

# **Society and Environment Report (Articles L. 225-102- 1 of the French Commercial Code – Grenelle II Law of July 12, 2010)**

Pursuant to Article L. 225-102-1 of the French Commercial Code, this report was prepared for the purpose of describing Technip's commitment to Corporate Social Responsibility ("CSR").

## **1. Introduction**

On April 24, 2012, Article L. 225-102-1 of the French Commercial Code came into force with application from financial year ended December 31, 2012.

This provision, as part of the implementation of the Grenelle II Law, requires that certain French companies, including Technip, address a range of topics in their Management Report.

Technip has chosen to have the CSR information provided in this report verified by its Statutory Auditors.

Financial year ended December 31, 2012 is the first year in which the Group has published data on each CSR requirement under the law and therefore represents an additional reporting effort that, when compared to data historically published by the Group, comprises a particularly large volume of data and indicators.

The audit was conducted on the basis of tests performed on a sample of selected sites based on their activity, their contribution to the consolidated indicators, their location and a risk analysis. In particular, the selection process has led to further consideration of construction sites of the Group.

The full scope of the audit work completed by the Statutory Auditors is presented in the form of the Attestation and assurance report on social, environmental and societal information attached to this Annex.

### **1.1. AMBITION & STRATEGY**

Technip ambition is to be recognized as one of the best-in-class companies for sustainable development within its

business sector.

## Sustainable development strategy and evaluation of performance

The current level of maturity of the Group allows it to develop and broaden its efforts. To achieve the objectives it has set, Technip has decided to establish the sustainable development in the business development strategy.

To achieve this, its action plan will focus on the integration of sustainable development and project execution. Setting up innovative pilot programs for certain projects will lead to a global launch of the most successful programs. In relation to climate change, the Group will focus on using eco-design and lifecycle analysis to reduce the long-term environmental impact of the infrastructures built by the Group.

The Group strategy also includes working more closely with stakeholders and notably local communities in the countries where it operates, developing communication towards its clients, and reinforcing its relationships with socially responsible investors.

For many years, Technip has taken tangible steps towards improving sustainable development and has been committed to a strong and widely recognized policy of CSR. In 2003, the Group signed the United Nations Global Compact on human rights, working standards, environmental standards and anti-corruption, and applied its ten principles to every aspect of its business.

<b>The UN Global Compact's Ten Principles</b>	
<p><b>Human Rights</b></p> <ul style="list-style-type: none"><li>■ <b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</li><li>■ <b>Principle 2:</b> make sure that they are not complicit in human rights abuses.</li></ul> <p><b>Labour</b></p> <ul style="list-style-type: none"><li>■ <b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</li><li>■ <b>Principle 4:</b> the elimination of all forms of forced and compulsory labour;</li><li>■ <b>Principle 5:</b> the effective abolition of child labour; and</li><li>■ <b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.</li></ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"><li>■ <b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;</li><li>■ <b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and</li><li>■ <b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.</li></ul> <p><b>Anti-Corruption</b></p> <ul style="list-style-type: none"><li>■ <b>Principle 10:</b> Businesses should work against corruption in all its form, including extortion and bribery</li></ul>

The Group CSR efforts have been recognized in many ways. For over 10 years, Technip has been highly ranked by the Dow Jones Sustainability Index. In 2011, the CSR rating agency Vigeo ranked Technip at number two in its industry.

In addition, the Group has received several awards for the quality of its sustainable development strategy, whether for its health, safety and environmental performance on projects, such as Al Jubail in Saudi Arabia, Asab 3 in the United Arab Emirates and PMP in Qatar, or its human resources policies, for which it received in 2012, and for the second consecutive year, the Top Employers Europe certification. Last year, the Group received a grand prize rewarding its excellence in financial, CSR and share performance, a recognition only awarded to six of the top 100 market leading companies in France. Internally, additional key performance indicators for CSR will be defined in 2013 to improve how to measure the performance of sustainability strategy.

## Technip Sustainable Development vision

Its approach to sustainable development is influenced by four core values of “doing the right thing”, “encouraging a fair return for all”, “building the future” and “trusting the team” and therefore represents an opportunity to perform business with more added value for stakeholders. The priority of the Group is to support its clients to meet the world's energy needs, without undermining the ability of future generations to meet their own.

Within Technip, sustainable development means strengthening talent management so as to place a greater focus on the development of each employee's potential. Accurately anticipating the future needs of the industry and associating business partners to the development of the Group will improve the financial and operational performance.

Technip can further reduce the environmental footprint of its activities, as well as of its clients and suppliers, by working together in a more collaborative way. Sustainable development also focuses on contributions that can be made to the economic and social balance of local communities, by increasing opportunities for projects to generate local employment.

The decision by the Group Head of Sustainable Development to strengthen sustainable development network with greater coordination at the Group, Regional and entity levels has supported this vision by improving the way best practices are shared. The Group's CSR team will take the lead on social, societal and environmental Sustainable Development best practices, in addition to the coordination of innovative pilot schemes. With the support of finance experts, a more intelligent approach to financing sustainable development initiatives will be taken. Wherever appropriate, Regional and country Sustainable Development Committees will be set up on the model of the Group Committee and a Sustainable Development Coordinator will also be named within operations for each Region and country.

Sustainable Development Awareness Training has been identified as a key topic to be planned in the medium term. This topic will be discussed with Sustainable Development Coordinators within the Regions in order to define the best approach.

## Priorities for 2013 and beyond

Reduced poverty through local economic development, an increase in locally produce content and measures to combat climate change will be at the heart of the Group priorities. Technip will also continue to offer its teams improved career opportunities and enhanced internal mobility, both very important development tools when it comes to empowering employees. In addition, the Group will promote even greater sustainability and innovation in all its activities, especially in the development of new technologies and solutions for clients. Its continuing growth, while maintaining competitiveness, will help the Group provide value to its stakeholders.

## 1.2. INDICATORS – IDENTIFICATION OF MATERIAL TOPICS

In 2012, in accordance with the Global Reporting Initiative (“GRI”) principles that Technip adheres to, certain topics reported in the social and societal section of this report have been identified as “material”.

This year has been used to prepare for a more substantive evaluation of the materiality of the reporting and the involvement of stakeholders. In this intermediary period, Technip selected challenges and topics that it considered to be the most material, in addition to those required under French law (*loi sur les Nouvelles Régulations Économiques* (NRE) and Grenelle II), either because they reflected the Group's strategy and could impact its performance, or because the feedback received from its stakeholders allowed it to identify their needs and expectations.

Material topics were drawn from:

- compliance with Article L. 225-102-1 of the French Commercial Code, which requests that listed companies communicate on a certain number of topics and indicators;
- GRI recommendations;
- issues raised by the Group's Audit Department during its audits to Group entities;
- analysis by external auditors of the 2011 Reference Document and their recommendations for 2012;

- expectations from rating agencies; and
- CSR practices benchmark against a selection of companies.

After being defined, the topics are classified in accordance with four categories corresponding to Technip's four values.

In Chapter 2.1.4, this methodology has been applied to social. Over the course of 2013, the methodology will be extended to environmental and societal matters.

## **2. Social information**

### **2.1 REPORTING SCOPE**

#### **2.1.1. Reporting scope for entities**

The reporting scope covers 100% of the entities consolidated in the Group, in accordance with the Finance and Legal scope of consolidation. However, to provide more transparency to the reporting and to facilitate the comparison between two consecutive years, the reporting on training and absenteeism does not take into account the answers coming from newly acquired entities that have not been within the Group throughout the whole year.

#### **2.1.2. Reporting scope for personnel**

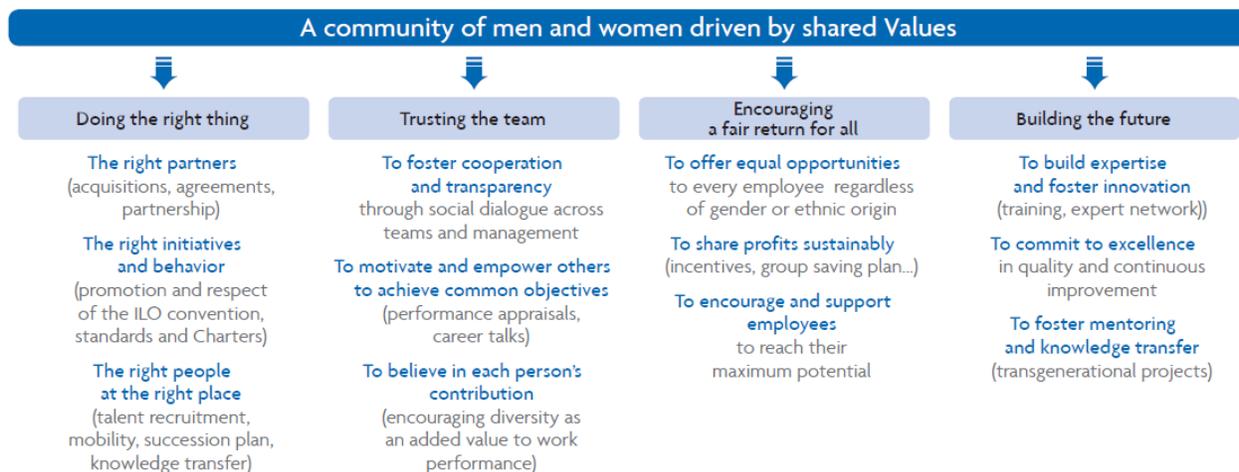
The scope covers personnel on the payroll, except for the information given in Chapter 2.2.1.1. that covers the total workforce. The beginning of each chapter contains a mention of the percentage of personnel covered.

#### **2.1.3. Reporting tool**

A web solution is implemented Group-wide to collect and consolidate either quantitative or qualitative data. The few entities that have difficulties in accessing Technip's intranet site are given an off-line template to complete, which then automatically connects with the web application.

## 2.1.4. Indicators – Identification of material topics

After being defined at the Group level, the topics have been classified in accordance with four categories corresponding to Technip's four values: it is indeed important that employees and stakeholders know which topics are the most significant for the Group and how these values are embedded in daily professional activities.



## 2.1.5. Terminology used in social reporting

Users dispose of an indicator definition protocol that is reviewed and improved each year based upon feedback from the entities and the problems observed.

### 2.1.5.1. Management staff

Since Management staff may be understood differently depending on the country and culture, the definition chosen throughout the Group for a Manager is a person "who supervises subordinates in accordance with the "Human Resources Without Borders" <sup>(1)</sup> program.

(1) The program "Human Resources Without Borders" was part of a three-year strategic plan from 2009 to 2012. The objective is to ensure a better match between human resources and business requirements, to contribute to the professional development of employees in terms of skills and careers, to extend global expertise and to strengthen an employee's feeling of belonging to the Group.

### 2.1.5.2. Contracted personnel

Contracted personnel refers to the workforce which is not on the payroll. It includes:

- sub-contractors working at the Group's industrial sites (fleet, manufacturing plants and the ship-yard); and
- people working in offices from time to time, when there is a spike in workload, such as agency personnel and consultants.

Sub-contractors working on construction sites are not reported due to on the one hand, the significant fluctuation in numbers during the rolling out of projects and on the other hand, their significant presence on large projects. In 2011, for example, there were approximately 70,000 sub-contractors working on Technip's Qatar construction sites, a number which decreased significantly towards the completion of the project.

### 2.1.5.3. Operating centers and industrial sites

Operating centers relate to all centers where Technip operates. Industrial sites include the fleet (marine employees), spoolbase facilities (pipeline fabrication base), port activities, manufacturing plants (fabrication of flexible and umbilicals) and the ship-yard (construction of spar hulls and offshore structures).

#### **2.1.5.4. Blue collar employees**

Blue collar employees are defined as employees who perform physical work. Support services such as drivers, security guards, and other service staff are included. A blue collar employee with a management role, as defined above, will be qualified as a "Manager".

### **2.1.6. Collection and consolidation methodologies**

#### **2.1.6.1. Collection**

- Data is input by 82 legal entities in the Group reporting tool and then "submitted" (saved and sent) to the Corporate Department. In 2012, it should be noted that the PMP Ras Laffan project did not report its headcount information (414 persons).
- At an intermediary level, HRIS (Human Resources Information System) correspondents within each Region lend their support on technical issues.

#### **2.1.6.2. Consolidation methodologies**

The indicators cover 100% of entities for all topics, except Training and Absenteeism, which cover 96.5% of total headcount (excluding entities not present during the whole year).

Indicators are calculated on the basis of the Group's scope as of December 31, 2012. Chapters relating to Arrivals and Departures, Absenteeism and Training cover the year 2012.

Reporting in relation to human resources contains approximately 400 questions (of which 120 are on a monthly basis with the remainder asked on a yearly basis). During the input of the data by entities, or during their consolidation at the Corporate level, 145 consistency checks are applied.

#### **2.1.6.3. Feedback of inconsistencies to the entities**

A process has been established that assembles all the inconsistencies in a specific template, which maintains a concise overview of the issues to be solved and keeps track of any comments. This template is used at the Corporate level and by the entities to share their comments and make corrections to the data input in the different questionnaires. This same template is also helpful during the external and internal audits to justify gaps and clarify issues.

### **2.1.7. Controls**

#### **2.1.7.1. Internal audits**

In 2012, the position of HR Controller was created at the Corporate level. During internal audits, the HR Controller facilitates communication between entities and the Group's Internal Audit Department. In particular, the HR Controller contributes to solving findings issued by the Group's Internal Audit Department and assists entities in applying the required corrective actions.

The HR Controller also helps to prioritize the indicators that are to be checked: in 2012, the reporting processes for HR indicators were included in the scope of some audits conducted by the Group's Internal Audit Department.

The HR Controller and the Group's Internal Audit Department have started working in coordination with one another to elaborate the Audit program that will allow for the audit of HR indicators and their reporting process in the various Group's entities.

#### **2.1.7.2. External verification**

In addition to the external audits required under French law, Technip requests every year GRI's approval of its reporting policy and procedures.

## 2.2. WORKFORCE

### 2.2.1. Changes and organization

Social data of companies acquired in 2012 (Stone & Webster process technologies and Suporte Consultoria e Projetos Ltda) are consolidated in all chapters except for the chapters “Absenteeism” and “Training” in the current section.

#### 2.2.1.1. Breakdown of total workforce per category

	December 31,	
Breakdown of total workforce by category	2012 <sup>(1)</sup>	2011 <sup>(1)</sup>
<b>Employees on payroll</b>	<b>30,241</b>	<b>25,717</b>
Permanent employees	26,279	22,390
Temporary employees (fixed-term)	3,962	3,327
<b>Contracted workforce</b>	<b>6,267</b>	<b>5,375</b>
Contracted workers in fleet, plants and yard	2,749	2,502
Other contracted workforce	3,518	2,873
<b>TOTAL WORKFORCE</b>	<b>36,508</b>	<b>31,092</b>

(1) Coverage rate: 100% of employees on payroll and contracted workforce.

At year-end 2012, the total workforce increased significantly compared to year-end 2011 (+17%) due to:

- a greater number of new hires (on payroll) compared to 2011 (+31%); and
- the acquisition of several companies during 2012 (1,062 persons on payroll): in particular, Stone & Webster process technologies mainly in the United Kingdom and in North America, and Suporte Consultoria e Projetos acquired by Genesis in Brazil.

The total workforce includes employees on the payroll as well as externally contracted workers (agency personnel, consultants and sub-contractors).

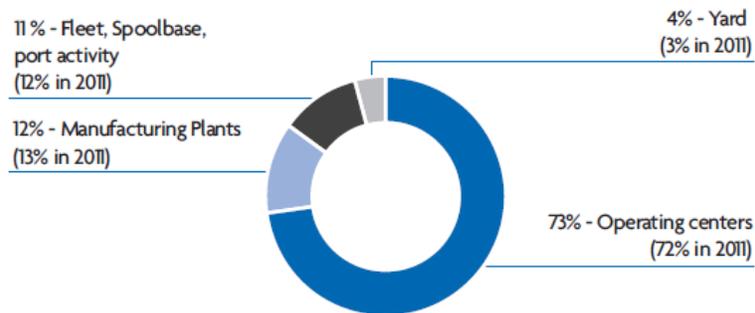
The number of contracted workers may vary significantly depending on the Group's needs and the projects undertaken. In 2012, those who are working on the Group's industrial sites (fleet, plants and yard) increased by 10%, compared to 2011. The numbers for an other category of the contracted workforce are the most variable with an increase of 22% in 2012 compared to 2011. The variation indicated between 2011 and 2012 is a snap shot as of December 31, 2012 but the figures may change from one month to another. The average number of contracted workforce during 2012 is 5,848 people.

In 2012, there was a significant increase in the number of employees on the payroll (+18%), comprising 83% of the total workforce in the Group as of December 31, 2012. The highest increase of employees on the payroll was in North America (due to the acquisition of Stone & Webster process technologies) and Asia-Pacific (primarily due to organic growth).

During 2012, the number of employees with permanent contracts increased by 17%, *i.e.* 3,889 additional employees compared to 2011. During 2012, employees with fixed-term contracts accounted for 11% of the aggregate workforce, which remained stable. This trend is particularly evident in France where fixed-term contracts only account for 1.2% of the payroll in 2012 (compared to 1.6% in 2011).

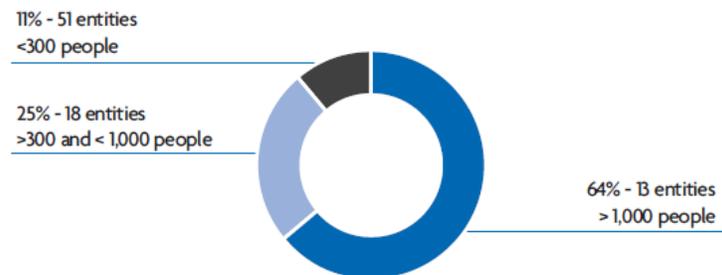
## ■ HEADCOUNT STRUCTURE (AS OF DECEMBER 31, 2012)

### Activities (100% of employees on payroll and contracted workforce)



The chart above illustrates the diversity of activities and of its workforce Group-wide. The fleet comprises marine employees; the manufacturing plants are essentially composed of blue collar employees; and the Group's only shipyard at Pori (Finland) employs skilled personnel specialized in offshore construction.

### Size of entities (100% of employees on payroll and contracted workforce)

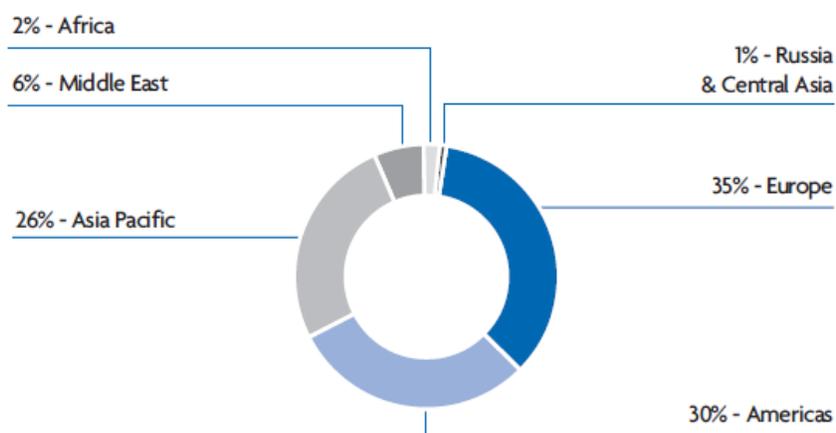


The breakdown of Technip entities demonstrates that two-thirds of employees are grouped within only 13 centers, which means that HR processes or tools can be rapidly put in place in the Group's principal centers to cover a majority of employees. Conversely, as two-thirds of the Group's entities (51 of 82) have less than 300 employees, it takes time for the employees based in the remaining third to be covered.

## 2.2.1.2. Breakdown of employees on the payroll according to gender, geographic zone and age (100% of employees on payroll)

Breakdown of employees by geographic zone	December 31,	
	2012 <sup>(1)</sup>	2011 <sup>(1)</sup>
Europe	10,551	9,507
Americas	9,054	7,491
Asia Pacific	7,827	6,212
Middle East	2,011	1,833
Africa	555	472
Russia & Central Asia	243	202
<b>TOTAL EMPLOYEES ON PAYROLL</b>	<b>30,241</b>	<b>25,717</b>
(1) Coverage rate: 100% of employees on payroll.		

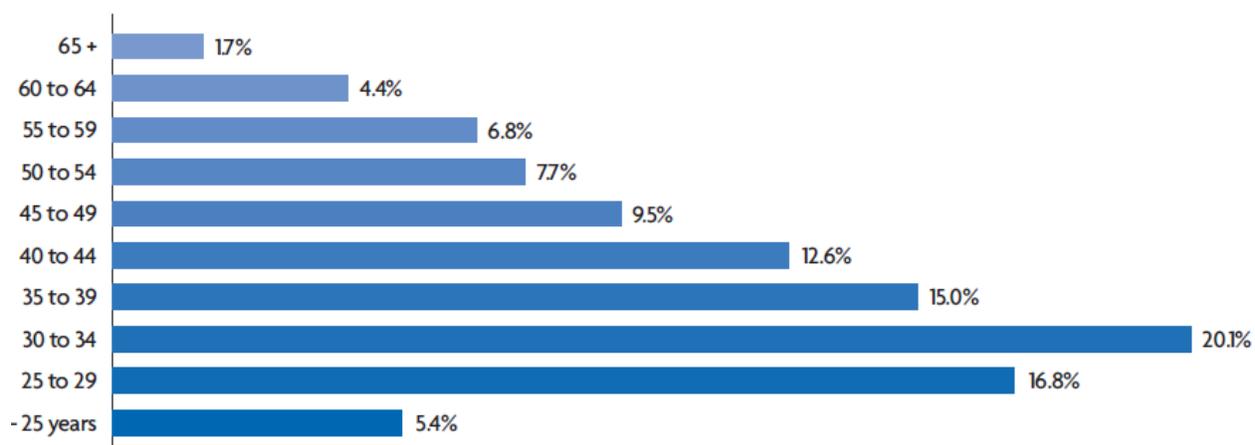
### Employees per geographical zone



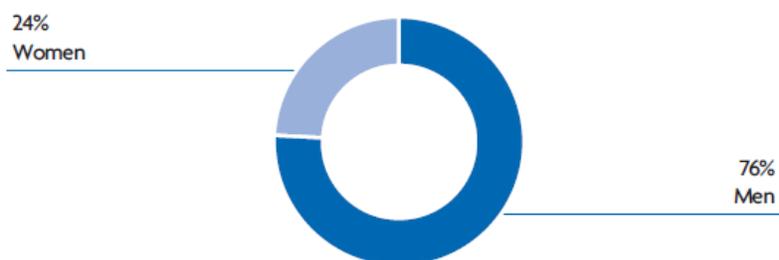
Since 2009, Technip continues to invest in the recruitment and development of new graduates, covering all the Group functions, with a strong focus on Project management competencies. The strategy contributes to a greater diversity of abilities, and fosters enhanced career management and change. The results of this recruitment effort are demonstrated by the following statistics:

- between 2009 and 2012, recruitment of employees below the age of 35 has tripled; and
  - in 2012, people below the age of 35 accounted for 42% of the total number of employees on the payroll.
- The Group's strategy is to continuously diversify the genders and contribute to a larger panel of experiences and know-how:
- in 2012, women below the age of 35 accounted for 27% of people hired in this age range, whereas the number of women on the payroll only accounted for 24%;
  - in addition, 73% of women, compared to 54% of men, were below the age of 35 at the time of their recruitment.

## Age pyramid in 2012 (by range in %)



## Employees per gender



### 2.2.1.3. Arrivals and departures

Payroll employees: Arrivals & departures	2012 <sup>(1)</sup>	2011 <sup>(1)</sup>
<b>Arrivals</b>	<b>7,651</b>	<b>5,862</b>
Permanent employees	5,027	3,717
Temporary employees (fixed-term)	2,624	2,145
<b>Departures</b>	<b>4,295</b>	<b>3,277</b>
Permanent employees	2,772	2,261
Temporary employees (fixed-term)	1,523	1,016
<b>Renewal rate of permanent positions <sup>(2)</sup></b>	<b>1.81</b>	<b>1.64</b>

(1) Coverage rate: 100% of employees on payroll.  
(2) Start/termination of permanent positions.

## ■ ARRIVALS

In 2012, 66% (5,027 people) of employees on the payroll were hired under permanent contracts (compared to 63% in 2011). In addition, in 2012, 16% (590 people) of the average number of fixed-term contracts were converted to permanent contracts, demonstrating the Group willingness to retain talents.

Recruitment in the Group is following the market trend towards the South and East: new hires in the Group entities located in countries with high growth account for 55% of the Group's total new hires (such as Malaysia, Brazil, Singapore and India).

An online tool, part of the HRWeB solution, is used by Group entities to publish all vacancies to employees on the Internal Job Portal. The same tool is connected to Technip's Career Pages on [www.technip.com](http://www.technip.com), allowing recruiters to push offers to external candidates when needed. More than 230,000 applications were received in 2012, and 3,700 of which were internal applications submitted by employees. This flow resulted in over 2,800 recruitment offers during the year.

## ■ ACCOMPANYING THE GROWTH WITH RECRUITMENT

Technip and its IFP School partner (IFP Énergies nouvelles) sponsored 20 students from France, Brazil, India, Thailand, Saudi Arabia and Malaysia. The selected candidates underwent a combination of academic training within IFP and placements in Technip entities across Europe to provide students with the opportunity to see firsthand the application of theory in a live project environment. On successful completion of the program the students are given an opportunity to join Technip upon their graduation.

851 recent graduates, for whom Technip represented the first job, were recruited, a 32% increase compared to 2011, particularly in Malaysia, UK and the United States.

However, a majority of the Group entities face difficulties in recruiting experienced engineers due to the scarcity of these profiles locally. In certain countries, the number of graduates is at a minimum with a rising demand for junior engineer staff.

To face this issue and to accompany growth, the Group had to identify additional solutions to the Job Portal tool for recruitment. Technip opened a new recruitment center in Malaysia, improved cooperation between centers, ran special recruitment campaigns and increased its social media presence. Those initiatives helped the Group continue to deliver projects under good conditions.

Another challenge is to maintain the Group effort to recruit and keep senior staff, especially to transfer knowledge and good practices and to make the bridge with younger generations: in the Group, the number of employees hired over the age of 50 has kept increasing over the last two years (+39% between 2010 and 2011 and +50% between 2011 and 2012, which in 2012 represented approximately 1,000 persons recruited over the age of 50).

## ■ BRINGING ADDITIONAL COMPETENCIES

In 2012, due to the acquisition of Stone & Webster process technologies, Technip obtained complementary skilled resources, in research in the US, and engineering in the US, the UK and India. Also, the acquisition by Genesis of Suporte Consultoria e Projetos in Brazil added significant skill sets to the global Subsea activity and strengthened its relationships with Brazilian customers. In October 2012, the alliance with Heerema has enabled the Group to reinforce its Subsea capabilities and know-how in ultra-deep waters.

## ■ DEPARTURES

In 2012, the global turnover of permanent and temporary employees (15%), taking into consideration all motivations for departure, was close to stable compared to 2011 (14%), while the number of arrivals in 2012 increased by 31% compared to 2011.

Measures taken to retain talents have contributed to a significant decrease of the resignation rate between 2011 and 2012 (-0.8 pt).

Considering the tight market and high competition to recruit and keep talents, this remains a challenge for 2013 especially in high growth countries (Malaysia, Brazil and India).

<b>Reasons of departures (permanent employees)</b>	<b>2012 <sup>(1)</sup></b>
Voluntary reasons of leaving (resignations, retirements)	2,008
Lay-off/redundancy/dismissal	440
Transfers between entities	135
Other reasons	189
<b>TOTAL</b>	<b>2,772</b>
(1) Coverage rate: 100% of permanent employees on payroll.	

### 2.2.1.4. Organization of working hours

	December 31,	
Working time	2012 <sup>(1)</sup>	2011 <sup>(1)</sup>
Number of full-time employees	29,666	> 25,000
Number of part-time employees	575	< 600
Number of employees working in shifts	3,400	< 2,500
Overtime hours (France and Region centers)	1,421,931	773,394
(1) Coverage rate: 100% of employees on payroll except overtime hours (coverage rate: 50%).		

The proportion of part-time employees remains stable at 2% of the employees on payroll.

Administration of working time is often manual in the small entities of the Group. The consolidation of overtime hours is, therefore, limited to Region centers. The increase of overtime between 2011 and 2012 is essentially due to the integration in December 2011 of Global Industries entities, in particular the Carlyss fleet, and is the result of increased project activity.

### 2.2.1.5. Absenteeism (excluding acquisitions)

Absenteeism rate <sup>(1)</sup>	2012 <sup>(2)</sup>	2011
Occupational illness or injury	0.03%	0.04%
Non-occupational illness	1.69%	1.99%
Non-occupational injury	0.06%	0.08%
<b>TOTAL (ILLNESS/INJURY)</b>	<b>1.78%</b>	<b>2.11%</b>
(1) Absenteeism excluding other reasons than illness or injury.		
(2) Coverage rate: 96.5% of employees on payroll.		

Absenteeism information covers only personnel on payroll. More thorough information including contracted workforce is to be found in Chapter Health and Safety of this report.

The 2011 rate of absenteeism has been changed from 2.15% to 2.11%, due to a correction that was not made until after the publication of the 2011 Reference Document.

In 2012, the rate of absenteeism decreased compared to 2011, due to two elements:

- regarding absenteeism for health reasons, most of the days off involved non-work related illnesses and injuries (1.75% in 2012 compared to 2.06% in 2011); and
- regarding occupational injuries, the number of working days lost because of accidents decreased by 537 (-24% compared to 2011). This decrease is due to clarification made in the definition of this indicator and a better understanding of this indicator by the entities.

14,036 medical examinations were completed, among which 4,521 were pre-employment fitness to work for newly hired employees.

Eleven cases of occupational illness have been reported in the Group, such as ear infections in divers' population and musculo-skeletal disorders. In 2012, the definition of the occupational illness was reviewed to clarify the understanding of this indicator and to harmonize the reporting in the Group, independently from the reporting done to meet national regulations.

Obligations in terms of medical examinations vary depending on the country. Following a period of sick leave, 1,395 employees had a medical evaluation, in particular in Brazil, Malaysia and France. Systematic pre-expatriation medical evaluations and follow-ups are carried for the duration of the expatriate assignment in the Group.

Present in 48 countries, employees travel and work in areas with different health profiles. A good knowledge of local health risks allows Technip to provide its personnel with the right information.

### **2.2.1.6. Health: Preventing risks and encouraging wellness**

#### **■ GROUP-WIDE HEALTH MANAGEMENT PROCESS IMPLEMENTED**

Since 2011, evaluating workplace risks, including social and psychological factors, has been at the center of the healthcare strategy of the Group. In 2011, a health management process was implemented to standardize practices throughout the Group. In 2012, a detailed guideline, regarding health risk assessments was provided, a new Medical Officer joined the medical team to reinforce the services provided to the Regions and a tool was made available to the occupational health teams and HSE managers. In 2013, new guidelines will be provided.

#### **■ PROTECTING TRAVELERS AND EXPATRIATES**

Preventive healthcare starts with accurate information and regular training. Detailed leaflets regarding destination countries and specific diseases are available to travelers and expatriates on Technip's intranet. Specific information for anti-malarial preventions and other health risks is provided for projects in areas prone to epidemics. Medical risk alerts are issued when necessary. In 2012, 15 such alerts were issued, providing information and prevention advice.

#### **■ IMPROVING MEDICAL CARE AT SEA AND ONSHORE**

In 2012, the Group paid particular attention to its vessels. A new standard for the qualification and training of onboard medics was issued, and their job description was reviewed accordingly. In parallel, a new standard for vessel hospitals and medical equipment was published, bringing them in line with the standards used at construction sites.

The Group continued to evaluate local medical resources and their ability to handle emergency situations. In 2012, this review was conducted in Cameroon, Equatorial Guinea, South Korea, Ghana, Thailand, New Caledonia, Angola and Indonesia.

#### **■ PUTTING WELLNESS IN THE SPOTLIGHT**

For Technip's 2012 World Health Day, all entities organized a vaccination awareness campaign, completed with posters, information leaflets and workshops. Many entities invited healthcare experts to talk about the importance of vaccination and immunization. Others arranged for free flu shots. Across the Regions, employees also participated in awareness and fund-raising healthcare activities for heart disease, smoking and diabetes. Several entities, including Technip's headquarters, started surveys and assessments of psychosocial risks at work.

## **2.3. COMPENSATION AND BENEFITS**

### **2.3.1. Salary policy**

Compensation within the Group is managed at Regional level. In 2012, an employee benefit survey was launched at Group level ahead of the implementation of a global salary policy. In 2012, a global salary survey was initiated.

#### **Global salary survey**

The objectives of the global salary survey were to:

- have an overview of Technip practices throughout its entities as a means of working towards establishing a salary policy in the future;
- benchmark Technip's competitiveness within the Oil and Gas industry or General Market (if the only one available); and
- perform a cross-analysis of salaries across the Group per country.

Twenty-nine countries were represented in this survey, covering 17,000 employees. Elements analyzed were

focusing on base salaries and variable pay.

## Employee benefit survey

The objectives of this survey were to:

- obtain an overview of what is offered in the different entities and ensure that the benefits provided are adequate and contribute to retention of employees;
- verify compliance with legal requirements; and
- benchmark against market practice.

Twenty-four countries were represented in this survey which focused on key coverage such as life, disability and medical insurances.

The list of these benefits is now available to all participating entities in a global database which can be accessed by the respective Human Resources community on demand.

## Next steps

Another global salary survey is scheduled for fall 2013. This second exercise will allow the Group to start to perform analysis in terms of salaries levels by genders, by level of responsibilities, by regions and by countries.

## 2.3.2. Compensation, change in compensation and social security costs

### 2.3.2.1. Compensation and change

The Group's payroll expenses increased from €1,147.2 million in 2011 to €1,661.0 million in 2012. The Group's social security costs increased from €220.1 million in 2011 to €293.9 million in 2012.

All entities in the Group have declared that employees on payroll are paid above minimum guaranteed wage in the country where they operate.

### 2.3.2.2. Employee incentive and profit-sharing schemes

Pursuant to applicable law, French companies within the Group with at least 50 employees and that generate sufficient profits must distribute a profit-sharing amount on the Company's result to their employees. For financial year 2012, the total profit-sharing amount to be paid in France was estimated at €11.7 million. Each company negotiates and enters into a profit-sharing agreement. The profit-sharing amounts distributed can be transferred to the Group Savings Plan ("*Plan d'Épargne de Groupe*", or "PEG") or the Group Pension Savings Plan ("*Plan d'Épargne Pour la Retraite Collectif*", or "PERCO").

Profit sharing In thousands of Euro	December, 31	
	2012	2011
Amounts allocated to incentive profit sharing (France, Spain, Italy)	19,715	8,052
Amounts allocated to mandatory profit sharing (France)	16,875	6,052

#### ■ INCENTIVE PROFIT SHARING

For financial year 2012, several of the Group's French companies had an incentive profit-sharing agreement in place: Technip, Technip Corporate Services, Technip France, Flexi France, Technip TPS, Seal Engineering, Cybernétix and Technip Normandie. Calculation methods vary for each company according to their business. The amounts distributed can be paid directly to the employee or transferred to the Group Savings Plan (PEG) or the Group Pension Savings Plan (PERCO).

Employees from the Italian and Spanish companies, Technip Iberia and Technip Italy, also benefit from a similar profit-sharing mechanism.

For financial year 2012, the total amount of incentive profit-sharing paid in the Group's subsidiaries was approximately €20 million.

#### ■ GROUP SAVINGS PLAN – EMPLOYEE SHARE OWNERSHIP

The Group Savings Plan (PEG) was implemented in 2003. It was amended several times with the last amendment being made as of March 9, 2012.

Its purpose is to enable employees to build, with the help of their company, a collective portfolio of marketable securities and to benefit, where applicable, from social security and tax benefits applicable to this form of collective savings. As of December 31, 2012, the total amount invested in the PEG amounted to €160.8 million, including €90 million in the form of employee shareholding.

At any time during the year, members may invest in the PEG and can choose between the various company mutual funds ("*Fonds Communs de Placement d'Entreprise*", or "FCPE"), whose portfolios are invested in shares, bonds or monetary instruments pursuant to a management strategy to achieve a specific investment goal. One of these funds is fully invested in Technip's listed shares thereby allowing employees to be associated with the Group's development.

Other FCPEs created within the PEG are dedicated to share capital increases reserved for employees, including employees of foreign companies that have joined the PEG. The PEG provides a common framework for all Group companies that have joined in terms of the payments that can be made, the means by which company profits can be shared, investment options and general operating regulations.

A share capital increase reserved for Group employees was carried out on July 10, 2012 resulting in the creation of 1,109,527 new shares. Nearly 9,000 Technip employees in 21 countries worldwide participated in this offering and invested a total €66.2 million, equal to a 40.6% participation rate. This is the highest participation rate recorded since the Group introduced this type of offering.

#### ■ GROUP PENSION SAVINGS PLAN

In 2006, the Group Pension Savings Plan (PERCO) was implemented. It was revised pursuant to an agreement dated as of February 10, 2011. It is open to employees of the French companies of the Group that have joined the PERCO.

Its purpose is to enable employees to build, with the help of their company, pension savings and to benefit, where applicable, from social security and tax benefits applicable to this form of collective savings. As of December 31, 2012, the total amount invested in the PERCO was €23 million.

It comprises various company mutual funds ("FCPE") whose portfolios are invested in shares, bonds or monetary instruments depending on the management strategy chosen by each employee.

## 2.4. EMPLOYEES DEVELOPMENT

### 2.4.1. Training (excluding acquisitions)

Training of employees is performed locally within the entities of the Group and at the Corporate level through Technip University programs.

#### Technip University

Technip University, a cross-regional organization, is headquartered in Paris. Technip University, dedicated to growing knowledge, is the architect of learning and development for the Group. The university's objective is to provide development interventions at each major milestone in the career of its employees. The university is linked to execution centers through the Global Training Network ("GTN"). The GTN is made up of more than 40 training officers located in entities across the Group. The Training Network meets monthly by teleconference and annually in person every spring. The network is responsible for delivering University courses, sharing best practices and developing curriculum that can be shared across business segments and regions. The GTN is also responsible for quality management of external training providers and liaises with other functions such as HSE and Quality that have

specialized training courses they are required to deliver.

## **Learning and Development**

Development activities usually fall into the following categories: Learning from experience, learning from others and learning from training.

**Practical experience.** Most learning and development happens during naturally occurring work events. A plan helps focus the experience so that learning is intentional and can be quantified. The development plan often includes development mobility. An employee rotates through other business units, functions or locations to broaden and enrich their knowledge of the business.

**Learning from Others.** In some cases, knowledge transfer projects are set up to ensure an effective skill transfer between a recognized internal expert and an apprentice. Participants use a customized skill development plan to mark progress.

**Training.** Training managers in the Regions oversee the delivery of instructor-led courses and eLearning programs relevant to the business needs in their region. Technip University also delivers courses that are of general interest to all Group employees.

**Development Programs.** Technip University oversees the Group's learning and development programs for employees who aspire to become technical leaders, project leaders or managerial leaders. Compliance training, Health, Safety and Environmental training, as well as skill-building specific to a product line are conducted by training organizations in Technip entities.

**Project Leader Development Program ("PLDP").** All members of Technip's project management job family are invited to participate in a development program managed by the university. The program is based on a competency framework for project managers. Employees assess their competencies and select activities that will close the gaps between their current level and the standard. The program makes available training that can lead to international project management certification. It also organizes seminars designed to capture and transmit best practices.

Through the Company's intranet, the university provides a Project Management Development Planner—a reference catalogue of developmental activities for each competency in the framework.

Working with talent managers throughout the Group, the university also recommends develop-in-place assignments that employees can undertake while in their current position, that add value to the life of the project to which they are assigned.

To meet the Company's growth targets, the university is charged with accelerating the development of some employees. To meet this demand, Technip University sponsors a knowledge transfer project to shorten the learning cycle. Project management experts help the next generation of project managers build skills by using customized skill development plans. Once the skills in one knowledge area have been learned, employees move on to another expert and a new knowledge area. This process ensures the aspiring project manager has the foundation required to take on assignments with larger scope and scale.

In 2012, 13 Project management experts helped 33 employees build their skills.

**Technical Leader Development Program.** All employees are invited to take technical training courses, most of which are offered by Technip's entities around the world. The focus of these courses is to teach employees about the Group's product and services and empower them to stretch their technical skills.

The university also offers a curriculum of e-learning courses focusing on the oil and gas industry.

In conjunction with Technip's College of Experts, Technip University sponsors knowledge transfer projects to increase capacity in the Group proprietary technologies. The College of Experts oversees a network of more than 600 employees who possess unique knowledge and skills. As part of this network, the experts transfer knowledge and skills through technical mentoring, writing papers for industry and teaching classes. Some experts serve as chairs or adjunct professors in local universities.

**Managerial Leader Development Program.** For those employees whose career aspirations include taking

management roles at Technip, the University oversees a development program based on the Company's leadership traits. A series of assessments are undertaken, and in conjunction with line management and HR, development plans are written and executed. Since 2005, a two-part flagship leadership event has been held annually.

In 2013, additional employees and experts will be added to the knowledge transfer project. In the near future, Technip University is to become more global and visible to all employees. It is designing development programs for employees interested in technical and managerial careers and will introduce a new system to manage training across the Group.

**E-learning courses.** The university hosts articles of general interest on its internal website and has created a knowledge management system for the project leader development program.

University programs are developed using a wide range of material from both internal and external sources, including videos, articles, and quizzes. This learning approach is suitable for all levels and learning styles and easy to access via Technip University's website at any time, enabling employees to work through programs at their own rhythm.

The university also offers all employees 16 modules of oil & gas e-learning courses, or approximately 15 hours of training. These modules are available in English and French. They are available on a learning platform through HRWeB, the HR talent management system.

## Training hours

Training of employees on payroll	2012 <sup>(1)</sup>	2011
<b>TRAINING HOURS</b>	<b>863,714</b>	<b>901,379</b>
Technical training	226,864	360,043
Non-technical training (including management, cross disciplines training, IT and certification)	294,770	295,084
Health, Safety, Security (including Pulse training)	204,092	142,876
Languages	101,223	68,794
Human rights, ethics and Technip values awareness training	36,765	34,582
<b>NUMBER OF EMPLOYEES ON PAYROLL WHO BENEFITED FROM AT LEAST ONE TRAINING DURING THE YEAR</b>	<b>23,402</b>	<b>19,495</b>
Women	5,635	4,514
Men	17,767	14,981
(1) Coverage rate: 96.5% of employees on payroll.		

In 2011, the number of training hours was exceptionally high due to a significant investment of training (150,000 hours) for the employees working in the new flexibles construction plant in Malaysia. In 2012, the trend returned to average.

The number of training sessions administered on safety (the Pulse Program) has greatly increased (+126%) due to autonomy given to the Regions in organizing training sessions, as well as due to the nearly systematic organization of a training session at the beginning of each project.

In 2012, an average of 80% of the employees attended training sessions (compared to 81% in 2011).

In 2012, Technip University delivered close to 13,000 hours of training to more than 2,000 employees.

From the learning platform at Corporate headquarters, Technip delivered more than 30,000 hours of e-learning on various topics such as ethics and compliance.

## 2.4.2. Developing and keeping talent

### 2.4.2.1. Managing performance

In 2012, a global performance appraisal process has been running for the fourth consecutive year.

The annual performance reviews are performed through a global information system that can be accessed by all Technip employees having access to the Group intranet. For those who cannot access the Group intranet (*i.e.*, workers in plants, the ship-yard or spoolbases), an offline system is available.

The performance appraisal process is open from November to February of the following year to eligible employees corresponding to defined rules of length of services (more than 6 months of presence within the Group) and employee status (active status).

In 2012, 92% of eligible employees had completed their annual appraisal. In 2013, 23,792 eligible employees are being assessed, the process should conclude at the end of February.

A new e-learning course called “Living the values” combines values with performance appraisal: it explains how to integrate the four values – Doing the right thing, Trusting the team, Encouraging a fair return for all and Building the future – into the Group’s everyday life and actions at work. It aims to help all personnel to understand why and how the employees of the Group are assessed on the values.

The four values have been integrated for the first time in the performance appraisal process with three concrete behaviors defined per value. These behaviors are used as a reference point during discussions and make the appraisal process even further focused and fact-oriented. It is essential to discuss the Group’s work performance through objectives, however the way Technip does things is equally important, which is why the values are assessed through actions, behaviors and the way Technip’s culture is embodied by its employees.

### 2.4.2.2. Talent management

Between April and July of each year, the Leadership teams from all entities, Regions or Corporate conduct People Reviews. In coordination with the Human Resources Department, these teams evaluate the potential, performance and career opportunities for each management team member, high performer and key employee. This process allows the Leadership teams to identify and track talents who may become future Technip leaders. It also gives a better understanding of the current potential of these talents, with a focus on their short-term and long-term development.

In 2012, the Group conducted the biggest People Review campaign ever (covering 8,301 employees). Technip management, supported by HR, reviewed the careers of all middle and senior managers, as well as all high performers. This process resulted in internal mobility opportunities, personal development plans and long-term career paths for each person. The review also enabled HR to develop a strong succession plan for senior managers and identify pools of high-potential people and create a reserve talent for the future leaders.

### 2.4.2.3. Succession planning

In 2012, Technip’s Leadership team spent significant time reviewing the succession plans for all Top Managers. At the end of the process, the Executive Committee formally approved its outcomes. This is a great milestone in terms of the quality of the decisions, and represents a commitment to take a proactive approach to management succession. The additional step remains of ensuring that a greater number of quality profiles are made available to these succession plans. In 2013, the identification of additional potential successors, and development of reserve talent for core positions is a key objective for the Talent Management function, considering diversity as a strong Group commitment.

### 2.4.2.4. Encouraging mobility

Technip continues to promote international mobility as a career development tool and as a way to build One Technip with an international and multi-local culture, in addition to its traditional purpose of meeting business needs.

The Group’s International assignment policy has been reviewed as part of the “Human Resources Without Borders” and was implemented on June 1, 2011. Three guiding principles describe mobility within the Group:

- geographic mobility (a move from one country to the other);

- functional mobility (a move from one activity or job position or function to the other); and
- cross-segment mobility (a move from one segment to the other: Subsea, Onshore/Offshore).

Geographic or international mobility is the assignment of an employee away from his/her home office, for the completion of projects (in offices or on construction sites) or to take up a new position in one of the Group's entities (assignment "in structure").

In 2012, the booklet "International Mobility at Technip" was published to reinforce this message and to give employees the information required to manage their career more proactively. It also emphasizes the importance of the International Assignment policies introduced in 2011, which are the basis of a fair and transparent approach to expatriation.

	December 31,	
<b>Breakdown of expatriates by home office</b>	<b>2012<sup>(1)</sup></b>	<b>2011<sup>(1)</sup></b>
Europe	698	591
Asia Pacific	342	278
Middle East	177	166
South America	78	92
North America	72	44
Russia & Central Asia	1	1
Africa	1	1
<b>TOTAL</b>	<b>1,369</b>	<b>1,173</b>
(1) Coverage rate: 100% of employees on payroll.		

The number of expatriates increased in aggregate by 17%, principally in Europe (+18%) and Asia-Pacific (+23%). This increase is justified by the growing business in Asia-Pacific in the two segments of activity (Onshore/Offshore and Subsea) as well as shortage of experts in this geographic zone, which has lead entities to call upon resources from the Group's entities in other countries.

43 nationalities are represented among the expatriates, which reflect the multi-cultural nature of the Group, and 63% of entities host one or more expatriates coming from other Group entities.

In addition, as shown in table below, the proportion of expatriates and inpatriates in each geographic zone is well balanced, except in Europe where more people are sent abroad than are received as inpatriates. This reflects the voluntary mix of cultures and know-how required to meet the business needs and to foster career development.

	December 31, 2012 <sup>(1)</sup>	
<b>Breakdown of expatriates and inpatriates by home office</b>	<b>Expatriates</b>	<b>Inpatriates</b>
Europe	51%	33%
Asia-Pacific	25%	32%
Middle East	13%	11%
South America	6%	5%
North America	5%	6%
Russia & Central Asia	0%	7%
Africa	0%	5%
(1) Coverage rate: 100% of employees on payroll.		

4.5% of the employees on the payroll have been expatriated to various countries across the world.

Two-thirds of these employees have been assigned for the purposes of completion of a project (either in offices or on construction sites).

The remaining third are assigned to supporting activities, such as procurement, finance, information technology, legal and human resources departments. Since 2009, this “in structure” mobility has increased steadily (+84%). This confirms the Group’s commitment to the development of talents and ensures the succession of certain key positions that require a broad experience of the Group’s jobs and functions.

The Group’s Mobility Process is also supported by an internal online “Job Portal”, accessible through the Technip HR portal (HRWeB). This portal enables employees to access real-time information on job opportunities within the Group, subscribe to job alerts that advise them of positions opened within their area of interest and submit their applications online. This Job portal is now used by all entities across Technip to publish both internal and external vacancies.

#### **2.4.2.5. Forming leaders**

The qualities that Technip requires from its future leaders are clearly defined and summarized by the six Technip leadership traits: Enterprising; Driving profitable execution; Role modeling, HSE, Compliance and Diversity; Leading people courageously and effectively; Making strategy happen and Fostering cross-border collaboration. These traits are used to guide career-related discussions on what really matters when developing people.

Technip wants its employees to grow in both technical and leadership roles. The College of Experts, Technip’s technological reference body, is emphasized in the definition and review of expertise-related objectives during performance appraisals. To support leadership roles, the Technip Leading Edge program puts high-potential employees with sufficient experience within Technip on track to become leaders.

#### **■ IMPROVING ENGAGEMENT AND RETENTION**

Losing an employee is always a failure. The career management practices contribute to employee retention by improving employee engagement. For example, Technip considers career talks as an opportunity for quality discussions regarding career development and a right for all of its employees.

In 2012, Technip continued to offer long-term employee incentive plans consisting of stock options, performance shares and cash, which are designed to build loyalty and improve retention.

Additionally, an alert system has been implemented to anticipate the risk of attrition in the Group as well as take all measures needed to retain the employee in the Group. This alert is mainly focused on key positions/key contributors for whom a departure from the Group would affect the business.

### **2.5. DIVERSITY AND EQUAL OPPORTUNITY**

The Social Charter contains a commitment to equal opportunity, as indicated below. This Charter is given to all new employees in the Group and is available on the Group intranet.

## Social Charter

Social responsibility is one of the core values of Technip.  
This Charter defines the Group's Objectives in this area and  
the corresponding guidelines.

### Our Objectives

- To have employment relationships guided by the Group's values.
- To implement this Charter to all entities of the Technip Group which will adapt this Charter to local legislations, cultural differences and local specificities of the countries in which they operate.

### Our Guidelines

In order to reach the above mentioned objectives in terms of social responsibility, Technip :

- Will not, as a principle, practice any discrimination among its employees or applicants on the basis of sex, age, race, religion, political or trade union affiliations, nationality or disability.
- Is committed to providing the necessary training for the Group's skill base and its advancement, as well as for the professional development of its employees.
- Promotes and facilitates mobility within the Group.
- Will not employ children under the minimum working age for completing compulsory schooling in the countries where we do business, and in any event, not under the age of 15 years old.
- Is committed to not using forced or compulsory labor.
- Will continue to maintain a positive work environment in which employees and management work together to strengthen our business.
- Respects the freedom of association, which includes the right of each employee to join or refuse to join a trade union in accordance with the applicable legislation in the relevant country.
- Endeavors to develop an open dialogue with its employees and their representatives, if any, concerning significant decisions that will directly affect them.
- Encourages its suppliers and sub-contractors to implement the values set forth in the present Charter in their own business policies.
- Endeavors to distribute this Charter to all employees within the Technip Group through our local entities.

## 2.5.1. Promoting diversity

### Gender diversity

For several years, the Group has worked hard to promote a culture of gender equality within its organizations, functions and Regions: if the Group wants to attract the right talent for tomorrow's business world, it must show greater diversity. Several studies have shown that companies with the best performance and increasing Return on Equity (ROE) ratios were the companies with the most diverse teams.

Numerous initiatives have been set up to achieve these goals, covering all aspects of the Group Human Resources policy. Specifically, gender equality must be considered when filling key positions or recruiting managers, providing access to learning and development.

In 2012, women account for 24% of the employees on payroll, stable when compared to 2011. The challenge of Technip is to recruit, keep and promote these talents:

- women have been offered more management positions (18% of women are managers, compared to 17% in 2011);
- the renewal of the Board of Directors in 2011 and in 2012 means that it now includes four women and seven different nationalities, which illustrates the Group's commitment for diversity at the highest level; and
- the creation in 2013 of the Diversity Committee means that the Group will continue its efforts to promote diversity everywhere, investing in talented women for the future, and improving the work-life balance of employees.

	December 31,	
Breakdown according to gender	2012 <sup>(2)</sup>	2011 <sup>(2)</sup>
<b>Managers <sup>(1)</sup></b>	<b>3,337</b>	<b>2,817</b>
Women	18%	17%
Men	82%	83%
<b>Non Managers</b>	<b>24,061</b>	<b>20,562</b>
Women	27%	27%
Men	73%	73%
<b>Blue Collar employees <sup>(3)</sup></b>	<b>2,843</b>	<b>2,338</b>
Women	5%	10%
Men	95%	90%
<b>TOTAL</b>	<b>30,241</b>	<b>25,717</b>
Women	24%	24%
Men	76%	76%
<p>(1) Employees who supervise subordinates in accordance with the "Human Resources Without Borders" program.            (2) Coverage rate: 100% of employees on payroll.            (3) Employees who perform physical work. Support services such as drivers, security guards, and other service staff are included. A blue collar employee with a management role, as defined above, will be qualified as a "Manager".</p>		

### New graduates and seniors

- In 2012, recruitment of new graduates increased by 32% with an average of more than 500 interns and apprentices are working for the Group each month.
- It is also essential for the Group to value and capitalize on the expertise of its senior employees: whereas the total workforce has increased by 17% in 2012, the number of seniors over 50 has increased by 29% (6,217

persons).

## **2.5.2. Promoting cultural and ethnic diversity**

The Group capitalizes on its broad cultural and ethnic diversity, which it constantly promotes and shares throughout its entities through the internationalization of its teams, multicultural programs and international mobility.

In 2012, 109 different nationalities are represented in the Group (compared to 105 in 2011). The most represented nationalities in the Group include French, Indian and Brazilian.

Four of the Group's entities have employees that come from at least 40 nationalities (in the United States, United Arab Emirates, France and Norway).

At Technip, over 50% of Regional managers have been recruited locally and this trend is increasing.

An international online diversity training program is available to all employees of the Group. The program reminds trainees that diversity is one of the Group's key values and all employees of equivalent capability must be offered the same career development opportunities, regardless of gender or ethnic origin. By raising awareness and giving examples of good practice, this training initiative promotes the kind of behavior that supports diversity and multicultural teamwork.

## **2.5.3. Equal opportunity**

### **2.5.3.1. Providing employment to people with disabilities**

Again this year, Technip continued to support initiatives in favor of people with disabilities. From 2009 to 2012, the number of employees with disabilities has risen from 0.6% to 0.7%. The recording of disabled people is different according to local legislations and relies upon voluntary declarations, which may result in a lower number of disabled people being recorded.

214 people have been recorded as disabled in the Group. Disabled workers represent 0.7% of employees on payroll Group-wide and 1.2% of employees in Europe, including 4% in Italy, 3.5% in Germany and 1.4% in France. (This figure does not include subcontracted services). In Brazil, disabled workers represent 1.9% of employees on payroll, which is the highest rate outside Europe.

For maximum efficiency, the Group targets its efforts locally. In 2012, for example, Technip in France signed an agreement with all unions in relation to people with disabilities. The principal actions undertaken were as follows:

- Technip France successfully finalized its two-year national agreement with Agefiph (National Association Managing Funds for Hiring Persons with Disabilities). "Mission Handicap" is reporting to Human Resources Department of Technip France and successfully completed its objectives in terms of awareness, recruitment and promoting the continued employment of disabled employees and cooperation with the protected sector.
- Nine disabled employees were recruited; five of them were involved in combined work-study contracts. Overall, seven employees can be retained in their current posts due to adaptations of the offices to their disability and nine new disabilities were reported. Also, a partnership with disabled employee workshops has been developed due to the initiatives and willingness of the different departments within the Company.
- Awareness campaigns directed at all of the employees have been implemented through internal communication tools as well as through seminars. Employees showed interest by not only attending the meeting but also by actively participating.
- Training sessions in relation to best practices have been driven both by "Mission Handicap" and ADAPT (Association for the social and professional integration of the disabled). These sessions will continue in the future since they ensure the integration on a case-by-case basis in the best conditions of employees starting in the Company as well as for the Department who will welcome them.
- Technip has just negotiated its first collective bargaining agreement with employment partners, in coordination with Agefiph, as a means of furthering its initiatives in favor of the employment of disabled people. This three-year agreement has been filed for the approval of the French Administration. Technip confirms its commitment in relation to disability and goes forward with the actions already initiated in this matter. Technip France's aim is to become a "handi-welcome" company.

### 2.5.3.2. Retaining senior employees to ensure knowledge transfer

Intergenerational human resources management is at the heart of social responsibility: it is crucial to ensure the development of junior employees as well as to capitalize on the knowledge of senior employees.

6% of Technip workforce is over the age of 60 and their combined experience and knowledge is a priceless asset that the Group cannot afford to lose. Workforce is also growing quickly, with 22% being under the age of 30. For several years now, the goal has been to create pathways of knowledge transfer. The Group will continue its efforts in this area.

## 2.6. SOCIAL RELATIONSHIPS

### Strengthening social dialogue

#### Labor relations and collective agreements

Collective or individual labor relations are governed by legislation, collective agreements, the *Golden Book* (Technip Group Management principles and Responsibilities) or the GOPS (Group Operating Principles and Standards) issued at Group level. It is mandatory for all entities to comply with the Group's internal rules, which are available in Technip intranet.

Information and dialogue processes are also in place, locally, at the European level (the "European Works Council" or "EWC") and for the whole Group.

The EWC, set up in 2005, includes 14 employee representatives for 10 European countries and meets twice a year. The EWC has an intranet site that has been accessible to employees in represented countries since 2008.

Since 2006, EWC members have received special training each year that emphasizes multicultural matters. This training will continue.

In 2012, 58 new collective bargaining agreements were signed within 17 entities. 226 agreements are now in force within 27 entities. They cover the following issues:

Topics included in the 226 agreements	% entities covering this topic
Remuneration	31%
Working conditions	29%
Health and Security	28%
Equal opportunity	19%
Training	18%

The percentage of employees in the Group who are governed by mandatory collective agreements varies according to countries. In the countries that have signed ILO convention No. 98 <sup>(1)</sup>, 60% of the employees benefit from collective agreements. In all the entities of the Group including the countries that have not signed this convention, the percentage is 42%.

(1) In countries that have signed ILO convention No. 98: Right to Organize and Collective Bargaining Convention.

Group processes for keeping employees informed are in place to ensure everyone receives the same level of information simultaneously. The Group's quarterly "Horizons" magazine is distributed to all employees. It features reports on their specialist skills, promotes their successes and shares their passion.

The fortnightly "Technip in motion" e-newsletter, launched in April 2008, gives a snapshot of the Group's events and achievements throughout the world.

The Group's intranet portal concentrates all relevant information in terms of standards, processes and Technip activities. It is supplemented by local intranets for most of Group's entities and specialized intranets for subjects like HSE (Health, Safety and Environment) or Human Resources. Technip, as part of its knowledge management initiative, uses a collaborative intranet portal which makes it possible for communities of technical experts to share best practices, know-how and key documents. Instant messaging and teleconferencing are available to facilitate discussions.

### **Developing social dialogue**

Technip has built a culture based on the values of trust, mutual respect and dialogue. To turn this culture into a competitive advantage, the Group's HR policy provides a frame of reference for relationships with trade unions and other employee representatives. It reinforces its commitment to long-term business development through an open dialogue with personnel and external stakeholders.

Following the release of Technip's annual results in February 2012, an online chat was organized for the first time to enable Technip employees to interact directly with Thierry Pilenko, Chairman and CEO, and Julian Waldron, Chief Financial Officer. This was the opportunity for them to ask questions about the Group's operational and financial performance.

A second online chat took place in November 2012, and was held twice on the same day to better accommodate all time zones. Members of the Group Executive Committee were able to answer questions about the Group's operations, performance, and strategic priorities.

Both chats were very successful: 350 questions were asked throughout the first online event, and over 450 questions during the second. The number of employees connected to follow the conversation increased by 50% between the first and the second edition, from 3,000 to 4,500 employees. Further, chat transcripts were rapidly made available to all employees, after the event, to enable anyone not able to attend, to be aware of what was said.

These kinds of events were designed to promote direct and interactive conversations among collaborators and the management team. They enable employees to have the opportunity to ask their questions directly, as well as to get insight about the Group's 2011 performance and its 2012 forecasts. It was also a great opportunity for teams to better understand the Group' strategy, ask for clarifications, and allow for employees to express their ideas and concern. Overall, it was a good way to get people talking internally, as wanted by the "One Technip" approach. This initiative will be renewed in 2013.

Finally, with the Jacques Franquelin Award, Technip wishes to foster dialogue and communication through individual or team initiatives. The award celebrates the successes of approximately 25 people. This year, the objective is to strengthen this recognition scheme and to link the Award to Technip's values. Since the creation of the Jacques Franquelin Award in 2000, 1,650 nominations have been received with 209 awards given.

### **Consultations/negotiations with trade unions over organizational changes**

Five meetings were held with Unions within two entities in France in relation to a project to create a Technology center and the reorganization of the Finance Department. In Finland, the local Technip entity has decreased its former sales department to the minimum and has also restructured its production department. None of these actions led to any reductions in headcount, as all employee transfers were managed internally.

## 2.7. HEALTH & SAFETY AND SECURITY

### Health and Safety Charter

#### Health and Safety Charter

Health and Safety of persons and property are among the core values of Technip. This Charter defines the Group's Objectives in this area and the corresponding Health and Safety Guidelines.

#### Our Objectives

- To insist upon and protect the Health and Safety of persons and property, when in conflict with other strategic goals.
- To strive persistently and with determination to avoid incidents and losses in the workplace and elsewhere.

Management's commitment is a critical success factor in achieving our Health & Safety goals.

#### Our Guidelines

In order to achieve our Health and Safety Objectives, Technip set up the following guidelines:

- To comply with applicable Health & Safety legislation and Technip's own standards.
- To set clear and meaningful objectives for Health & Safety performance, placing an emphasis on key indicators.
- To measure our performance and communicate our progress regularly and openly.
- Hold managers, supervisors and employees accountable for compliance with our Health & Safety management systems.
- To implement Health & Safety management systems which comply with internationally recognized industry standards.
- To combine our engineering and technology know-how with sound assessment principles in order to minimize risks and mitigate, as much as is reasonably practicable, any residual consequences.
- To ensure all relevant personnel receive appropriate training and advice to allow them to undertake their work safely and without any detriment to their health.
- To work with our clients, partners and subcontractors to build a common Health & Safety management system on each project.
- To strive to continually improve our Health & Safety performance.

**Technip**  
take it further.

## Protecting people at all times

From project sites to offices, from manufacturing facilities to vessels, the Group strives to protect its employees, clients and sub-contractors by defining and strictly applying an ambitious health, safety and environment (HSE) policy, as well as an uncompromising security strategy.

For 2013, its objectives in this respect are:

- Safety:
  - maintain a zero fatalities rate,
  - reduce the Total Recordable Case Frequency rate (TRCF), and
  - elaborate new three-year Pulse plan;
- Health:
  - continue the implementation of health risk assessments on all sites and the follow-up,
  - start the health surveillance process, following health risk assessments, and
  - implement the health performance indicators described in its process;
- Security:
  - continue the implementation of the corporate security standards across Technip,
  - consolidate the dedicated maritime security system across the fleet and the offshore assets,
  - implement Technip's new joint notification and incident management standard through the organization of regular crisis exercises, and
  - develop the prevention and detection of information security issues.

Technip safety performance	2012	2011	2010	2009	2008
Total Recordable Case Frequency (TRCF) <sup>(1)</sup>	0.24	0.26	0.22	0.22	0.25
Fatalities	0	2	2	7	4
Average Severity of Recordable Cases <sup>(2)</sup>	2.37	2.34	2.26	2.22	2.17

(1) The Total Recordable Case Frequency is calculated by 200,000 hours worked. Recordable cases as defined by OSHA standards are considered as per December 31, 2012.

(2) Severity Definition as per TP HSE Incident Potential Matrix (5- Catastrophic, 4- Severe, 3- Significant, 2- Moderate, 1- Negligible).

### 2.7.1. Safety: a culture of continuous improvement

In 2012, a total of 172 million man-hours were recorded as worked at facilities and project sites worldwide. The Group is continually challenging and improving HSE management to increase performance and set the benchmark for its industry.

#### Data-driven prevention

In 2012, the Total Recordable Incident Frequency Rate (TRCF), which measures the recordable events per 200,000 hours worked, dropped to 0.24, after rising slightly in 2011. The overall severity of incidents slightly increased but, for the first time since 2005, there were no fatalities on any of the Group's projects.

In 2012, Technip introduced the Serious Injury and Fatality Frequency Rate (SIFF) in its reporting, which is an indicator of the potential severity of events. In addition to the Incidents that are covered by the Total Recordable Case Frequency (TRCF), it covers near misses and first aid cases which have the potential for serious injury. In close cooperation with an external safety consultancy and other leading companies in the industry, Technip is continuously reviewing this data to identify potential problem areas. In 2012, based on the results of the review of TRCF data, the Group continued to improve its HSE Management System, performance standards and training programs, which are focusing on mitigating the risks that staffs are exposed to. Technip also tracks leading indicators to gauge the effectiveness of the proactive actions taken to improve safety performance.

## **The Pulse leadership program**

The Pulse program is one of the main ways to develop a positive HSE culture. It aims to create awareness of the challenges posed in assuring the safety of employees, as well as of the human, material and financial costs of accidents. So far, more than 15,000 people have attended Pulse sessions, ranging from senior managers and managers/supervisors to the general workforce and engineers.

In 2012, approximately 20,000 employees participated in a global HSE culture survey that focused on management commitment, risk taking, as well emphasizing the need to stop work when faced with a safety risk. The results will serve as the basis for a new three-year Pulse plan.

The Group continued its policy of making sub-contractors part of implementing a robust HSE approach on worksite. To ensure that everyone working on sites is fully engaged in HSE, Technip makes its safety requirements and expectations clear to contractors at the contract stage and provide training for all construction personnel.

## **The Jacques Franquelin award fosters safety initiatives**

In 2012, the annual internal Jacques Franquelin award was attributed to two teams, in the “Doing The Right Thing” category, for their high-safety aspect. The first team worked on managing the risks of soil contamination on a project site. The second one developed a method for installing offshore cables that reduced manual handling and working at height. This original concept is considered to be an industry first.

### **2.7.2. Health: preventing risks and encouraging wellness**

Refer to Chapter “2.2.1.6. Health: preventing risks and encouraging wellness” in the Social Information section.

### **2.7.3. Security: keeping its people safe**

Ensuring that Technip is able to keep its people and crews out of harm’s way while operating in challenging environments is a permanent and main priority of the Group.

In keeping with “One Technip” principle, Technip’s Security Division monitors all security issues affecting the working conditions and environments of people and crew members, regardless of whether they are travelling, working in offices, on construction sites or onboard vessels operated by the Company.

The strategy of the Group is based on its ability to anticipate and mitigate security risks while enhancing its capacity to manage quickly and efficiently any kind of incident. The effectiveness of this strategy is backed by Technip’s strong commitment to Security.

## Security Charter

The security of our people, property and information is one of the core values of Technip. This Charter defines the Group's objectives in this area and the corresponding guidelines.

### Our Objectives

- Protect to the best of our ability our employees while they are exercising their functions.
- Protect our assets and our strategic information.
- Protect our facilities, both on land and at sea.
- Maintain the integrity of our image and reputation.
- Propose appropriate measures to protect our projects.

### Our Guidelines

In order to achieve our Objectives, we have established the following guidelines:

- Anticipate the occurrence of high risk situations through analysis of risk factors. The results of such analysis will determine the conditions under which an existing site or project may be continued, as well as how a new site or project will be created.
- Organize security plans and procedures. Each project team has a security plan, which is validated by the Group before the project becomes operational. In emergency situations, it is important to act efficiently and in a coordinated manner, particularly with regard to procedures concerning health and safety. Security plans are verified, updated and tested by local managers.
- Involve management in the process of implementing and updating all aspects of security. Management works closely with the Group's Security Division, whose members are in charge of applying the Group's security measures and procedures.
- Practice prevention from the occurrence of high risk situations through employee awareness of security procedures, employees at each level being aware of their roles and duties in preventing risks. Keeping employees informed about security conditions will result in decreased exposure to risks.
- Seek to improve procedures while they are implemented by making necessary corrections. The Security Division should be informed of any and all such corrections, so they may apply them to other entities of the Group as applicable. All measures, plans and procedures are regularly reviewed by the Group's Security Division. These procedures will rely on information, experience, coordination and training.
- Protect strategic information of Technip. In case of access to sensitive or confidential information, ensure they are not disclosed intentionally or through carelessness. Comply with archiving and record retention policies in compliance with local laws as well as Technip standards that govern these issues.
- Prefer partners who benefit from a security policy.

## **An evolving international context**

2012 was a challenging year for the Security Division, with an increased number of Technip staff and operations across the world, a rising number of IT attacks and new maritime risks related to the new extended Fleet. Technip's robust security management system has proved highly effective, managing the transit of several vessels through high risk areas, as well as the resumption of operations after Arab Spring events in Middle East and North Africa.

Technip operates with full independence in its security assessments and decision making. Technip has developed a 4-Level country risk ranking in matters of security and implements an appropriate security system according to in country security threats.

The Group keeps its teams constantly informed about security issues, with full transparency:

- Travelers Handbooks are available for all countries where Technip operates and are distributed to staff prior to any mission;
- Real-time security alerts are issued by Technip's Security Division and posted on the Security Intranet page to inform travelers of changes in the security context occurring worldwide; and
- the whereabouts of all personnel in transit are monitored through the Technip Security Database, a proprietary software system, which informs and supports personnel in the event of an incident occurring.

## **All-round protection**

Technip's Security Division monitors security issues affecting the working conditions and environments of people and crew members, regardless of where they work or travel. Its strategy is to evaluate and prevent security risks while enhancing its ability to manage any kind of incident.

In 2012, the Group continued to innovate and improved upon best practices and initiatives introduced in 2011, as well as forming close ties with local communities, clients and partners to ensure that projects receive the local support necessary to continue operations in volatile countries.

Regular security training and induction sessions are organized in Regions and Entities to raise awareness of staff and provide them with security advice on specific matters such as Travel Security, Information Protection, and Project Security.

Following the fleet expansion, maritime security processes were upgraded to protect vessels during operations and in transit in sensitive areas. In 2012, Technip produced an anti-piracy DVD that was distributed to all fleet staff, which contains information on threats and security recommendations in case of an incident. In addition, tailored security inductions are conducted to cater to each project's specific circumstances.

## **Crisis management**

Technip implements a 3-level Crisis Management system. At each level of the organization, dedicated emergency response teams, processes, and facilities are ready to be immediately mobilized in the event of an incident. In 2012, significant crisis management preparedness efforts were made towards the revision of Technip's joint Notification and Incident management standard, which is used by the HSE, Medical and Security Divisions, to consolidate and benefit from experience in past years and to face new potential threats.

Technip's ability to respond to an incident has been reinforced through the continuous Emergency Response ("ER") training program (with regular live exercises coordinated by the Security Division). As an example, on a subsea project located in West Africa, a desktop Crisis Management exercise was carried out before operations commenced, to test ER protocols and the coordination between project stakeholders. During operations, several ER drills have been carried out in coordination with Clients to ensure the efficiency of ER protocols.

The Group continued to improve its emergency communication capabilities, to keep in touch with its personnel and external stakeholders in the event of an incident. Regular security training and awareness-raising sessions are held for staff across all entities.

In addition to ER protocols, Technip also launched its group-wide Business Continuity program which is aimed at enabling the Company to resume its critical activities immediately after a significant incident.

Dedicated software was developed to efficiently create Business Continuity strategies and Plans, which includes a

Virtual Crisis Management Center that is activated whenever an incident occurs.

### **Security starts with information**

In 2012, in a dedicated Information Security and Privacy booklet was distributed to all employees in order to reinforce the protection of information and know-how. A permanent independent audit process was also implemented to regularly test the security of IT systems and anticipate new security threats. In addition, dedicated alerts and awareness messages are released when needed to reduce the risk of new potential threats. The IT Security unit has been provided additional resources to deal with the new challenges in relation to the protection of information and IT systems.

### **Maritime security an important topic within Technip**

As Technip's activities have developed, the Group's areas of operations have extended worldwide and certain projects are located in regions facing maritime and piracy threats. At all times, Technip Security ensures that dedicated processes are implemented throughout the Group for the protection of maritime staff and the smooth execution of operations.

The capacity of the fleet to operate worldwide has led to a significant increase in the amount of vessels transiting through piracy hotspots. In 2012, for example, six vessels transited through the Gulf of Aden and Arabian Sea, compared to one vessel in 2011. In 2012, several projects are also situated in the Gulf of Guinea where the number of piracy incidents has significantly increased. In addition, the projects are getting more complex as they involve staff and vessels from different Regions and marine centers across the Group. The maritime security organization, based on regional time zones and coordinated by headquarters, has enabled to tackle these challenges.

To protect vessels in transit through piracy hotspots, the Group takes preventive measures including: installing barbed wire across the freeboard or on the main deck, welding steel plates at critical access points, adding lookouts during the transit, conduct lock down drills, etc. Depending on the threat assessment, an escort vessel or armed maritime security force can be provided. With advice from the Legal department, Technip strictly monitors their skills, capacities and procedures, as well as establishing rules for the use of force. The Group also focuses on security and awareness-raising briefings as the maritime staff plays a key role in the prevention of threats.

Technip Security Division maintains its focus on the delivering of homogeneous and efficient security conditions to all Technip staff and crew members, while providing constant oversight of the security measures implemented within local entities.

## **3. Environment**

### **Environmental Charter**

## Environmental Charter

Environmental responsibility is one of the core values of Technip.  
This Charter defines the Group's Objectives in this area and  
the corresponding Environmental Guidelines.

### Our Objectives

- To strive to minimize the impact of our activities on the environment and risks to nature and others.
  - To strive persistently and with determination to avoid any environmental incidents.
- Management's commitment is a critical success factor in achieving these goals.

### Our Guidelines

In order to achieve our Objectives, we have established the following guidelines:

- To comply with applicable environmental legislation and our own standards.
- To set clear and meaningful objectives for environmental performance, placing an emphasis on key indicators.
- To measure our performance and communicate our progress, regularly and openly.
- To hold managers, supervisors and employees accountable for compliance with our environmental management systems.
- To implement environmental management systems which comply with ISO 14001 requirements.
- To use and develop our engineering knowledge to reduce the environmental impact of the facilities we design, build or operate together with our clients.
- To combine our engineering and technology know-how with sound assessment principles in order to minimize environmental impacts and mitigate, as much as is reasonably practicable, residual consequences that may arise.
- To promote employees awareness so that they may integrate environmental considerations into their daily activity.
- To work with our clients, partners and subcontractors to build a common environmental management system on each project.
- To strive to continually improve our environmental performance.

## 3.1. SUSTAINABLE RESPONSES TO ENVIRONMENTAL CHALLENGES

The energy industry must respond effectively to worldwide environmental challenges, especially those related to global warming and the prevention of pollution. Technip confronts these challenges every day, in its own activities and those of its clients.

In 2013, the Group objectives in this respect are to:

- develop carbon-footprint minimization strategies;
- strive to minimize environmental impact of activities;
- develop, implement and monitor a high-level environmental risk register in each Technip's Region;
- conduct at least one audit against the "environmental performance standard", identify the gaps and steps for improvement in every Region; and
- implement the Green Office program at all major Technip offices.

### 3.1.1. Controlling the environmental footprint

The growing energy demand of emerging countries highlights the need to address the issue of greenhouse gas reduction. The main focus of the environmental policy of the Group is to reduce these greenhouse gas emissions and limit the potential environmental impact of its activities, while continuing to develop more efficient processes.

#### **A strong and efficient commitment to improving environmental performance**

Our environmental strategy is an integral part of the overall health, safety and environment (HSE) policy. Technip has committed to improve environmental performance to prevailing regulations, increase energy efficiency, as well as to lower consumption, emissions and waste.

The process and requirements for Technip's environmental management are defined in the global environmental management performance standard, implemented in 2011. In 2012, an audit of both environmental data and processes was conducted with the resulting information used to identify areas in which the environmental reporting could be improved and the environmental impact reduced. In addition, a review of the operating centers was completed to assess their compliance to the global environmental management performance standard. The Group also developed environmental risk registers for each entity, enabling them to identify and manage their local risks and challenges. This is an important step to ensure local environmental issues are properly assessed and managed in accordance with regulatory, stakeholder and community expectations.

In 2012, one of Technip's major environmental achievements was the implementation of the Green Office program, a standard that had been in development since 2010.

#### **Reinforcing the global environmental culture**

An improved environmental performance begins with fostering responsible behavior. Technip continues to reinforce environmental awareness, through the organization of global events such as World Environment Day (June 5 each year), an initiative sponsored by the United Nations and adopted by Technip with activities now organized by most of the main offices and sites. This event is an opportunity to demonstrate the Group commitment to reducing the negative impact of its business. In 2012, there were activities focusing on the theme of the "green economy" (proposed by the United Nations Development Programme) throughout the Group, including local initiatives such as tree planting, nature walks, cycling events, recycling and energy saving schemes.

Four environmental e-learning modules were also launched by Technip University. Specifically tailored for the oil and gas sector, they cover all aspects of business and are designed to help raise an understanding of the Group's activities, potential impacts on the planet and area of opportunities for the future.

### 3.1.2. Implementing environmentally-friendly solutions for the clients

Technip's environmentally conscious actions are not limited to internal activities. The Group also advises and supports its clients in their effort to tackle the challenges of greenhouse gas reduction and other environmental issues

## **Respecting the environment over a project's lifespan**

Developing sustainable environmental solutions commences at the concept design phase for a project, which is when the most effective means of reducing the impact from both construction and operation can be achieved. In particular, the Environmental and Health team in Paris has carried out extensive design studies for Shell FLNG projects that will be operated throughout the world. For a project to be located in Australia, a number of specific acoustic activities have been developed to ensure compliance with Australian regulations, such as a noise ALARP (As Low As Reasonably Practicable) demonstration for equipment (with the assistance of an Australian Consultant) and calculations of noise dose exposure for operators. As the Noise & Vibration aspects were crucial on this project, a third party confirmed the conformity of each critical piece of equipment during Factory Acceptance Tests. This project was also an opportunity for Technip to perform the Public Address/General Alarm in-house study.

During the construction phase, Technip work closely with its clients on every HSE aspect of a contract. For Projects such as the Jubail refinery, in Saudi Arabia, HSE and environmental management have been priorities and given full attention. During the construction, pre-commissioning and commissioning phases of this project, the Group focused in particular on the reduction of air emissions, dust abatement, waste segregation and recycling. In addition, great efforts were made to provide environmental training and to diffuse awareness campaigns in relation to waste segregation, energy conservation and carpooling initiatives involving the total workforce including the site management, personnel on payroll and contracted personnel. The HSE Management System Team of the project was awarded the Environmental Champion Award Plaque by the client, which was an important recognition of the Jubail worksite's excellent results in environmental management and performance.

## **Preventing accidental pollution**

Recent worldwide environmental events and natural disasters, such as the Elgin incident in the North Sea, serve as a reminder to the industry of the importance of safety and pollution prevention.

In 2012, Technip recorded an increase in environmental incidents on sites and vessels.

Spills accounted for 92% of environmental incidents, with oils (*e.g.*, hydraulic), fuels (*e.g.*, diesel and petrol) and chemicals accounting for 97% of spills and waste water (*e.g.* contaminated water and sewage effluents) accounting for 3% of spills. 84% of these incidents were classified as "minor non-reportable", with no regulatory requirement to report to the government authorities. Further analysis of the minor non-reportable incidents shows that more than 45% resulted in very small and fully-contained spills (volume < 10 liters).

In relation to the 8% of environmental incidents that were not spills, these consisted of incorrect waste disposal as well as noise and gas emissions.

The rise in environmental incidents has been identified as a result of the increased level of mandatory environmental reporting requirements and awareness as well as better reporting processes. The impact of these incidents has been minor and serves to identify areas for improvement and prevention, which includes regular inspections, maintenance, training and processes, as well as ensuring the competency of the people and systems in place.

Having systems ready to mitigate the impact of any accidents, should they occur, is also paramount. In 2012, Technip completed the development and construction of the marine well containment system. This emergency response device is available with 24 hours' notice to be fully-deployed within a matter of weeks to contain oil and prevent oil spills in the event of a potential future underwater well incident in the Gulf of Mexico.

## **Contributing to renewable energies**

Global investment in clean energy, after racing ahead for eight years and reaching a record total of USD300 billion in 2011, decreased for the first time in 2012 to USD270 billion (source: Bloomberg New Energy Finance). Notwithstanding this decrease, Technip continues to answer the global renewable energy's need, reinforcing its expertise in that sector.

During the year, several offshore wind initiatives were launched in France, and in the rest of Europe, and the Group successfully continued its expansion in this market, leaning on its experience and capabilities. Technip Offshore Wind Ltd, the Group's UK-based business unit, has been endorsed with the ISO 14001:2004 Environmental Management Standard as well as the OHSAS 18001:2007 for Occupational Safety & Health Standard. This achievement underpins

the Group commitment to becoming an industry leader in HSE performance. The Group also provided important support to geothermal activity in the US, answering the growing demand for alternative energy. Due to collaboration agreements in the renewable sector, Technip expanded its range of solutions for the energy industry whether for the biorefinery market or solar sector.

### **Investing in bio-based chemicals**

Beyond petrochemicals, Technip continues to develop the growth of the “green” chemicals or commonly called bio-based chemicals market, which are derived from biomass. Several projects are currently underway. The market is growing fast, with a promising outlook.

In 2012, Technip continued work for Solvay on its first bio-based chemical project in China, with a plant scheduled to become operational in 2014. The Epicerol technology converts glycerin derived from vegetable oil into epichlorohydrin (a basic chemical for applications in the electronics, automotive and aeronautics industries).

Partnerships and technological alliances are also under development, both in the United States and Europe. Technip has recently joined the French Bio-based Chemistry Association (*Association Chimie du Végétal*), which promotes and creates the industrial, economic and political conditions for the development of this new sector.

Technip is also highly involved in a multi-client study regarding strategic and prospective issues for bio-based chemicals by 2030. This work is a significant step in this field, gathering together for the first time all the major players of the value chain, from producers and technology providers to distributors.

#### **3.1.3. Example of environmental actions in Brazil**

In Vitória (Brazil), where a manufacturing plant of the Group is installed, the environmental focus is on three main initiatives. First, the implementation of Technip’s Environmental Education program raised awareness of natural resources among employees and communities, including three schools. Various events, such as the Arbor (Tree) Day Celebration, as well as lectures and visits were organized during the year. Second, CO<sub>2</sub> emissions from 2011 were analyzed to try and improve the performance and footprint. Third, the ISO 14001 Certification, rewarding environmental management system, was renewed for the third time.

The analysis of CO<sub>2</sub> emissions was supported by a consulting company and an environment-specialized contractor. In addition, Technip’s employees provided support and motivation for the participation in activities. As much as possible, best practices are shared with other Regions across the Group.

In 2013, the focus in terms of sustainable development in Vitória will be on pursuing the Environmental Education program, on implementing procedures to adjust the management system with the focus on achieving the NBR-ISO 14064 Greenhouse Gases Certificate and on conducting an energy efficiency study aiming at optimizing the use of the site resources. For the rest of Brazil, Technip will make every effort to obtain the ISO 14001 Certification for Technip’s new Açu plant, ships and supply boats.

### **3.2. GROUP POLICY**

The Group’s HSE policy is implemented in all of its entities, regardless of legal form. For more information on the Group’s HSE policy, see Section 17.1.4.5 of this Reference Document.

#### **Legal and regulatory compliance**

Technip operates within and complies with the framework of environmental regulations, standards, laws and international codes that are in force in the countries in which it carries out business. Applicable regulations and client demands are identified early, at the proposal stage, to ensure they are met, properly monitored and respected during project execution.

For each Project, the designated HSE Manager issues a HSE management plan that summarizes the legal and other contractual requirements for each work stream. The Quality, HSE and legal departments of each Group entity verify

that its operations are in compliance with local and international regulations, through regular reviews and audits, and continue to monitor regulatory requirements (including updates). In 2012, Technip was not subject to any regulatory notifications, license breach notifications, fines or prosecutions.

## Environmental certification policy and process

Technip continued to adopt a policy of ISO 14001 environmental certification for its sites, yards and entities. To meet this commitment, Technip is implementing a robust environmental management framework, and steadily reducing its environmental impact. As of December 31, 2012, 52 Group entities (approximately 63% of the total Group entities) were ISO 14001 certified, with 16 more entities working towards certification. This represents a 60% increase in the number of ISO 14001 certified sites.

This certification not only ensures that the environmental impact of each entity's activity is identified, assessed and mitigated, but it also testifies to the commitment of management to continuous improvement of environmental performance, to prevent pollution, and to assess the Group's compliance with environmental regulations.

Synergi, a global integrated software solution, manages the improvement process, and assists with environmental monitoring the performance of the Group in relation to its health, safety and environment standards. The number of reporting entities has increased across Technip, with greater numbers of personnel at Group level involved in the implementation of this monitoring process. In 2012, directly reporting construction sites accounted for more than 83% of 2012 worked manhours, notwithstanding a decrease in the number of sites. Other sites are small sites where Technip has only a consultancy or supervision role or not direct responsibilities or control (out of Technip boundaries). The reporting level of other entities (fabrication sites, vessels, offices) has slightly increased also.

## Expenses related to reducing the Group's environmental impact

Environmental expenditure for environmental protection, improvements and pollution prevention measures, is principally related to managing and reducing noise, waste, discharges, effluents and energy efficiency systems, as well as soil remediation practices. These expenses may also include environmental consultancy fees, specialist environmental contactors, waste removal and testing of liquid effluent discharge.

Environmental improvement measures are linked to the Group's strategic investments, such as at its Brazilian and Malaysian flexible manufacturing plants, the construction of new pipelay vessels, *Deep Energy* and *Deep Orient*, as well as operating expenses related to managing waste and effluent at sites, plants and in offices. All Technip vessels operate to International Maritime Organisation MARPOL standards that require certification for atmospheric emissions and discharge standards.

Annual expenses related to environmental protection as reported by the sites	In thousands of Euro		
	2012	2011	2010
Total environmental expenditure	2,773	2,251	3,342
Decontamination costs	0	0	0
Number of fines & compensation awards	0	0	0
Amount of fines & compensation awards	0	0	0

The amount of environmental expenditure increased in 2012 compared to 2011. This increase can be attributed to noise abatement activities, increase waste handling and disposal costs, oil spill prevention and operation of waste water treatment plants (in fabrication sites).

## Health, Safety and Environment organization

Environmental management, as for health and safety, is the responsibility of everyone at Technip. Environmental policy implementation relies upon management's commitment, the accountability of each Region, ongoing dialogue with key stakeholders involved, and a chain of responsibility for the total workforce of the Group.

The Environmental Working Group, with the support of HSE management, coordinates a network of environmental representatives at each Group entity, organizes technical working groups including experts from each operation, and puts together programs at Group level focusing on environmental performance indicators and reporting environmental improvements, awareness programs, carbon accounting and eco-design. The management of these programs is sub-delegated to the regional and local levels. In addition, the Group's entities develop and conduct environmental initiatives and programs that have been adapted to the local environment and workforce.

## HSE training

In 2012, HSE training continued to focus on leadership with the internally-developed Pulse program, as well as specific HSE aspects. The Pulse program aims to improve the Group's culture of health, safety and environmental awareness. The Pulse program consists of specific training modules aimed at particular target groups among the total workforce, such as line management, supervisors or frontline workforce.

In June 2012, as part of the Pulse program, all Technip entities worldwide participated in the "United Nations World Environment Day". In 2012, the theme was "Green Economy", which provided an opportunity to emphasize the importance of environmentally sustainable practices to Technip's total workforce, not only in daily activities, but also in conceptual and design activities. The awareness of environmental issues and their day-to-day environmental impact, both in the office and at home, will encourage the workforce to take proactive measures towards sustainable development and resource use.

Training and environmental awareness (Total workforce)	2012	2011 (*)	2010 (*)
Number of HSE training hours	421,019	180,922	355,846
(*) Number of hours on site.			

The table above provides Technip's total number of HSE training manhours, including environmental awareness training. This training may consist of site or vessel HSE induction sessions, HSE briefings, waste management, spill control, environmental briefings and the Pulse HSE programs. Training is conducted on site, vessels and in the office, and may also be provided at external facilities. Training is conducted and available to all personnel, including both payroll and contracted personnel on sites, vessels and in the office.

For details of risk management, see Sections 4.4 and 4.8 of this Reference Document.

## Prevention of environmental incidents

Technip has a strong environmental protection commitment. This commitment is particularly evident in the strict approach to environmental incident identification and reporting that was first implemented in 2010. Currently, Technip records any spill or release, regardless of volume, into Technip Statistics. Greater attention is paid to minor non-reportable spills (under the threshold of most national and International standards) as Technip works towards its goal of zero spills or releases.

In 2012, the overall number of environmental incidents reported across Technip sites and operations showed an expected increase, particularly in the operation plants, yards and construction sites. The recording of minor environmental incidents also increased, however no significant environmental incidents were identified (*i.e.*, requiring the intervention of a third party and/or having an impact on the environment outside of the area of operations, for

activities involving Technip and its subcontractors).

Distribution of accidental releases	Number of incidents (*)			Volume	Number of incidents	Volume	Number of incidents	Volume
	Minor Non-reportable	Minor Reportable	Major	Quantity (l)	Total Number	Quantity (l)	Total Number	Quantity (l)
	2012				2011		2010	
Construction Sites	30	1	0	1,321	21	1,845	34	2,970
Plants	30	11	0	1,276	12	645	35	2,639
Vessels	31	5	0	1,223	33	456	6	227
Offices	0	0	0	0	0	0	0	0

(\*) According to the new Technip Environmental Incident Classification (GOPS 11009).

Spills accounted for 92% of environmental incidents, with oils (e.g., hydraulic), fuels (e.g., diesel and petrol) and chemicals accounting for 97% of spills and waste water (e.g. contaminated water and sewage effluents) accounting for 3% of spills.

In relation to the 8% of environmental incidents that were not spills, these consisted of incorrect waste disposal, as well as noise and gas emissions.

Of the 108 incidents, 99 were spills and 84% of these incidents were classified as “minor non-reportable” and involved small accidental spillage or discharge of hydraulic oil, diesel, chemicals, sewage or contaminated water”, with no regulatory requirement to report to the government authorities. Further analysis of the minor non-reportable incidents shows that more than 45% resulted in very small and fully-contained spills (a volume of less than 10 liters).

The other 16% were “minor reportable spills”. This classification means the incident is reportable to local authorities in accordance with any works approval or license conditions and regulations but does not result in a fine or prosecution.

The onshore spills were all contained, remediated and disposed of in accordance with regulatory requirements and waste measures. The operating cost of remediation of these spills has been included in environmental expenses as a waste management cost, and is not considered as a decontamination cost.

The offshore spills that consisted of minor, low volumes (from 0.5 to 10 liters) of hydraulic oils or fuels were contained wherever practical or lost to sea and reported in accordance with regulatory requirements.

The overall increase in numbers of recorded environmental incidents can be attributed to two factors: (i) the review of the Environmental Incident Definition in Group Operating Principles and Standards (GOPS) 11009, which has been fully applied in all Technip entities since the end of 2011 and (ii) the focus on environmental incident management lead by the Group’s HSE division pursuant to the PULSE campaign with the specific intent of enforce environmental awareness and competencies both in Technip total workforce and third parties. Technip’s HSE Campaign had an immediate direct impact as the overall volume of spilled substances in construction sites has decreased, while the reporting of events has increased.

The number of plants and vessels managed or operated by Technip has also enlarged the reporting scope and has a direct effect on the number of reported incidents. For both cases, more than 92% of incidents are minor non reportable incidents that were fully-contained.

## **Environmental provisions and guarantees – compensation paid during the financial year ended December 31, 2012 stemming from court’s decisions on environmental issues and imposing subsequent actions damage repair**

In 2012, Technip did not make any specific provisions for environmental risks and no adverse legal decisions have been made against the Group in relation to environmental issues.

Provisions for all types of risks including environmental risks are made for each individual project.

### **Targets assigned to subsidiaries outside France**

The responsibility for the Group’s HSE policy is sub-delegated to and implemented in all of its entities, regardless of their legal form. Environmental targets are reflected in the Technip Group Charter and specific environmental objectives (see Section 2.7 of this Annex for details).

## **3.3. ENVIRONMENTAL IMPACT**

### **Methodology**

Technip strives to reduce the impact of its operations and activities upon the environment. To help identify environmental trends and areas for improvement in environmental performance, Technip utilizes a global environmental reporting database, Synergi. The information reported and analyzed is based upon site data collected from subcontractors, facilities and various entities. While this data is as accurate as is reasonably practical, efforts are continually made to review and improve the reporting process and quality of the data, in order to provide a more transparent picture of the Group’s environmental performance. In 2012, the following actions have been implemented to improve reporting methodology.

**Environmental reporting scope:** the environmental reporting scope covered in this report applies to existing entities of the Group. It does not cover companies acquired during the year (i.e., Stone and Webster). The 2013 report shall include environmental data of companies acquired in 2012.

**Environmental data compilation:** environmental data is submitted through Technip’s HSE reporting system, Synergi, as Environmental Key Performance Indicators (EKPI). Each of the Group’s reporting entities is required to register its environmental data performance into Synergi. This data reflects the environmental performance of entities involved in fleet, construction, plant, fabrication and office operations and activities.

**Environmental reporting restrictions:** Technip’s dedicated efforts to increase the quality and consistency of reporting mean that Technip’s reporting for 2012 has been restricted. Environmental data is only reported for sites and entities that Technip owns or where it is responsible for their management, in accordance with the Group’s standard on Classification and Reporting of HSE Incidents (GOPS 11009).

This reporting restriction reduced the number of construction sites reporting environmental data from 89% in 2011 to 55% in 2012. Indeed small sites where Technip has a consultancy or supervision role, without direct responsibilities or control, have been excluded from Technip’s reporting scope. In the same time, the construction sites reporting environmental data accounted for more than 83% of 2012 construction worked manhours as compared to 80% in 2011. This reflects the greater involvement of Subcontractors in the reporting of those activities that fall within their scope of responsibility. The total number of reporting entities has increased across Technip for Offices, Vessels and Fabrication as the reporting system matures across the Group, with an increasing number of assets, entities and people involved at Group level in the implementation of processes for the monitoring of EKPIs.

In 2012, about 52% of fabrication plants and bases directly included in the reporting scope reported environmental data. 48% of the Technip fleet reported environmental data. This is accounted for by the number of new vessels that are yet to report. Similarly, 52% of Technip’s offices reported environmental data. All these percentages are based on the number of worked manhours for each type of activity.

## Minimizing the environmental impact

Technip is committed to reducing the environmental footprint of its offices and fostering responsible behavior. In 2012, Technip's Green Office program was continued in order to meet this commitment. The Green Office program is a Technip Group guideline that focuses on Technip's environmental commitment and defines the Technip Green Office standard. This standard describes how office operations should be conducted in an environmentally-sound manner and consists of a set of green parameters or actions (including energy and water saving, transport plans and recycling) to be developed across the Group's offices. In 2012, many green actions were in place throughout the Group and a number of office entities had already begun implementing the standard. In Düsseldorf (Germany), for example, an environmental walk-through was conducted as well as a waste management audit. Likewise, in Antwerp (the Netherlands), Technip implemented a new management policy aimed at reducing the volume of generated waste. In Paris (France), a carbon footprint study was conducted and reviewed to understand the level of the emissions and potential areas for improvement. In Rome (Italy), the Paperless Company initiative was continued, which includes a web-based tool for consulting vendor documentation, typically representing 40 to 50% of the paper used during a project. In 2013, all offices will be assessed against this Green Office standard.

The same care for the environment is taken in industrial assets. For example, the Angra dos Reis facility (Brazil) has implemented a mobile wastewater treatment system that is used to clean painting equipment and tools. The system was constructed with re-used materials that would otherwise have been discarded as landfill. The idea came from the maintenance workers themselves and will soon be used at other Technip sites in Brazil due to its efficiency, low cost and easy operation.

The good work done by Technip offices to reach this high standard in 2012 will, upon verification by the Environmental Working Group, be recognized through the award of the Green Office Label.

### 3.3.1. Waste management

Technip strives to reduce the potential impact of its activities on the environment, which includes waste generation. Technip's waste management policy is based on the following key points: reducing the production of waste at the source through an appropriate product and packaging selection, maximizing reuse and recycling, and finally ensure traceability and appropriate final treatment of waste. This policy aligns with Technip's site ISO 14001:2004 environmental management systems. Key aspect of waste management is to identify at an early stage the specific waste streams for Technip's Projects and to suggest best practice processes to eliminate, minimize and treat. As an example, some clean soil cut from construction sites in preparation for plants is reused as fill or earthen retaining walls to reduce the need for offsite disposal.

Waste management practices in Technip also ensure full compliance with international and local regulatory requirements. For example, Technip operates several wastewater treatment units over a number of sites and yards. Discharges from these units are regularly monitored and audited in accordance with local licenses and regulatory approvals.

In 2012, Technip experienced an increase in waste generation from previous years. This increased waste generation, resulting primarily from construction activities, is due to a number of factors: (i) an increase in the number of sites, vessels and facilities, (ii) an increased level and accuracy of waste data and reporting across Technip's total workforce, (iii) an increased volume of pipe manufacturing, construction activities, and (iv) the increased scale and complexity of activities developed by sites, plants and vessels.

Waste Total Waste weight, by type	Quantity (in tons)		
	2012	2011 (*)	2010
Non-hazardous waste	86,195	55,871	23,005
Hazardous waste	6,761	4,513	2,368

(\*) Note – The environmental data for total waste from the 2011 Activity and Sustainability Report differs from the figures provided in the 2011

Reference Document. This is due to a correction that was not made until after the publication of the 2011 Reference Document (published first) and results from the time required to produce verified and accurate data. This discrepancy has led to changes and corrections in the present document in order to be aligned with the 2011 Activity and Sustainability Report, which contains the accurate data.

### 3.3.2. Noise and olfactory pollution

A large portion of the Group's operational and fabrication sites are located in heavy industrial environments and offshore. The noise impact from the Group's activities have been specifically measured, and analyzed. Effective systems and controls have been implemented at yards to mitigate disturbances in accordance with regulatory and occupation health standards. For example, noise studies are conducted for construction activities to ensure compliance with regulations. Restrictions on activities, such as construction and testing of pipes, and controls may include the reduction or ceasing of work in the evenings and weekends, or installing physical noise shielding on machinery. Measures have been taken to erect noise attenuation barriers in relation to the flexible manufacturing plants in Vitoria (Brazil) and Newcastle (UK) so as to reduce any potential noise events and remain within the acceptable levels mandated by regulations.

In 2012, there was one noise and light complaint reported at the Newcastle (UK) Flexible Plant, resulting from upgrade works. As a result, work was ceased and restricted to daylight hours. No further complaints were received.

Detailed noise studies are often conducted on projects during the engineering phase by the Environment and Health department located in Paris. The work of the acoustic team is to assess the noise footprint and features of plant designs, its impact with adjacent plants and environment and design specific noise reduction measures or equipment.

In 2012, there were no incidents or complaints of olfactory pollution reported from Technip entities or activities.

### 3.3.3. Biodiversity protection

Technip is committed to conducting its activities and operations in an environmentally responsible manner, preserving nature is part of the way to do business. This commitment includes the protection of biodiversity in the areas of its operations and activities. As an engineering and services company, Technip advises and assists its clients to carry out their projects and their investments in an equally responsible manner.

Biodiversity at Technip's sites may include existing vegetation or waterways adjacent to the facilities. At construction sites, biodiversity will include present and remaining vegetation, wetlands or waterways, as well as any fauna or protected species. During onshore construction efforts are taken to identify biodiversity, place controls such as stormwater runoff protection, physical barriers to vegetation and monitoring of fauna. Any damage to biodiversity is reported *via* Technip's HSE reporting system. It is normally the client's responsibility to select project locations in accordance with environmental standards and regulations. Technip provides clients with environmental consulting services to assist in the selection, concept and planning of their projects.

Technip utilizes a number of processes and measures to assess its activities and ensuring the protection of biodiversity. These measures include systemic environmental analysis and risk assessment method (ENVID), to assess and manage the potential environmental impacts of the proposal at every stage of the project, development of environmental management plans and control procedures, as well as the monitoring of the environmental impacts of its plants, yards and sites.

In 2012, biodiversity protection measures were implemented on Technip construction sites, such as dust suppression, storm water and wastewater management, erosion control, the management of protected species or habitats and the reduction of noise pollution.

For example, in Western Australia, Technip works on a gas project located in a semi-arid environment of coastal plain and bushland. In 2012, the Group continued to implement various strategies to preserve the local fragile fauna. That region is home to a wide variety of native snakes and lizards, often hiding in excavations. Even if they were inspected twice daily and fitted with shelters to prevent any passing animals from being trapped, employees on the site were also trained in handling reptiles in case they needed to be removed from remote locations. This original initiative

helped rescue and relocate a large number of animals and provide a means to measure and monitor the local fauna.

In the offshore environment, measures are taken to ensure Technip activities do not impact upon marine plant and animal life, where practical. Measures may include the selection of eco-friendly chemicals for pre-commissioning discharges, and also the reporting of marine mammals such as whales and dolphins to regulatory authorities.

### 3.4. SUSTAINABLE USE OF RESOURCES

#### 3.4.1. Consumption of water resources

The broad variety of Technip's business operations and locations gives rise to a wide range of natural resource requirements, such as water needs (including, drinking and industrial water, hydraulic tests, cleaning) and the implementation of local initiatives for water treatment and the reduction of consumption (e.g., reuse and recycling water at industrial sites). As a consequence, water consumption fluctuates depending on a particular site's activities.

Technip is well aware of the need for water conservation and strives to reduce water consumption by monitoring consumption and the reuse and recycling water at wastewater facilities where practical and permissible. Water consumption in construction camps will vary depending upon the location of the camp, access to existing or constructed water schemes and supply. Water may be extracted from local water scheme, river or bores and treated onsite. Water may be used for dust suppression or hydro-testing of pipelines and piping.

Fabrication sites, subcontractor yards and construction camps may report environmental data into Technip's Synergi system if contractual requirements provide that it is the responsibility of Technip to manage. Sites for which Technip is not responsible report their environmental performance into their own systems and processes.

	Quantity (m <sup>3</sup> )		
	2012	2011 (*)	2010
Total water consumption	1,977,630	2,480,785	2,946,805
(*) The 2011 environmental data for water consumption from the 2011 Activity and Sustainability Report differs from the figures provided in the 2011 Reference Document. This is due to a correction that was not made until after the publication of the 2011 Reference Document (published first) and results from the time required to produce verified and accurate data. This discrepancy has led to changes and corrections in the present document in order to be aligned with the 2011 Activity and Sustainability Report, which contains the accurate data.			

In 2012, the overall water consumption reported decreased by nearly 20%. Reductions in water consumption were achieved at construction sites and offices due to reduced needs of water from construction activities such as hydro-testing or camp facilities. The level of water consumption in vessels and yards increased slightly due to the increased number of vessels and sites.

Wastewater treatment at onshore facilities, such as plants, yards or offices is either treated by the local or regional sewerage scheme system, or by purpose-built onsite treatment systems. Offshore, Technip's vessels are fitted with MARPOL compliant sewage treatment systems. Where, the vessel cannot treat specific wastewater then the wastewater is transferred *via* sludge or holding tanks for onshore treatment.

In the 2011 Reference Document, waste water was separated into Onsite treatment and Offsite treatment. In 2012, waste water has been divided into Industrial and Domestic with the following outcomes:

- Industrial wastewater is mainly treated onsite; in 2012, it represents approximately 6% of the total waste waters for construction sites, 38% for plants and 3% for vessels;
- Domestic wastewater treatment is usually held off site in external waste water treatment plants.

	<b>Total Wastewater</b>
--	-------------------------

Wastewater Management	Quantity (m <sup>3</sup> )		
	2012	2011 (*) (**)	2010 (**)
Construction Sites	434,806	214,071	1,220,082
Plants	64,530	56,454	25,292
Vessels (***)	109,958	79,785	89,828
Offices	136,541	-	226,353

(\*) The 2011 environmental data for waste waters from the 2011 Activity and Sustainability Report differs from the figures provided in the 2011 Reference Document. This is due to a correction that was not made until after the publication of the 2011 Reference Document (published first) and results from the time required to produce verified and accurate data. This discrepancy has led to changes and corrections in the present document in order to be aligned with the 2011 Activity and Sustainability Report, which contains the accurate data.

(\*\*) In the 2011 and 2010 Activity and Sustainability Reports, the reported effluents were effluents treated in water treatment plants and discharged directly into the natural environment.

(\*\*\*) 2012 Vessels ballast water is reported separately and accounting for 77,973 m<sup>3</sup>.

Water treatment is conducted at various construction sites and plants, through purpose-built sewage treatment systems, and also on vessels by onboard treatment systems. The increase in wastewater volumes in construction and vessels is due to an increase in activities and the number of reporting entities, such as the Carlyss offshore base in Louisiana (USA), and also more accurate wastewater reporting and monitoring processes.

### 3.4.2. Consumption of raw materials, energy use and efficiency

Raw materials for Technip activities will be provided from suppliers and vendors. Technip will request these suppliers to provide raw materials in accordance with contractual requirements, including HSE requirements. Raw materials may be reused on sites or vessels where practical such as the reuse of wood, packing boxes, and the recycling of materials such as scrap metal, electrical cables. Waste materials are segregated where practical to improve reuse and recycling measures.

In 2012, Technip continued to pursue energy efficient, conservation and energy saving initiatives aimed at reducing its energy consumption, such as installing timers on lighting and air-conditioning, energy efficient lighting and office designs.

Technip's offices in Houston were designed to be, and have been rated as, energy efficient. The design takes into consideration the use of natural light and ventilation, thermal insulation to reduce heating and cooling costs. In addition, Technip's Rome office utilizes solar panels for energy generation and other renewable certified sources for its own internal consumption.

Heating & electricity consumption for permanent sites	Natural gas & LPG (*)	Fuel (Fuel-oil, Diesel Gasoline (**))	Electricity	Natural gas	Fuel (Fuel-oil, Diesel)	Electricity	Natural gas	Fuel (Fuel-oil, Diesel)	Electricity
	MWh								
	2012			2011 (**)			2010		
	Plants	11,086	30,998	58,016	9,638	27,227 (***)	32,841	10,999	20,007
Offices	5,382	6,069	65,478	6,907	2,443	55,900	3,605	1,862	45,555

(\*) LPG use has been added in 2012 data.

(\*\*) For 2012 an increase of Gasoline consumption has been reported. Data has been added under column Fuel.

(\*\*\*) The 2011 environmental data for energy use from the 2011 Activity and Sustainability Report were the same as the figures provided in the 2011 Reference Document. So data are aligned with the 2011 Activity and Sustainability Report, which contains the accurate data.

(\*\*\*\*) This figure has been kept as reported in the 2011 Reference Document since the figure mentioned in the 2011 Activity and Sustainable Document appears to be incorrectly reported.

Fuel & electricity consumption relating to operations on projects	Natural gas & LPG	Fuel (Fuel-oil, Diesel, Gasoline)	Electricity	Fuel (Fuel-oil, Diesel)	Electricity	Fuel (Fuel-oil, Diesel)	Electricity
	MWh						
	2012			2011		2010	
Construction Sites	2,605	422,725	4,227	261,241	2,019	544,809	1,320
Vessels	-	1,260,951	-	976,560	-	820,723	-

In 2012, Technip recorded an increase in power consumption for all entities, plants, offices, construction sites and vessels. The increase in power consumption in plants and offices is due to an increase in both activities and the number of reporting entities, following the acquisition and integration of Global Industries, and also more accurate energy consumption reporting. The increase in power consumption on construction sites reflects an increase in construction activities, such as power generation, generator units and processes, and also the increase in the number of vessels following the acquisition and integration of Global Industries. In particular, Pori Construction Yard in Finland recorded high consumption of electricity. This has been attributed to the Intensity of construction activities processes and extended heating requirements.

### 3.4.3. Soil & Footprint

Clean soil cut from construction sites as preparation for facilities is reused wherever practical on the construction site in the form of fill for leveling, retaining walls or screening from neighboring activities. Technip has a limited influence in the choice of the location of the client's facilities to build, but does help influence the size, shape, orientation of the facility to limit the impact upon the biological, physical and social environment where practical. An example of this is the orientation of the installations for a gas plant in Western Australia to limit the incursion into recognized cultural heritage sites.

The footprint of Technip's activities is largely governed by the requirements and land or area provided by its client's. However, wherever practical, efforts are taken to prevent the construction or installation activities from having an excessive impact, through a review of the design layout, construction management planning and risk assessment, regulatory approvals and monitoring.

## 3.5. CLIMATE CHANGE

In 2012, global warming continued to be a significant global environmental concern, with its potential consequences of increased extreme weather patterns and natural disasters. The United Nations Climate Change Convention continued to apply pressure to address global warming with the framework of the Durban Platform process, which has as its objective the conclusion of a legally binding treaty to address global warming. The terms of the treaty are to be agreed by 2015, with entry into force in 2020.

This treaty will impose upon states even greater commitments in terms of increased energy efficiency, implementation of renewable energy sources, and a reduction of CO<sub>2</sub> emissions. This commitment will present a significant challenge in terms of the amount of investment, and genuine international cooperation between States.

In this context of regulatory requirements and local initiatives, Technip recognizes the challenge of climate change and continues to pursue strategic options to provide its clients with "green growth" solutions, energy efficiency solutions in conceptual designs. In addition, Technip has expanded its expertise and capability in the development, acquisition and implementation of renewable sources of energy, such as offshore wind turbines, biofuels and thermal gas plants. Technip's local operating entities continue to promote energy saving and renewable energies, such as the use of solar panels for power generation in Technip's Rome offices, and certified renewables energy consumption (RECS) that accounted for approximately 60% of internal energy use in 2012. In terms of its fleet vessels, in accordance with international maritime requirements, Technip has developed specific Ship Energy Efficiency plans. These plans are designed to provide measures for the efficient use of main and auxiliary machinery, safe and more efficient fuels and reduce the level of emissions.

### 3.5.1. Greenhouse gas emissions (GGE)

The table below shows the aggregate volume of direct CO<sub>2</sub> emissions (in ton CO<sub>2</sub> equivalents) generated by Technip's operations. It should be noted however that Technip is not subject to any greenhouse gas emission regulatory quotas.

Technip also quantifies its indirect emissions, which are those resulting from its own electric consumption, and that of its subcontractors, at its sites and on offshore operations.

Total Greenhouse Gas Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions
	Quantity (in metric tons CO <sub>2</sub> equivalent)					
	2012		2011 <sup>(1)</sup>		2010	
Construction Sites	111,462	2,520	69,401	2,110	145,274	8

Plants	10,546	15,387	9,462	11,846	7,597	7,724
Vessels	335,589	-	261,143	-	219,157	-
Offices	2,652	27,244	2,069	22,129	1,228	20,920
<b>Total Emissions</b>	<b>460,252</b>	<b>45,153</b>	<b>342,075</b>	<b>36,085</b>	<b>373,256</b>	<b>28,652</b>
<b>TOTAL EMISSIONS</b>	<b>505,405</b>		<b>378,160</b>		<b>401,908</b>	

(\*) The 2011 environmental data for greenhouse gas emissions from the 2011 Activity and Sustainability Report differs from the figures provided in the 2011 Reference Document. This is due to a correction that was not made until after the publication of the 2011 Reference Document (published first) and results from the time required to produce verified and accurate data. This discrepancy has led to changes and corrections in the present document in order to be aligned with the 2011 Activity and Sustainability Report, which contains the accurate data.

Direct emissions result from fuels or energy used directly in Technip activities and operations, often due to internal electric energy production at sites. Indirect emissions result from the direct consumption of electricity from the relevant local grid as part of Technip operations. The volume of CO<sub>2</sub> generated from electricity will vary from country to country depending upon the fuel source used to produce electricity.

In 2012, Technip experienced a distinct increase of CO<sub>2</sub> emissions in all areas, which reflects the similar increase in the volume of energy consumed for the period. The increase in energy consumption in Technip entities is due to an increase in activities and the number of reporting entities (sites and vessels) not connected to the Grid, as well as due to more accurate reporting from subcontractors. In addition, the acquisition and integration of Global Industries has contributed to the emissions from Offices.

In 2012, Technip experienced 34% increase in the total volume of CO<sub>2</sub> emissions, compared to 2011.

### 3.5.2. Management of change in climate risk

Technip divides climate change risks and opportunities into two categories, each of which is approached differently in terms of economic risks and opportunities:

1. Regulatory risks and opportunities resulting from more stringent international, European or national regulations intended to reduce greenhouse gas emissions; and
2. Competition risks and opportunities resulting from possible changes in customer demand for more energy-efficient products and processes to reduce greenhouse gas emissions.

Technip considers these two categories more as opportunities than risks.

Technip itself would in any case not be directly impacted by regulatory changes as it does not have many industrial facilities and conducts regular regulatory surveys for all its facilities. For example, Technip has no facilities that fall within the scope of either the French national greenhouse gas quota scheme (PNAQ II for the 2008-2012 period) or Directive 2010/75/EU of the European Parliament on industrial emissions (integrated pollution prevention and control).

These two categories of climate change risks and opportunities should be considered as an opportunity for Technip to work together with its customers towards a better environmental performance, in accordance with Technip policies and values. Technip is in a position to propose innovative solutions to help its customers to be in compliance with any new environmental law or regulation and satisfy the market demand, including technologies with lower greenhouse gas emissions, including renewable energies.

During the year, Technip successfully continued its expansion on the Offshore Wind market; several initiatives were launched in France and in the rest of Europe. Technip also provided an important support to geothermal activity in the United States as detailed in Section 3.1.2 of this Annex, paragraph "Contributing to renewable energies".

## 4. Societal commitments

### 4.1. SOCIETAL AND ECONOMIC DEVELOPMENT OF HOST COMMUNITIES AND COUNTRIES

Technip is committed to encouraging a fair return for all. The Group believes in the execution of profitable projects based on sustainable and balanced relationships and strive to share the benefits of its successes with all its stakeholders, and notably local communities.

For 2013, the objectives in relation to this commitment are to:

1. continue to grow the national content of projects;
2. fine-tune the selection of local initiatives to increase its impact within local communities and energize national economies;
3. promote and engage the Technip workforce as volunteers and active participants in the field of sustainable development; and
4. create a position of Local Communities Manager to better coordinate the strategy and actions at Group level.

#### 4.1.1. Energizing local economies

National content and multi-local footprint of talents constitute one of the six pillars of Technip's strategy. It is an integral part of its regional organization to be strongly present alongside its clients wherever they operate in the world. The reinforcement of national content obligations, in both developing and western countries, is a strong asset for Technip that allows it to respond to local needs and sustainability issues.

#### Establishing a deep-rooted presence

Technip has become a truly multi-local company with a strong regional focus. Over a 15-year time span, while historical centers in Continental Europe multiplied their workforces by a factor of 1.4, in North America the workforce has been multiplied by a factor of 42, by 18.6 in Asia-Pacific, by 11.5 in South America and by 10 in the Middle East. Over this period, Technip also launched its activities in Africa and the North Sea, where the Group now has respectively 700 and 4,100 people.

Today the Group is present in 48 countries with production assets on every continent and an extensive network of suppliers. It gives it the capability to undertake projects involving a very high level of national content, which links the economies of host countries with its own growth. For example, the supply contract for integrated production bundles delivered in 2012 for the Papa Terra project in Brazil was executed with over 50% national content.

The opening of new offices reflects change in the market, the activity and the objective for the Group to maintain a presence for the long-term. For example, in 2009, Technip decided to open a sales office and invest locally in Ghana, an emerging oil & gas country, to prepare the future. In 2012, the Group increased its involvement in the country by opening an engineering center in a joint venture with Ghana National Petroleum Corporation (GNPC), which now employs 25 staff, of which 80% are Ghanaian. In 2012, this engineering center, in partnership with other Group centers, executed the Jubilee project; the first offshore world-class field developed in Ghana, and is currently working on the second phase of the project. The team is also carrying out local initiatives in favor of the local communities (see paragraph on Technip Relief and Development Fund in Section 4.1.2 of this Annex).

#### Promoting employment and skills transfer

Technip plays a key role as a local employer by prioritizing on-site hiring. Group-wide, 79% of staff is local. For example, 100% of the staff at the Dande spoolbase in Angola is Angolan, 74% of the staff at the Vitória flexible pipe plant in Brazil is Brazilian and 99% of the staff of the Tanjung Langsat factory are Malaysian. This "act local" is backed up by a strong multi-centers cooperation on projects and transfer of skills. It also strengthens the multicultural identity of Technip and broadens the Group's expertise.

The Group human resources policy is to access local talent pools and to help them develop to their maximum potential. That is one of the objectives of the Technip Leading Edge Program, a key component of the career development process for managers providing a common leadership culture for individuals from varying nationalities, cultures and backgrounds. In the class of 2011-2012, 102 people, with 27 nationalities, participated in the program and were selected from regions in line with the geographic composition of the Group.

The activity also contributes to create indirect jobs. In this matter, Technip works with its customers to source, whenever possible, materials and equipment from local vendors. This was one of the drivers, along with reducing procurement costs, behind a program launched in 2010 and pursued across 2011 and 2012 to qualify more suppliers from emerging countries. Projects also create indirect jobs in the housing, medical, transportation and catering sectors.

#### **4.1.2. Supporting local communities**

Technip strives to make its activity as mutually beneficial as possible, makes a strong commitment to respect local cultures and works continually to improve the wellbeing of communities by encouraging solidarity initiatives, at a local level as well as through the newly-formed Technip Relief & Development Fund.

##### **Building trust and confidence through open dialogue**

When working with local communities, the approach is one of dialog and consideration. Technip considers local people as essential stakeholders and obtaining their support is an integral part of a project's success for the Group and its clients.

As an example from the United Kingdom, Technip has been involved since the beginning of 2010 with the Vattenfall led Aberdeen Bay offshore wind farm project. The Group has participated to various stakeholder events, including public exhibits, to assist in explaining the purpose and features of the project to those with an interest in the development and address their potential concerns.

##### **A close and sustained relationship**

Technip encourages its operating centers and project teams to develop their own initiatives of support to the local communities, adapting them to the local cultures and legislations and respecting its ethics and compliance policy. A particular emphasis is given on issues related to children and education, health, disabled persons and humanitarian projects. In 2012, charitable actions have been carried out in 26 countries, and the amount of donations is more than €1 million.

Some entities have developed comprehensive and sustained programs to take care of their local communities. In 2012, for example, Technip in Brazil drafted two procedures regarding Corporate Social Responsibility and the Inclusion of People with Disabilities. Both documents are intended to further guide and structure the actions in Brazil. In 2012, two social initiatives in Brazil were rewarded: (i) the Technip Citizen Movement, a global action day to offer services to community, received the Jacques Franquelin internal award, and (ii) the PROENFA program, consisting in four initiatives directed to employees' families and spreading to community, received the Social Service from Industries (SESI) award in the sustainable development category.

The Group policy is to prioritize long-term engagement, when the situation calls for it, however, Technip is also capable of rallying significant resources quickly for short-term initiatives. In 2012, the region around the refinery complex at Cuddalore, approximately 180 kilometers from Chennai in southern India, was badly affected by cyclone Thane, which hit the coast with a speed of 140 kmph. Having been awarded a contract for one of the refineries in the region, Technip in India participated in humanitarian activities initiated by the client. The Technip project team visited the site to assess the situation and provided relief measures to the local villagers by distributing rice and blankets.

Cooperation with clients and sub-contractors is customary to maximize benefits for local communities. A gas plant project team in Australia is working with its client, subcontractors and local communities, to preserve the cultural heritage of Aboriginal people and minimize the project's impact on flora and fauna. In Malaysia, Technip is also teaming with its client Statoil to visit and cheer children staying in the Kuala Lumpur hospital.

Every year, each Technip entity reports their initiatives in favor of local communities to the Group's Human

Resources Department and the best practices are shared through different communication channels such as the internal newsletter “Technip in Motion”.

## **Technip Relief and Development Fund**

Created in 2011, this endowment fund reflects the Group willingness to strengthen its social corporate responsibility and is consistent with the strategy of enhancing its local presence in the countries in which it operates. The Fund has the purpose of supporting non-profit social and general interest projects, particularly those focusing on health and education and benefiting underprivileged communities. In the event of natural disasters, emergency missions are also considered on a case-by-case basis. In addition, all year long, Technip encourages regional and local initiatives and funds are allocated within each Region.

In 2012, an Intranet site was created to allow every employee in the Group to make a personal contribution directly to the Fund’s activities by submitting project proposals. During the year, the Fund supported one main project, in Ghana: supplying equipment for a computer room at Kumasi University. The room is now accessible to students carrying entrepreneurial projects.

As part of the actions of the Technip Relief & Development Fund, the Group has decided to support the Red Cross’ preparation and response disaster fund (the “READY Fund”). The purpose of this fund is to ensure better preparation for potential disasters, to intervene in crisis situations and to ensure continuity of actions after the period of humanitarian emergency. The READY Fund, with support from Technip and other major corporate partners, will finance actions across the world in a sustainable approach.

Another facet of long-term relationship is the implementation of a fund raising web application on Technip’s intranet. In the event of a natural disaster, this web application can be immediately activated to allow all staff to donate money and the Group provides a euro-for-euro matching financial contribution.

Lastly, the Group has established for the first time in 2012 a tripartite agreement allowing Technip’s Corporate Doctor to be made available up to three weeks per year to provide medical care alongside the Red Cross teams in case of natural disaster.

## **4.2. STAKEHOLDERS RELATIONSHIPS**

Technip is deeply engaged with all of its stakeholders, including employees, local communities and business partners. Its strategy and future success rely on their active involvement in projects.

As relationships with employees and local communities were presented in Sections 2 and 4.1 of Annex E, the following section will concentrate on the business stakeholders: clients, suppliers, construction sub-contractors and shareholders.

For 2013, the Group objectives in this respect are to:

- pursue a focus on client satisfaction and improved performance;
- monitor the sustainable development aspects of selected suppliers and sub-contractors in their supply chain methodologies;
- meet the needs of individual shareholders and reinforce relationships; and
- maintain open, credible and consistent communications with all investors and provide Technip’s management with relevant financial information

### **4.2.1. Customers: delivering efficient operations**

Technip is committed to creating value for its clients by providing high-quality services and delivering high-performance installations that include significant national content.

## **Focus on quality to improve customer satisfaction and competitiveness**

The Group commitment to customer satisfaction is demonstrated by the way it ensures quality. The quality management systems of all operating centers are ISO 9001 certified. To gauge customer satisfaction in projects, nine indicators are measured: health, safety and environment (HSE); project delivery; client relationships; documentation; scheduling; costs; resources; contract management and installation performance. Over the duration of the project, performance is evaluated through the use of questionnaires that help to understand client expectations and identify potential improvements. In 2012, over 190 surveys were conducted. The results show a high level of satisfaction, on par with 2011, especially in HSE, project execution, installation performance and client relations. To capitalize on the lessons learned, the new knowledge management system has been extended to all across Regions.

Technip has maintained a focus on efficiency, quality, cost and scheduling to further improve competitiveness. Following the 2010 introduction of Lean operations principles and Six Sigma quality improvement, more than 100 Lean-Six Sigma leaders were trained so that they can train others under the Six Sigma programs. In addition, more than 80 quality initiatives have been launched across all business areas.

## **Increasing the national content of the clients' projects**

With a presence in 48 countries, the Group organization is at once international and very local. This allows to deliver world-class projects to clients while meeting their objectives to increase national content (see Section 4.1 of this document).

### **4.2.2. Sub-contractors: partners in sustainable development**

Technip rarely works alone when delivering a project and relies on suppliers to provide certain kinds of equipment, and on construction sub-contractors for the manpower employed on the onshore project sites. An integrated approach and close working relationships are therefore necessities that benefit all stakeholders.

## **Sustainable procurement**

Technip wants its equipment suppliers to share its values and standards and recognize the strategic importance of HSE in the quality of its suppliers' operations and its relationship with them. When selecting equipment suppliers, the Group takes into account sustainable development criteria along with economic and technical performance data. For example, greenhouse gas emissions produced by equipment transportation are considered on the basis of data from comparable technical and commercial companies.

Since 2006, the Group has incorporated references to Technip's values and added a clause to the general purchasing terms and conditions informing suppliers that it upholds the United Nations Global Compact. Technip verifies that suppliers are compliant with these values through inspections and audits.

To sustain the long-term and profitable performance of Technip, two new information technologies tools were deployed and are regularly updated. The first embeds a thorough design-to-cost culture among engineers, while the second provides buyers with the most competitive best practices for procurement.

In 2012, the Group also continued to work with customers to develop procurement policies aimed at increasing the national content of projects, both in terms of industrial capacity, human resources and QHSE practices. In 2013, it will organize an HSE awareness-raising campaign in India, similar to the one organized in 2012 in Shanghai.

Finally, Technip buyers are trained on ethical standards and to recognize the risks of corruption that they may face. They were among the first to receive training as part of the major ethics awareness campaign in 2011-2012 (see Section 4.3.1 of this Annex).

## **Making construction sub-contractors accountable**

As for equipment suppliers, the selection and evaluation of construction sub-contractors integrates criteria related to ethics and sustainable development.

At project level, Technip has developed processes to integrate sustainable development and environment in

construction execution. These processes apply from the sub-contractors selection phase, where the “Call for Bid” documents, the sub-contracting procedure and the final selection systematically integrate environmental requirements, as well as the notion of sustainable development. Project procedures and plans have also been developed to increase the responsibilities taken by sub-contractors in terms of sustainable development. These procedures serve as frameworks and guidelines on which their own working procedures may be developed and based, but also describe how compliance with the principles will be implemented and monitored on the project: awareness or follow-up meetings, training, audits, key performance indicators (such as number of environmental incidents, labeling of waste containers and drinking water quality).

Technip is constantly increasing the range of training programs it offers to business partners regarding ethics and safety. These programs are distributed to all construction sites in a consistent manner to ensure that all project stakeholders understand Technip’s values and implement measures to promote them. Regional and corporate training organizations have been established to ensure the training programs meet the highest possible standards.

The HSE portion of the training for sub-contractors is based on the Technip Pulse program, consisting of several courses. The objective is to promote an HSE climate in which both employees and business partners behave positively and proactively. In 2012, 14,000 hours of the “Pulse for the Workforce” training sessions were delivered to sub-contractors on project sites, in addition to the traditional induction and task-related HSE trainings.

Ethics training for sub-contractors consists primarily of an induction program and an introduction to Technip’s Code of Ethics. For example, in Region B, the Social Accountability department has worked with the Construction department to produce a single training program to be disseminated during site visits for both Technip personnel and sub-contractors. This gives all parties a common foundation upon which any changes or improvements in the course of the project’s execution can be built.

The Group’s Sustainable Development policy defines the strategy to continue to lead sub-contractors and suppliers towards sustainable development practices. The Group’s Construction Method Center, in Abu Dhabi, translates this strategy into deliverables that can be applied to projects and by sub-contractors to increase the sustainable development culture, solutions and responsibilities on sites. At the end of 2012, a new initiative was launched to implement renewable energy on a pilot construction site. The Construction Engineering department in Abu Dhabi has already carried out a study to identify which activity and areas could be supplied with green energy, while minimizing the risk for the production. In parallel, a study has also been conducted in other domains, such as water and wastes, to learn the lessons from Technip’s previous projects.

### **4.2.3. Shareholders: sharing the benefits of growth**

Technip encourages a fair return for all of its stakeholders and therefore takes care to share the benefits of its growth with its shareholders. On this basis, Technip’s Board of Directors proposed that the Annual General Meeting of shareholders of April 25, 2013 approve a dividend of €1.68 per share, a 6.33% increase over 2012.

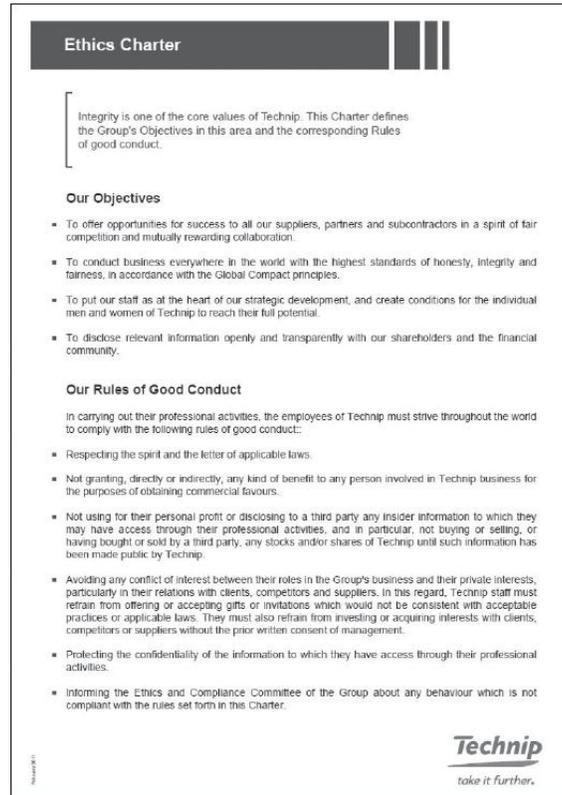
The relationship with shareholders is built on transparency and accessibility. In 2012, the Group continued to promote an active and ongoing dialog with individual shareholders. In 2012, two topic-specific conferences were hosted at Technip’s corporate headquarters. One was dedicated to the manufacturing plant in Le Trait, France and the other to the Offshore Wind activity. A meeting with investors has also been held in Strasbourg as well as during the Actionaria exhibition, the main exhibition dedicated to the individual shareholders of companies listed in France, organized in Paris. Technip was awarded the Special Jury Grand Prize for the organization of its General Assembly and a silver medal at the Shares’ Grand Prize for its share performance.

During 2012, Technip continued to provide the investment community with in-depth information regarding its strategy, operations, technologies and financial results. This is done through the dedicated Investors website where all press releases, presentations, audio webcasts and transcripts are freely available. Group and individual meetings were also held with investors at various occasions, including road shows and broker-hosted conferences in 16 cities worldwide, visits to Technip’s offices, and energy industry conferences. In October, the Group successfully hosted its second technical workshop, which focused on Technip’s expertise in refining *via* an audio webcast.

## 4.3. MAINTAINING THE HIGHEST ETHICAL STANDARDS

### Ethics Charter

As a multinational company, Technip must conduct business ethically and in strict compliance with the law. Ethical behavior is expected by employees, demanded by clients and is the basis of the trust of shareholders. For Technip, it is the only acceptable way of doing business.



#### 4.3.1. Preventing corruption

At Technip, "doing the right thing" means doing business with the highest ethical standards.

#### A clear strategy and a strong commitment

Technip is dedicated to conducting business across the world according to the highest standards of honesty, fairness and integrity, and in compliance with the principles set out in the United Nations Global Compact. Everyone in the Group is expected to do the right thing and conduct business in an ethical manner on a day-to-day basis. To make sure compliance is understood and applied by employees, Regional Compliance Officers oversee daily operations and committees have been set up. The Group has also developed a compliance program that focuses on three main priorities:

1. Compliance with the laws and regulations of the countries in which Technip operates;
2. Conducting due diligence on business partners globally, to ensure that they operate in strict compliance with laws and regulations at both an international and national level;
3. Training its workforce to increase their awareness and knowledge of legal and company requirements, and to foster ethical behavior.

To ensure that the compliance program is understood and effectively applied by all employees, the Ethics Charter is widely distributed and is accessible to employees on the Intranet.

## **Starting at the top**

The compliance program is supported by a dedicated structure that stretches from the Board of Directors to every level of the Group.

The first pillar of the compliance structure of Technip is the Ethics and Governance Committee. Formed in December 2008 and composed of members of the Board of Directors, it assists the Board in promoting ethical and governance best practices. One of its main tasks is to guarantee the adherence to ethical principles within the Group and debate any matter that the Board of Directors (or Chairman) submits for consideration. The Ethics and Governance Committee meets at least twice a year. It produces an annual report evaluating operating policies and proposing functional improvements.

The second pillar is the Ethics and Compliance Committee. Composed of senior managers from across the Group, it reports directly to the Chairman and Chief Executing Officer (CEO). The Committee ensures that Technip's Ethics Charter and related policies and procedures are properly implemented. It submits an annual review of its actions to the Chairman and CEO recommending improvements in terms of ethics and compliance. Additionally, it gathers reports from Regional managers detailing the implementation of the Ethics Charter. Any employee can submit to the committee a question regarding the principles set forth in the Ethics Charter. In addition, a whistleblowing process enables Technip's employees to report if they feel that there has been a violation of its policies and procedures.

The Chief Compliance Officer (CCO), who also supervises Technip's Ethics and Compliance program across the Group, chairs the Ethics and Compliance Committee. Reporting directly to the General Counsel and the Board of Directors *via* the Ethics and Governance Committee, the CCO is in charge of applying and enforcing the Ethics Charter and all applicable anti-corruption policies and regulations. In the event of an issue involving the CEO or any of his direct reports, it is reported by the CCO to the Chairman of the Ethics and Governance Committee. To ensure total independence, the CCO is not affiliated with any profit center and holds no other role within the Group.

For everyday operations in the Regions and business units, and the implementation of Technip's anti-corruption and compliance policies, the CCO relies on Regional Compliance Officers.

## **Covering all business operations**

To govern its business activities, the Group has implemented several ethics-related operational standards that translate its general principles into concrete operating procedures.

The Doing Business Abroad – Anti-Corruption policy provides a clear and comprehensive Group-wide framework to help employees operate with honesty and integrity. The policy sets out the rules governing sensitive relationships, such as negotiating with third parties and making decisions regarding contracts.

The Know Your Partner policy obliges potential business partners (*i.e.*, natural persons or businesses assisting Technip in bidding processes, business development, promoting products or interacting with government officials, such as sales agent, marketing agent, country sponsor, or consultant) to complete a thorough questionnaire and sign a declaration of compliance with the main international laws and regulations against corruption. Internally as well as with the support of external legal counsels, Technip performs due diligence on the information provided and interviews both the representatives of its potential business partners and its internal employees overseeing the relationship with the potential business partners. The Group pays particular attention to any indicators that could cast doubt on the honesty and integrity of the potential partner, and adapts its approach according to the Transparency International's Corruption Perception Index. If this type of issue cannot be suitably resolved, the commercial relationship is terminated.

In 2012, the Group implemented several new policies aligned with the Doing Business Abroad – Anti-Corruption and Know Your Partner policies, in respect of joint ventures and consortium relationships and gifts and hospitality. Those policies are applicable to subcontractors when a specific risk is identified by Technip and deeper investigation is required. Pursuant to these new policies, due diligences are also being performed on joint venture and consortium partners, as well as sub-contractors when a risk is identified. Technip also continued to enhance existing policies, revising them when necessary. For instance, Technip's antitrust policy was improved and a special training program for it was launched. All the policies and procedures mentioned above apply to all operations worldwide.

In 2012, the Compliance Department launched a large-scale initiative to create Technip's first Code of Conduct, one of the most effective and impactful parts of its compliance program. Embracing all aspects of best practices, it aims at including, among others, topics related to human resources, sustainable development, safety, communication and finance. In 2013, a booklet will be distributed worldwide to all employees. It will also be available on both Intranet and website, as a resource for stakeholders to better understand the role and importance of compliance within Technip.

## **Training the workforce and leadership**

In 2011, the Ethics & Compliance e-learning program was launched to raise awareness and understanding among employees, while providing clear insight into ethical and responsible behaviors. The Group also specifically designed a more in-depth e-learning program for top managers, which was expanded in 2012 to a broader population of senior managers, with a campaign highlighting its commitment to excellence in business practices. In 2012, more than 900 senior managers identified as in positions where they could potentially be exposed to ethical issues, performed such in-depth e-learning. It was so successful that the Group decided to open an online training to all active business partners, and gave them login access to it, because it believes that all third-party stakeholders can benefit from the progress made towards maintaining the highest ethical standards. The e-learning program is part of a culture of continuous improvement and was set up to supplement both the wide distribution of the Ethics Charter and the regular trainings that are organized very regularly on-site by the Regional Compliance Officers, based on local specificities. In 2013, Technip will continue to improve it by enhancing its compliance program, expanding the e-learning offering and adopting new policies and procedures.

### **4.3.2. Protecting human rights**

Fighting corruption is one part of Technip uncompromising commitment to ethics; as is the protection of human rights.

Technip is a signatory to the United Nations Global Compact, which covers human rights, working and environmental standards as well as fighting corruption. The Group respects the letter and spirit of all human rights legislation in force. That is why all entities adhere to the International Labor Organization's Fundamental Conventions regarding the elimination of discrimination, the freedom of association, the effective recognition of the right to collective bargaining, the abolition of child labor and the eradication of forced compulsory labor.

Significant actions have been undertaken in favor of human rights. Technip added a clause to its general purchasing terms and conditions, informing suppliers that it upholds the Global Compact. This clause specifies that "the Supplier should comply with local regulations and laws concerning labor law and fair work conditions, forced compulsory labor or child labor".

Through regular inspections and audits, the Group verifies that they comply with these values.

Technip also encourages its subsidiaries and affiliates to undertake local initiatives to demonstrate their commitment to doing business in a way that upholds human rights, as indicated in some examples below:

- In the United States, Technip headquarter commits to elimination of any discriminatory acts by their managers/employees and the employee handbook contains a statement to this effect. A chapter of this handbook is dedicated to equal employment opportunity and applies to all policies and procedures relating to recruitment, promotion, hiring, compensation, benefits and terminations. All employees are required to sign acceptance of the handbook. Similar procedures exist in other countries, such as Australia.
- In France, in 2012, the local Technip entity concluded two main collective bargaining agreements: one on non-discrimination on gender and a second one on employment of handicapped persons. These agreements were signed with all representative unions that represent employees of Technip France.
- In the United Kingdom, Technip's headquarter implemented a specific Equality and Diversity procedure, which is made available for all employees to access and use for reference on their Business Management System (BMS).
- In Italy, Technip is proud to have received Social Accountability 8000 certification for the ninth year in a row. The CSR Representatives who are in charge encourage internal initiatives of associations to foster the implementation and to monitor the application of CSR policy and Technip Italy's Club carries on social and cultural activities. On Construction jobsites even in non-unionized Countries such as Al Jubail in Saudi Arabia,

Technip Italy encourages the appointment of workers representatives (including for subcontractors) and the implementation of a grievance procedure to collect and address all workers' complaints. A specific committee is appointed and meets periodically for this purpose.