

Annex: Report of the  
Chairman of the Board of  
Directors to the Shareholders'  
Meeting on the Board  
Composition, Conditions  
for the Preparation and  
Organization of its Work,  
the Board's Internal  
Control Procedures and Risk  
Management Procedures  
Put in Place by the Company  
(Article L. 225-37 of the French Commercial Code)

This report was prepared pursuant to the provisions of Article L. 225-37 of the French Commercial Code. Its purpose is to describe the composition of the Board of Directors as well as the application of the principle of fair representation of women and men within the Board of Directors, the conditions of the preparation and the organization of the Board of Directors' work, to present the rules and principles decided upon by the Board of Directors for the compensation and benefits of any nature awarded to corporate representatives, as well as the internal control and risk management procedures implemented by the Group, in particular those procedures relating to the preparation and processing of accounting and financial information for the annual and consolidated accounts.

This report aims to provide a description of the work completed, undertaken or scheduled by the Company. It does not in any case intend to demonstrate that the Company has control over all of the risks it is facing.

This report refers to the Management Report included in the Reference Document of the Company for the financial year

ended December 31, 2014, regarding the disclosure of information referred to in Article L. 225-100-3 of the French Commercial Code on the structure of the Company's capital and on facts that may have an impact in the event of a tender offer.

This report has been prepared by the Chairman of the Board of Directors of the Company together with the Group Internal Control Department and Group Legal Division. The outline was presented for comments to the Internal Control Steering Committee and reviewed by the various departments of the Group Finance and Control Division. The report was reviewed by the Audit Committee on February 16, 2015, and approved by the Board of Directors of the Company on February 17, 2015.

When used in this report, the terms "Technip" and "Group" refer collectively to Technip SA, the Group's parent company, and to all its directly and indirectly consolidated subsidiaries located both in and outside France.

The term "Company" refers exclusively to Technip SA, the Group's parent company.

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## Code of Reference

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In accordance with Article L. 225-37 of the French Commercial Code, the Company declares that it voluntarily refers to and enforces the AFEP-MEDEF corporate governance code on listed companies of December 2008, resulting from the consolidation of the AFEP-MEDEF report of October 2003 and the AFEP-MEDEF recommendations of January 2007 and October 2008 concerning the compensation of executive directors of listed companies and the recommendation of April 2010 concerning increasing

women's presence on Boards of Directors (hereinafter the "AFEP-MEDEF Code"). The AFEP-MEDEF Code, last updated in June 2013, is available on the MEDEF website ([www.medef.fr](http://www.medef.fr)).

At the Company's request, Labrador Conseil, an independent corporate governance consultancy firm, has reviewed this Report and has confirmed that the Company complies with the provisions of the AFEP-MEDEF Code.

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## 1. Composition of the Board of Directors and Conditions for the Preparation and Organization of its Work

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### 1.1. COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

As of December 31, 2014, the Board of Directors comprised 12 members. It does not include any directors representing employees or employee shareholders. It comprises five women and six directors of a nationality other than French. Since the Annual General Meeting on April 25, 2013, Technip met in advance the second threshold of 40% to be achieved in 2016. In accordance with Article 6 of the AFEP-MEDEF Code, the Board regularly examines the balance in its composition, notably regarding the fair representation of women and men, nationalities and skills diversity.

Pursuant to Article 14-4 of the Company's Articles of Association, the term of Board members is set at four years. This duration respects the recommendations of Article 14 of the AFEP-MEDEF Code.

In accordance with the recommendations of Article 14 of the AFEP-MEDEF Code, in order to facilitate a smooth renewal of the

Board of Directors and to prevent "renewal en masse", and resulting from the resolution adopted at the Company's Combined Shareholders' Meeting on April 27, 2007, the Board of Directors, at its meeting on the same day, introduced a rolling renewal system, pursuant to which one-half of its members' terms of office should be renewed every two years.

In accordance with the recommendations of the AFEP-MEDEF Code, the characterization of "independent director" of Board members of the Company is discussed and reviewed every year by the Board of Directors upon the Nominations and Remunerations Committee's proposal (Article 9.3 of the AFEP-MEDEF Code).

At its meeting on February 17, 2014, the Nominations and Remunerations Committee reviewed the characterization of "independent director" of the Company's Board members which were in office at the date of this Committee with regard to the definition and criteria used in the AFEP-MEDEF Code. This review was also made on February 16, 2015.

Therefore a director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that is such as to influence his or her judgment (Article 9.4). This means that the independent director is:

- be an employee or executive director of the corporation, or an employee or director of its parent or a company that it consolidates, and not having been in such a position for the previous five years;
- be an executive director of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the corporation (currently in office or having held such office going back five years) is a director;
- be a customer, supplier, investment banker or commercial banker that is material for the corporation or its group, or for a significant part of whose business the corporation or its group accounts;

- be related by close family ties to an executive director;
- have been an auditor of the corporation within the previous five years;
- have been a director of the corporation for more than 12 years. Loss of the status of independent director on the basis of this criterion should only occur upon expiry of the term of office during which the 12-year limit is reached.

The Nominations and Remunerations Committee presented its conclusions to the Board of Directors which adopted them at its meeting on February 18, 2014.

As of December 31, 2014, the Board of Directors was composed of nine independent members. It therefore exceeds the recommendations of the AFEP-MEDEF Code, which stipulates that one-half of the Board members must be independent in companies where the share capital is widely held and with no controlling shareholders (Article 9.2).

As of December 31, 2014, the members of the Board of Directors were as follows:

Name Main position Professional address Age – Nationality	Position within the Board of Directors	Term
<b>Thierry Pilenko</b> Technip's Chairman and Chief Executive Officer 89, avenue de la Grande Armée – 75116 Paris 57 – French	Technip's Chairman and Chief Executive Officer	Date of first appointment: April 27, 2007. Date of last appointment: April 28, 2011. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2014 to be held on April 23, 2015.
<b>G�rard Hauser</b> Corporate Director 89, avenue de la Grande Arm�e – 75116 Paris 73 – French	Senior Independent Director Independent Director	Date of first appointment: April 30, 2009. Date of last appointment: April 25, 2013. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016.
<b>Olivier Appert</b> Chairman of IFP �nergies nouvelles IFP �nergies nouvelles 1 et 4, avenue de Bois-Pr�eau – 92852 Rueil-Malmaison Cedex 65 – French	Director	Date of first appointment: May 21, 2003. Date of last appointment: April 28, 2011. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2014 to be held on April 23, 2015.
<b>Pascal Colombani</b> Chairman of the Board of Directors of Valeo 43, rue Bayen – 75017 Paris 69 – French	Independent Director	Date of first appointment: April 27, 2007. Date of last appointment: April 28, 2011. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2014 to be held on April 23, 2015.
<b>Leticia Costa</b> Dean Graduate Programs at Insper Rua Quat�, 300 – 04546-042 – S�o Paulo – SP – Brazil 54 – Brazilian	Independent Director	Date of first appointment: April 28, 2011. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2014 to be held on April 23, 2015.
<b>Marie-Ange Debon</b> Senior Executive Vice President of Suez Environnement in charge of the International Division Tour CB21 – 16, place de l'Iris – 92040 Paris La D�fense Cedex 49 – French	Director	Date of first appointment: July 20, 2010. Date of last appointment: April 25, 2013. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016.
<b>C. Maury Devine</b> Corporate Director 1219 35 <sup>th</sup> Street NW Washington – DC 20007 – USA 63 – American	Independent Director	Date of first appointment: April 28, 2011. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2014 to be held on April 23, 2015.
<b>Manisha Girotra</b> Chief Executive Officer of Moelis & Company India Private Limited Suite 3103 – Hotel Four Seasons Dr E. Moses Road, Worli – Mumbai 400018 – India 45 – Indian	Independent Director	Date of first appointment: April 25, 2013. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016.

<b>Alexandra Bech Gjørv</b> Partner in Advokatfirmaet Hjort Da Akersgaten 51 – NO-0180 – Oslo – Norway 49 – Norwegian	Independent Director	Date of first appointment: October 23, 2012. Date of last appointment: April 25, 2013. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016.
<b>John O'Leary</b> Chief Executive Officer of Strand Energy Strand Energy – PO Box 38396 – Dubai Industrial Park – Dubai – United Arab Emirates 59 – Irish	Independent Director	Date of first appointment: April 27, 2007. Date of last appointment: April 28, 2011. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2014 to be held on April 23, 2015.
<b>Joseph Rinaldi</b> Partner in Davis Polk & Wardwell Davis Polk & Wardwell – 450 Lexington Avenue – New York NY 10017 – USA 57 – Australian, Italian and American	Independent Director	Date of first appointment: April 30, 2009. Date of last appointment: April 25, 2013. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016.
<b>Pierre-Jean Sivignon</b> Chief Financial Officer of Carrefour Group 33, avenue Emile Zola – TSA 55 555 – 92649 Boulogne-Billancourt 58 – French	Independent Director	Date of first appointment: April 25, 2013. Expiry of the current term of office: Ordinary Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2016.

The other offices held by Board members are indicated in Annex A to the Reference Document of the Company for the year ended December 31, 2014.

In order to assist it in fulfilling its duties and responsibilities, the Board of Directors has established four specialized Committees: an Audit Committee and a Nominations and Remunerations Committee, thereby complying with the recommendations made in the AFEP-MEDEF Code (Articles 16, 17 and 18); a Strategic Committee and an Ethics and Governance Committee in order to meet specific concerns as permitted by the AFEP-MEDEF Code (Article 15).

As of December 31, 2014, the four Committees members were as follows:

### Audit Committee

Member	Title	Date of first appointment
Pierre-Jean Sivignon	Chairman <sup>(*)</sup>	April 25, 2013
Pascal Colombani	Member	October 23, 2012
Leticia Costa	Member	April 25, 2013
Marie-Ange Debon	Member	October 26, 2010
Alexandra Bech Gjørv	Member	October 23, 2012

(\*) Chairman since April 24, 2014.

All of the Audit Committee members have, due to their education and professional experience, qualifications in financial and accounting matters which goes beyond the requirements of Article L. 823-19 of the French Commercial Code which directs that at least one member of the Audit Committee shall have such experience and qualifications. 80% of the Audit Committee members are independent directors, i.e., more than two-thirds of its members as required by the recommendations of the AFEP-MEDEF Code (Article 16.1) and by Article L. 823-19 of the French Commercial Code which directs that at least one member of the Audit Committee shall be independent. In accordance with AFEP-MEDEF Code, the Chairman and Chief Executive Officer, the only executive officer, is not a member of the Audit Committee (Article 16.1).

### Nominations and Remunerations Committee

Member	Title	Date of first appointment
Gérard Hauser	Chairman	June 23, 2010
C. Maury Devine	Member	April 28, 2011
John O'Leary	Member	April 25, 2013

All of the Nominations and Remunerations Committee members are independent directors, which goes beyond the AFEP-MEDEF's recommendations that provide that the Committee should be comprised of a majority of independent directors (Articles 17.1 and 18.1). In addition, in accordance with Article 18.1 of the AFEP-MEDEF Code, the Committee is chaired by an independent director.

### Strategic Committee

Member	Title	Date of first appointment
Pascal Colombani	Chairman	April 27, 2007
Joseph Rinaldi	Vice Chairman	June 23, 2010
Olivier Appert	Member	May 21, 2003
Manisha Girotra	Member	June 24, 2013
Gérard Hauser	Member	April 30, 2009
John O'Leary	Member	June 24, 2013

More than 80% of the members of the Strategic Committee were independent directors.

### Ethics and Governance Committee

Member	Title	Date of first appointment
C. Maury Devine	Chairwoman <sup>(*)</sup>	April 25, 2013
Olivier Appert	Member	December 9, 2008
Alexandra Bech Gjørv	Member	April 25, 2013
Joseph Rinaldi	Member	April 30, 2009

(\*) Chairwoman since April 24, 2014.

75% of the Ethics and Governance Committee members were independent directors.

## General Management of the Company

The Ordinary Shareholders' Meeting of April 28, 2011 renewed Thierry Pilenko as a director for a four-year term expiring after the Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2014 to be held on April 23, 2015.

At its meeting of April 28, 2011, the Board of Directors renewed Thierry Pilenko as Chairman of the Board of Directors. At this meeting, in accordance with Article 18 of the Company's Articles of Association, the Board of Directors elected to combine the offices of Chairman and Chief Executive Officer of the Company into one office, after having determined that this form of organization was the most appropriate to the Company, and renewed Thierry Pilenko as Chairman and Chief Executive Officer for the duration of his term of office with the Board of Directors. This option, which was decided by the Board of Directors, upon the Ethics and Governance Committee's recommendation, pragmatically relies on the experience of the Group and the good results of this form of organization but particularly takes into account the prevailing practices in companies of the same sector. This has led Technip to reinforce existing control mechanisms and to create a function of Senior Independent Director whose missions are detailed in Section 16.1.1 of the Reference Document of the Company for the year ended

December 31, 2014. On October 23, 2012, the Board of Directors entrusted this position to Gérard Hauser for a period of two years and extended in exceptional circumstances until the date of the Shareholders' Meeting approving the financial statements for the year ended December 31, 2014 to be held on April 23, 2015.

At its meeting on February 18, 2013, the Ethics and Governance Committee re-stated its approval to combine the offices of Chairman and Chief Executive Officer, considering that this remained the management method most adapted to the Company.

As of December 31, 2014, the Board of Directors had appointed no Executive Vice President (*Directeur Général Délégué*).

## 1.2. COMPANY SHARES HELD BY THE DIRECTORS

Pursuant to Article 14 of the Articles of Association effective as of December 31, 2014, each director is required to hold at least 400 Company shares in registered form. In accordance with Article 20 of the AFEP-MEDEF Code, each director should be a shareholder personally and hold a fairly significant number of shares in relation to the directors' fees.

As of December 31, 2014, to the Company's knowledge, each of the Board members holds the following number of shares in registered form:

Members of the Board of Directors	Number of Technip shares held as of 12/31/2014
Thierry Pilenko	163,500
Olivier Appert	976
Pascal Colombani	400
Leticia Costa	400
Marie-Ange Debon	400
C. Maury Devine	400
Manisha Girotra	400
Alexandra Bech Gjørsv	400
Gérard Hauser	2,000
John O'Leary	800
Joseph Rinaldi	400
Pierre-Jean Sivignon	400
<b>TOTAL</b>	<b>170,476</b>

## 1.3. ROLE AND PRACTICES OF THE BOARD OF DIRECTORS

### 1.3.1. Role and Powers of the Board of Directors

The Board of Directors determines the direction of the Company's operations and oversees its implementation. Subject to the powers expressly assigned to the Shareholders' Meetings and within the scope of the corporate purpose, it shall take up any and all issues affecting the Company's proper operation and shall decide on any issues concerning it in its meetings.

The Board of Directors' functioning is ruled by an Internal Charter, which was approved by the Board of Directors on May 21, 2003, and is periodically updated (last updated December 12, 2012).

The internal rules as a whole can be found on the Company's website and an extract can be read in Section 16.1.1. of the Reference Document of the Company for the year ended December 31, 2014.

In accordance with Article 17-3 of the Company's Articles of Association, the Board of Directors performs controls and verifications it deems appropriate.

It ensures, with the assistance of the Audit Committee in particular, that internal control entities function properly, that the Statutory Auditors are carrying out their work in a satisfactory manner and that the Board committees it has created function properly.

The Board may establish special committees and determine their composition and responsibilities. These committees perform their activities under the Board of Directors' responsibility. As of December 31, 2014, the Board of Directors was assisted by four Committees: the Audit Committee, the Nominations and Remunerations Committee, the Strategic Committee and the Ethics and Governance Committee.

The Board of Directors' Internal Charter provides that it formally assesses its operating policies, at regular intervals of no more than three years. In addition, it organizes a discussion regarding its operations once a year.

### 1.3.2. Practice of the Board of Directors

#### (a) Meetings and reports of the Board of Directors

The Chairman of the Board of Directors organizes and administers the work of the Board of Directors, on which he gives a report at the Shareholders' Meeting.

The Board of Directors meets at least four times per year, or more frequently as may be required by the circumstances. During the 2014 financial year, the Board met 10 times. The attendance rate for all directors was 96%.

The average duration of a Board of Directors' meeting was approximately four hours and a half.

After reviewing the reports of each of the Audit Committee, the Strategic Committee, the Nominations and Remunerations Committee and the Ethics and Governance Committee on issues within the scope of their respective missions, the Board of Directors worked in 2014, among others, on the following matters:

- Financial and accounting matters:
  - review and setting of the annual accounts and consolidated financial statements for the financial year 2013, the first half-year consolidated financial statements for financial year 2014, upon the Audit Committee's recommendation and the Statutory Auditors' observations,
  - review of draft press releases announcing the financial results under the period reviewed,
  - review of the half-year report and 2014 interim financial information upon the Audit Committee's recommendation,
  - review of the 2015 budget and the investment plan,
  - review of the cash flow forecasts, and
  - assessment of the provisional management accounts;
- Preparation of the Annual Shareholders' Meeting:
  - the notice of the meeting, determination of the agenda and draft resolutions,
  - review of the Reference Document and setting of the information of the Management Report of the Board of Directors, of the Annual Financial Report, of the Chairman's Report on Internal Control and of the Society and Environment Report included in the Reference Document, and
  - review and validation of the non-binding opinion on the components of the compensation of the Chairman and Chief Executive Officer ("say on pay") to be presented to the shareholders;
- Decisions, in particular regarding:
  - the determination of the Chairman and Chief Executive Officer's compensation and of its objectives for 2014,
  - the composition of the specialized committees of the Board of Directors,
  - the list of directors qualified as "independent directors",
  - the distribution of directors' fees,
  - the implementation of the authorization of 2014 Annual General Meeting relating to repurchase of shares,
  - several acquisition and disposal projects in different business sectors including process technology and subsea,
  - the grant of one tranche of options, the grant of two tranches of performance shares, the recording of the share capital increase resulting from the exercise of the share subscription options, and
  - the authorization to issue parent company guarantees;

- Review, in particular, of the information and the strategy on the Group's operations.

At the end of each Board meeting, directors only, including the Chairman and Chief Executive Officer meet (executive sessions). In all cases when debates personally relate to the Chairman and Chief Executive Officer (assessment of his performance, set up of his compensation, renewal of his mandate), directors met without the presence of the latter.

#### (b) Assessment of the Board of Directors

In accordance with the provisions of its internal rules and with the provisions of the AFEP-MEDEF Code (Article 10), the Board of Directors formally evaluates, at intervals of no more than three years, its operating policies, in order to:

- review its operating methods;
- verify that important questions are appropriately prepared and discussed;
- assess the contribution of each director to the Board's work through his or her expertise and involvement in discussions.

The purpose of this evaluation is to ensure adherence to the Board's operating policies and to identify ways to improve its performance and effectiveness.

The last in-dept evaluation dated back in 2011, such a new evaluation was conducted in 2014 with the assistance of CT Partners, an external consultant.

This in-dept evaluation concluded on July 22, 2014, to a globally positive appreciation while identifying some improvement issues.

The report however proposes some improvement issues among which the following:

- the formalizing of the induction program for new directors and for directors during their mandates;
- a specific focus on the follow up of strategic issues;
- the composition of Committees taking more into account the operational background of their members.

#### (c) Right to information and communication for directors

The Chairman of the Board of Directors monitors the proper functioning of the Company's bodies and ensures, in particular, that directors are in a position to perform their duties. The Chairman of the Board of Directors must send to each director all documents and information which are necessary to perform their duties.

Directors receive all the information which is useful to the exercise of their duties in accordance with the agenda prior to each Board meeting. To this end, the Company complies with its internal rules that provide that documents to be reviewed in a Board meeting are circulated the week before the meeting.

Furthermore, the Chairman has exchanges, on a regular basis and when necessary, with directors between meetings of the Board.

The Directors' Charter adopted on May 21, 2003 as amended on February 19, 2013, provides that each director must be carefully prepared for Board meetings and committees' meetings, that he or she is a member of, and has an obligation to review the documentation made available to him or her. He or she can request the Chairman of the Company, the Chief Executive Officer and the Executive Vice Presidents, for any and all additional information that he or she deems necessary or useful. If he or she believes this is necessary, a director can ask for training on the specifics of the Company, its work and its business sector. As such, in 2014, a training session to familiarize directors with the revenue recognition methods of Technip during 2014 was organized.

#### **(d) Limitation of the powers of the Chief Executive Officer**

In accordance with Article 19-1 of the Company's Articles of Association, the Board of Directors delegated to the Chairman and Chief Executive Officer all authority granted by French law with the ability to delegate such authority in specific areas.

## **1.4 SPECIFIC PROVISIONS REGARDING THE PARTICIPATION IN GENERAL SHAREHOLDERS' MEETING**

### **Shareholders' Meetings (Article 23 of the Articles of Association)**

#### **Convening and holding of Shareholders' Meetings – Deliberations**

Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by a director so appointed by the Board of Directors, or failing which, the Shareholders' Meeting shall appoint a Chairman.

The vote tellers' functions are performed by two shareholders who are present and who agree to perform these duties and who have by themselves or by proxy the largest number of votes.

The presiding Committee appoints a secretary, who must be chosen from outside the members of the Meeting.

It is to be noted that directors are yearly invited to assist to the General Meeting. Most of the time, they are effectively present since, with half of the directors residing outside of France, the Board of Directors regarding the financial information of the first quarter holds two days before the General Meeting and the General Meeting is generally immediately followed by a meeting of the Board of Directors.

#### **Participation**

All shareholders may, in accordance with the conditions set forth under applicable laws and regulations, either personally attend the Shareholders' Meetings, cast an absentee vote, or be represented by another shareholder or by their spouse or civil partner. Moreover, they may be represented by any other natural or legal person of his or her choice.

The right to participate in Shareholders' Meetings arises through the registration of the shares in the name of the shareholder, or his or her intermediary registered on his or her behalf pursuant to Article L. 228-1 of the French Commercial Code, as of 00:00 a.m. (Paris time) on the second business day preceding the Shareholders' Meeting, in accordance with applicable regulations.

Any legal entity that is a shareholder may participate in the Shareholders' General Meetings through its legal representatives or by any other person appointed by it for this purpose.

The shareholders may, subject to the conditions set forth under applicable laws and regulations, send their proxy and mail voting form for any Shareholders' Meeting, either in paper form, or, subject to the decision of the Board of Directors at the time at which the Shareholders' Meeting is convened, by electronic means.

When using a proxy and mail voting form or casting an absentee vote electronically, the electronic signature may result from a procedure allowing for the reliable identification of the shareholder, evidencing the link between the signature and the form to which it is affixed.

The Board of Directors may decide, at the time that the Shareholders' Meeting is convened, that the shareholders may participate in the Shareholders' Meeting *via* videoconference or by other means of telecommunication, including the internet, subject to the regulations applicable at the time of their use.

All shareholders who participate in the Shareholders' Meeting by one of the aforementioned means shall be deemed present for the purposes of the quorum and for the calculation of a majority.

The Company will be able, in accordance with applicable regulations, to use electronic communication instead of communication by post in order to satisfy the formalities specified by the regulations.

### **Double voting rights (Article 12 of the Articles of Association)**

Since November 24, 1995, double voting rights, taking into account the fraction of the share capital that they hold, have been attributed to all fully paid-up shares which have been registered in the name of the same shareholder for at least two years.

In the event of an increase in share capital by capitalization of reserves, profits or premiums, double voting rights shall also be granted as from the time of their issue to registered shares. They will be granted free of charge to a shareholder in respect of their existing shares, entitling such shareholder to the benefit of the double voting right.

Registered shares benefiting from double voting rights that are converted into bearer form, for any reason whatsoever, shall lose such double voting rights.

## 2. Rules and Principles Determined by the Board of Directors for the Compensation and Benefits of the Corporate Representatives

### 2.1. COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The compensation of the Company's Chairman and Chief Executive Officer is determined by the Board of Directors, upon the recommendation of the Nominations and Remunerations Committee (Article 23.1 of the AFEP-MEDEF Code).

Every year, Technip retains external and independent consultants (Hay and Towers Watson), who are chosen by the Nominations and Remunerations Committee, in order to analyze the following market practices:

1. CAC 40 companies apart from financial companies (34 companies in 2014);
2. Industrial and engineering companies belonging to CAC 40 and SBF 80 (33 companies in 2014);
3. European oil companies (nine companies in 2014); and
4. US oil companies based in Texas (20 companies in 2014).

The compensation of the Chairman and Chief Executive Officer is composed of both a fixed and a variable portion.

In accordance with Article 23.2.2 of the AFEP-MEDEF Code, the fixed portion is reviewed at relatively long intervals since the base gross compensation (fixed portion) of Thierry Pilenko has remained unchanged since 2011.

The variable portion of compensation is based on the fixed compensation for the previous year. In accordance with Article 23.2.3 of the AFEP-MEDEF Code, the variable portion of the compensation is subject to precise and predetermined objectives. For 2014, the target variable portion is equal to 100% of the annual base compensation. 70% of the target variable portion is linked to the financial performance of the Group (quantitative criteria) and 30% is linked to the achievement of individual objectives (qualitative criteria). These objectives are in

part directly linked to Technip's strategy and cannot be detailed for confidentiality reasons.

The share of the variable portion is linked with a financial target (70% of the total) and broken down into two objectives:

- up to 50% on the Group operating income budgeted for 2014: the share of the variable portion is (i) nil if real performance is below 80% of the budgeted amount (minimum level), (ii) between 0% and 100% for a performance equal to 80% to 100% of the budgeted amount, (iii) between 100% and 140% for a performance equal to 100% to 110% of the budgeted amount, (iv) between 140% and 160% for a performance equal to 110% to 120% of the budgeted amount and (v) between 160% and 200% for a performance equal to 120% to 125% of the budgeted amount (maximum level); and
- up to 20% on the percentage of gross margin on order intake for the Group budgeted for 2014: the share will be: (i) nil if real performance is below 80% of the budgeted amount (minimum level) and (ii) between 0% and 100% for a performance equal to 80% to 100% of the budgeted amount (maximum level).

The share of the variable portion corresponding to the individual objectives is composed as follows:

- strategic criteria linked to the strategic development of the Group and to Quality;
- HSE (Health/Safety/Environment) criteria which is key to the Group;
- criteria linked to human resources such as gender diversity, management and talents development, succession plan.

If achieved Group current operating income is superior to the budgeted objective, a multiplier rate is calculated, up to a maximum of 2. It is then applied to the other variable portion criteria in order to calculate the 2014, final variable share, which is capped at 200% of the target variable portion.

Based on the actual rate of achievement of objectives set for 2014 the variable compensation of Thierry Pilenko as mentioned hereabove has been calculated as follows. It was considered by the Nominations and Remunerations Committee on February 16, 2015 and set by the Board of Directors on February 17, 2015:

Weight	Nature	Scale	Effective realization	Weighted realization
70%	Financial objectives (OIFRA, gross margin on order intake)	0 to 200%	100-110%	73.3%
30%	Individual objectives	0 to 200%	90.7%	27.2%
100%				100.5%

The variable portion due to Thierry Pilenko for the financial year 2014 will be paid in 2015.

Furthermore, on December 10, 2014, the Board of Directors resolved for long-term consideration that Thierry Pilenko can benefit from a deferred compensation equal to, at a maximum, 20% of his gross annual fixed compensation. This deferred compensation can be paid to him in 2017 and 2018 at the double condition (i) that he is still in the Group and (ii) that performance conditions of the Group are achieved. The performance will be

measured by the progression and achievement by Technip, over the period of financial years 2014, 2015 and 2016, of satisfactory performance in relation to Health/Safety/Environment (HSE), Operating Income From Recurring Activities (OIFRA) and Order Intake.

Thierry Pilenko does not receive any directors' fees for the positions he holds as a Company director or in the Group's companies.

In compliance with Article 23.2.6 of the AFEP-MEDEF Code, there is no specific retirement plan for Thierry Pilenko as the Chairman and Chief Executive Officer. The Chairman and Chief Executive Officer is a beneficiary of the supplementary retirement plan for Group executives, with fixed contributions of 8% of gross annual compensation paid up to the third tranche, *i.e.*, eight times the annual French Social Security ceiling.

The Chairman and Chief Executive Officer also benefits from the Company's existing supplementary retirement plan for Executive Committee (Excom) members: a retirement income guarantee of 1.8% per year of service, on the fourth tranche of gross annual compensation paid, *i.e.*, exceeding eight times the French Social Security ceiling, which is compliant with the conditions established by Article 23.2.6 of the AFEP-MEDEF Code. In order to be eligible for the retirement plan, the minimum seniority to be taken into account is five years as Excom members, up to a limit of 15 years. The amount of gross compensation to which this retirement income guarantee applies corresponds to the average of the gross compensation, paid over the five financial years preceding the date of departure from the Company. The retirement income guarantee will only be due in the following events: a departure from the Company after his 60<sup>th</sup> birthday; a departure from the Company as a result of a 2<sup>nd</sup> or 3<sup>rd</sup> category disability (as defined under French law); a departure from the Company after his 55<sup>th</sup> birthday provided that such departure is not the result of gross misconduct or negligence (*faute grave* or *faute lourde*) on his part and that no professional activity is resumed between leaving the Company and receiving a pension under the general French Social Security scheme.

In compliance with Article 23.2.6 of the AFEP-MEDEF Code, the annual replacement ratio at retirement should not be higher than 45% of the reference income *i.e.* 21.4%. Thierry Pilenko complies with this condition.

No share subscription options nor performance shares were granted to Thierry Pilenko over financial year 2014.

Thierry Pilenko exercised 80,000 share subscription options during financial year 2014. It should be noted that the compensation policy for the Chairman and Chief Executive Officer, the only executive director (*dirigeant mandataire social*), is at risk: 100% of the granted options, performance shares and deferred compensation is subject to performance conditions.

In addition, the Board of Directors fixed for the Chairman and Chief Executive Officer a holding rule for performance shares and stock options which have been granted since 2007 corresponding to 25% of the realized net gain, thus complying with Article 23.2.1 of the AFEP-MEDEF Code.

Furthermore, complying with recommendations of the AFEP-MEDEF Code, the Board of Directors decided that, when being acquired, Thierry Pilenko will have to purchase a number of shares of the

Company corresponding to 5% of the performance shares which were acquired. This requirement will not apply to Thierry Pilenko as long as he owns Technip shares for a value equal to at least 100% of his net base compensation (the said compensation being that of the year preceding the acquisition of the performance shares and the value of Technip share being that of the close of market of the day before the performance shares were acquired).

Thierry Pilenko is not a beneficiary of any share subscription warrants from the Company or any other company of the Group.

At the time of the renewal of Thierry Pilenko as Chairman of the Board of Directors, during the meeting of the Board of Directors of April 28, 2011, it was decided to maintain the existing principles relating to a worldwide non-compete agreement for a 24-month period.

According to this agreement, Thierry Pilenko could receive an amount corresponding to two years of gross fixed annual compensation paid (gross fixed compensation plus variable compensation). The basis of calculation is the best gross annual compensation paid these last three years.

For further details regarding commitments concluded with Thierry Pilenko, please refer to Section 19 of the Reference Document of the Company for the year ended December 31, 2014.

## 2.2. DIRECTORS' FEES GRANTED TO MEMBERS OF THE BOARD OF DIRECTORS

The Shareholders' Meeting of April 25, 2013 set the amount of directors' fees allocated to members of the Board of Directors for each of the financial years 2013, 2014 and 2015 at €800,000.

The Board of Directors determines the terms of payment of directors' fees (*jetons de présence*). On the proposal of the Nominations and Remunerations Committee, the Board of Directors finalized the distribution of directors' fees for 2014 as follows:

- both a fixed amount and an amount depending on the attendance rate at Board of Directors' meetings, plus an amount which is different depending if the attendance to the meeting requires travel inside the same continent or transoceanic or transcontinental travel;
- an amount paid according to attendance rate at the committees' meetings;
- an additional fixed amount is awarded to the Senior Independent Director and Chairmen of the Committees adjusted, if needed, on a prorata basis.

Directors (other than the Chairman and Chief Executive Officer) do not receive any other compensation from the Company or companies of the Group.

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## 3. Information Required Pursuant to Article L. 225-100-3 of the French Commercial Code

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Information required pursuant to Article L. 225-100-3 of the French Commercial Code is reported in the following sections of the Reference Document of the Company for the year ended December 31, 2014: Sections 4, 7.2, 14.1.1, 15, 18, 21.1.3, 21.2.2, 21.2.3,

21.2.6, and Note 7 of the Statutory Financial Statements as of December 31, 2014 included in Section 20.2 of the abovementioned Reference Document.

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## 4. Internal Control Procedures and Risk Management Procedures Put in Place by the Company

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In order to manage inherent risks in its business, the Group has always maintained internal control procedures and a variety of tools that have gradually developed and which are based on the fundamental concept of a Project.

The Chairman and Chief Executive Officer, assisted by the Group Chief Financial Officer (Group CFO), ensures that effective control measures are deployed within the Group and that possible dysfunctions related to internal controls are subject to appropriate corrective measures. The Audit Committee of the Company monitors the assessment of internal control procedures as well as all measures for any significant issues encountered.

### 4.1. INTERNAL CONTROL OBJECTIVES

#### 4.1.1. Definition and objectives of the internal control

The Group defines internal control as a process implemented by the Executive Committee, the different departments and divisions of the Group and each employee in order to give reasonable assurance that:

- the Group's corporate objectives, as defined by corporate bodies, applicable laws and regulations and the Group's Values, standards and Internal Charters, are followed;
- the financial information is reliable; and
- operations are effective and resources are used in an efficient manner.

In this respect, the framework of internal control that the Group has implemented contributes to managing the operation of the Group's business. However, it cannot provide an absolute guarantee that risks are completely eliminated or entirely covered.

#### 4.1.2. Scope of this report

This report refers to the Company and all of its consolidated entities (the "Group").

#### 4.1.3. Internal control framework

The internal control system, as defined by the Group, is based on the framework of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") as updated in May 2013 and is accordingly compliant with the internal control framework recommended by the French *Autorité des marchés financiers* (AMF) and its application guide, as updated in July 2010.

### 4.2. INTERNAL CONTROL PROCEDURES WITHIN THE GROUP

This report addresses the five internal control components defined by COSO, *i.e.*, control environment, risk assessment procedure, control activities, information and communication and internal control monitoring.

#### 4.2.1. Control environment

##### The Board of Directors

The Company's Board of Directors, assisted by its four Committees (*i.e.*, the Audit Committee, Nominations and Remunerations Committee, Strategic Committee and Ethics and Governance Committee) approves the main direction of the Group's business operations and ensures its implementation. Within the scope of the Company's corporate purpose, as stated in its Articles of Association, it deals with all matters relating to the conduct of the Group's business, other than those matters that are expressly reserved by law to Shareholders' Meetings. Furthermore, Technip reinforced its existing control mechanisms with the creation in 2010 of the Senior Independent Director's function whose missions are detailed in Section 16.1.1. of the Reference Document of the Company for financial year ended December 31, 2014.

The Directors are required to comply with the Directors' Charter and to abide by the Group values that are formulated in Technip's Group Values Charter. They must also follow the Rules of Good Conduct relating to the communication and use of privileged information by corporate officers, executives and employees of the Group.

The four Committees set up by the Board of Directors have their own Charter describing their particular duties, responsibilities and practices.

Each of these Committees is comprised of at least three directors appointed by the Board of Directors.

Their work is presented to the Board of Directors in a written report.

##### The Audit Committee

The function of the Audit Committee is to assist the Board of Directors in ensuring the quality and the efficiency of internal controls procedures and the integrity of items disclosed to the Company's shareholders and the financial markets.

The Audit Committee which comprises at least three independent directors in accordance with the AFEP-MEDEF criteria ensures follow-up on issues regarding the generation and control of accounting and financial information and, in this respect, is mainly responsible for:

- recommending the appointment and compensation of Statutory Auditors to the Board of Directors, as well as ensuring their independence;
- analyzing the assumptions used in the closing of accounts and reviewing the Company's financial statements and the consolidated annual and interim condensed financial statements or information prior to the Board of Directors' review, including by remaining aware of the financial situation, liquidity and commitments of the Company;
- assessing internal control procedures as well as any other corrective measures for any significant problems encountered during the internal control process;
- evaluating the relevance of the risk analysis procedures; and

- reviewing the procedures to be implemented on the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, as well as documents sent anonymously and confidentially by employees raising concerns regarding questionable accounting or auditing matters.

The Audit Committee may interview the Chairman and Chief Executive Officer and interview or visit any operational or functional business head to perform its duties. The Committee may in particular interview any person involved in the preparation of financial statements or audit processes (such as the Finance Directors, Audit Directors and Group General Counsel).

The Committee also interviews the Statutory Auditors. It may do so without the presence of the Company management.

The Committee meets at least four times per year. The Committee met six times during the 2014 financial year and had an attendance rate of 93% for all members.

### The Nominations and Remunerations Committee

In accordance with the recommendations of the AFEP-MEDEF Code, the Chairman and Chief Executive Officer, the only executive officer, is not a member of the Committee.

The Nominations and Remunerations Committee conducts preparatory work on appointments of Board members and corporate officers, compensation policy and the policy for granting share subscription options or share purchase options and performance shares to the principal executives (Articles 17 and 18).

This Committee is mainly responsible for the following:

- issuing recommendations to the Board of Directors for the appointment of directors, the Chairman, the Chief Executive Officer and other Executive Vice Presidents (*Directeurs Généraux Délégués*), as necessary;
- reviewing executive compensation policies implemented within the Group and the compensation of senior management, issuing proposals regarding the compensation of the Chairman, the Chief Executive Officer and other Executive Vice Presidents, as appropriate, and preparing a report on the foregoing.

This Committee submits to the Board of Directors, on an annual basis, a list of proposed directors qualified as “independent directors” under applicable rules and recommendations.

The Committee may seek proposals from the Company’s Chairman and Chief Executive Officer.

The Chairman and Chief Executive Officer of the Company is invited to all meetings other than deliberations that relate to him.

Subject to confidentiality obligations, the Committee may request that the Chairman and Chief Executive Officer obtain assistance from any executives whose expertise may be relevant to the Committee’s agenda.

The Committee meets at least twice a year. The Committee met seven times during financial year 2014. Its attendance rate was 100%.

### The Strategic Committee

The Strategic Committee assists the Board of Directors in reviewing and making decisions on major transactions related to the Group’s main strategic objectives.

In this context, the functions of this Committee include the review of the Group’s budget, the review of any major asset acquisitions or dispositions as well as the review of any transaction that could involve major risks for the Group.

The Committee may seek proposals from the Company’s Chairman. The Chairman and Chief Executive Officer participates in the meetings.

The Committee may request that the Chairman and Chief Executive Officer obtain assistance from any executive whose expertise may be relevant to the Committee’s agenda.

The Committee meets at least twice a year. The Committee met twice during financial year 2014. The attendance rate was 100% for all members.

### The Ethics and Governance Committee

The Ethics and Governance Committee assists the Board of Directors in promoting best practices regarding governance and ethics within the Group.

Directors who are not members of this Committee can freely participate in the Committee’s meetings.

The Committee may request the Chairman and Chief Executive Officer assistance from any executives whose expertise may be relevant to the Committee’s agenda.

The Committee meets at least twice a year. The Committee met twice during financial year 2014. The attendance rate was 88%.

### The Executive Management

The Chairman and Chief Executive Officer implements the objectives determined by the Board of Directors. The Chairman and Chief Executive Officer is at the head of the Group’s corporate management and is assisted by the Executive Committee (Excom).

The Chairman and Chief Executive Officer and the Excom have a central coordination role that has a major influence on the control environment and sets the “tone at the top”. Through their responsibilities, they ensure that internal control procedures are in place and operative.

The Chairman and Chief Executive Officer is assisted by two specialized Committees:

- the Ethics and Compliance Committee: responsible for assisting the Chairman and Chief Executive Officer for ensuring proper adherence to the Group’s Ethics Charter and anti-corruption and other compliance policies and procedures; and
- the Disclosure Committee: responsible for assisting the Chairman and Chief Executive Officer and the Group CFO in their duties to ensure compliance with the laws and regulations applicable to listed companies, to give a true and fair view of the financial statements. This Committee meets four times a year.

All of the Group’s activities are governed by the rules prescribed in the Group’s Values Charter. The Group’s core values include integrity, professional excellence, protection of health, safety, security and the environment, as well as civic and social responsibility. Furthermore, the Group is committed to supporting and promoting the principles of the “Global Compact”, a United Nations program regarding human rights, labor, environment and ethics within its sphere of influence. The Group’s core values are set out in six Charters covering ethics, social responsibility, environmental protection, health and safety, quality and security.

The Group is committed to reflecting its Values as well as the Ethics Charter in staff operations and its relationship with stakeholders, such as contractors, suppliers and partners in all countries where the Group operates.

The Ethics and Compliance Committee is composed of senior managers from across the Group and reports directly to Technip's Chairman and Chief Executive Officer. It ensures proper adherence to the Group's Ethics Charter and all internal regulations derived therefrom. It makes proposals to the Chairman and Chief Executive Officer and to the Board in respect of ethics and compliance. The Ethics and Compliance Committee also organizes reports from Regional managers on the application of the Charter. In addition, any employee can refer an issue to the Ethics and Compliance Committee on any subject relating to the principles provided in the Ethics Charter. A whistleblowing procedure provides a structure to report potential conflicts or incidents in financial, accounting and anti-bribery areas. The Ethics and Compliance Committee is chaired by the Group Chief Compliance Officer.

At executive level, directors and senior managers have signed the "Code of Ethics applicable to the Group's Directors, Executive Management and Senior Financial Officers". This code is an addendum to the Ethics Charter setting forth specific rules applying to them in terms of conflict of interest, public reporting, compliance and personal responsibility. Senior Management has circulated a "No Gift Instruction" note explaining the procedure for the acceptance of a gift in a professional environment to employees worldwide and communicates the "Rules of Good Conduct relating to the communication and the use of privileged information".

Annual employee appraisals refer to "analysis of skills and professional behavior" with individual commitment to ethical values.

Applying the Group's strategic objectives, its organizational structure is based on Regions with full P&L accountability, a vertically integrated Subsea division as well as autonomous Business Units in charge of promoting and developing emerging activities.

#### 4.2.2. Risk Management

All risks faced by the Group (risks related to the Group, its operations and industry, as well as regulatory and legal risks, industrial and environmental risks, credit/counter-party risks, liquidity risks and market risks as detailed in Section 4 of the Reference Document of the Company for the year ended December 31, 2014) are subject to risk assessment and risk management measures at different levels of the organization, from the Corporate Divisions to the relevant Regions, entities and Projects.

#### Corporate Risk Management

The Group's Risk Management function is led by the Senior Vice President Group Audit and Risk Management reporting to the Group Chief Financial Officer, who is responsible for providing an integrated approach of risk assessment, risk management and audit as well as ensuring that the Risk Management organization is monitored at appropriate levels across the Group, which encompasses the monitoring of processes, tools and risk assessment.

His mission is to focus on Project risks with an aim to ensure that appropriate tools and processes are defined, reviewed and implemented consistently across the Group and in all segments of activity. He is also responsible for monitoring the Portfolio and Enterprise Risk Management processes which are being reviewed and implemented across the Group. He participates in the identification and assessment of major risks faced by the Group and ensures the follow up and the implementation of the risk management strategy.

#### Group Internal Audit

The Group Internal Audit assists the Group Chief Financial Officer (Group CFO) in assessing and improving the effectiveness of risk management, control and governance processes. It is carried out within the framework defined by Technip in the Internal Audit Charter and in compliance with the Internal Audit Plan issued at the beginning of each year and validated by the Executive Committee. This Plan considers the mapping of operations and risks, as well as the rotation of audits performed. It is also presented to and validated by the Audit Committee of the Board of Directors.

The Group Internal Audit monitors the implementation of the remediation action plans defined in the audit reports.

#### Group Divisions

Under the authority of the Company's Chairman and Chief Executive Officer (CEO), the Group's structure is based on a number of Corporate Divisions. Each division helps to assess and mitigate the risks faced by the Group in its respective area of responsibility.

- In an effort to assess and manage risks with respect to the Group's operations, the President and Chief Operating Officer assisted by the President and Chief Operating Officer Onshore/Offshore and the President and Chief Operating Officer Subsea are responsible for the entire operational organization covering the business and operations for respectively the Onshore/Offshore and Subsea segments. This includes commercial operations, Business Development, key accounts, tendering coordination and all operational assets and related resources including technology development. As of February 1, 2015, the Onshore-Offshore President and the Subsea President directly report to the Chairman and Chief Executive Officer.
- The Group General Counsel, to whom the Legal Division and the Group Corporate Secretary Office report, is responsible for all legal matters within the Group and for the definition of the Group's legal strategy and policy. He also prepares and oversees, among other things, the Group's contracting policies, assesses the terms and legal risks of contracts, manages any litigation proceedings arising from the performance of contracts and is in charge of the subscription and renewal of insurance policies in order in particular to minimize the contractual risks faced by the Group. Finally, he follows up on real estate issues within the Group.
- The Group Chief Compliance Officer reports to the Group General Counsel and the Company's Board of Directors through the Ethics and Governance Committee. The Group Chief Compliance Officer makes regular reports and recommendations concerning compliance to the Group General Counsel, Chairman and Chief Executive Officer and the Technip Ethics and Governance Committee. The Group Chief Compliance Officer may raise certain issues to the Chairman of the Technip Ethics and Governance Committee. Finally, the Group Chief Compliance Officer is also responsible for ensuring the application of the Ethics Charter and the effective implementation and enforcement of applicable anti-corruption and compliance policies.
- The Human Resources Division is responsible for managing the Group's human resources (recruitment, training, career and skills management, and compensation) in order to ensure that the Group attracts and retains the necessary personnel and participates in its professional development.
- The Communication Division, except for financial communications, reports to the Chairman and CEO.

- The Quality Health and Safety (QHSE) Department, the Global Engineering, Procurement and Construction Department and the Group Business Cooperation Department report to the President and Chief Operating Officer.
- The Finance and Control Division, under the supervision of the Group Chief Financial Officer (Group CFO), monitors the financial engineering of Projects. It also prepares statutory and consolidated financial statements as well as management accounts, is in charge of internal control, treasury management, tax management, audit and risk management, financial communications and investor relations. It also monitors the Strategy and Information Technology Divisions.
- The Security Department, reporting to the Chairman and CEO, is among others in charge of carrying out independent IT security audits and more generally all necessary security

audits within the Group, ensuring the implementation of relevant Master Security plans dedicated to Projects and insuring coherence and efficiency of the business continuity plan for Regions, headquarters and Projects.

### Regional organization

This organization is based on the “Principle of Regionality”, which delegates managerial responsibility to the appropriate level. Day-to-day operations are under the responsibility of the Regions.

As the Group’s core operational unit, each Region is defined by a territory, its operational resources (commercial and execution) and its projects. Each Region is responsible for their Profit and loss which requires full entrepreneurial leeway for operational decision making in respect of project execution and client relations.

Nine regions and business divisions have been defined with their respective activities, headquarters and current operating centers:

Regions	Headquarters	Business Segments
Region A: Western Europe, Africa, India	Paris	Subsea Onshore/Offshore
Region B: Italy, Greece, Eastern Europe, Russia/CIS, South America	Rome	Onshore/Offshore
Asia Pacific	Kuala Lumpur	Subsea Onshore/Offshore
North Sea, Canada	Aberdeen	Subsea Onshore/Offshore
North America	Houston	Subsea Onshore/Offshore
Brazil	Rio de Janeiro	Subsea
Middle East <sup>(1)</sup>	Abu Dhabi	Subsea Onshore/Offshore
Process Technologies	Houston	Onshore/Offshore
Subsea Division	Paris	Subsea

(1) As of February 1, 2015, the Onshore-Offshore activities of the Middle East are integrated in Region B and the Subsea activities are integrated in Asia Pacific.

In addition, autonomous Business Units with full P&L accountability are in charge of promoting and developing emerging activities whereas the Product Business Units (PBUs) are entities that work toward the development of technologies and expertise throughout the Group. They participate in the preparation of sales proposals and assist the Regions. They are not directly responsible for a specific profit and loss account but must have a global vision of the operations and their profitability to establish benchmarks and propose mid to long term strategies.

The Subsea Division which reports directly to the President and Chief Operating Officer Subsea is responsible for the strategic management of Research and Development, fleet and manufacturing plants including expansion plans. Project management is handled by the Regions.

### Risk management of Projects

Risk assessment is conducted by the Group Divisions then across the Regions and the other components of the Group, down to the level of each individual Project. The assessment is structured through tools and procedures as defined by Corporate Risk Management and developed throughout the Group.

Before bidding for a Project, Technip conducts a cost evaluation and analyzes the technical, commercial, financial and legal aspects of the Project.

Furthermore, in each Project where the services of a local partner are needed, the Technip Compliance Policy requires an investigation into the background and reputation of its prospective partners, to give it a factual basis for concluding that the partner is capable of performing the services and will do so in a manner that fully complies with Technip’s Anti-Corruption Policy.

Regional Bid Authorization procedures have been implemented to define applicable authority thresholds and approval levels within each Region’s scope of responsibility (Region or Corporate). Each bid must be authorized by the management through an Authorization To Tender (“ATT”). Once the bid is submitted, the previous cost evaluation and financial and legal analysis are updated. The contract cannot be entered into without an Authorization To Commit (“ATC”).

In addition to the risk assessment process at tender stage, risks are regularly assessed during the Project execution phase, including through Project reviews.

### 4.2.3. Control Operations

#### Principles

In order to prevent and mitigate the risks related to financial reporting, operations and the Group’s assets, control activities are at all levels, in Regions, projects and within all Corporate functions throughout the Group.

In particular, these control activities aim to ensure that the following principles are followed:

- Organizational structures and responsibilities are defined and documented, business objectives are reviewed, key performance indicators are monitored, tenders and newly appointed partners are duly authorized, regular Project and asset reviews are conducted at the entity, regional or Group level, and client invoicing is monitored and approved.
- The segregation of incompatible tasks are monitored with respect to custody of assets, authorization of transactions and recording and control procedures, with the aim of reducing the risk of error or fraud.
- Budgets and forecasts are reviewed according to Group objectives.
- Reconciliations of physical assets are performed to ensure the corresponding accounts accurately reflect the reality.
- The Group Controlling Department prepares and distributes to the entire Group formal procedures for financial reporting in the form of quarterly statements and accounting rules, in accordance with accounting standards. Significant estimates and other significant accounting assessments are subject to a systematic review and comply with accounting standards and are consistent with current practices within the Group.
- Competency and experience requirements for key personnel are defined and documented; standards and procedures are applied for the entire employment contract cycle. Training/orientation is provided to newly hired personnel and personnel turnover is monitored. Checks and reconciliations are performed in the payroll chain from the calculation of pay, to pay slip issuance up until payment.
- The delegation of authority for decision-making and the Group's commitments towards third parties are formalized, regularly reviewed and updated. Permanent procedures are managed, adjusted and reviewed.
- Prospective suppliers are identified and selected on the basis of comparison charts approved by authorized personnel according to delegation rights and powers. Commitments are duly authorized, invoices reconciled with work undertaken/goods delivered and approved. Payments are verified and accounting records are checked.
- In relation to IT security, controls exist to ensure that data is accessible to authorized persons, data is not changed by unauthorized actions, usage is logged, relevant users are identified and data is not accessed by unauthorized persons. Controls ensure that key users validate changes and are the only ones authorized to request the start of production.

### Internal control evaluation processes

Detailed work related to documentation and testing of internal controls are carried out annually in the Group's major organizations from the executive management to the Regions, entities and Projects.

A detailed description of the processes and controls considered as key under the Group's internal control standards gives rise to three phases of tests dispersed throughout the year, which aim to ensure the controls are effectively and efficiently implemented. These tests are performed according to a self-assessment approach.

The self-assessment covers the following areas:

- the control Environment (assessed on the basis of questionnaires): Business and Organization, Finance, Human Resources,

Permanent Procedures and Policies, Corporate Bodies, Ethics and Integrity, Internal Audit and Information Systems;

- the Business processes (assessed on the basis of tests): revenues, purchasing and procurement, payroll, capital expenditure, inventories, manufacturing and engineering, subcontracting, cost control, treasury, financial control, consolidation and tax;
- Information Technology (assessed on the basis of tests): security, operations and change management.

The results are consolidated and analyzed by the Group Internal Control. They are subject to a detailed presentation to the Audit Committee as part of the Group's annual closure of accounts.

The Auditors perform audits of internal controls if they deem it necessary in connection with their audit of the annual and consolidated accounts and, where appropriate, report their observations to the Audit Committee.

### 4.2.4. Information and Communication

Information and Communication is an integral part of the Group's internal control framework as the Group is committed to reflecting its Values and internal control practices in staff operations and its relationship with stakeholders, such as suppliers and partners in all countries where the Group operates.

#### Documentation

Management of the Group's reference documentation and related framework is coordinated by the Group Quality department. Permanent procedures and policies are categorized according to five different levels: the Golden Book, Group Operating Principles and Standards, Group Instructions, Group Business Guidelines and Regions' Management Principles and Responsibilities. These documents are available on the Group intranet.

- The Golden Book is intended to give a comprehensive overview of the three themes which underpin the Group's management principles and responsibilities:
  - the Group's Core Values, encompassing its Ethics, Social, Environmental, Health and Safety, Security and Quality Charters, and its Quality, Risk, Health Safety and Environmental Policies;
  - the Core Management Principles and structure of the Group, including the role of the Regions; and
  - the role of Corporate Functions.

The management principles in this Golden Book are valid for all entities controlled by the Group and are applied throughout the Group.

The Group Operating Principles and Standards (GOPS) and Group Instructions are a collection of the general instructions, rules and procedures which are applicable throughout the Group. The GOPS are classified into sections, each section being related to one corporate function. In addition to the GOPS, Group Instructions may be issued from time to time by the members of the Executive Committee or people acting on their behalf. Group Instructions are more detailed instructions in specialized areas that help in the implementation of the GOPS in the day-to-day business.

- To facilitate compliance with the GOPS, Corporate Functions issue and communicate Group Business Guidelines, that provide non-binding guidance to promote the use of "best practices" and support Operating Centers to improve their operational performance.

- According to the requirements stated in the Golden Book, GOPS and Group Instructions are mandatory across the Group and provide the overriding framework with which the Regions conduct their operational autonomy. Regions also issue their own detailed Management Principles and Responsibilities, as do their sub-divisions (Business Units, Projects).

Each Corporate Function is responsible for performing a yearly review of its GOPS in order to verify that they still adequately match the business objectives, implementing modifications or even cancelation if needed. Group Quality & Methods (GQM), reporting to the Group QHSE Director, participates in these reviews and facilitates their formalization. These reviews highlight topics and areas which audits should focus upon.

At Regional level, effective implementation of GOPS is raised as a standard agenda item in the planned Quality Management Reviews.

### Communication

The circulation of information within the Group and public relations (except for financial communication) are coordinated and monitored by the Communication Department.

The Investor Relations Department focuses on financial communication and ensures that investors and the public receive accurate, precise and fairly presented information on the Group's financial and operating performance, in accordance with French law and the French Financial Market Authority's (AMF) General Regulation.

With respect to the Group's knowledge base and talent, Technip University strives to promote expertise and maximize know-how, develop managerial skills, promote multicultural environment and facilitate integration.

The Information Technology (IT) Department (among others) has the responsibility for improving IT and communication tools ensuring the security of systems and data and the consistency of IT systems in all units.

#### 4.2.5. Monitoring

Internal control is monitored at all levels within the Group. The roles of major stakeholders are described below.

### Audit Committee

The Audit Committee has a central oversight role to ensure that the internal control system is in place, operative and efficient as this enables the Board of Directors to ensure the quality of internal controls as well as the integrity of the information disclosed to shareholders and financial markets.

The annual Internal Control assessment report and the Report of the Chairman of the Board of Directors to the Shareholders' Meeting on internal control and risk management procedures implemented by the Company were presented to the Audit Committee in 2014.

### Management

The Group's Management is responsible for the implementation and evaluation of internal control procedures. Management, at different levels of the decision-making process, maintains internal control documentation in relation with its activities. In addition, management is responsible for ensuring that controls operate effectively and for monitoring the assessment of their operating effectiveness on a self-assessment basis. The self-assessment is performed through questionnaires for the control

environment and through testing of controls described in risk and control matrices for business transactions and IT-related controls (Information Technologies).

As part of the annual evaluation process, each Regions' President and CFO, as well as the managers of the Corporate Function, are required to represent by way of a letter of affirmation that, to their knowledge, the internal control system has operated effectively during the reporting period. Each deficiency is reported in that letter and must be followed by a remediation plan. In addition, each signatory is required to confirm at the end of the third quarter that the remediation plans determined in the previous year's assessment have been implemented.

### Group Internal Audit

The Group Internal Audit has an independent and objective function and is in charge of evaluating the proper operation of the Group in all areas and provides its management with an assurance on the level of control of its operations. In particular, it evaluates the relevance and effectiveness of internal control systems through audits of specific Projects, Regions, Processes and transverse topics at Group level. It contributes to the improvement of the Group's operations through its recommendations.

It is centralized at Group level and audit work is conducted by a team of 15 auditors (end of 2014). The Senior Vice President Group Audit and Risk Management reports to the Executive Committee on the work performed, particularly on the effectiveness of the internal controls of the domains reviewed. The implementation of recommendations made by the Group Internal Audit is closely followed up. The summary results of the internal audit reports and the status of implementation of the recommendations are also communicated to the Audit Committee of the Board of Directors.

### Internal Control Function

The Internal Control Function is organized at two levels: Group and Regions.

The Internal Control Function's objective is to ensure that the processes designed to limit potential misstatements in financial statements, errors and fraud, are properly executed in compliance with rules, procedures and instructions.

The Internal Control Function aims at supporting Regions and Corporate Functions to improve their control mechanisms, including, where possible, the underlying processes and ensuring that the Regions and Corporate Functions have appropriate and robust verification and certification procedures.

Specific tasks undertaken by the Internal Control Function on the key processes affecting the accuracy of the Group's financial reporting are further described in Section 4.3.4 of this Report.

#### ■ GROUP INTERNAL CONTROL DEPARTMENT

The Group's Internal Control Department, with a staff of five employees, determines the Group's internal control assessment framework. It assists Regions and Corporate Functions in reviewing their Internal control documentation and their control assessments to ensure they are adapted to current management and operations which underpin these processes. It contributes to the implementation of Group procedures and guidelines to address structural/systemic internal control issues at Group level and contributes to the sharing of best practices among different organizations within the Group.

Furthermore the Group Internal Control Department oversees a comprehensive assessment conducted by the Regions and the Corporate Functions of internal controls throughout the Group based on a risk mapping of the control environment, business processes and information technologies. It is also responsible for coordinating the implementation and follow-up of action plans with the support of the regional internal controllers and IT internal control correspondents for IT issues, as the case may be.

The progress and results of the internal control evaluation are regularly coordinated and consolidated by the Group Internal Controlling Department and presented to the Group and Region's management.

The thoroughness and level of detail in the assessment is adapted to the size and importance of each entity. Entities with the most contribution and/or risk must provide more information and answer more questions in the self-assessment process than those with less contribution or risk.

Where the results of the self-assessment indicate that controls are not at the required level either in design, operation or documentation, corrective action plans are required to be put in place. Each action plan must have a detailed timetable to complete the action and update the required control. The progress of action plans is regularly followed.

The Group's long term objective is two-fold: continuous analysis and improvement of internal control mechanisms.

Internal Control evaluations and monitoring are performed directly by using a Group's tailored IT tool. The computerization of the process allows each organization within the Group to monitor its internal control processes, to assess them on a regular basis and to report them to the Internal Control Department.

#### ■ REGIONAL INTERNAL CONTROL

The Group Internal Control manages a network of eight Regional internal controllers designated among a network of approximately 40 Internal Control correspondents appointed by each entity within the scope of the assessment.

The Regional Internal Controller is in charge of coordinating and planning the internal control operations, of which the documentation update (in collaboration with the process owners), the self-assessment of the internal control process, as well as the monitoring of the effective implementation of remediation plans.

### 4.3. INTERNAL CONTROL PROCEDURES RELATED TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

The objective of the internal control procedures regarding financial and accounting information is to ensure that the accounting, financial and management information submitted to the Group's corporate bodies and by its affiliates, as well as Group financial reporting and consolidation, reflect the Group's position in a true and fair manner.

Under the responsibility of the Group CFO, production of financial information is organized and carried out by the Group Controlling Department and relies on data provided by the different Business Finance Functions located in each entity or Region.

#### 4.3.1. Accounting Standards

The consolidated financial statements of Technip are established according to the accounting standards of IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standard Board) and adopted by the European Union as of the date when the Board of Directors reviewed the accounts. IFRS principles are reflected in the GOPS and guidelines. The Group Controlling Department drafts and distributes to the entire Group the formal procedures for the production of financial information, in the form of quarterly instructions and accounting rules, in compliance with the published accounting standards.

The principles for estimates and other accounting judgments are subject to a systematic review for conformity with the accounting rules and for consistency with the practices in force within the Group. The Group's positions about changes in Generally Accepted Accounting Principles (GAAP) are subject to discussions with the Statutory Auditors and are subject to a detailed presentation to the Audit Committee.

#### 4.3.2. Accounting Procedures

The main applicable procedures for the preparation of the consolidated financial statements are based on three tools:

- the Group Chart of Accounts Manual updated every year and communicated to all participants in the consolidation process;
- the GOPS relating to IFRS updated regularly and available on the Group's intranet; and
- the closing instructions sent out prior to each consolidation phase, which address the scope of consolidation, the timetable for submitting data, the specific issues requiring attention at year end and the main changes in accounting regulations and standards.

#### 4.3.3. Accounts Closing Process

It is the responsibility of the local CFO to supervise the financial reporting process and the preparation of quarterly consolidation by the finance directors of each entity while respecting the financial calendar prepared and circulated to Regions by the Group Controlling Department. The CFOs of the Regions monitor the financial reporting process for the entities within their scope of responsibility.

The accounts of the subsidiaries are prepared according to the Group accounting standards. An integrated IT application is used to consolidate the financial statements of the Group. When reporting packages are submitted for consolidation, each entity acknowledges the receipt of instructions, the package approval by the local CFO, the application of the Group Chart of Accounts Manual as well as of Group Accounting Principles.

An internal certification process is implemented to ensure the Region CFOs are responsible for the quality of the financial information prepared relating to their perimeter scope of responsibilities. Region CFOs are required to confirm by email that, to the best of their knowledge, the contribution to the Group's consolidated income from companies within their scope of consolidation as recorded in the consolidation software, as well as the management accounts as they appear in the internal reporting software system (Together), constitute a complete and accurate presentation of the operating results and order intake of the Region. This sign-off procedure applies to annual and half-yearly closings.

On a quarterly basis, the Group Controlling Department establishes the consolidated financial statements, *i.e.*, the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows.

For the preparation of consolidated financial statements, the Group Controlling Department relies foremost on the input of the Region CFOs, Group Tax and Legal Entities and Treasury. The Group Controlling Department ensures a full analysis of project results and their impact on the financial statements. The Treasury Department analyzes the Group's cash position and the Group Tax and Legal Entities Department calculates the recorded taxes, deferred tax assets and liabilities and monitors the tax proof process with the Group Controlling Department.

The Statutory Auditors perform a review of the quarterly financial information with cut-off dates as of March 31, June 30 and September 30. The limited examination of the half-year condensed accounts as of June 30 is subject to a report of the external auditors with respect to the financial information of the first six months of the year.

The financial statements as of December 31 are subject to detailed audit procedures that are foremost formalized by the Report of the Statutory Auditors.

The quarterly financial statements, the half-year accounts and the financial statements for the year ended December 31 are presented to the Audit Committee and approved by the Board of Directors.

#### **4.3.4. Annual Assessment Process of Procedures for the Production of the Group Financial Statements and Other Accounting and Financial Information**

The assessment of the effectiveness of the internal controls and procedures for the preparation of accounting and financial information is part of the Group Internal Control's annual appraisal. The referential of the Group controls is regularly adapted to the activities changes of the Group and its risks.

The tasks carried out consist of:

- selecting and identifying the entities and processes that make a significant contribution to the preparation of the Group's accounting and financial information;
- documenting processes considered important for the preparation of the financial statements;
- identifying the risks associated with these processes to help improve fraud prevention;
- defining and documenting the existence of key controls to cover these major risks;
- assessing the effectiveness and implementation of controls through the analysis performed by the Group Internal Control system on test results obtained through the self-assessment internal control testing.

These actions gave Technip the support process to conduct an in-depth assessment of its internal control system over financial reporting.