

Environmental and Social Data Sheet

Overview

Project Name: VALLOUREC RDI INVESTMENTS AND DIGITALIZATION
 Project Number: 2017-0238
 Country: France and Germany
 Project Description: The project's purpose is to support Vallourec's European RDI activities in the context of their competitiveness plan covering the years 2017 - 2020. The project comprises product and process developments, including digitalisation activities, as well as related RDI capital expenditures.

EIA required: yes

Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

The project consists of Vallourec's European RDI activities in the context of their competitiveness plan covering the years 2017 - 2020. The project comprises new product and process developments, including digitalisation activities, as well as related RDI capital expenditures.

One component of the project consists of the installation of a new pilot manufacturing line to be used commercially later on in Vallourec's plant in Aulnoye, France. The installation of this production line requires an EIA and the corresponding procedures have been initiated by the promoter.

Environmental Procedures and Permits:

EU: The major part of the project concerns RDI activities. Those RDI activities will be carried out in Vallourec's existing R&D facilities and plants in France and Germany. These types of activities are not mentioned in the EIA Directive; therefore these activities are not expected to require an EIA according to EU Directive 2014/52/EU amending Directive 2011/92/EU.

Some of the related capital expenditure RDI activities may fall under annex II of the EIA Directive 2014/52/EU amending Directive 2011/92/EU. The local competent authority will have to establish in such cases if an EIA is required.

France: Under French law, the French Vallourec manufacturing facilities fall under the regulation of "Installations Classées pour la Protection de l'Environnement" (ICPE) and therefore require an authorisation by the préfet. The promoter has therefore to submit a "Dossier de Demande d'Autorisation d'Exploiter" (DDAE) to the administration and such DDAE includes among others an EIA.

Environmental impacts:

The project covers RDI activities mainly developing new products and processes, which will not have a direct impact on the environment or emissions but will have indirect impacts on the environment. In fact, if the newly developed products and processes are implemented and/or

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

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commercialised they can lead to positive effects on the environment. A few examples of the current project are:

- Reducing pollution of water as lubricants containing lead and other toxic compounds can be avoided during the installation of tube and pipe connections;
- Increasing energy efficiency of the manufacturing process for steel tubes and pipes, leading to reduced fuel consumption and subsequent GHG emission savings;
- Increasing energy efficiency of the power generation plants the tubes and pipes serve; and
- Reducing material consumption through the development of more robust and corrosion resistive steel grades and more reliable manufacturing processes leading to lower GHG emissions.

Other Environmental and Social Aspects

The promoter has a strong commitment to corporate and social responsibility. This is translated through the implementation throughout the group of several standards such as: OHSAS 18001 for the management of health and safety, ISO 14001 for environmental management and ISO 50001 for energy management. At the end of 2016, 69% of the promoter's industrial sites and facilities were certified OHSAS 18001 representing 94% of the total production volumes. 89.5% of the total production volumes were certified ISO 14001. In addition Vallourec is strongly involved in the support of local communities and local businesses. As an example Vallourec provided pro-bono management consulting for local SMEs in the region of Valenciennes, Aulnoye-Aymeries and the Montbard basins close to its manufacturing and RDI facilities in France.

Conclusions and Recommendations

Conclusions:

The project will result in indirect GHG emission savings through increased energy efficiency of its own manufacturing processes, reduced material consumption through improved steel grades and reduced water pollution through the avoidance of polluting lubricants during the installation of pipe and tube connections. In addition, the project will not lead to additional negative environmental, nature conservation and social impacts compared to the situation without project. It is therefore considered acceptable for Bank's financing.

Contractual undertaking:

Concerning the installation of the new pilot manufacturing line to be installed in the borrower's plant in Aulnoye, the borrower shall send to the bank a copy of the EIA and the final authorisation of the local competent authority as soon as available. Should, contrary to current knowledge and expectation, one of the remaining components of the project require an EIA or equivalent, it will be a contractual requirement to send a copy of the EIA to the EIB.

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