Tranche 2	Tranche 3	Tranche 4
Share price on the award date	€13.60	€13.60	€13.60
Vesting period (a)	30%: 1.33 years 70%: 3.31 years	30%: 1.67 years 70%: 3.31 years	30%: 2.01 years 70%: 3.31 years
Holding period (a)	3.31 years	3.31 years	3.31 years
Performance conditions (b)	Yes	Yes	Yes
Volatility (c)	49.90%	49.90%	49.90%
Risk-free rate (d)	3.07%	3.07%	3.07%
Dividend rate (e)	3.00%	3.00%	3.00%
Fair value of the share (f)	€9.01	€7.25	€4.42
Number of shares awarded	149,531	149,531	28,500

(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 3.31 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 3.31 years.*

(b) *The tranche 2, 3 and 4 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price represents at least €16.19, €20.22 and €28.32 over 90 trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.33 years, 1.67 years and 2.01 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 (the French Institute of Actuaries' yield curve).*

(e) *The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.*

(f) *Following amendments to the applicable performance conditions voted at the May 25, 2023 Shareholders' Meeting, the fair values of tranches 2, 3 and 4 were revised upwards, adding €1.17, €1.03 and €0.78 respectively to their previous fair values.*

13 MARCH 2023 MEP

Under the MEP set up on 13 March 2023, 17,605 free performance shares were awarded to Group employees. The award comprises preferred shares, broken down into two tranches.

Characteristics of the plan

The characteristics of the performance share plan are as follows:

Valuation	Tranche 2	Tranche 3
Share price on the award date	€13.47	€13.47
Vesting period (a)	30%: 1.32 years 70%: 3.30 years	30%: 1.64 years 70%: 3.30 years
Holding period (a)	3.30 years	3.30 years
Performance conditions (b)	Yes	Yes
Volatility (c)	49.90%	49.90%
Risk-free rate (d)	3.07%	3.07%
Dividend rate (e)	3.00%	3.00%
Fair value of the share (f)	€8.73	€6.95
Number of shares awarded	8,803	8,802

(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 3.30 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 3.30 years.*

(b) *The tranche 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 and €20.22 over 90 trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.32 years and 1.64 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 (the French Institute of Actuaries' yield curve).*

(e) *The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.*

(f) *Following amendments to the applicable performance conditions voted at the May 25, 2023 Shareholders' Meeting, the fair values of tranches 2, 3 and 4 were revised upwards, adding €1.17, €1.03 and €0.78 respectively to their previous fair values.*

23 MARCH 2023 MEP

Under the MEP set up on 23 March 2023, 37,037 free performance shares were awarded to Group employees. The award comprises preferred shares, broken down into two tranches.

Characteristics of the plan

The characteristics of the performance share plan are as follows:

Valuation	Tranche 2	Tranche 3
Share price on the award date	€11.49	€11.49
Vesting period (a)	30%: 1.58 years 70%: 3.27 years	30%: 1.83 years 70%: 3.27 years
Holding period (a)	3.27 years	3.27 years
Performance conditions (b)	Yes	Yes
Volatility (c)	50.30%	50.30%
Risk-free rate (d)	3.07%	3.07%
Dividend rate (e)	3.00%	3.00%
Fair value of the share (f)	€6.26	€4.69
Number of shares awarded	18,519	18,518

(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 3.27 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 3.27 years.*

(b) *The tranche 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 and €20.22 over 90 trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.58 years and 1.83 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 (the French Institute of Actuaries' yield curve).*

(e) *The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.*

(f) *Following amendments to the applicable performance conditions voted at the May 25, 2023 Shareholders' Meeting, the fair values of tranches 2, 3 and 4 were revised upwards, adding €1.17, €1.03 and €0.78 respectively to their previous fair values.*

21 JUNE 2023 MEP

Under the MEP set up on 21 June 2023, 108,526 free performance shares were awarded to Group employees. The award comprises preferred shares, broken down into two tranches.

Characteristics of the plan

The characteristics of the performance share plan are as follows:

Valuation	Tranche 2	Tranche 3
Share price on the award date	€10.04	€10.04
Vesting period (a)	30%: 1.44 years 70%: 3.03 years	30%: 1.72 years 70%: 3.03 years
Holding period (a)	3.03 years	3.03 years
Performance conditions (b)	Yes	Yes
Volatility (c)	48.00%	48.00%
Risk-free rate (d)	2.81%	2.81%
Dividend rate (e)	3.00%	3.00%
Fair value of the share (f)	€5.26	€3.86
Number of shares awarded	54,263	54,263

(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 3.03 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 3.03 years.*

(b) *The tranche 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 and €20.22 over 90 trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.44 years and 1.72 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 (the French Institute of Actuaries' yield curve).*

(e) *The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.*

27 JULY 2023 MEP

Under the MEP set up on 27 July 2023, 1,250,000 free performance shares were awarded to Group employees. The award comprises preferred shares, broken down into three tranches.

Characteristics of the plan

The characteristics of the plan awarding ordinary shares are as follows:

Valuation	Tranche 1	Tranche 2	Tranche 3
Share price on the award date	€11.89	€11.89	€11.89
Vesting date [(a)]	30% 07/27/2024 70% 07/27/2028	30% 07/27/2025 70% 07/27/2028	30% 07/27/2026 70% 07/27/2028
Holding period	5 years	5 years	5 years
Performance conditions [(b)]	Yes	Yes	Yes
Volatility [(c)]	38%	43%	47%
Risk-free rate [(d)]	3.60%	3.24%	3.07%
Dividend rate [(e)]	0% in 2024 and 9% in 2025 and 2026	0% in 2024 and 9% in 2025 and 2026	0% in 2024 and 9% in 2025 and 2026
Fair value of the share	€10.77	€8.78	€7.65
Number of shares awarded	250,200	375,308	625,502

(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 2
Share price on the award date	€11.89
Vesting period [(a)]	30%: 1.09 years 70%: 2.93 years
Holding period [(a)]	2.93 years
Performance conditions [(b)]	Yes
Volatility [(c)]	47.00%
Risk-free rate [(d)]	3.07%
Dividend rate [(e)]	0% in 2024 9% in 2025 and 2026
Fair value of the share [(f)]	€7.88
Number of shares awarded	1,250,000

(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 2.93 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 2.93 years.*

(b) *The tranche 2 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is at least €16.19 over 90 trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.09 years.*

(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 (the French Institute of Actuaries' yield curve).*

(e) *The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.*

14 DECEMBER 2023 MEP

Under the MEP set up on 14 December 2023, 64,989 free performance shares were awarded to Group employees. The award comprises preferred shares, broken down into two tranches.

Characteristics of the plan

The characteristics of the performance share plan are as follows:

Valuation	Tranche 2	Tranche 3
Share price on the award date	€12.80	€12.80
Vesting period [(a)]	30%: 0.93 years 70%: 2.54 years	31%: 1.26 years 70%: 2.54 years
Holding period [(a)]	2.54 years	2.54 years
Performance conditions [(b)]	Yes	Yes
Volatility [(c)]	41.30%	41.30%
Risk-free rate [(d)]	3.05%	3.05%
Dividend rate [(e)]	0% in 2024 9% in 2025 and 2026	0% in 2024 9% in 2025 and 2027
Fair value of the share [(f)]	€8.20	€5.64
Number of shares awarded	32,494	32,495

(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 2.54 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 2.54 years.*

(b) *The tranche 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 and €20.22 over 90 trading days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 0.93 years and 1.26 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 (the French Institute of Actuaries' 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 2023 Management Equity Plans is as follows:

In number of shares	Ordinary shares	Performance shares
Number of shares not yet vested as at 1 January 2023	**985,488**	**5,370,798**
Shares delivered over the year	(157,970)	(4,912,384)
Shares canceled	(769,766)	(543,106)
Shares awarded over the year	1,251,010	2,005,303
NUMBER OF SHARES NOT YET VESTED AS AT 31 DECEMBER 2023	**1,308,762**	**1,920,611**

Vallourec Invest 2023

In October 2023, Vallourec launched Vallourec Invest 2023, a share capital increase reserved for employees, as per the decision made on 27 July 2023, by the Board of Directors in accordance with the thirteenth and fourteenth resolutions of the Annual General Meeting of Shareholders on 25 May 2023.

This share capital increase reserved for employees aims to involve the Group's employees in value creation and to develop employee share ownership as a recognition of the progress achieved thus far and strengthen their participation in the construction of the New Vallourec plan as a direct or indirect shareholder.

It results in the creation of 490,101 new shares (representing 0.21% of Vallourec's capital) and brings the total number of shares composing the capital to 237,271,828 as of 13 December 2023.

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:

	2022	2023
Net income (loss) attributable to ordinary shareholders for basic earnings (loss) per share	**(366,383)**	**495,910**
Weighted average number of ordinary shares for basic earnings (loss) per share	229,552,910	229,293,252
Weighted average number of treasury shares for basic earnings (loss) per share	(166,796)	(126,694)
Weighted average number of shares for basic earnings (loss) per share	229,386,114	229,166,558
EARNINGS (LOSS) PER SHARE *(IN EUROS)*	**(1.6)**	**2.2**
Dilution effect - warrants	-	8,469,893
Dilution effect - stock purchase options and performance shares	-	2,109,064
Weighted average number of ordinary shares for diluted earnings per share	229,386,114	239,745,515
Diluted earnings per share *(in euros)*	**(1.6)**	**2.1**

Dividends paid during the year	2022	2023
In respect of the prior year *(in euros)*	-	-
Interim dividend for the current year *(in euros)*	-	-

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.

	31/12/2022			31/12/2023		
	Total	Non-current	Current	Total	Non-current	Current
Bonds	1,135,486	1,135,486	-	1,105,354	1,105,354	-
Bank borrowings	233,016	230,257	2,759	242,582	241,394	1,188
Other borrowings	308,004	1,451	306,553	120,660	1,383	119,277
Short-term bank facilities	4,815	-	4,815	1,732	-	1,732
Total current and non-current loans and borrowings	**1,681,321**	**1,367,194**	**314,127**	**1,470,328**	**1,348,131**	**122,197**
Marketable securities	299,822	-	299,822	718,423	-	718,423
Cash at bank and in hand	251,782	-	251,782	181,525	-	181,525
Cash and cash equivalents	**551,603**	**-**	**551,603**	**899,947**	**-**	**899,947**
NET DEBT	**1,129,718**	**1,367,194**	**(237,476)**	**570,381**	**1,348,131**	**(777,750)**

7.1.1 BONDS

In € millions	Nominal amount	Maturity	Face rate	Effective rate	Amount in the SOFP as at 31 December 2023
Bond issue – June 2021 [(a)]	1,023	June 2026	8.500%	5.00%	1,105
TOTAL	**1,023**				**1,105**

(a) Includes a redemption option for the borrower exercisable from 30 June 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 €1,036 million as at December 31, 2023.

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 S.A. for €229 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 31 December 2023, this program represented €89 million.

7.1.4 BREAKDOWN BY CURRENCY, INTEREST RATE AND MATURITY OF LOANS AND OTHER BORROWINGS

Debt by currency

	31/12/2022	%	31/12/2023	%
USD	228,490	14%	45,476	3%
EUR	1,439,781	86%	1,410,809	96%
BRL	11,629	1%	14,043	1%
Other	1,421	0%	-	0%
TOTAL	**1,681,321**	**100%**	**1,470,328**	**100%**

Breakdown by maturity of loans and other borrowings

	31/12/2022	31/12/2023
< 3 months	274,183	46,851
> 3 months and < 1 year	39,944	75,346
> 1 year	1,102	4,136
> 2 years	3,310	1,106,955
> 3 years	1,136,889	230,158
> 4 years	221,546	1,709
5 years and beyond	4,347	5,173
TOTAL	**1,681,321**	**1,470,328**

Debt by interest rate

	31/12/2022	%	31/12/2023	%
Fixed rate	1,677,552	100%	1,459,609	99%
Variable rate	3,769	0%	10,719	1%
TOTAL	**1,681,321**	**100%**	**1,470,328**	**100%**

7.1.5 CREDIT FACILITIES AND COVENANTS

Vallourec S.A. credit facilities

Confirmed credit facilities *(in € millions)*	Nominal amount	Maturity	Face rate	Effective rate	Amount drawn as at 31/12/2023	IFRS value as at 31/12/2023
State-guaranteed loans – June 2021 [(a)]	262	June 2027	1.837%	6.00%	262	229
Committed credit facility – June 2021	462	June 2026	5.00%	5.00%	-	-
TOTAL	**724**				**262**	**229**

(a) The initial maturity of the State-guaranteed loans was 30 June 2022, but Vallourec had an option to extend them to 30 June 2027. Vallourec exercised this extension option and the State-guaranteed loans now have a maturity date of 30 June 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 31 December of each year, with the first test scheduled for end-2023. The Group complied with the banking covenant as of 31 December 2023.

A breach of the banking covenant could trigger the mandatory early repayment of the credit facility and redemption of the bonds.

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 S.A. 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 S.A. also provides a parent company guarantee to the lenders.

As of 31 December 2023, USD 9 million of this facility had been used (USD 8.6 million as of 31 December 2022), exclusively in the form of letters of credit. However, no drawdowns had been made for financing purposes.

7.1.6 NET FINANCIAL INCOME (LOSS)

	2022	2023
INTEREST INCOME		
Income from marketable securities	6,186	11,676
Proceeds from disposals of marketable securities	814	17,807
Total	**7,002**	**29,483**
Interest expense	**(101,884)**	**(117,699)**
Net interest expense	**(94,882)**	**(88,216)**
OTHER FINANCIAL INCOME AND EXPENSES		
Income from securities, loans and receivables	1,237	729
Exchange (losses) and gains	(7,798)	(24,564)
Additions to provisions, net of reversals	(16,860)	(194)
Other financial income and expenses	9,735	59,238
Net expense attributable to financial restructuring	-	0
Total	**(13,685)**	**35,209**
Interest expenses on leases	**(8,986)**	**(8,321)**
OTHER DISCOUNTING EXPENSES		
Financial expense on discounting pension obligations	(460)	(4,556)
Financial income on discounting assets and liabilities	6,564	(205)
Total	**6,104**	**(4,761)**
NET FINANCIAL INCOME (LOSS)	**(111,451)**	**(66,089)**

As a reminder, in 2022 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

	31/12/2022	Translation difference	Proceeds from new borrowings	Repayments of borrowings	Financial restructuring	Current/ non-current reclassifications and other	31/12/2023
Non-current financial liabilities	1,367,194	706	(4,957)	(5,920)	-	(8,892)	1,348,131
Current financial liabilities	314,127	27,014	14,285	(203,941)	-	(29,288)	122,197
Financial liabilities (1)	**1,681,321**	**27,720**	**9,328**	**(209,861)**	**-**	**(38,180)**	**1,470,328**
Impact of hedging instruments and other (2)			**(5,784)**	**-**			
TOTAL (1) + (2)			**3,544**	**(209,861)**			
Change in financial liabilities in the statement of cash flows			3,544	(209,861)			

	31/12/2021	Translation difference	Proceeds from new borrowings	Repayments of borrowings	Financial restructuring	Current/non-current reclassifications and other	31/12/2022
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
Financial liabilities (1)	**1,576,943**	**18,664**	**143,716**	**(41,519)**	**-**	**(16,483)**	**1,681,321**
Impact of hedging instruments and other (2)			**(1,774)**	**-**			
TOTAL (1) + (2)			**141,942**	**(41,519)**			
Change in financial liabilities in the statement of cash flows			141,942	(41,519)			

Cash inflows and outflows related to financial liabilities in 2023 and 2022 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 €4.5 million as at 31 December 2023, compared with €8 million as at 31 December 2022, and primarily corresponded to guarantees received.

	31/12/2022	31/12/2023	< 1 year	1 to 5 years	> 5 years
Market guarantees and letters of credit given	199,700	276,848	90,142	180,436	6,270
TOTAL	**199,700**	**276,848**	**90,142**	**180,436**	**6,270**

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.

	31/12/2022			31/12/2023		
	Total	Non-current	Current	Total	Non-current	Current
Lease liabilities	70,379	50,622	19,757	56,435	39,742	16,693
Call option on non-controlling interests	-	-	-	-	-	-
Derivatives	35,522		35,522	155,157	76,000	79,157
TOTAL	**105,901**	**50,622**	**55,279**	**211,592**	**115,742**	**95,850**

As described in the Note 2.6 Asset disposals, restructuring and non-recurring items ot the period, Vallourec accounted for €127 million negative fair value related to the HKM supply contract. This was accounted for as a derivative, corresponding to Vallourec's best estimate of the present value of the expected cash flows related to the execution of this contract until its termination at the end of 2028.

MATURITY SCHEDULE

	> 1 year	> 2 years	> 3 years	> 4 years	5 years and beyond	Total
Lease liabilities	13,913	8,210	5,401	4,298	7,920	39,742

7.3 Other financial assets

	31/12/2022			31/12/2023		
	Total	Non-current	Current	Total	Non-current	Current
Loans	2,852	2,621	231	2,877	2,823	54
Other	68,836	62,093	6,743	66,218	54,018	12,200
Derivatives	33,731	-	33,731	46,660	-	46,660
Other financial assets	17,838	17,760	78	17,434	17,355	79
TOTAL	**123,257**	**82,474**	**40,783**	**133,189**	**74,196**	**58,993**

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.

31 December 2023	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value of hedging instruments	Total	Fair value
ASSETS						
Trade and other receivables	739,988	-	-	-	739,988	739,988
Other current and non-current financial assets	68,996	-	17,533	46,660	133,189	133,189
Other current and non-current assets	324,861	-	-	-	324,861	324,861
Cash and cash equivalents	-	899,948	-	-	899,948	899,948
Total financial assets	**1,133,845**	**899,948**	**17,533**	**46,660**	**2,097,986**	**2,097,986**
Total non-financial assets	**-**	**-**	**-**	**-**	**3,615,266**	**3,615,266**
TOTAL ASSETS	**-**	**-**	**-**	**-**	**5,713,252**	**5,713,252**
LIABILITIES						
Borrowings	1,470,328	-	-	-	1,470,328	1,401,104
Trade payables	762,508	-	-	-	762,508	762,508
Other current and non-current financial liabilities	56,435	-	-	155,157	211,592	211,592
Other current and non-current liabilities	409,517	-	-	-	409,517	409,517
Total financial liabilities	**2,698,788**	**-**	**-**	**155,157**	**2,853,945**	**2,784,721**
Total non-financial liabilities	**-**	**-**	**-**	**-**	**2,859,307**	**2,859,307**
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**5,713,252**	**5,644,028**

31 December 2022	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value of hedging instruments	Total	Fair value
ASSETS						
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
Total financial assets	**1,156,202**	**551,603**	**17,969**	**33,731**	**1,759,505**	**1,759,505**
Total non-financial assets	**-**	**-**	**-**	**-**	**3,598,375**	**3,598,375**
TOTAL ASSETS	**-**	**-**	**-**	**-**	**5,357,880**	**5,357,880**
LIABILITIES						
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
Total financial liabilities	**2,875,527**	**-**	**-**	**35,522**	**2,911,049**	**2,799,236**
Total non-financial liabilities	**-**	**-**	**-**	**-**	**2,446,832**	**2,446,832**
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**5,357,880**	**5,246,068**

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.

	31/12/2022			31/12/2023		
	Carrying amount	Fair value	Level	Carrying amount	Fair value	Level
ASSETS						
Other current and non-current financial assets (other investments in equity instruments)	17,969	17,969	2	17,533	17,533	2
Other current and non-current financial assets (derivative instruments)	33,731	33,731	2	46,660	46,660	2
Cash and cash equivalents	551,603	551,603	1	899,948	899,948	1
LIABILITIES						
Other current and non-current financial liabilities (derivative instruments)			3	127,000	127,000	3
Other current and non-current financial liabilities (derivative instruments)	35,522	35,522	2	28,157	28,157	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 organized 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 2023, 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 31 December 2023, hedging instruments had a net positive fair value of €18.5 million, versus a net negative fair value of €1.8 million as at 31 December 2022.

Fluctuations in the euro against the US dollar in 2023 account for most of the positive €5.5 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 [a]	31/12/2023	31/12/2022
Currency forward contracts on commercial transactions	Cash flow hedge	5,487	4,034	(1,454)
Currency forward contracts on commercial transactions	Fair value hedge	302	6,990	(2,250)
Currency forward contracts on financial transactions	Fair value hedge	-	7,357	1,573
Other derivatives on commercial transactions	Fair value hedge		(127,000)	
Hedging instruments set up in the context of employee share ownership plans	Fair value hedge	(5)	122	342
Sub-total derivatives		**5,784**	**(108,497)**	**(1,789)**
Of which derivatives – positive fair value			*46,660*	*33,731*
Of which derivatives – negative fair value			*(155,157)*	*(35,522)*
Of which net derivatives – reclassified as held for sale		-	*0*	-
Receivables (payables) used for commercial hedges	Cash flow hedge	6,630	2,240	(4,390)
Receivables (payables) used for commercial hedges	Fair value hedge	-	126,950	(785)
TOTAL		**12,414**	**20,693**	**(6,964)**

(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 31 December 2022, was a negative €1.5 million. In 2023, around -374% of the negative change in fair value associated with the order book and commercial tenders at the end of 2022 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 31 December 2022, which were fully or partially unwound or converted into receivables during 2023.

This impact corresponds mainly to hedges of US dollar receivables.

	Accounting classification	OCI reserves [a]	31/12/2022	31/12/2021
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
Sub-total derivatives		**13,344**	**(1,789)**	**(21,795)**
Of which derivatives – positive fair value		-	*33,731*	*4,253*
Of which derivatives – negative fair value		-	*(35,522)*	*(19,056)*
Of which net derivatives – reclassified as held for sale		-	-	*(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)
TOTAL		**12,674**	**(6,964)**	**(27,363)**

(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 31 December 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 31 December 2021, which were fully or partially unwound or converted into receivables during 2022.

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.

In 2023, 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% increase in exchange rates would have decreased net income Group share by around €84 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 (€756 million negative impact as at 31 December 2023) 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.

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 S.A., and to a lesser extent through the Group's subsidiaries in Brazil and China.

As part of its financial restructuring, Vallourec S.A. restructured all of its financial liabilities on 30 June 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 30 June 2027 at the initiative of the borrower).

Vallourec S.A.'s €462 million credit facility, which remained undrawn as at 31 December 2023, 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 S.A.

In addition, on 7 November 2022, confirmed financing of USD 210 million maturing on 7 November 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 S.A. 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 S.A. A total of USD 20 million can be used in the form of letters of credit. As of 31 December 2023, USD 9 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.

In addition to bank financing, the Group has sought to diversify its funding sources by using market financing. For example, Vallourec S.A. launched a commercial paper program on 12 October 2011 to meet its short-term needs. The program has a €1 billion ceiling. Vallourec S.A. issued commercial paper on a regular basis in the second half of 2023.

As at 31 December 2023, Vallourec S.A. had no outstanding commercial paper. This commercial paper program has a short-term rating of B from Standard & Poor's.

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 29% of consolidated revenue in 2023) 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.

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 €106.2 million decrease or increase in the currency impact recognized in consolidated equity as at 31 December 2023. 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.

As at 31 December 2023, 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	31/12/2022	31/12/2023
Forward exchange contract – forward sales	1,332,907	1,535,526
Forward exchange contract – forward purchases	95,701	135,518
TOTAL	**1,428,608**	**1,671,044**

Contract maturities as at 31 December 2023

Contracts on commercial transactions	Total	< 1 year	1 to 5 years	> 5 years
Forward exchange contract – forward sales	1,535,526	1,497,348	38,178	-
Forward exchange contract – forward purchases	135,518	135,518	-	-
TOTAL	**1,671,044**	**1,632,866**	**38,178**	**-**

In 2023, forward sales – corresponding mainly to sales of US dollars (€1,212 million out of €1,536 million) – were carried out at an average short and medium-term forward rate of EUR/USD 1.1 USD/CNY of 7.01 and USD/BRL of 5.16.

In 2023, as in 2022, 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 sales for USD 72 million (€67 million);
- forward sales for GBP 24.2 million (€27.8 million);
- forward purchases for RMB 889 million (€112.8 million);
- forward purchases for MXN 43.7 million (€2.3 million);
- forward sales for CAD 1 million (€0.7 million);
- forward sales for BRL 663 million (€118.9 million).

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 2024, 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).

Interest rate risk

Management of medium- and long-term financing within the eurozone is centralized at Vallourec S.A.

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 S.A. (see Note 7.1), and the State-guaranteed loans granted to Vallourec S.A.

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 31 December 2023, borrowings exposed to changes in variable interest rates amounted to €10,7 million (around 1% of total gross debt).

Credit risks

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.
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 31 December 2023, 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 €73 million as at 31 December 2023, or 10% 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 31 December 2023, trade receivables not yet due amounted to €612 million, or 90% of total net trade receivables.

The maturities of these trade receivables are as follows in € thousands:

As at 31 December 2023	0 to 30 days	30 to 60 days	60 to 90 days	90 to 180 days	> 180 days	Total
Gross	464,865	115,729	55,782	30,328	78,230	744,934
Impairment	(5,367)	(310)	0	(886)	(15,281)	(21,844)
Total net trade receivables	**459,498**	**115,419**	**55,782**	**29,442**	**62,949**	**723,090**
Advances and prepayments to suppliers						32,970
TOTAL TRADE AND OTHER RECEIVABLES						**756,060**

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 31 December 2023 include shares allocated for share awards to certain members of the Group's staff, executive management or corporate officers.

Vallourec holds 107,668 treasury shares acquired after the definitive allocation of 41,257 in 2023 under the various performance share plans.

To the best of its knowledge, the Group had no other exposure to equity risk as at 31 December 2023.

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	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Retirement benefits	195,506	202,798	14,178	13,119	66,157	69,065	82,177	85,728	358,018	370,710
Early retirement commitments	26,255	12,308	-	-	-	-	-	-	26,255	12,308
Long-service awards and medical benefits	-	2,767	657	764	-	-	3,438	3,651	4,095	7,182
Present value of the obligation	**221,761**	**217,873**	**14,835**	**13,883**	**66,157**	**69,065**	**85,615**	**89,379**	**388,368**	**390,200**
Fair value of plan assets	(147,605)	(153,738)	(1,858)	(81)	(87,554)	(86,313)	(46,642)	(48,029)	(283,659)	(288,161)
Reclassification	-	-	-	30	-	-	-	-	-	30
PROVISIONS	**74,156**	**64,135**	**12,977**	**13,832**	**(21,397)**	**(17,248)**	**38,973**	**41,350**	**104,709**	**102,069**

	Germany		France		United Kingdom		Other		Total	
Changes in the obligation	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
As at 1 January	**309,672**	**221,761**	**23,924**	**14,835**	**101,766**	**66,057**	**98,842**	**85,615**	**534,204**	**388,268**
Current service cost	3,911	2,079	1,064	768	339	453	2,688	2,454	8,002	5,754
Interest cost	2,346	7,575	157	494	1,791	3,157	4,581	5,401	8,875	16,627
Employee contributions	-	-	-	-	-	-	-	-	-	-
Remeasurements	-	-	-	-	-	-	-	-	-	-
Experience adjustments	4,142	3,453	(330)	(314)	16,875	3,325	(805)	(179)	19,882	6,285
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-	-	(83)	(1,799)	(1,346)	(504)	(1,429)	(2,303)
Actuarial gains and losses arising from changes in financial assumptions	(62,270)	8,247	(3,216)	600	(40,534)	937	(20,872)	2,719	(126,892)	12,503
Acquisitions/disposals	-	-	-	-	-	-	-	-	-	-
Benefit payments	(29,347)	(25,445)	(1,032)	(2,018)	(8,850)	(4,431)	(4,630)	(5,334)	(43,859)	(37,228)
Plan amendments	-	-	-	(12)	-	-	825	(194)	825	(206)
Foreign exchange differences	-	-	-	-	(4,133)	1,356	7,087	(702)	2,954	654
Other [(a)]	(6,693)	203	(5,732)	(470)	(1,114)	10	(755)	103	(14,294)	(154)
AS AT 31 DECEMBER	**221,761**	**217,873**	**14,835**	**13,883**	**66,057**	**69,065**	**85,615**	**89,379**	**388,268**	**390,200**

(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	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Value of plan assets	**187,270**	**147,605**	**1,816**	**1,858**	**152,027**	**87,554**	**54,224**	**46,642**	**395,337**	**283,659**
Actual return on plan assets	(31,307)	14,714	37	36	(53,015)	952	(9,884)	5,209	(94,169)	20,911
Contributions	-	-	-	-	3,115	446	1,106	277	4,220	723
Benefits paid	(8,358)	(8,581)	-	(1,813)	(8,850)	(4,431)	(2,337)	(2,576)	(19,544)	(17,401)
Acquisitions, disposals, settlements	-	-	5	-	-	-	-	-	5	-
Foreign exchange differences	-	-	-	-	(5,722)	1,791	3,533	(1,523)	(2,190)	269
VALUE OF PLAN ASSETS	**147,605**	**153,738**	**1,858**	**81**	**87,554**	**86,312**	**46,642**	**48,029**	**283,659**	**288,161**

EXPENSE FOR THE YEAR

	Germany		France		United Kingdom		Other		Total	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Current service cost	3,859	2,079	943	768	355	453	2,692	2,454	7,849	5,754
Interest cost	2,346	7,575	151	494	1,875	3,157	4,573	5,401	8,945	16,627
Long-term return on plan assets	(1,498)	(5,388)	(14)	(68)	(2,857)	(4,203)	(1,627)	(2,319)	(5,996)	(11,978)
Net actuarial losses (+)/gains (-) for the year	(2,439)	876	(208)	11	-	-	(29)	5	(2,676)	892
Past service cost	-	-	-	(12)	-	-	-	(194)	-	(206)
Gains/(losses) on plan curtailments or settlements	(6,695)	203	(2,608)	(465)	-	-	-	(68)	(9,303)	(330)
NET EXPENSE RECOGNIZED	**(4,427)**	**5,345**	**(1,736)**	**728**	**(626)**	**(593)**	**5,608**	**5,279**	**(1,181)**	**10,759**
ACTUAL RETURN ON PLAN ASSETS	**(31,307)**	**14,714**	**37**	**36**	**(53,015)**	**952**	**(9,884)**	**5,209**	**(94,169)**	**20,911**

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	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Net obligation/(surplus) at 1 January	**122,402**	**74,154**	**20,113**	**12,977**	**(50,261)**	**(21,397)**	**44,619**	**38,974**	**136,873**	**104,708**
Total expenses for the year	(4,427)	5,345	(1,736)	728	(626)	(593)	5,608	5,279	(1,181)	10,759
Amount recognized in other comprehensive income – Remeasurement	(22,858)	1,499	(3,373)	305	31,016	5,623	(11,480)	(958)	(6,695)	6,469
Benefits or contributions to funds	(20,963)	(16,863)	(1,032)	(206)	(3,115)	(446)	(3,399)	(3,035)	(28,509)	(20,550)
Reclassification as assets/ liabilities held for sale	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	1,589	(435)	4,017	821	5,606	385
Changes in scope and other	-	-	(995)	28	-	-	(391)	269	(1,386)	297
NET OBLIGATION/(SURPLUS) AT 31 DECEMBER	**74,154**	**64,135**	**12,977**	**13,832**	**(21,397)**	**(17,248)**	**38,974**	**41,350**	**104,708**	**102,069**

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
AS AT 31 DECEMBER 2022				
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%
AS AT 31 DECEMBER 2023				
Discount rate	3.15%	3.15%	4.50%	from 4.56% to 9.35%
Expected return on plan assets	3.15%	3.15%	4.50%	from 0% to 9.42%
Salary increase rate	from 1.25% to 2%	2.50%	N/A	from 5% 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 2023 represented €6.2 million losses for the Group (losses of €19.9 million in 2022).

In 2024, the Group expects to pay €33.8 million in benefits under defined benefit plans, including €21.7 million in Germany, €4.4 million in the United Kingdom, €0.8 million in France and €1.6 million in Brazil.

Plans that are fully or partially outsourced represented a total obligation of €336 million as at 31 December 2023 and plan assets of €288 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 higher than the estimate of €8.9 million. In 2023, a general decrease in discount rates resulted in an overall increase in the obligation, generating actuarial losses for the year of €12.5 million.

France

Benefit obligations in France correspond to statutory retirement bonuses, supplementary pension plans and long-service awards.

As at 31 December 2023, based on a sensitivity analysis of the discount rate, a 1% increase in the discount rate would result in a decrease of around €1.5 million in these benefit obligations.

On 14 September 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 31 December 2023, the benefit obligation represented €1.5 million and plan assets €0.1 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.

As at 31 December 2023, based on a sensitivity analysis of the discount rate, a 1% increase in the discount rate would result in a decrease of around €15.7 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 31 December 2023, based on a sensitivity analysis of the discount rate, a 1% increase in the discount rate would result in a decrease of around €8.8 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 2023 (vs. €0.3 million in 2022). The Group did not pay any contributions for these benefit plans in 2023 or 2022.

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.

Plan assets break down as follows:

	United Kingdom		United States		Germany	
	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023
	Allocation	Allocation	Allocation	Allocation	Allocation	Allocation
Equities	19.37%	0.00%	51.55%	55.82%	21.33%	21.37%
Bonds	0.00%	0.00%	40.36%	37.36%	78.67%	78.63%
Real Estate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	80.63%	100.00%	8.09%	6.82%	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.

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:

In € millions	One percentage-point increase	One percentage-point decrease
Discount rate	(34)	40
Salary increase rate	3	(3)
Pension increase rate	18	(14)

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.

	31/12/2022			31/12/2023		
	Total	Non-current	Current	Total	Non-current	Current
Disputes and commercial commitments	13,230	8,601	4,629	24,016	18,522	5,494
Backlog – losses on completion	49,673	548	49,125	44,161	-	44,161
Reorganization and restructuring measures	421,840	160,676	261,164	272,489	119,769	152,720
Tax risks (income tax, other levies, inspections, etc.)	11,691	11,681	10	11,078	11,069	9
Environmental provisions	24,888	24,188	700	17,627	16,927	700
Other	79,546	40,449	39,097	80,832	34,511	46,321
TOTAL	**600,868**	**246,143**	**354,725**	**450,203**	**200,798**	**249,405**
As at 1 January	**161,558**	**92,632**	**68,926**	**600,868**	**246,143**	**354,725**
Additions	558,812	149,115	409,697	176,593	20,971	155,622
Utilizations	(130,602)	(21,053)	(109,549)	(315,858)	(28,033)	(287,825)
Reversals of surplus provisions	(2,558)	-	(2,558)	(16,032)	(3,962)	(12,070)
Impact of changes in exchange rates	6,096	6,032	64	5,815	3,789	2,026
Reclassifications and other changes	7,466	19,417	(11,951)	(1,183)	(38,110)	36,927
Liabilities related to assets held for sale and discontinued operations	96	-	96	-	-	-
AS AT 31 DECEMBER	**600,868**	**246,143**	**354,725**	**450,203**	**200,798**	**249,405**

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 €272 million as at 31 December 2023, compared with €422 million as at 31 December 2022. 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 31 December 2023:

- compensation and penalties to be paid for damage caused by exceptional rainfall in January 2022 at the Pau Branco mine in the state of Minas Gerais (Brazil);
- 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.

In 2023, the company has sold part of its surplus of quotas saved over the previous years (for 45,000 tonnes of CO2). In France, only the site of Aulnoye-Aymeries is still in operation, further to the closing of Montbard (Q1 2022), Saint-Saulve (Q4 2022) and Déville (Q1 2021). The French plant has collected enough quotas to cover the amount it will need to restitute for 2023 and 2024. In Germany, the balance of all sites is in excess, and will enable to restitute quotas without purchasing additional ones on the market to cover 2023 emissions. The surplus will be either transferred to the site of Aulnoye-Aymeries or sold.

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.

Assets and liabilities held for sale at 31 December 2023 are presented in the table below:

	31/12/2022	31/12/2023
Assets held for sale and discontinued operations	9,414	1,081
Liabilities related to assets held for sale and discontinued operations	(3,810)	-
NET ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	**5,604**	**1,081**

10.2 Scope of consolidation

The Group consists of the holding company Vallourec S.A. and its subsidiaries consolidated in accordance with the principles described in Note 1.2.3.

	31/12/2022	31/12/2023
Fully consolidated companies	50	49
Joint ventures	1	-
Associates	2	2
TOTAL	**53**	**51**

The main changes in the scope of consolidation during 2023 are as follows:

- on 1 January 2023, Valinox Nucléaire Tubes Guangzhou Co. Ltd was deconsolidated;
- on 1 January 2023 Vallourec Umbilicals moved from equity method to full consolidation method;
- on November 30, 2023, Vallourec One merged with Vallourec Services.

	Business activity	% interest	Country
FULLY CONSOLIDATED COMPANIES			
Europe			
Serimax Angola Ltd	Services	80.0	United Kingdom
Serimax Field Joint Coating Ltd	Services	80.0	United Kingdom
Serimax Holdings S.A.S.	Services	80.0	France
Serimax Ltd	Services	80.0	United Kingdom
Serimax S.A.S.	Services	80.0	France
Vallourec Deutschland GmbH	Manufacturing and sales of products, services	100.0	Germany
Vallourec Oil & Gas France S.A.S.	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 S.A.	Holding company	100.0	France
Vallourec Services S.A.	Holding company	100.0	France
Vallourec Tubes France S.A.S.	Manufacturing and sales of products, services	100.0	France
Vallourec Tubes S.A.S.	Holding company	100.0	France
Vallourec Umbilicals S.A.S.	Manufacturing and sales of products	100.0	France
North America			
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
South America			
Serimax Do Brasil Serviços de Soldagem e Fabricaçao 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 S.A.	Manufacturing and sales of products, services	100.0	Brazil
Vallourec Uruguay S.A.	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
Asia			
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
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
Rest of the world			
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	100.0	Nigeria
Vallourec Oil and Gas Uganda	Manufacturing and sales of products, services	100.0	Uganda
ASSOCIATES			
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)	
	2022	2023	2022	2023
STATUTORY AUDIT OF PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS				
Issuer	263	278	263	278
%	16%	17%	26%	24%
Fully consolidated subsidiaries	1,163	1,179	722	857
%	72%	73%	70%	74%
Sub-total	**1,426**	**1,456**	**985**	**1,135**
OTHER NON-AUDIT SERVICES (A)				
Issuer	85	75	13	11
%	5%	5%	1%	0%
Fully consolidated subsidiaries	110	79	34	15
%	7%	5%	3%	1%
Sub-total	**195**	**154**	**46**	**26**
TOTAL	**1,621**	**1,611**	**1,031**	**1,161**

(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 2023, 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 2023, 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.

7.2 Statutory Auditors' Report on the Consolidated Financial Statements

For the year ended December 31, 2023

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, 2023.

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 31st, 2023 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 1st, 2023 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.821-53 and R.821-80 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 South America Tubes" and specific assets included in CGU "Vallourec Eastern Hemisphere Tubes"

Note 4.2 "Impairment tests" to the consolidated financial statements

Key Audit Matter	Audit approach
As at December 31st, 2023, the carrying amount of current and non-current assets of cash generating unit ("CGU)" "Vallourec South America Tubes" was €1.135 million (R$ 6.110 million). 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. Concerning the CGU "Vallourec South America Tubes", the non-current assets represent €676 million (R$ 3.636 million), including €40 million of goodwill, and the current assets represent €459 million (R$ 2.474 million). As at December 31st, 2023, an impairment test was in particular performed on CGU "Vallourec South America Tubes" to which a goodwill had been allocated. In addition, impairment tests have also been performed for specific assets included in CGU "Vallourec Eastern Hemisphere Tubes", leading to the recognition of a reversal of depreciation of €153 million for this financial year. Impairment testing methods and assumptions are described in Note 4.2 to the consolidated financial statements. 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 the Oil & Gas production outlook in line with the scenario of announced commitments (APS) published in 2023 of the International Energy Agency (IEA), which illustrates to what extent the ambitions and objectives announced can achieve the objectives set for emissions reductions necessary to achieve "net zero emissions" by 2050. Cash forecasts used to determine the value in use are based on available data at the date of the closing of the accounts, in the context of an upturn in the Oil & 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. Consequently, actual figures may differ significantly from these estimates and the random nature of certain estimates may be increased. We believe that the valuation of goodwill, intangible assets and property, plant and equipment of CGU "Vallourec South America Tubes" and of specific assets included in the CGU "Vallourec Eastern Hesmisphere 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 value in use requires management to make judgements and use estimates to forecast the discounted future cash flows used in the tests.	During our work, we gained an understanding of: • the process used to prepare and approve the estimates and assumptions made by Management for the impairment tests, • procedures for approving the results of these tests by the governance entities. We also assessed the appropriateness of the model adopted to determine the recoverable amounts of the CGU "Vallourec South America Tubes" and of specific assets of CGU "Vallourec Eastern Hemisphere Tubes" and reconciling the net book value of assets to consolidated financial statements. We have obtained the cash flow and operating forecasts prepared by the Group for each CGU tested and have assessed their consistency with 2024 budget, approved by the Board of Directors, and mid-long term Management's estimates as set out in the business plan. 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: • prices and volumes assumptions by region that depend, in particular, on investments in exploration and production of oil and natural gas, • forecasts of changes in costs in the context of the "New Vallourec" strategic plan, and • exchange rates, growth rates and discount rates used. We also assessed: • 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; • compared the long-term pipe growth sales assumptions with the publicly available Oil & Gas segment information, in particular assumptions relating to "APS" scenario from the IEA considered to be compatible with the Paris Agreement. 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.

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, 2023, KPMG S.A. was in its 18th year of uninterrupted engagement and Deloitte & Associés in its 22nd 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.821-55 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

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.821-27 to L.821-34 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, March 8th, 2024

The Statutory Auditors

French original signed by

KPMG S.A.	Deloitte & Associés
Alexandra Saastamoinen	Véronique Laurent

7.3 Vallourec SA parent company financial statements

7.3.1 Statement of financial position

Assets

In € thousands	31/12/2022	31/12/2023
NON-CURRENT ASSETS		
Intangible assets	414	414
Property, plant and equipment	88	88
Equity interests	3,969,429	4,856,429
Receivables, loans and other financial fixed assets	1,700,732	1,700,532
Total I	**5,670,663**	**6,557,463**
CURRENT ASSETS		
Operating receivables	1,359	1,249
Other receivables	415,750	690,254
Marketable securities	700	366
Cash at bank and in hand	57	26
Prepaid expenses	410	257
Translation differences	2	1
Total II	**418,278**	**692,153**
TOTAL ASSETS (I + II)	**6,088,941**	**7,249,616**

Equity and liabilities

In € thousands	31/12/2022	31/12/2023
EQUITY		
Share capital	4,636	4,745
Additional paid-in capital	3,955,162	3,959,379
Revaluation reserve	634	634
Other reserves	85,886	85,886
Retained earnings (accumulated losses)	(935,528)	722,398
Net income	1,657,926	1,155,062
Total I	**4,768,716**	**5,928,104**
Provisions for contingencies and charges	1,090	610
Borrowings	1,309,766	1,312,026
Operating liabilities	4,680	3,016
Other liabilities	4,689	5,860
Translation differences	-	-
Total II	**1,320,225**	**1,321,511**
TOTAL EQUITY AND LIABILITIES (I + II)	**6,088,941**	**7,249,616**

7.3.2 Income statement

In € thousands	2022	2023
Revenue	2,086	4,534
Provision reversals and expenses transferred	1,257	479
Other operating income	-	-
External services	(9,136)	(7,133)
Taxes other than on income	(455)	(345)
Personnel expenses	(5,366)	(4,138)
Other	(1,135)	(1,061)
Depreciation, amortization and provisions	(346)	-
Operating income (loss)	**(13,095)**	**(7,664)**
Financial income	**1,773,334**	**1,263,151**
Number of shares	-	250,000
Other marketable securities and non-current receivables	112,035	112,035
Other interest income	293	14,085
Foreign exchange gains	16	22
Provision reversals and financial expenses transferred	1,661,000	887,009
Financial expenses	**(102,597)**	**(102,309)**
Depreciation, amortization and provisions – financial items	(1)	(9)
Interest expense	(102,582)	(102,284)
Foreign exchange losses	(14)	(16)
Net financial income	**1,670,746**	**1,160,842**
Net income from recurring operations before tax	**1,657,652**	**1,153,178**
Non-recurring income	-	-
Non-recurring expenses	101	-
Net non-recurring income	**101**	**-**
Income tax	173	1,884
NET INCOME	**1,657,926**	**1,155,062**

7.3.3 Notes to the parent company financial statements for the year ended 31 December 2023

In € thousands unless stated otherwise.

Notes to the statement of financial position (before allocation) as at 31 December 2023, which shows total assets of €7,250 million, and to the income statement for the year then ended, which shows net income of €1,155 million.

The reporting period runs for 12 months, from 1 January to 31 December.

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 31 December 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.

At December 31, 2023, the investment in Vallourec Tubes SAS, which acts as holding company for all of the Vallourec Group's equity interests, was measured at its equity value, determined on the same basis as used to carry out the impairment tests on subsidiaries. This involves determining value in use, calculated based on expected future cash flows, 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 lastly, 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 4 December 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 1 January 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

PROVISIONS FOR IMPAIRMENT OF SHARES EARMARKED FOR EMPLOYEE SHARE AWARDS

Pursuant to CRC Regulation No. 2008-15 dated 4 December 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.

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.

C – Notes to the statement of financial position

1 Movements in non-current assets

Movements in the net carrying amounts of non-current assets were as follows during the year:

Non-current assets – Net values	31/12/2022	Increases/ Additions	Decreases/ Reversals	31/12/2023	Of which revaluation reserve	Of which related parties
Intangible assets	**414**	**-**	**-**	**414**	**-**	**-**
Trademarks	414	-	-	414	-	-
Property, plant and equipment	**88**	**-**	**-**	**88**	**-**	**-**
Land	88	-	-	88	-	-
Equity interests	**3,969,429**	**-**	**887,000**	**4,856,429**	**-**	**-**
Equity interests	4,856,429			4,856,429		
Provision for impairment of equity interests	(887,000)	-	887,000	-	-	-
Long-term securities and treasury shares	**-**	**-**	**-**	**-**	**-**	**-**
Receivables, loans, other investments	**1,700,732**	**30**	**(230)**	**1,700,532**	**-**	**-**
Loans	1,700,732	-	(230)	1,700,502	-	-
Accrued interest	-	-	-	-	-	-
Other receivables	-	30		30	-	-
TOTAL	**5,670,663**	**30**	**886,770**	**6,557,463**	**-**	**-**

EQUITY INTERESTS

As at December 31, 2023, the investment in Vallourec Tubes SAS, which acts as holding company for the Vallourec Group's equity interests, was measured at its equity value, determined on the same basis as used to carry out the impairment tests on its subsidiaries.

The valuation carried out as at December 31, 2023 led to the reversal of €887 million in impairment against Vallourec Tubes.

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 31 December 2024.

2 Marketable securities

Marketable securities include:

Mutual and investment funds

Valloure 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

	31/12/2022	Increases	Decreases	31/12/2023
Treasury shares	699	-	333	366
Provision for impairment	-	-	-	-
TOTAL	**699**	**-**	**333**	**366**

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
Receivables, loans and other financial fixed assets	**1,700,000**	**-**	**1,700,000**	**1,700,000**	**-**
Operating receivables	**1,249**	**-**	**1,016**	**1,249**	**-**
Trade and other receivables	840	-	840	840	-
Other operating receivables	233	-	-	233	-
Amounts due from suppliers/Prepayments	176	-	176	176	-
Other receivables	**690,254**	**-**	**686,966**	**690,254**	**-**
Income tax receivables	3,289	-	-	3,289	-
Intercompany cash advance	686,966	-	686,966	686,966	-
TOTAL	**2,391,503**	**-**	**2,387,981**	**2,391,503**	**-**

Loans allocated during the year: none.

Loans repaid during the year: none.

Receivables under commercial paper: none.

Payables	Gross value	Of which accrued expenses	Of which related parties	<1 year	>1 year	>5 years
Borrowings	**1,312,026**	**26,666**	**-**	**26,666**	**1,285,359**	**-**
Non-convertible bonds	1,023,359	-	-	-	1,023,359	-
Convertible bonds	-	-	-	-	-	-
Bank loans and borrowings	26,666	26,666	-	26,666	-	-
Other loans and borrowings	262,000	-	-	-	262,000	
Operating liabilities	**3,016**	**1,973**	**103**	**3,016**	**-**	**-**
Trade payables	1,505	700	103	1,505	-	-
Tax and social security liabilities	1,512	1,273	-	1,512	-	-
Other liabilities	**5,860**	**2,413**	**3,447**	**5,860**	**-**	**-**
Other non-operating liabilities	5,860	2,413	3,447	5,860	-	-
TOTAL	**1,320,902**	**31,052**	**3,550**	**35,543**	**1,285,359**	**-**

BORROWINGS

Bonds

Bonds *(in € millions)*	Nominal amount	Maturity	Rate	Amount in statement of financial position as at 31 December 2023
Bond issue – June 2021	1,023	June 2026	8.500%	1,050
TOTAL	**1,023**			**1,050**

(a) *Includes a redemption option for the borrower exercisable from 30 June 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	Rate	Amount in statement of financial position as at 31 December 2023
State-guaranteed loans – June 2021[a]	262	June 2027	1.837%	262
Committed credit facility – June 2021	462	June 2026	5.000%	
TOTAL	**724**			**262**

(a) *The initial maturity of the State-guaranteed loans was 30 June 2022, but Vallourec had an option to extend them to 30 June 2027. Vallourec exercised this extension option and the State-guaranteed loans now have a maturity date of 30 June 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 31 December 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 30 June 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 30 June 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 31 December 2023, 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 12 October 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 31 December 2023, 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.

	31/12/2022	Increase	Decrease	31/12/2023
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
Position as at 31 December 2021	**228,928,428**	**4,579**	**510,764**	**2,595,448**	**3,110,791**
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
Position as at 31 December 2022	**228,928,428**	**4,636**	**1,657,926**	**3,106,155**	**4,768,717**
Appropriation of 2022 net income (loss)	-	-	(1,657,926)	1,657,926	-
Capital increase	-	110	-	4,218	4,328
Dividends paid	-	-	-	-	-
2023 net income (loss)	-	-	1,155,062	-	1,155,062
Change	-	110	(502,864)	1,662,144	1,159,390
POSITION AS AT 31 DECEMBER 2023	**237,271,828**	**4,746**	**1,155,062**	**4,768,299**	**5,928,107**

At 31 December 2023, Vallourec's share capital comprised 229,877,070 ordinary shares and 7,394,758 preferred 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 31 December 2022	231,777,627	0.02	4,635,553
Capital increase with pre-emptive subscription rights by issuance of new shares	5,004,100	0.02	100,082
Capital increase	490,101	0.02	9,802
SHARE CAPITAL AT 31 DECEMBER 2023	**237,271,828**	**0.02**	**4,745,437**

Equity totaled €5,928 million as at 31 December 2023, compared with €4,769 million as at 31 December 2022.

6 Employee share ownership

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 Management Board on 30 June 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 30 June 2021 (adjustment factor of 1.89929156 applied to the number of options awarded and to the exercise price).

The characteristics of the plans are as follows:

	2015 Plan	2016 Plan	2017 Plan	2018 Plan
Award date	04/15/2015	05/18/2016	05/18/2017	06/15/2018
Maturity date	04/15/2019	05/18/2020	05/18/2021	06/15/2022
Expiration date	04/15/2023	05/18/2024	05/18/2025	06/15/2026
Exercise price in euros	488.14	140.29	216.55	197.84
Number of options awarded	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	2022	2023
Options outstanding as at 1 January	**254,288**	**295,174**
Options exercised	-	-
Options lapsed	(8,776)	(6,328)
Options canceled	(8,763)	(79,251)
Options distributed	58,425	-
OPTIONS OUTSTANDING AS AT 31 DECEMBER	**295,174**	**209,595**
Of which exercisable options	18,745	12,440

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 31 December 2023, the average exercise price was €27.71.

Valuation[(a)]	2022 Plan
Share price on the award date	€12.88
Volatility[(b)]	40%
Risk-free rate[(c)]	1.42%
Exercise price	€12.65
Dividend rate[(d)]	3.00%
Fair value of the option[(e)]	€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 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 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 2023 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 30 June 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 30 June 2021 (adjustment factor of 1.89929156 applied to the number of shares awarded).

The characteristics of the plans are as follows:

Performance share plans	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Award date	06/17/2019	06/15/2020	10/13/2021	06/04/2022	11/17/2023
Vesting period	3 years (French residents) or 4 years (non-French residents)	3 years	3 years	3 years	2 years
Holding period	2 years (French residents) or none (non-French residents)	None	None	None	None
Performance conditions	Yes[(a)]	Yes[(b)]	Yes, only for management (*cadres*) above grade 20[(c)]	Yes, only for management (*cadres*) above grade 20[(d)]	Yes[(e)]
Theoretical number of shares awarded	39,595	64,747	289,396	231,410	371,950

(a) *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.*

(b) *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, TimkenSteel Corp, Salzgitter AG, ArcelorMittal SA, TMK and NOV.

(c) *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, TimkenSteel 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 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, TimkenSteel Corp, Salzgitter AG, ArcelorMittal SA, TMK and NOV.

(e) *The performance conditions are as follows:*
- *50% of the award is subject to a continuous service condition only. The number of performance shares affected by this condition is 185,975.*
- *25%, the average daily trading volume weighted average price of the Vallourec share must be equal to or greater than €16.19 for a period of ninety (90) consecutive trading days during the Vesting Period. The number of performance shares affected by this condition is 93,030;*
- *25%, the average daily trading volume weighted average price of the Vallourec share must be equal to or greater than €20.22 for a period of ninety (90) consecutive trading days during the Vesting Period. The number of performance shares affected by this condition is 92,945.*

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	2022	2023
Number of shares not yet vested as at 1 January	**398,664**	**578,087**
Shares delivered over the year	(38,739)	(41,215)
Shares awarded for outperformance	9,447	-
Shares canceled	(22,695)	(69,800)
Shares awarded over the year	231,410	371,950
NUMBER OF SHARES NOT YET VESTED AS AT 31 DECEMBER	**578,087**	**839,022**

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[a]	2022 Plan	2023 Plan
Share price on the award date	€12.88	€13.18
Risk-free rate[b]	0.62%	3.15%
Dividend rate[c]	3%	0% in 2024 and 9.00% in 2025
Fair value of the share	€11.76	Continuous service condition only: €11.98 Share price condition €16.19: €7.56 Share price condition €20.22: €4.87
Number of shares awarded	231,410	371,950

(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.*

MANAGEMENT EQUITY PLAN

During 2023, the Group set up new Management Equity Plans (MEPs) for its employees and executive corporate officers.

1 February 2023 MEP

Under the MEP set up on 1 February 2023, 199,584 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 performance share plan are as follows:

Valuation	Tranche 2	Tranche 3	Tranche 4
Share price on the award date	€13.48	€13.48	€13.48
Vesting period[(a)]	30%: 1.35 years 70%: 3.41 years	30%: 1.69 years 70%: 3.41 years	30%: 2.10 years 70%: 3.41 years
Holding period[(a)]	3.41 years	3.41 years	3.41 years
Performance conditions[(b)]	Yes	Yes	Yes
Volatility[(c)]	49.60%	49.60%	49.60%
Risk-free rate[(d)]	2.82%	2.82%	2.82%
Dividend rate[(e)]	3.00%	3.00%	3.00%
Fair value of the share[(f)]	€8.93	€7.09	€4.52
Number of shares awarded	94,721	94,718	10,145

(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 3.31 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 3.31 years.*

(b) *The tranche 2, 3 and 4 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is on average €16.19, €20.22 and €28.32 for 90 days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.33 years, 1.67 years and 2.01 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 Institute of Actuaries* (Institut des Actuaires) *yield curve).*

(e) *The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.*

(f) *Following amendments to the applicable performance conditions voted at the 25 May 2023 Shareholders' Meeting, the fair values of tranches 2, 3 and 4 were revised upwards, by a €0.78 respectively to their previous fair values.*

10 March 2023 MEP

Under the MEP set up on 10 March 2023, 327,562 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 2	Tranche 3	Tranche 4
Share price on the award date	€13.60	€13.60	€13.60
Vesting period[(a)]	30%: 1.33 years 70%: 3.31 years	30%: 1.67 years 70%: 3.31 years	30%: 2.01 years 70%: 3.31 years
Holding period[(a)]	3.31 years	3.31 years	3.31 years
Performance conditions[(b)]	Yes	Yes	Yes
Volatility[(c)]	49.90%	49.90%	49.90%
Risk-free rate[(d)]	3.07%	3.07%	3.07%
Dividend rate[(e)]	3.00%	3.00%	3.00%
Fair value of the share[(f)]	€9.01	€7.25	€4.42
Number of shares awarded	149,531	149,531	28,500

(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 3.31 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 3.31 years.*
(b) *The tranche 2, 3 and 4 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is on average €16.19, €20.22 and €28.32 for 90 days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.33 years, 1.67 years and 2.01 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 Institute of Actuaries* (Institut des Actuaires) *yield curve).*
(e) *The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.*
(f) *Following amendments to the applicable performance conditions voted at the 25 May 2023 Shareholders' Meeting, the fair values of tranches 2, 3 and 4 were revised upwards, by adding €1.17, €1.03 and €0.78 respectively to their previous fair values.*

13 March 2023 MEP

Under the MEP set up on 13 March 2023, 17,605 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 2	Tranche 3
Share price on the award date	€13.47	€13.47
Vesting period[(a)]	30%: 1.32 years 70%: 3.30 years	30%: 1.64 years 70%: 3.30 years
Holding period[(a)]	3.30 years	3.30 years
Performance conditions[(b)]	Yes	Yes
Volatility[(c)]	49.90%	49.90%
Risk-free rate[(d)]	3.07%	3.07%
Dividend rate[(e)]	3.00%	3.00%
Fair value of the share[(f)]	€8.73	€6.95
Number of shares awarded	8,803	8,802

(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 3.30 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 3.30 years.*
(b) *The tranche 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is on average €16.19 and €20.22 for 90 days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.32 years and 1.64 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 Institute of Actuaries* (Institut des Actuaires) *yield curve).*
(e) *The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.*
(f) *Following amendments to the applicable performance conditions voted at the 25 May 2023 Shareholders' Meeting, the fair values of tranches 2, 3 and 4 were revised upwards, by adding €1.17, €1.03 and €0.78 respectively to their previous fair values.*

23 March 2023 MEP

Under the MEP set up on 23 March 2023, 37,037 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 2	Tranche 3
Share price on the award date	€11.49	€11.49
Vesting period[(a)]	30%: 1.58 years 70%: 3.27 years	30%: 1.83 years 70%: 3.27 years
Holding period[(a)]	3.27 years	3.27 years
Performance conditions[(b)]	Yes	Yes
Volatility[(c)]	50.30%	50.30%
Risk-free rate[(d)]	3.07%	3.07%
Dividend rate[(e)]	3.00%	3.00%
Fair value of the share[(f)]	€6.26	€4.69
Number of shares awarded	18,519	18,518

(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 3.27 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 3.27 years.*

(b) *The tranche 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is on average €16.19 and €20.22 for 90 days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.58 years and 1.83 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 Institute of Actuaries* (Institut des Actuaires) *yield curve).*

(e) *The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.*

(f) *Following amendments to the applicable performance conditions voted at the 25 May 2023 Shareholders' Meeting, the fair values of tranches 2, 3 and 4 were revised upwards, by adding €1.17, €1.03 and €0.78 respectively to their previous fair values.*

21 June 2023 MEP

Under the MEP set up on 21 June 2023, 108,526 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 2	Tranche 3
Share price on the award date	€10.04	€10.04
Vesting period[(a)]	30%: 1.44 years 70%: 3.03 years	30%: 1.72 years 70%: 3.03 years
Holding period[(a)]	3.03 years	3.03 years
Performance conditions[(b)]	Yes	Yes
Volatility[(c)]	48.00%	48.00%
Risk-free rate[(d)]	2.81%	2.81%
Dividend rate[(e)]	3.00%	3.00%
Fair value of the share[(f)]	€5.26	€3.86
Number of shares awarded	54,263	54,263

(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 3.03 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 3.03 years.*

(b) *The tranche 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is on average €16.19 and €20.22 for 90 days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.44 years and 1.72 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 Institute of Actuaries* (Institut des Actuaires) *yield curve).*

(e) *The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.*

27 July 2023 MEP

Under the MEP set up on 27 July 2023, 1,251,010 free shares were awarded to the Group's employees and executive corporate officers. This free share award comprises: 1,251,010 ordinary shares and 1,250,000 preferred shares.

Characteristics of the plan

The characteristics of the plan awarding ordinary shares are as follows:

Valuation	Tranche 1	Tranche 2	Tranche 3
Share price on the award date	€11.89	€11.89	€11.89
Vesting date(a)	30% 07/27/2024 70% 07/27/2028	30% 07/27/2025 70% 07/27/2028	30% 07/27/2026 70% 07/27/2028
Holding period	5 years	5 years	5 years
Performance conditions(b)	Yes	Yes	Yes
Volatility(c)	38%	43%	47%
Risk-free rate(d)	3.60%	3.24%	3.07%
Dividend rate(e)	0% in 2024 and 9% in 2025 and 2026	0% in 2024 and 9% in 2025 and 2026	0% in 2024 and 9% in 2025 and 2026
Fair value of the share	€10.77	€8.78	€7.65
Number of shares awarded	250,200	375,308	625,502

(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 resignation, 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 5 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 2
Share price on the award date	€11.89
Vesting period(a)	30%: 1.09 years 70%: 2.93 years
Holding period(a)	2.93 years
Performance conditions(b)	Yes
Volatility(c)	47.00%
Risk-free rate(d)	3.07%
Dividend rate(e)	0% in 2024 9% in 2025 and 2026
Fair value of the share(f)	€7.88
Number of shares awarded	1,250,000

(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 2.93 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 2.93 years.

(b) The tranche 2 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is on average €16.19 for 90 days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 1.09 years.

(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 Institute of Actuaries (Institut des Actuaires) *yield curve).*

(e) The expected dividend rates were determined based on analysts' expectations (external information) and the Group's dividend policy.

14 December 2023 MEP

Under the MEP set up on 14 December 2023, 64,989 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 2	Tranche 3
Share price on the award date	€12.80	€12.80
Vesting period[a]	30%: 0.93 years 70%: 2.54 years	30%: 1.26 years 70%: 2.54 years
Holding period[a]	2.54 years	2.54 years
Performance conditions[b]	Yes	Yes
Volatility[c]	41.30%	41.30%
Risk-free rate[d]	3.05%	3.05%
Dividend rate[e]	0% in 2024 9% in 2025 and 2026	0% in 2024 9% in 2025 and 2026
Fair value of the share[f]	€8.20	€5.64
Number of shares awarded	32,494	32,495

(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 2.54 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 3.03 years.*

(b) *The tranche 2 and 3 performance share rights will be exercisable for ordinary shares if the volume-weighted average Vallourec share price is on average €16.19 and €20.22 for 90 days in the 5-year period following the financial restructuring. The valuation models show average vesting periods of 0.93 years and 1.26 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 Institute of Actuaries* (Institut des Actuaires) *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:

In number of shares	Ordinary shares	Performance shares
Number of shares not yet vested as at 1 January 2023	**985,488**	**5,370,798**
Shares delivered over the year	(157,970)	(4,912,384)
Shares canceled	(769,766)	(543,106)
Shares awarded over the year	1,251,010	2,005,303
NUMBER OF SHARES NOT YET VESTED AS AT 31 DECEMBER 2023	**1,308,762**	**1,920,611**

VALLOUREC INVEST

In October 2023, Vallourec launched Vallourec Invest 2023, a share capital increase reserved for employees, as per the decision made on 27 July 2023 by the Board of Directors in accordance with the thirteenth and fourteenth resolutions of the Shareholders' Meeting of 25 May 2023.

Vallourec Invest aims to involve the Group's employees in value creation and to develop employee share ownership in recognition of the progress made to date and to broaden their participation in the construction of the New Vallourec plan as direct or indirect shareholders.

The total number of shares that can be issued under the Offer is capped at 0.75% of the Company's share capital as at 27 July 2023, the day of the Board of Directors' decision authorizing the implementation of the Offer, i.e., 1,774,642 shares.

This program resulted in the issuance of 490,101 new shares (representing 0.21% of Vallourec's share capital) and brings the total number of shares composing the share capital to 237,271,828 as of 13 December 2023.

7 Provisions for contingencies and charges

The change in provisions for contingencies and charges is shown below:

	31/12/2022	Additions	Utilizations	31/12/2023
Provisions for foreign exchange losses	2	-	1	1
Provisions for retirement commitments	-	-	-	-
Provisions for supplementary pension obligations	479	-	479	-
Provisions for performance share expenses	594	-	-	594
Provisions for claims and litigation	15	-	-	15
TOTAL	**1,090**	**1**	**479**	**610**
Of which recognized in operating income (loss)	-	1	479	-
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 (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 31 December 2023, compared with €0.2 million as at 31 December 2022.

PROVISIONS FOR SUPPLEMENTARY PENSION OBLIGATIONS

As at 31 December 2023, the total supplementary pension obligation, net of plan assets, amounted to nil.

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 31 December 2023 Vallourec SA had no variable-rate debt and therefore has not set up any interest-rate swaps.

INFORMATION ON FOREIGN EXCHANGE RISK

As at 31 December 2023, 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

8 Operating income (loss)

REVENUE

The Company's 2023 revenue – amounting to €4.5 million – mainly corresponds to services rebilled to the subsidiary Vallourec Tubes (€4.5 million), and the costs of employee performance share award plans rebilled to Group subsidiaries.

OPERATING EXPENSES

Operating expenses amounted to €12.7 million, consisting mainly of fees, personnel costs, and the impact of free share plans and commissions, loan issue fees and additions to provisions.

9 Financial income and expenses concerning related companies

Financial expenses: none.

Financial income: €126 million.

10 Net financial income

The Company reported net financial income of €24 million for the year.

	31/12/2022	31/12/2023
Interest income[(a)]	112,328	126,119
Interest expense	(102,583)	(102,284)
Net interest expense	**9,745**	**23,836**
Change in provisions for equity interests	1,661,000	887,001
Other financial income and expenses[(b)]	1	250,006
NET FINANCIAL INCOME	**1,670,746**	**1,160,842**

(a) *Of which €112.0 million corresponding to interest on loans to Vallourec Tubes SAS.*
(b) *Of which €250 million corresponding to interest on dividends receivable from Vallourec Tubes SAS.*

11 Net non-recurring income

None.

E – Other information

12 Breakdown of average headcount

As at 31 December 2022, the Company had one employee.

13 Taxation

TAX CONSOLIDATION

Since 1 January 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 2023, the tax consolidation group comprised Vallourec SA, Vallourec Université France, Vallourec Tubes, Vallourec Tubes France, Vallourec Oil and Gas France, 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 group reported a tax loss in 2023.

Increase and decrease in future tax liabilities

Nature of temporary differences	Amount (base) as at 31/12/2022	Amount (base) as at 31/12/2023
Increase	**-**	**-**
Decrease	**676**	**197**
Provision for retirement commitments	489	10
Provision for employee share ownership plans	187	187
Provision for paid leave	-	-
Provision for tax on passenger vehicles	-	-

Breakdown of income tax between recurring and non-recurring items

	Pre-tax income (loss)	Tax due	Net income (loss)
Recurring	1,153,178	-	1,153,178
Non-recurring	-	-	-
Sub-total	**1,153,178**	**-**	**1,153,178**
Expense relating to Vallourec (tax credit)	-	(2,123)	(2,123)
Income from tax consolidation	-	4,007	4,007
TOTAL VALLOUREC	**1,153,178**	**1,884**	**1,155,062**

14 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.

15 Off-balance sheet commitments

Off-balance sheet commitments are as follows:

- retirement benefits: none;
- supplementary pension benefits: none;
- Long-term vehicle leases: €17 thousand.

None of the Company's debt is secured by collateral.

16 Subsequent events

None.

17 Vallourec subsidiaries and directly-held equity interests as at 31 December 2023

In € thousands				Carrying amount of the securities held						
Company	**Share capital**	**Other equity before appropriation of net income (loss)**	**Percentage of capital held *(%)***	**Gross**	**Net**	**Outstanding loans and advances granted by the Company**	**Securities and guarantees given by the Company**	**Prior-year revenue excluding taxes**	**Prior-year net income (loss)**	**Dividends received by the Company during the year**
A) SUBSIDIARIES AND EQUITY INTERESTS WITH A CARRYING AMOUNT IN EXCESS OF 1% OF VALLOUREC'S CAPITAL										
I. Subsidiaries (at least 50%-owned)										
French company										
Vallourec Tubes 12, rue de la Verrerie, 92190 Meudon	622,643,175	2,211,497	100%	4,856,429	4,856,429	2,385,804		80,469	459,993	-

18 Five-year financial summary

In €, except number of shares and number of employees	2019	2020	2021	2022	2023
SHARE CAPITAL					
Share capital	**915,975,520**	**228,994**	**4,578,569**	**4,635,552**	**4,745,437**
Number of ordinary shares in issue	457,987,760	11,449,694	228,928,428	231,777,627	237,271,828
Number of preferred non-voting shares in issue	-	-	-	-	-
Maximum number of new shares to be issued:	-				
• via bond conversions					
• via exercise of subscription rights	3,180,339	-	-	-	-
• via bond redemptions					
Revenue, excluding taxes	5,381,501	2,706,419	2,932,804	2,086,313	4,533,997
Income (loss) before tax, employee profit-sharing, depreciation, amortization, and provisions	(59,277,273)	(88,504,562)	66,001,676	(4,174,959)	265,698,949
Income tax	566,787	56,340	35,360	172,726	1,883,837
Employee profit-sharing for the year	-	-	-		
Income (loss) after tax, employee profit-sharing, depreciation, amortization, and provisions	(63,647,530)	(3,093,523,915)	510,763,663	1,657,926,018	1,155,062,178
Distributed earnings	**-**	**-**	**-**	**-**	**-**
EARNINGS PER SHARE					
Income (loss) after tax and employee profit-sharing but before depreciation, amortization and provisions	(0.13)	(7.73)	0.29	(0.02)	1.13
Income (loss) after tax, employee profit-sharing, depreciation, amortization, and provisions	(0.14)	(270.18)	2.23	7.15	4.87
Dividend allotted to each existing share	**-**	**-**	**-**	**-**	**-**
HEADCOUNT					
Average number of employees during the year	5	4	4	3	1
Total payroll costs for the year	2,313,936	1,532,830	2,359,910	3,679,977	1,261,389
Payroll-related costs (social security, employee benefits, etc.)	1,312,316	1,102,907	1,330,544	1,448,593	2,789,959

7.4 Statutory Auditors' Report on the Financial Statements

For the year ended December 31, 2023

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 31st, 2023.

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 31st, 2023 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 1st, 2023 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.821-53 and R.821-180 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
Equity interests on the balance sheet amounted to €4.856 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. 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. 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. The measurement prepared as at December 31st, 2023 leads to, as indicated in the section "Equity interests" of the C.1 of financial statements, a reversal of €887 million for the period. 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. 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. In this context, realization could digress these estimations and the variable nature of some estimation could be strengthened. 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.	Our work consisted in gaining an understanding of • 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 • procedures for approving the results by the governance entities, We also assessed the appropriateness of the model used to determine the utility value of these equity interests and related receivables. We obtained the cash flows and operating forecasts for the Vallourec Group prepared by the Company, and verified their consistency with the 2024 budget, as approved by the Board of Directors, assessment made by the Management on business forecasts. 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 • regional price and volume assumptions, which are dependent on investments in the exploration and production of oil and natural gas, • forecasts of changes in costs in the context of the "New Vallourec" strategic plan, and • exchange rates, growth rates and discount rates. 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. Lastly, we (i) performed our own sensitivity analysis, (ii) verified the arithmetic accuracy of the calculations and (ii) verified that the value resulting from the cash flow forecasts has been adjusted to take the Vallourec Group's net debt into account.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws andregulations.

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 1st, 2006 for both audit firms.

As at 31 December 2023, KPMG S.A. was in the 18th year of an uninterrupted engagement and Deloitte & Associés in the 22nd 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.821-55 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.821-27 to L.821-34 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, March 8th, 2024

The Statutory Auditors,

French original signed by

KPMG S.A.	Deloitte & Associés
Alexandra Saastamoinen	Véronique Laurent

CHAPTER 8

8 ADDITIONAL INFORMATION

8.1 Persons responsible

8.1.1 Person responsible for the Universal Registration Document

Philippe Guillemot

Chairman and Chief Executive Officer of Vallourec (hereinafter "**Vallourec**", "**the Company**", or "**the Group**")

8.1.2 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 365 of this Universal Registration Document (section 8.4.1), 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, March 14, 2024

Chairman and Chief Executive Officer

Philippe Guillemot

8.1.3 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

8.1.4 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

8.2 Persons responsible for the audit of the financial statements

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.

8.3 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[1] 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.

(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.*

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 2023, the Group made the following payments in respect of taxes due on the operation of its Pau Branco mine in the state of Minas Gerais:

Vallourec Group company	Project	Payment justification	Government	Amount
Vallourec Tubos do Brasil Ltda	Operation of the Pau Branco mine, Brazil	Tax on financial compensation for the exploration of mineral resources - CFEM (Compensação Financeira pela Exploração Mineral – CFEM)	Brazilian Federal Government	€11,533,790
Vallourec Tubos do Brasil Ltda	Operation of the Pau Branco mine, Brazil	Levy on tax assessments, monitoring and inspection of research, mining, exploration and use of mineral resources (Taxas de Fiscalização sobre Recursos Minerais – TFRM)	Brazilian Federal Government	€2,791,150
Vallourec Tubos do Brasil Ltda	Operation of the Pau Branco mine, Brazil	Income tax	Brazilian Federal Government	€31,397,334

8.4 Cross-reference tables and information incorporated by reference

8.4.1 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
1. Persons responsible, third party information, experts' reports and competent authority approval		
1.1. Persons responsible	8.1.1	362
1.2. Declaration of persons responsible	8.1.2	362
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	-	1
2. Statutory Auditors		
2.1. Name and address of the Statutory Auditors	8.2	363
2.2. Statutory Auditors who have resigned, been removed or not been re-appointed during the period covered	N/A	N/A
3. Risk factors		
3.1. Risks related to the Group's strategy and activities	3.1.1	158 to 160
3.2. Operational risks	3.1.2	160 to 162
3.3. Legal and tax risks	3.1.3	162-163
3.4. Financial and market risks	3.1.4	163 to 166
4. Information about the Company		
4.1. Legal and commercial name	5.1.1	236
4.2. Place of registration, registration number and legal entity identifier (LEI)	5.1.2	236
4.3. Date of incorporation and term	5.1.3	236
4.4. Registered office, legal form, legislation, country of incorporation, address and telephone number of the registered office and website	5.1.1, 5.1.2	236
5. Business overview		
5.1. Principal activities		
5.1.1. Nature of operations and principal activities	Profile, 1.1, 1.3	2-3, 4, 6 to 9, 14 to 20, 33 to 38
5.1.2. New products and/or services	Profile, 1.2.3	2-3, 29-30
5.2. Principal markets	Profile, 1 (Introduction), 1.1.1, 1.2.1, 1.3.1, 7.1.7 Note 2.1	3, 4, 6, 14, 21 to 23, 33 to 38, 283
5.3. Key business development events	Profile, 1.1.1, 1.2.2, 1.2.3 1.4, 7.1.7 Note 1.3	2-3, 14 to 16, 23 to 29, 29 to 32, 39 to 42, 281-282
5.4. Strategy and objectives	Profile, 1.1.1, 1.1.2.3, 1.1.3, 1.2, 2 (Introduction)	2-3, 7, 16, 19, 20, 21 to 33, 46 to 56
5.5. Dependence on patents, licenses, industrial, commercial or financial contracts and new manufacturing processes	1.2.3	29 to 32
5.6. Basis for any statements made regarding the competitive position	1.3.1.1.4, 1.3.1.2.3	36, 37
5.7. Investments		
5.7.1. Material investments made	1.1.1, 6.1.2.3	16, 265-266
5.7.2. Investments in progress or for which firm commitments have already been made	6.1.2.3, 7.1.7 Note 1.3	266, 282
5.7.3. Joint ventures and undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	7.1.7 Note 5, 7.1.7 Note 10.2	301 to 303, 331-332
5.7.4. Environmental issues that may affect the utilization of property, plant and equipment	2.2.1.4, 3.1.2.3, 6.1.2.3, 7.1.7 Notes 4.2 and 9.4	66, 161, 265, 297, 330

Appendix 1 and 2 to Commission Delegated Regulation (EU) 2019/980 of March 14, 2019	Universal Registration Document Chapters/Sections	Pages
6. Organizational structure		
6.1. Brief description of the Group	1.2.2, 5.7	23 to 29, 255
6.2. List of significant subsidiaries	1.2.2.1.2, 5.7.1, 7.1.7 Note 10.2, 7.3.3 Note E17	24 to 27, 255, 331-332, 354
7. Operating and financial review		
7.1. Financial position		
7.1.1. Development and performance of the issuer's business and changes in its financial position, including both financial and, where appropriate, non-financial key performance indicators	Profile, 1.1.3, 6.1, 6.3, 7.1.1 to 7.1.4, 7.1.7 Notes 2.1, 2.2 and 2.3, 7.3.2, 7.3.3 Note D8	3, 4-5, 7, 10, 20, 258 to 267, 269, 272 to 275, 284 to 287, 338, 352
7.1.2. Likely future development of the issuer's business and activities in the field of research and development	Profile, 1.1.2.2, 1.1.2.3.2, 1.1.3, 1.2.1.2, 1.2.2, 1.2.3, 3.2.2.6.3, 6.1.1.4	2-3, 4, 6-7, 8-9, 17-18, 20, 22, 23 to 29, 29 to 32, 171, 261
7.2. Operating results		
7.2.1. Significant factors, unusual or infrequent events or new developments, materially affecting income from operations	Profile, 1.2.2, 1.4.1, 7.1.7 Notes 1.3 and 2.6	3, 23 to 29, 39 to 42, 281-282, 288
7.2.2. Reason for material changes in revenue or income	Profile, 7.1.7 notes 2.3 and 2.6	3, 286 to 288
8. Capital resources		
8.1. Information on capital resources	6.1.2.1, 6.1.2.6, 7.1.4, 7.1.5, 7.1.7 Note 6.1, 7.3.1, 7.3.3 Note C5	263, 267, 276, 277, 303-304, 337, 343
8.2. Sources, amounts and description of cash flows	Profile, 6.1.2.2, 6.1.2.4, 7.1.3, 7.1.4, 7.1.7 Note 7.1.7	3, 264, 266, 274-275, 316
8.3. Borrowing requirements and funding structure	Profile, 6.1.2.1, 6.1.2.5, 7.1.4, 7.1.7 notes 7.1 et 7.2, 7.3.3 Note C3	3, 263, 267, 276, 313 to 317, 317, 341-342
8.4. Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, operations	7.1.7 Note 7.1, 7.3.3 Note C3	314-315, 342
8.5. Information regarding the anticipated sources of funds needed to fulfill the commitments referred to in item 5.7.2	7.3.3 Note C3	342
9. Regulatory environment		
9.1. Description of the regulatory environment that may materially affect the business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, operations	1.2.3.1.5, 2.2.1.4, 3.1.2.1 and 3.1.2.2, 3.2.2.6.1	32, 65, 160-161, 170
10. Trend information		
10.1. Significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year up to the date of the Universal Registration Document	1.4.2	43
10.2. Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on prospects for at least the current financial year	Profile,1.1.2.3.2, 1.2.2, 1.4.1, 1.4.2	3, 20, 23, 39 to 42, 43
11. Profit forecasts or estimates		
11.1. Published profit forecasts or estimates	6.2.1	268
11.2. Main assumptions upon which the issuer has based its forecasts or estimates	6.2.2	268
11.3. Statement of comparability with historical financial information and consistency with the issuer's accounting policies	6.2.2	268
12. Administrative, management and supervisory bodies and senior management		
12.1. Information concerning members of the administrative and management bodies	4.2.1.1, 4.2.2	178 to 193, 202 to 204
12.2. Administrative and management bodies and conflicts of interest	4.2.1.1.3, 4.2.1.1.4, 4.2.1.2.4, 4.2.1.2.5, 4.4.1, 4.4.5	181, 182, 194, 195, 198, 230, 231

Appendix 1 and 2 to Commission Delegated Regulation (EU) 2019/980 of March 14, 2019	Universal Registration Document Chapters/Sections	Pages
13. Remuneration and benefits		
13.1. Amount of remuneration paid and benefits in kind granted	4.3.2, 7.1.7 Note 5.3	210 to 216, 303
13.2. The total amounts set aside or accrued to provide for pension and retirement benefits	4.3.2.3.1, 7.1.7 notes 5.3, 8 and 9, 7.3.3 Note C7	211, 303, 325, 329, 352
14. Board practices		
14.1. Date of expiration of the current terms of office and the dates the persons took office	4.2.1.1.1, 4.2.1.1.6	180, 184 to 192
14.2. Information on service agreements with members of the administrative, management and supervisory bodies	4.4.2.2, 4.5	230, 233
14.3. Information about the Audit committee and Remuneration committee	3.2.3.3, 4.2.1.1.1, 4.2.1.2.5, 4.2.1.3.2, 4.2.1.3.3	173, 180, 195-196, 198-199, 200, 201
14.4. Statement as to whether or not the issuer complies with the corporate governance regime(s) applicable to the issuer	4.1	178
14.5. Potential material impacts on corporate governance	4.2.1.1.2	181
15. Employees		
15.1. Number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information and a breakdown of persons employed by main category of activity and geographic location	Profile, 2.3.1, 2 Appendix 6, 6.1.1.4, 7.1.7 Note 2.3, 7.3.3 Note E12	4, 14, 102 to 106, 147, 262, 287, 353
15.2. Shareholdings, stock options and performance share awards concerning members of the administrative, management and supervisory bodies	4.2.1.1.1, 4.2.1.1.6, 4.3.2.3.1, 4.3.2.3.2, 4.3.3.2, 7.1.7 Note 6.3, 7.3.3 Note C6	180, 184 to 192, 213, 214 to 216, 219 to 229, 304 to 312, 343 to 351
15.3. Arrangements for involving the employees in the share capital	Profile, 1.4.1.4, 2.3.2.4, 4.3.3.2.3, 7.1.7 Note 1.3, 7.3.3 Note C6	3, 7, 40, 115, 226, 282, 343 to 351
16. Major shareholders		
16.1. Name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the share capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest or, if there are no such persons, an appropriate statement to that effect	5.3.1	245 to 249
16.2. Existence of different voting rights	4.4.7, 5.1.8	231, 237
16.3. Direct or indirect ownership or control	5.3.2	249
16.4. Arrangements, the operation of which may at a subsequent date result in a change of control	N/A	N/A
17. Related-party transactions		
17.1. Details of related-party transactions	7.1.7 Note 5.2, 7.3.3 Note D9	303, 352
18. Financial information concerning assets and liabilities, financial position and profits and losses		
18.1. Historical financial information		
18.1.1. Audited historical financial information covering the latest three financial years and the audit report in respect of each year	7	272 to 359
18.1.2. Change of accounting reference date	N/A	N/A
18.1.3. Accounting standards	7.1.7 Note 1.1, 7.3.3 Note B	280, 339
18.1.4. Change of accounting framework	N/A	N/A
18.1.5. Audited financial information prepared according to national accounting standards	7	272 to 359
18.1.6. Consolidated financial statements	7.1	272 to 332
18.1.7. Age of financial information	7	272 to 359
18.2. Interim and other financial information		
18.2.1. Half-yearly or quarterly financial information	N/A	N/A

Appendix 1 and 2 to Commission Delegated Regulation (EU) 2019/980 of March 14, 2019	Universal Registration Document Chapters/Sections	Pages
18.3. Auditing of historical annual financial information		
18.3.1. Independent audit of historical annual financial information	7.2, 7.4	333 to 336, 356 to 359
18.3.2. Other information audited by the auditors	2 Appendix 2	130 to 134
18.3.3. Financial information not extracted from the audited financial statements	N/A	N/A
18.4. Pro forma financial information		
18.4.1. Significant change in gross values	N/A	N/A
18.5. Dividend policy		
18.5.1. Description of the policy on dividend distributions and any restrictions thereon	5.5	252
18.5.2. Amount of dividend per share	5.5.1, 7.1.7 Note 6.4	252, 313
18.6. Legal and arbitration proceedings		
18.6.1. Significant proceedings	7.1.7 notes 2.8.3 and 9, 7.3.3 Note C7	290, 329-330, 352
18.7. Significant change in the financial position		
18.7.1. Description	1.4.2, 7.1.7 Note 11.2, 7.3.3 Note E16	43, 332, 354
19. Additional information		
19.1. Share capital		
19.1.1. Amount of capital issued and authorized, number of shares issued and fully paid and issued but not fully paid, par value per share, reconciliation of the number of shares outstanding at the beginning and end of the year	5.2.2, 7.1.7 Note 6.1	238, 303
19.1.2. Information about shares not representing capital	5.2.6	243
19.1.3. Number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer	5.2.4	241-242
19.1.4. Information about convertible securities, exchangeable securities or securities with warrants	5.2.3.2.1, 5.2.6.1	240, 243-244
19.1.5. Information about and terms of any acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital	4.4.6, 5.2.3.1	231, 239-240
19.1.6. Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	N/A	N/A
19.1.7. History of share capital	5.2.5	243
19.2. Memorandum and Articles of Association		
19.2.1. Register and issuer's objects and purposes	5.1.4	236
19.2.2. Rights, preferences and restrictions attaching to each class of existing shares	4.4.7, 5.1.8	231, 237
19.2.3. Provisions of the issuer's Memorandum and Articles of Association, charter or rules that would have an effect of delaying, deferring or preventing a change in control of the issuer	N/A	N/A
20. Material contracts		
20.1. Summary of each material contract	N/A	N/A
21. Documents available		
21.1. Statement on available documents	5.1.5, 5.6.1	236, 253

8.4.2 Cross-reference table between the Universal Registration Document and the Annual financial report

Annual financial report *Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulations*	**Universal Registration Document** **Chapters/Sections**	**Pages**
1. Parent company financial statements	7.3	337 to 355
2. Consolidated financial statements	7.1	272 to 332
3. Statutory Auditors' report on the parent company financial statements	7.4	356 to 359
4. Statutory Auditors' report on the consolidated financial statements	7.2	333 to 336
5. Management report	See cross-reference table in the management report	369-370
6. Statement by the person responsible for the annual financial report	8.1.2	362
7. Statutory Auditors' fees (Article 222-8 of the AMF's General Regulations)	7.1.7 note 11	332
8. Corporate governance report	See the table on the corporate governance report	371-372

8.4.3 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.

Reference texts	Required disclosures	Sections/Chapters	Pages
	SITUATION AND BUSINESS OF THE COMPANY		
French Commercial Code Articles L. 225-100-1, I.,1°, L. 232-1, II, L. 233-6 and L. 233-26	Situation of the Company and an objective, exhaustive analysis of business trends, earnings and the financial position of the Company and the Group, in particular its debt profile in relation to the volume and complexity of its business	Profile, 6.1, 6.3, 7.1.1 to 7.1.4, 7.3.1, 7.3.2	2 to 4, 6, 258 to 267, 269, 272 to 275, 337-338
French Commercial Code Article L. 225-100-1, I., 2°	Financial key performance indicators	Profile	4, 7, 10
French Commercial Code Article L. 225-100-1, I.,2°	Non-financial key performance indicators relating to the specific business of the Company and the Group	Profile, 1.1.3, 2 Appendix 6	5, 7, 20, 147 to 149
French Commercial Code Articles L. 232-1, II and L. 233-26	Material events between the reporting date and the date the report was prepared	1.4.2, 7.1.7 note 11.2, 7.3.3 Note E16	43, 332, 354
French Commercial Code Article L. 232-1, II	Existing branches	1.2.2.1.2, 1.2.2.2.3, 7.1.7 Note 10.2	24 to 29, 331-332
French Commercial Code Article L. 233-6 para. 1	Significant equity stakes in companies headquartered in French territory	N/A	N/A
French Commercial Code Articles L. 233-29, L. 233-30 and R. 233-19	Disposal of cross-shareholdings	N/A	N/A
French Commercial Code Articles L. 232-1, II and L. 233-26	Foreseeable developments in the situation of the Company and the Group and outlook	Profile, 1.1.2.3.2, 1.2.2, 1.4.1, 1.4.2, 6.2,	3, 20, 23, 39 to 42, 43, 268
French Commercial Code Articles L. 232-1, II and L. 233-26	Research and development activities	Profile, 1.1.2.2, 1.1.3, 1.2.3, 3.2.2.6.3, 6.1.1.4	3, 4, 6-7, 5, 17-18, 20, 29 to 32, 171, 261
French Commercial Code Article R. 225-102	Company five-year financial summary	7.3.3 Note E18	355
French Commercial Code Articles L. 441-14 and D. 441-6	Information on payment terms for suppliers and customers	6.3	269
French Monetary and Financial Code Articles L. 511-6 and R. 511-2-1-3	Amount of intercompany loans granted and statement by the Statutory Auditor	4.4.2.2, 7.3.3 note C1	230, 340

Reference texts	Required disclosures	Sections/Chapters	Pages
	INTERNAL CONTROL AND RISK MANAGEMENT		
French Commercial Code Article L. 225-100-1, I.,3°	Main risks and uncertainties facing the Company	3.1	158 to 166
French Commercial Code Article L. 22-10-35,1°	Financial risks related to the effects of climate change and presentation of risk mitigation measures	2.2.2, 3.1.2.3, 7.1.7 Note 4.2	68 to 85.161, 297
French Commercial Code Article L. 22-10-35, 2°	Main characteristics of internal control procedures relating to the preparation and processing of accounting and financial information	3.2	166 to 174
French Commercial Code Article L. 225-100-1, I.,4°	Hedging objectives and policy for each category of transaction and the Company's exposure to price, credit, liquidity and cash flow risks. This information includes the Company's use of financial instruments.	3.1.4, 7.1.7 notes 6.1, 7.1.7, 7.4.3 and 7.4.4, 7.3.3 notes B and C3	163 to 166, 304, 321 to 325, 339, 342
Law No. 2016-1691 of December 9, 2016 ("Sapin II")	Anti-corruption measures	2.4, 3.1.3.1, 3.2.2.3	122 to 124, 162, 169
French Commercial Code Article L. 225-102-4	Vigilance Plan and implementation report	2.1	57 to 61
	SHAREHOLDING STRUCTURE AND SHARE CAPITAL		
French Commercial Code Article L. 233-13	Structure and changes in the Company's share capital and crossing of share ownership thresholds	5.1.9; 5.2.2, 5.3.1	237, 238, 245 to 249
French Commercial Code Articles L. 225-211 and R. 225-160	Acquisition and sale by the Company of its own shares	5.2.4	241-242
French Commercial Code Article L. 225-102 paragraph 1	Update on employee share ownership	2.3.2.4, 4.3.3.2.3, 5.3.1	115, 226, 249
French Commercial Code Articles R. 228-90 and R 228-91	Any adjustments made for securities granting access to the capital in the event of share buybacks or financial transactions	N/A	N/A
French Monetary and Financial Code Articles L. 621-18-2 and R. 621-43-1 AMF General Regulations Article 223-26	Transactions in the Company's securities by management and related persons	4.4.1.1	230
French Tax Code Article 243 *bis*	Amount of dividends paid during the past three years	5.5.1, 7.1.7 Note 6.4	252, 313
	CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE		
French Commercial Code Articles L.225-102-1 and R.225-105	Business model	Profile, 1.1.3	2, 20
French Commercial Code Articles L.225-102-1 and R. 225-105, I.1°	Description of the main risks associated with the Company's activities	2 (Introduction), 3.1.2.2, 3.1.2.3, 3.1.3.1, 3.1.3.3	54-55, 160-161, 162, 163
French Commercial Code Articles L.225-102-1, III, L. 22-10-36; R. 22-10-29; R. 225-104 and R.225-105, I, 2°	Information on how the Company takes into account the social and environmental consequences of its activity, as well as the effects of this activity on respect for human rights, the fight against corruption and tax evasion (description of the policies applied by the Company)	Profile, 1.1.2.2, 1.1.2.3, 1.2.4, 2 (Introduction), 2.2, 2.3, 2.4, 3.2.2.6.2,	3, 7, 17-18, 19-20, 32-33, 46 to 56, 62 to 124, 171
French Commercial Code Articles L. 225-102-1 and R. 225-105, I.3°	Results of Company or Group policies, including key performance indicators	Profile, 1.1.2.3, 2.2, 2.3, 2.4; 2 Appendix 6	3, 5, 7, 19-20, 62 to 124, 147 to 149
French Commercial Code Articles L. 225-102-1 and R. 225-105, II, A, 1°	Social information (employment, work organization, health and safety, labor relations, training, equal treatment, etc.)	Profile, 2.3.1 to 2.3.4, 2 Appendix 6	3, 5, 7, 102 to 118, 147
French Commercial Code Articles L. 225-102-1 and R. 225-105, II, A, 2°	Environmental information (general environmental policy, pollution, circular economy, climate change, etc.)	Profile, 1.1.2.3, 2.2, 2 Appendix 6	3, 5, 7, 19, 62 to 102, 148-149
French Commercial Code Articles L. 225-102-1 and R. 225-105, II, A, 3°	Societal information (societal commitments to sustainable development, subcontracting and suppliers, fair practices, etc.)	Profile, 2.3.5, 2.4	5, 7, 119 to 122, 122 to 124
French Commercial Code Articles L. 225-102-1 and R. 225-105, II, B, 1°; L. 22-10-36 and R. 22-10-29	Information on the fight against corruption and tax evasion, and measures taken to prevent corruption	2.3.5.2, 2.4, 3.1.3.1, 3.1.3.3	119-120, 122 to 124, 162, 163

Reference texts	Required disclosures	Sections/Chapters	Pages
French Commercial Code Articles L. 225-102-1 and R. 225-105, II, B, 2°; L. 22-10-36 and R.22-10-29	Information on actions that support human rights	2 (Introduction), 2.2.2.4.1, 2.3.5.2	47, 55-56, 80, 119
French Commercial Code Article L. 225-102-2	Information specific to SEVESO installations	N/A	N/A
French Commercial Code Articles L.225-102-1 V and R.225-105-2	Statement by the independent third party	2 Appendix 2	130 to 134
Article 8 of Taxonomy Regulation No. 2020/852 and the Delegated Act of July 6, 2021	Publication of revenue (turnover), capital expenditure (CapEx) and operating expenditure (OpEx) for Taxonomy-eligible economic activities	2.2.2.4, 2 Appendix 7	79 to 85, 150 to 155
	ADDITIONAL INFORMATION REQUIRED FOR THE PREPARATION OF THE MANAGEMENT REPORT		
French Tax Code Articles 223 *quater* and 223 *quinquies*	Additional tax information	6.3	269
French Commercial Code Article L. 464-2	Injunctions or monetary penalties for anti-competitive practices	N/A	N/A

8.4.4 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.

Reference texts	Required disclosures	Sections/Chapters	Pages
	INFORMATION ON REMUNERATION		
French Commercial Code Articles L. 22-10-8, I. and R. 22-10-14	Remuneration policies for corporate officers	4.3.1	205 to 209
French Commercial Code Article L. 22-10-9, I.,1° and R. 22-10-15	Total remuneration and benefits of any kind paid during or awarded for the year to each corporate officer	4.3.2	210 to 216, 218
French Commercial Code Article L. 22-10-9, I.,2°	Relative proportion of fixed and variable remuneration	4.3.2.3.1, 4.3.2.3.2	211 to 213, 215
French Commercial Code Article L. 22-10-9, I., 3°	Use of the possibility of clawing back variable compensation	N/A	N/A
French Commercial Code Article L. 22-10-9, I.,4°	Commitments of any kind made by the Company in favor of its corporate officers	4.3.2.3.1, 4.3.2.3.2, 4.3.3.1.2	213, 214 to 216, 218
French Commercial Code Article L. 22-10-9, I.,5°	Remuneration paid or awarded by consolidated companies as defined by Article L. 233-16 of the French Commercial Code	N/A	N/A
French Commercial Code Article L. 22-10-9, I.,6°	Ratios between the remuneration of each executive corporate officer and the **average** and **median** remuneration of Company employees	4.3.2.4	217
French Commercial Code Article L. 22-10-9, I.,7°	Annual change in remuneration, Company performance, average remuneration of Company employees and the above-mentioned ratios over the last five fiscal years	4.3.2.4	217
French Commercial Code Article L. 22-10-9, I.,8°	Explanation of how total remuneration complies with the adopted remuneration policy, including how it contributes to the Company's long-term performance, and how performance criteria have been applied	4.3.2.1	210
French Commercial Code Article L. 22-10-9, I.,9°	How the vote of the last Ordinary Shareholders’ Meeting was taken into account, in accordance with Article L. 22-10-34, I. of the French Commercial Code	4.3.2.1	210
French Commercial Code Article L. 22-10-9, I.,10°	Discrepancies as regards the procedure for implementing the remuneration policy and any departures from said procedure	N/A	N/A

Reference texts	Required disclosures	Sections/Chapters	Pages
French Commercial Code Article L. 22-10-9, I.,11°	Application of the provisions set out in Article L.225-45, paragraph 2, of the French Commercial Code	N/A	N/A
French Commercial Code Articles L. 225-185 and L. 22-10-57	Award and mandatory holding of stock options by corporate officers	4.3.3.2.6, 5.2.3.2.4, 7.1.7 Note 6.3, 7.3.3 Note C6	214-215, 226 to 229, 241, 304-305, 343-344
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8.4.5 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, 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;
- the parent company and consolidated financial statements for the year ended December 31, 2022, the Statutory Auditors' reports thereon, and the management report, presented respectively in Sections 6.3 (pages 264 to 281), 6.1 (pages 198 to 259), 6.2 (pages 260 to 263), 6.4 (pages 282 to 285), 8.1 (pages 350 to 351) and 8.2 (page 356) of the 2021 Universal Registration Document, filed with the AMF on April 17, 2023 under No. D.23-093.

Other than the information incorporated by reference, the information on Vallourec's website www.vallourec.com does not form part of this Universal Registration Document.

8.5 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.

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Design and production

Contact: fr_content_and_design@pwc.com

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REGISTERED OFFICE

12, rue de la Verrerie
92190 Meudon (France)
552 142 200 RCS Nanterre

Tel.: +33 (0)1 49 09 35 00

WWW.VALLOUREC.COM

A French limited company (société anonyme) with a Board of Directors
and issued capital of €4,745,436.56